

※ 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。

Part I: Select ONE best answer
(total 75 points; 5 points for each question)

1. The forward rate of Japanese Yen against British Pound is related to
 - a、 the inflation rate difference in Japan and United Kingdom.
 - b、 the GDP difference in Japan and United Kingdom.
 - c、 the money supply difference in Japan and United Kingdom.
 - d、 the interest rate difference in Japan and United Kingdom.

2. Which one is NOT the reason for implementing vertical integration
 - a、 To increase market power.
 - b、 To have stable supply of raw materials.
 - c、 To have a good control over product quality.
 - d、 To reduce costs.

3. Which one is the most appropriate statement about opportunity cost (OC)?
 - a、 OC cannot be zero.
 - b、 Firms earn nothing when OC is equal to the rate of return.
 - c、 OC is the variable costs for taking the investment opportunity.
 - d、 OC remains the same over time.

4. Which one is the most appropriate statement about sunk costs?
 - a、 Sunk cost is crucial in investment decision process.
 - b、 Sunk cost concerns about the liquidity of a firm.
 - c、 Sunk cost does not have impacts on the final profits.
 - d、 Sunk cost is “sunk”, and thus cannot be recovered.

5. The 2013 Nobel Prize in Economics was awarded to Eugene Fama to honor his contribution to *Efficient Market Hypothesis*. When stock markets are efficient, this implies
 - a、 Information are revealed in the market.
 - b、 The stock trading deals are made at low costs.
 - c、 The process to list stocks in the market is easy and time-saving.
 - d、 The brokers are able to trade in the markets.

6. Which one is the most appropriate statement about agency costs?
 - a、 Agency costs have to be expensed on income statement.
 - b、 Agency costs are the loss when managers pursue their personal interests at the expense of shareholders.
 - c、 Agency costs are about the quality of the customer-supplier relationship.
 - d、 Agency costs represent a classical example of sunk costs.

7. What is a good indicator of agency costs?
 - a、 The managerial ownership.
 - b、 The item of "other costs" on the income statement.
 - c、 The engagement of corporate social responsibility of a firm.
 - d、 The performance of department of customer relationship management.

8. The recent evidence shows that the sales of electronic cars is growing fast, and the sales of gas-engine cars is suffering. How is this fact represented in the graph of supply-demand curve of gas-engine car?
 - a、 Moving along the demand curve.
 - b、 Shifting inward of demand curve.
 - c、 Moving along the supply curve.
 - d、 Shifting inward of supply curve.

9. The current exchange rate of \$ to NTD is 30. The depreciation of NTD to \$ will benefit the exporting industries of Taiwan to U.S.A when
 - a、 The nominal exchange rate declines to 31.
 - b、 The real exchange rate declines to 31.
 - c、 The purchasing power parity holds.
 - d、 The interest rate parity holds.
 - e、 Both c and d.

10. Signaling is one important part in game theory, and it mostly involve
 - a、 Sequential game.
 - b、 One-shot game.
 - c、 Zero-sum game.
 - d、 Symmetric game.

11. Mergers in related but dissimilar industries can be motivated by
 - a、Economy of scope.
 - b、Economy of scale.
 - c、Economy of information.
 - d、Economy of resources.

12. Which statement best describes Pareto optimality?
 - a、Pareto optimality suggests the marginal rate of substitution is the same for all consumers.
 - b、An economy in which a wealthy few hold the vast majority of resources cannot be Pareto efficient.
 - c、Pareto optimality suggests social equality.
 - d、A change from a generally inefficient economic allocation to an efficient one is considered to be a Pareto improvement.

13. Which one of the following action will reduce money supply?
 - a、Central Bank purchases government securities in the market.
 - b、Central Bank increases reserve requirement.
 - c、Central Bank reduces discount rate.
 - d、Both a and b

14. Which one of the following factor will contribute to balance of payment surplus of Taiwan?
 - a、Increase in imports from France.
 - b、Increase in foreign direct investment of U.S.A. in Taiwan.
 - c、Purchase of stocks listed in London Stock Exchange by Taiwanese individuals.
 - d、Financial aids from Taiwan to Indonesia for the flooding in 2020.

15. Which of the following argument about international trade is correct?
 - a. Taiwan will not benefit from trading with Nigeria in Africa.
 - b. International trade tends to result in specialization.
 - c. International trade is likely to lead toward income equality.
 - d. International trade plays an important role in knowledge spillover across borders.
 - e. Both b and d
 - f. b, c and d

Part II.

1. (10 points) Amid the recent trade war between the U.S. and China, a lot of Taiwanese firms that have business operation in China are reallocating their production back to Taiwan, but some firms still remain in China.
 - a. What are the possible reasons for firms that choose to allocate production back to Taiwan?
 - b. What are the possible reasons for firms that choose to stay in China?

2. (15 points) You are given an assignment to increase the yearly sales of a Tea Shop (茶飲店) by 15%. The competitors of this tea shops are other similar ones, such as 五十嵐。
 - a. What are your strategies? How are your strategies consistent with the market structure discussed in Microeconomics, and the market structure of the tea shop industry?
 - b. Can the profit increase by 15% when the sales are up by 15%?
 - c. Is it likely that the profit will increase by greater than 15% when the sales are up by 15%? Please be specific in your answer.