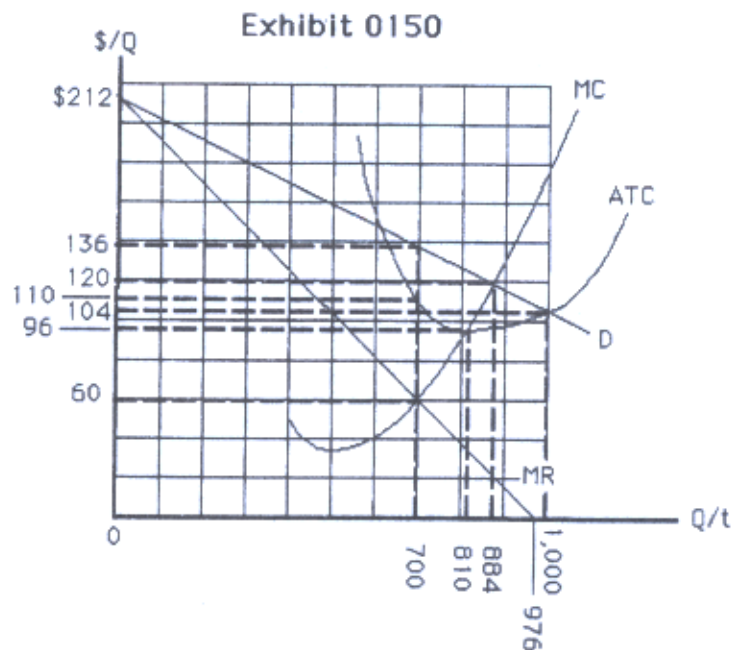


Part I. Multiple Choice (*Choose the BEST answer*)

Please arrange your answers of Part I in the following format: (2 points each, totally 60 points)

1. ()	6. ()	11. ()	16. ()	21. ()	26. ()
2. ()	7. ()	12. ()	17. ()	22. ()	27. ()
3. ()	8. ()	13. ()	18. ()	23. ()	28. ()
4. ()	9. ()	14. ()	19. ()	24. ()	29. ()
5. ()	10. ()	15. ()	20. ()	25. ()	30. ()

1. An increase in the rate of interest, other things equal, would
 - a. have no effect on investment
 - b. increase the amount invested since the rate of return would be lower
 - c. increase the amount invested because income would rise
 - d. reduce the amount invested because the opportunity costs of investing would be higher
 - e. increase the amount invested because the rate of return would be higher



2. In Exhibit 0150, the level of output that would achieve allocative efficiency is
 - a. 700 units
 - b. 810 units
 - c. 884 units
 - d. 976 units
 - e. 1,000 units

(背面仍有題目，請繼續作答)

(背面仍有題目，請繼續作答)

93 學年度	國立成功大學 研究所招生考試	財務金融研究所	編號： 359	經濟學 試題	共 9 頁 第 2 頁
--------	-------------------	---------	------------	-----------	----------------

3. In Exhibit 0150, for a monopolist that does not price discriminate, consumer surplus at the profit-maximizing level of output is
 - a. the area under the demand curve bounded above a price of \$136
 - b. the area under the demand curve bounded by average total cost of \$110
 - c. the area under the marginal revenue curve bounded by a marginal revenue of \$60
 - d. \$0
 - e. equal to total consumer expenditure

4. Two separate groups of people use Taipei City subways. One group uses them only during rush hour to travel to and from work. The other group uses them only in midday for leisure activity. If Taipei City wants to increase transit fares with the smallest possible reduction in revenue, for which group should it increase the fare?
 - a. The rush-hour group because its demand for subway service is more elastic than that of the midday group.
 - b. The rush-hour group because its demand for subway service is less elastic than that of the midday group.
 - c. The midday group because its demand for subway service is more elastic than that of the rush-hour group.
 - d. The midday group because its demand for subway service is less elastic than that of the rush-hour group.
 - e. It doesn't matter because both groups have the same elasticity of demand.

