

Part I: Choice: Choose the BEST Answer (35%)

1. The demand function for a certain text is given by $P = 20 - 0.0002Q$; the publisher's Marginal Cost is $MC = 6 + 0.00168Q$. The author's royalty is 20 percent of Total Revenue. Which of the following statement is WRONG?
 - a. The profit-maximizing output for the publisher is 5000 units.
 - b. The optimal output level for the author is more than 5000 units.
 - c. The optimal output level for the author is where marginal revenue is equal to marginal costs ($MC = 6 + 0.00168Q$)
 - d. None of the above.

2. Which one of the following statement is WRONG? The economy-wide demand curve for input A will be more elastic:
 - a. The more elastic is consumer demand for products that use input A.
 - b. The stronger is the operation of the Law of Diminishing Return as employment of A increases.
 - c. The more elastic is the *supply* of inputs complementary to A.
 - d. None of the above.

3. Deregulation and innovation in financial markets usually make
 - a. the IS curve flatter.
 - b. the LM curve steeper
 - c. both IS and LM curve flatter
 - d. no influence on IS curve.
 - e. No influence on LM curve.

4. Which of the following statement about deflation is CORRECT?
 - a. Deflation tends to delay consumer spending.
 - b. Deflation tends to benefits borrowers.
 - c. Deflation tends to increase consumers' surplus.
 - d. Non of the above

5. Which of the following statement is WRONG for countries participating in the common currency, such as Euro?
 - a. The foreign exchange risk is significantly eliminated for multinational corporations.
 - b. The participating countries still maintain independent fiscal policy.
 - c. The domestic price level can be still under the control of the central banks of participating countries.
 - d. The participating firms will lose the power of executing monetary policy.

(背面仍有題目,請繼續作答)