

本試題不得使用計算機

Multiple Choice (Choose *the best answer* for each question, 2.5 points each)

On your answer sheet, please arrange your answers, according to the following format (請將答案務必依照下列格式，作答於答案卷上)

1. ()	6. ()	11. ()	16. ()	21. ()	26. ()	31. ()	36. ()
2. ()	7. ()	12. ()	17. ()	22. ()	27. ()	32. ()	37. ()
3. ()	8. ()	13. ()	18. ()	23. ()	28. ()	33. ()	38. ()
4. ()	9. ()	14. ()	19. ()	24. ()	29. ()	34. ()	39. ()
5. ()	10. ()	15. ()	20. ()	25. ()	30. ()	35. ()	40. ()

1. In one week, Mohammed can knit 5 sweaters or bake 240 cookies. In one week, Tetah can knit 15 sweaters or bake 480 cookies. In this example.
 - A) Mohanmed has the absolute and comparative advantage in both tasks.
 - B) Tetah has the absolute and comparative advantage in both tasks.
 - C) Mohammed has the absolute advantage in both tasks and the comparative advantage in knitting sweaters.
 - D) Tetah has the absolute advantage in both tasks and the comparative advantage in knitting sweaters.

2. In calculating price elasticity of demand, we use average price and average quantity as our base values because
 - A) it reduces the complexity of the formula and makes the calculation easier
 - B) the resulting measure is then not influenced by whether price is rising or falling
 - C) we would get the same answer whether we use the initial price and quantity or the average price and quantity
 - D) the average price is always greater than the initial price

3. The law of increasing opportunity costs:
 - A) applies to land-intensive commodities, but not to labor-intensive or capital-intensive commodities
 - B) may limit the extent to which a nation specializes in producing a particular product.
 - C) results in straight-line production possibilities curves rather than curves which are bowed outward as viewed from the origin.
 - D) refutes the principle of comparative advantage.

(背面仍有題目,請繼續作答)

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4. An externality occurs when
 - A) the marginal social cost of an activity increases as that activity is increased.
 - B) the costs of producing a good are paid entirely by the producer.
 - C) some of the costs of producing a good are paid by someone other than the producer.
 - D) Both answers A and C are correct.

5. When the price of a pizza decreases from \$12 to \$10,
 - A) the income effect means people buy less pizza.
 - B) the substitution effect means people buy more pizza.
 - C) the quantity demanded of pizza will not change.
 - D) None of the above answers is correct.

6. Which of the following shifts the supply curve for gasoline rightward?
 - A) A situation where the quantity demanded exceeds the quantity supplied.
 - B) An increase in the price of gasoline.
 - C) A decrease in the price of a resource used to produce gasoline, such as crude oil.
 - D) An increase in the demand for gas-guzzling, sport utility vehicles.

7. Which of the following would contribute most to health care being an increasing-cost industry?
 - A) The industry's demand for workers to prepare cafeteria meals.
 - B) The industry's demand for cotton bandages.
 - C) The industry's demand for surgeons.
 - D) The industry's demand for janitorial services.

8. Suppose that the only maker of a particular type of horse hair clothing exits the industry because demand is too low. The correct analysis of this situation is that
 - A) the producer's decision is irrational, since monopolies are not limited by the demand curve
 - B) the producer's decision is irrational, since it could simply raise the price
 - C) the price received by the producer was lower than the marginal cost in the long run
 - D) the price received by the producer was lower than the average total cost in the long run

9. The kinked-demand curve model predicts that
 - A) dominant firms in oligopolistic markets will frequently change their prices.
 - B) small firms will look to larger firms for price leadership.
 - C) oligopolies often show no change in price although costs have changed.
 - D) the law of demand doesn't work for oligopolies.

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10. When a market is in equilibrium
- A) there is not a shortage at the existing price.
 - B) there is not a surplus at the existing price.
 - C) there is no automatic tendency for either the supply curve or the demand curve to shift.
 - D) All of the above answers are correct.
11. To maximize its revenue,
- A) a firm facing inelastic demand should always raise its price.
 - B) a firm facing elastic demand should always raise its price.
 - C) a firm should always charge the highest price possible regardless of the elasticity of demand.
 - D) None of the above answers are correct.
12. For any given output level, a firm's long-run costs
- A) are always greater than or equal to its short-run costs.
 - B) are usually greater than or equal to its short-run costs excepts in the case of diminishing returns to scale.
 - C) are always less than or equal to its short-run costs.
 - D) are usually less than or equal to its short-run costs excepts in the case of diminishing returns to scale.
13. Assume in Taiwan, the banana market is perfectly competitive. Suppose that consumer tastes change so that people like bananas more than they used to. The market demand for bananas will increase, and the (short-run) demand curves faced by individual firms will
- A) shift upward
 - B) not change
 - C) become less elastic
 - D) shift leftward
14. Which of the following shows the concept of "more is better"?
- A) Higher indifference curves yield higher utility.
 - B) An increase in income shifts the budget line to the right.
 - C) Consumers moving along an indifference curve.
 - D) Budget lines closer to the origin represent lower income.