5. Comparative advantage is
 - a. the ability of an individual to specialize and produce a greater amount of some good than can another individual
 - b. the number of units of one good given up in order to acquire something
 - c. the ability of an individual to produce a good at a lower opportunity cost than can some other individual
 - d. an expression for the amount of capital employed by a particular individual to produce a fixed amount of capital goods
 - e. a reference to an individual having the greatest opportunity cost of producing the good and produces it with the fewest resources

6. An increase in government spending with no change in the money supply
 - a. has no effect on the demand for money
 - b. decreases investment indirectly by decreasing the money supply
 - c. increases investment indirectly by increasing the money supply
 - d. increases investment indirectly by decreasing the demand for money which tends to decrease interest rates
 - e. decreases investment indirectly by increasing the demand for money which tends to increase interest rates

7. The chances of successful collusion are greatest when
 - a. firms are producing a differentiated product
 - b. there are many firms in the industry
 - c. there are tiny firms and huge firms together in the same industry
 - d. demand curves and cost curves are similar among the firms in the industry
 - e. demand is falling

93 學年度	國立成功大學 研究所招生考試	財務金融研究所	編號： 359	經濟學 試題	共 9 頁 第 3 頁
--------	-------------------	---------	------------	-----------	----------------

8. Suppose that the consumption function is a curved line that becomes flatter as income increases. What happens to the marginal propensity to consume as income increases?
- It remains constant.
 - It becomes smaller.
 - It becomes larger.
 - It becomes negative.
 - It becomes so large that $MPC + MPS$ exceeds 1.
9. If fixed cost at $Q = 100$ is \$130, then
- fixed cost at $Q = 0$ is \$0
 - fixed cost at $Q = 0$ is less than \$130
 - fixed cost at $Q = 200$ is \$260
 - fixed cost at $Q = 200$ is \$130
 - it is impossible to calculate fixed costs at any other quantity
10. A profit-maximizing monopolist
- never produces on the inelastic portion of the demand curve because it can increase profit by increasing output
 - never produces on the inelastic portion of the demand curve because marginal revenue exceeds marginal cost
 - always produces on the inelastic portion of the demand curve
 - never produces on the elastic portion of the demand curve because there are no substitutes for the good it produces
 - never produces on the inelastic portion of the demand curve because marginal revenue is negative there
11. For monetary policy to be effective in changing planned investment spending,
- interest rates must not be responsive to changes in the money supply
 - interest rates must be sensitive to changes in Gross Domestic Product
 - investment must be sensitive to changes in interest rates
 - investment must be sensitive to changes in the spending multiplier
 - the spending multiplier must be stable
12. Real and nominal GDP will both decrease in the *short* run whenever
- aggregate demand decreases, but not always when aggregate supply decreases
 - aggregate supply decreases, but not always when aggregate demand decreases
 - either aggregate demand or supply decreases
 - aggregate supply decreases
 - aggregate supply decreases along a constant aggregate demand curve

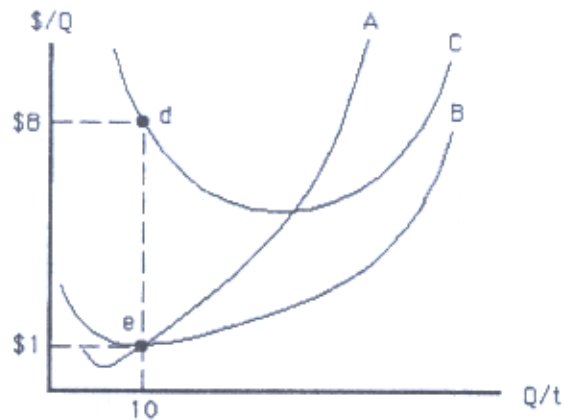
(背面仍有題目，請繼續作答)

93 學年度	國立成功大學 研究所招生考試	財務金融研究所	編號： 359	經濟學 試題	共 9 頁 第 4 頁
--------	-------------------	---------	------------	-----------	----------------

