

※ 考生請注意：本試題不可使用計算機。請於答案卷(卡)作答，於本試題紙上作答者，不予計分。

The section of multiple choices has 20 questions and each question is 3 points. The essay section has 2 questions and the points are listed at the end. There are 100 points in total. Please number your answers accordingly.

**Part A: Multiple Choice Questions (單選題)**

- 1) If there is a collusive agreement in a duopoly to maximize profit, then the price will
  - A) equal the marginal cost of production.
  - B) equal the average total cost of production.
  - C) be the same as the price set by a monopoly.
  - D) be the same as the price set by a competitive industry.
  
- 2) Mark Zuckerberg believes everyone in the world should have Internet access.
  - A) This is a positive statement and is not in the social interest if the marginal benefit of Internet access exceeds the marginal cost.
  - B) This is a positive statement and is not in the social interest if the marginal cost of Internet access exceeds the marginal benefit.
  - C) This is a normative statement and is not in the social interest if the marginal benefit of Internet access exceeds the marginal cost.
  - D) This is a normative statement and is not in the social interest if the marginal cost of Internet access exceeds the marginal benefit.
  
- 3) If a country must decrease current consumption to increase the amount of capital goods it produces today, then it must
  - A) be using resources inefficiently today, but will be more efficient in the future.
  - B) be producing along the production possibilities frontier today and its production possibilities frontier will shift outward if it produces more capital goods.
  - C) must be producing outside the production possibilities frontier and will continue to do so in the future.
  - D) must not have private ownership of property and will have to follow planning authorities' decisions today and in the future.
  
- 4) Meat at the supermarket has contributed to increase in food prices in 2010, and high feed and fuel prices mean that steak will likely cost a lot more this fall. The price of feed has increased 50 percent and hay has doubled from two years ago. Based on this information, which of the following is TRUE in the market for beef?
  - A) Consumer surplus will decrease.
  - B) Producer surplus will increase.
  - C) Equilibrium price will decrease.
  - D) Equilibrium quantity will increase.
  
- 5) In October 2008, Iceland's central bank increased its lending rate to 18% in an "effort to prop up the country's frozen currency and markets." (www.nytimes.com, October, 29, 2008)  
As a result, the \_\_\_\_\_ and demand curve for Icelandic krona shifted \_\_\_\_\_, holding all else the same.
  - A) interest rate differential between Taiwan and Icelandic interest rates increased; rightward
  - B) interest rate differential between Taiwan and Icelandic interest rates decreased; leftward
  - C) Taiwan dollar appreciated relative to the krona; rightward
  - D) value of Taiwan exports to Iceland increased; leftward

- 6) Suppose a tax is imposed on sellers. The more inelastic the demand for the taxed item, the
- A) greater the share of the tax paid by sellers.
  - B) smaller the deadweight loss from the tax.
  - C) larger the decrease in consumption because of the tax.
  - D) larger the decrease in supply because of the tax.
- 7) In 2006, the European Union (EU) threatened to ban imports of long-grain rice because traces of genetically modified rice were found mixed in to commercial supplies. Instead of a ban, suppose the EU placed a tariff on the import of long-grain rice. Which of the following would be an outcome of this tariff?
- A) The EU would gain tariff revenue.
  - B) Deadweight loss would decrease.
  - C) European rice producers would decrease production.
  - D) The price of long-grain rice in the EU would not change.
- 8) The diamond-water paradox of value can be explained by
- A) distinguishing between total utility and marginal utility.
  - B) water's high level of utility relative to diamonds.
  - C) water's low price relative to diamonds.
  - D) the fact that utility cannot be measured.
- 9) Utilitarianism argues that
- A) Only equality brings efficiency.
  - B) There is a tradeoff between equality and efficiency.
  - C) The result is fair if the rules are fair.
  - D) The competitive market is fair.
- 10) Which of the following differs between a perfectly competitive market and a market with a perfectly price discriminating monopoly?
- A) The amount of producer surplus
  - B) The quantity produced
  - C) The total surplus
  - D) None of the above because they are all the same in a perfectly competitive market and in a market with a perfectly price discriminating monopoly.
- 11) Because of a decrease in labor costs, a monopoly finds that its marginal cost and average total cost have decreased. The monopoly \_\_\_\_\_ its price and \_\_\_\_\_ its quantity.
- A) raises; increases
  - B) raises; decreases
  - C) lowers; increases
  - D) lowers; decreases
- 12) A monopolistically competitive firm has excess capacity because in the
- A) short run its  $MR$  exceeds its  $MC$ .
  - B) short run its  $ATC$  is less than its  $AVC$ .
  - C) long run its  $ATC$  exceeds its minimum  $ATC$ .
  - D) long run it makes an economic profit.
- 13) Which of the following applies to the tragedy of the commons?
- I. In the absence of government action, there is an absence of incentives to prevent the overuse of the