13. If per capita GDP growth exceeds labor productivity growth,
- human capital must be increasing
 - the labor-capital ratio must be decreasing
 - employment must be growing faster than the population
 - the data are incorrect; this could not occur
 - physical capital must be increasing
14. Which of the following must be true of an attorney who buys a portable computer so that she can work on trains and planes?
- She is trying to reduce the opportunity cost of traveling.
 - She gets utility from working.
 - She thinks the opportunity cost of her time is higher than it really is.
 - She thinks the opportunity cost of her time is lower than it really is.
 - She is engaging in conspicuous consumption.
15. If the price level rises,
- the aggregate expenditures line shifts upward; the economy moves down along the aggregate demand curve
 - the aggregate expenditures line shifts downward; the economy moves up along the aggregate demand curve
 - the aggregate demand curve shifts to the right; the economy moves along the aggregate expenditures line
 - the aggregate demand curve shifts to the left; the economy moves along the aggregate expenditures line
 - the aggregate expenditures line shifts upward; the aggregate demand curve shifts to the right
16. If workers are willing to work more hours when the nominal wage increases, what can be said about the economic rationality of their decision?
- The decision is not economically rational, since it should be based on the real wage only.
 - The decision could be rational if workers thought that the inflation rate would fall in the future.
 - The decision could be rational if workers thought that the real wage had fallen.
 - The decision could be rational if workers thought that the nominal wage and the real wage were equal.
 - The decision is rational no matter what happens to the real wage.

93 學年度	國立成功大學 研究所招生考試	財務金融研究所	編號： 359	經濟學 試題	共 9 頁 第 5 頁
--------	-------------------	---------	------------	-----------	----------------

Exhibit 0109



17. In Exhibit 0109, when output is 10,
- total cost equals $\$10$
 - fixed cost equals $\$1$
 - variable cost equals $\$10$
 - marginal cost equals $\$10$
 - fixed cost equals $\$10$
18. Two events occur simultaneously in the market for automobiles: (1) an improvement in assembly line technology and (2) the economy enters a recession (which decreases consumers' income). An economist would predict with certainty that
- equilibrium quantity will rise
 - equilibrium quantity will fall
 - equilibrium price will rise
 - equilibrium price will fall
 - the equilibrium price will remain the same
19. If the production possibilities curve is a downward-sloping straight line, that would indicate
- society cannot decide which good it prefers
 - an absence of scarcity
 - constant opportunity cost
 - inefficiency
 - specialization

(背面仍有題目，請繼續作答)

93 學年度	國立成功大學 研究所招生考試	財務金融研究所	編號： 359	經濟學 試題	共 9 頁 第 6 頁
--------	-------------------	---------	------------	-----------	----------------

20. Suppose U = the number of adults who are unemployed; E = the number of adults who are employed; and NLF = the number of adults not in the labor force.
Which expression would equal the labor force participation rate?
- $U/(U + E)$
 - $E/(U + E)$
 - $U/(U + E + NLF)$
 - $E/(U + E + NLF)$
 - $(U + E)/(U + E + NLF)$
21. A perfectly competitive firm producing 100 units of output per time period finds that:
- Average total cost is \$20;
Average variable cost is \$12;
Marginal cost is \$18 and increasing;
Price of the product is \$15.
- This firm should
- produce more output
 - raise the price of its product
 - reduce production without shutting down
 - shut down (reduce output to zero)
 - do nothing (it is currently maximizing profit)
22. Which of the following is a difference between John Maynard Keynes and the classical economists?
- Keynes did not believe that unemployment was a serious long-term problem; the classical economists did.
 - Keynes did not believe that the economy was always in equilibrium; the classical economists did.
 - Keynes did not believe that the economy necessarily settled at full employment; the classical economists did.
 - Keynes believed that the economy was always in equilibrium; the classical economists did not.
 - Keynes believed that a general glut of output was a good thing for the economy; the classical economists believed a glut created an unemployment problem for the economy.
23. Suppose that storage costs increased, so that firms decide to hold less output in inventory, other things constant. Which of the following is true?
- consumption spending will increase
 - consumption spending will decrease
 - investment will increase
 - investment will decrease
 - GDP for this year is not affected

93 學年度	國立成功大學 研究所招生考試	財務金融研究所	編號： 359	經濟學 試題	共 9 頁 第 7 頁
--------	-------------------	---------	------------	-----------	----------------

24. If the central bank purchases government securities on the open market, the money supply will
- decrease
 - increase only if the seller of those securities is a commercial bank
 - increase only if the seller of those securities is a commercial bank belonging to the central bank
 - increase through the system of securities dealers rather than through the commercial banking system
 - increase through the commercial banking system regardless of who the seller is
25. Suppose that the spending multiplier is 4, autonomous investment rises by \$50 billion, and autonomous consumption falls by \$50 billion at the same time. Which of the following is true?
- Equilibrium GDP demanded will be the same, but the type of goods produced will be different.
 - Equilibrium GDP demanded will increase by \$200 billion.
 - Equilibrium GDP demanded will decrease by \$200 billion.
 - Equilibrium GDP demanded will increase by \$400 billion.
 - Equilibrium GDP demanded will decrease by \$400 billion.
26. Suppose that in year 1 the respective prices of yogurt, candy bars, and popcorn are \$1, \$2, and \$3. In year 2 the prices of each are \$2, \$3, and \$4, respectively. Which of the following statements is true of the price level between year 1 and year 2?
- it doubled
 - it increased by 33 percent
 - it rose from \$6 to \$9
 - it went up from 106 to 109
 - it must have risen at a rate between 33 percent and 100 percent
27. Which of the following is true about the relationship between the aggregate demand curve and the aggregate expenditure line?
- If the aggregate expenditure line shifts while prices are constant, the resulting change in equilibrium output demanded can be depicted as a movement along the aggregate demand curve.
 - If the aggregate expenditure line shifts while prices are constant, the resulting change in equilibrium output demanded can be depicted as a shift of the aggregate demand curve.
 - Any time the aggregate expenditure line shifts, the aggregate demand curve shifts as well.
 - Any time there is a movement along the aggregate expenditure curve, there is movement along the aggregate demand curve as well.
 - Any time the price level changes, the aggregate demand curve shifts.
28. If marginal revenue is less than price for a firm, it must be true that the firm
- is a monopoly
 - is in perfect competition
 - is in monopolistic competition
 - faces a perfectly elastic demand curve
 - faces a downward-sloping demand curve

(背面仍有題目，請繼續作答)

93 學年度	國立成功大學 研究所招生考試	財務金融研究所	編號： 359	經濟學 試題	共 9 頁 第 8 頁
--------	-------------------	---------	------------	-----------	----------------

29. If variable cost at each output level doubles,
- ATC doubles
 - AFC doubles
 - MC remains unchanged
 - MC doubles
 - MC less than doubles
30. The Consumer Price Index is a measure of the
- cost of a market basket of consumer goods and services relative to its cost in some base year
 - change in the average price of a market basket of "necessary" goods and services
 - annual inflation rate in the producers' goods market
 - change in the average price level of all final goods and services
 - average price of all goods and services relative to their price last year

Part II. Problem (Your grade on the following questions depends mainly on the quality of your reasoning, not just conclusions. Please clearly show how the answers are derived.) (40 points)

- Suppose that the demand for a commodity is given by $Q^d = 140 - 2P$, the marginal cost of production in this industry is $MC = 10 + 0.5Q$. (15 points)
 - If it is a perfectly competitive industry, what will be the equilibrium price (P_c) and output (Q_c)?
 - If it is a monopolist, what will be the equilibrium price (P_m) and output (Q_m)?
 - Calculate the deadweight loss of monopoly. And what causes such a loss?
- The country of Formosa has produced the following quantity of toys and bananas, with the price of each listed in dollar terms: (10 points)

Year	Toys		Bananas	
	Quantity	Price	Quantity	Price
2002	8,000	\$4	6,000	\$8
2003	10,000	\$3	5,000	\$14

- Using 2002 as the base year, what is the growth rate of real GDP from 2002 to 2003?
- Based on the GDP price index (GDP deflator), what is the inflation rate from 2002 to 2003?

93 學年度	國立成功大學 研究所招生考試	財務金融研究所	編號： 359	經濟學 試題	共 9 頁 第 9 頁
--------	-------------------	---------	------------	-----------	----------------

3. Consider the following economy:

Desired consumption $C^d = 1275 + 0.5(Y - T) - 200r.$

Desired investment $I^d = 900 - 200r.$

Real money demand $L = 0.5Y - 200i.$

Full-employment output $\bar{Y} = 4600.$

Expected inflation $\pi^e = 0.$

where r : the expected real interest rate, i : the nominal interest rate.

Suppose that T (taxes) = G (government purchases) = 450 and that M (nominal money supply) = 9000.
Answer the following questions: (15 points)

- Find an equation describing the IS curve.
- Find an equation describing the LM curve.
- Find an equation for the aggregate demand curve.