common resource.

II. When consumers take account of the marginal social benefit and marginal social cost, overuse of the resource occurs.

III. Even with government action, it is impossible for an efficient level of output to be achieved.

- A) I only
- B) I and II
- C) II and III
- D) I, II and III

14) When producers are hard to monitor and marginal costs differ across producers, \_\_\_\_\_ are an effective method to achieve efficient use of a \_\_\_\_\_.

- A) individual transferable quotas; public good
- B) marginal private benefits; public good
- C) individual transferable quotas; common resource
- D) individual transferable quotas; excludable good

15) When the \_\_\_\_\_ effect dominates the \_\_\_\_\_ effect, the labor supply curve is \_\_\_\_\_.

- A) income; substitution; vertical
- B) substitution; income; positively sloped
- C) income; substitution; negatively sloped
- D) substitution; income; horizontal

16) Which condition(s) must exist for the Coase theorem to hold?

- I. Property rights must exist.
- II. Transactions costs must be measurable.
- III. A small number of parties must be involved.

- A) I and II only
- B) I and III only
- C) II and III only
- D) I, II and III

17) A decrease in the real interest rate leads to a \_\_\_\_\_ the demand for loanable funds curve, and a decrease in the expected profit leads to a \_\_\_\_\_ the demand for loanable funds curve.

- A) rightward shift in; leftward shift in
- B) movement down along; movement up along
- C) rightward shift in; movement up along
- D) movement down along; leftward shift in

18) As currently calculated, the CPI tends to overstate the true inflation rate because

- A) we cannot know what the true inflation rate is.
- B) it fails to correctly measure quality changes for some products.
- C) the market basket selected is inappropriate.
- D) the market basket fails to weigh housing costs sufficiently.

19) An observer of the economy notices that over the past 12 months the unemployment rate has fallen from 5.0 percent to 4.5 percent. During the same time, the rate of growth in real GDP has been positive. From this information we might conclude that

- A) inflation is not occurring.
- B) an expansion is occurring in the economy.
- C) a recession is in progress.
- D) a trough in the business cycle will soon be reached.

- 20) In the short run, an increase in government expenditure will
- I. shift the aggregate demand curve rightward.
  - II. increase real GDP.
  - III. increase the government expenditure multiplier.
  - IV. increase the tax multiplier.

- A) I and II
- B) I and III
- C) I, II and III
- D) III and IV

### Part B. Essay Questions (40)

1. Please read the information below and answer the following questions.

#### *The World's Largest Airline*

United Airlines and Continental Airlines announced a \$3 billion merger to create the world's biggest airline. The new airline will be able to better compete with low-cost domestic and foreign airlines. Travelers could face higher fares, although the merged airline has no such plans. But one rationale for any merger is to cut capacity.

Source: *The New York Times*, June 7, 2010

- a) Explain how this airline merger might influence air travel prices. (7)
- b) Please define all factors that are required for a successful price discrimination policy for this new airline. (7)
- c) Explain how this airline merger might influence air travel production costs. (7)

2. 你瞭解很多經濟學的定義、概念與工具。請問你會如何應用這樣的知識來解決或分析生活中的實際問題？請選擇一個例子並回答下列題目。回答內容的深度決定分數高低。

- a) 請明確敘述這個生活中的問題或狀況。(3)
- b) 請說明你所應用的經濟學定義、概念或工具。(6)
- c) 請論述你如何應用此一經濟學知識來解決或解釋這個問題。(10)