(背面仍有題目,請繼續作答)

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15. The price of one good changes and Sue is now at a point on her indifference curve where the marginal rate of substitution exceeds the relative price. Sue will now choose to buy ____ of the good that is measured on the ____.
- A) more; x-axis
 - B) more; y-axis
 - C) the same quantity; x-axis
 - D) less; x-axis
16. A perfectly competitive firm is earning an economic profit when
- A) its total revenue is greater than its total cost.
 - B) the price is greater than the minimum of its average total cost.
 - C) the price is greater than the minimum of its average variable cost.
 - D) Both answers A and B are correct.
17. For many goods, the price elasticity of demand increases over time after a price hike because
- A) consumer incomes tend to increase over time.
 - B) inflation causes all prices and incomes to increase over time.
 - C) the ability to find good substitutes for the product whose price rose increases over time.
 - D) ALL of the above answers are correct.
18. Kathy is trying to decide how much time she should spend at work and how much time she should devote to leisure. Her best affordable point is determined by where
- A) the marginal rate of substitution is equal to the wage rate.
 - B) the wage rate is equal to \$15.
 - C) the opportunity cost of an hour of leisure is equal to the wage rate.
 - D) the income effect is equal to the substitution effect for a wage change.
19. A competitive firm is more likely to shut down during a recession, when the demand for its product declines, than during an economic expansion, because during the recession it might be unable to cover its
- A) variable costs.
 - B) fixed costs.
 - C) external costs.
 - D) depreciation due to machinery becoming obsolete.

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20. As you consume more and more of a good
- A) the marginal benefit decreases.
 - B) the marginal benefit increases or decreases depending where you are or are not on the *PPF*.
 - C) the marginal benefit increases
 - D) the price of the good falls.
21. Private disposable income equals
- A) $NNP - \text{taxes} + \text{transfers} + \text{interest}$.
 - B) $\text{national income} - \text{taxes} + \text{transfers} + \text{interest}$.
 - C) $\text{national income} - \text{taxes} - \text{transfers} + \text{interest}$.
 - D) $GNP - \text{taxes} + \text{transfers} + \text{interest}$.
22. If the nominal exchange rate rises 7%, domestic inflation is 3%, and foreign inflation is 4%, what is the percent change in the real exchange rate?
- A) 4%
 - B) 8%
 - C) 6%
 - D) 2%
23. Suppose purchasing power parity holds. If the price level in the United States is 100 dollars per good and the price level in Japan is 250 yen per good, then the nominal exchange rate is _____ yen per dollar.
- A) 2.5
 - B) 4.0
 - C) 0.25
 - D) 0.4
24. The consumer price index (CPI) is 311.1 for 1994 when using 1967 as the base year (1967=100). Now suppose we switch and use 1994 as the base year (1994=100). What is the CPI for 1967 with the new base year?
- A) 56.2
 - B) 48.4
 - C) 20.2
 - D) 32.1

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25. The presence of income taxes and imports cause the slope of the aggregate expenditure curve to be
- A) the same as it would be without income taxes and exports.
 - B) steeper than it would be without income taxes and exports.
 - C) flatter than it would be without income taxes and exports.
 - D) probably different than it would be without income taxes and exports but income taxes make it steeper while imports make it flatter.
26. If workers are willing to work more hours when the nominal wage increases, what can be said about the economic rationality of their decision?
- A) The decision is not economically rational, since it should be based on the real wage only.
 - B) The decision could be rational if workers thought that the inflation rate would fall in the future.
 - C) The decision could be rational if workers thought that the real wage had fallen.
 - D) The decision could be rational if workers thought that the nominal wage and the real wage were equal.
27. If a tax is imposed on the buyer of a product the demand curve would shift
- A) downward by the amount of the tax.
 - B) upward by the amount of the tax.
 - C) downward by less than the amount of the tax.
 - D) upward by more than the amount of the tax.
28. Any change that reduces desired saving relative to desired investment (for a given level of output) causes the real interest rate to _____ and shifts the IS curve _____.
- A) decrease; down
 - B) increase; up
 - C) increase; down
 - D) decrease; up
29. According to Okun's law, if output grew 7% and full-employment output rose 2%, what would be the change in the unemployment rate?
- A) -5%
 - B) -2%
 - C) 2%
 - D) 5%

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30. The quantity theory of money addresses the
- A) short-run effect the quantity of money has on the price level.
 - B) long-run effect the quantity of money has on the price level.
 - C) determinants of potential GDP.
 - D) determinants of the equilibrium unemployment rate.
31. The larger the public's currency drain from the banking system, the
- A) smaller is the monetary base.
 - B) smaller is the money multiplier.
 - C) larger is the monetary base.
 - D) larger is the money multiplier.
32. 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) decreases investment indirectly by increasing the demand for money which tends to increase interest rates
33. Real economic growth can decrease poverty because:
- A) it may decrease government transfers to the poor.
 - B) it may increase job training.
 - C) it may increase the number of jobs available to the poor.
 - D) it may increase the formal educational opportunities of the poor.
34. If lenders and borrowers have an inflation forecast that turns out to be too low,
- A) both borrowers and lenders will wish that they had lent more.
 - B) borrowers will wish that they had borrowed less and lenders will wish that they had lent less.
 - C) borrowers will wish that they had borrowed less and lenders will wish that they had lent more.
 - D) borrowers will wish that they had borrowed more and lenders will wish that they had lent less.
35. In periods of high inflation,
- A) people want to hold as much money as possible
 - B) the purchasing power of money is increasing
 - C) nobody wants to work and earn income
 - D) high nominal interest rates are likely to result

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36. Economic growth will occur and the price level will be constant when the increase in aggregate demand
- A) exactly equals the increase in long-run aggregate supply.
 - B) is more than the increase in long-run aggregate supply.
 - C) is less than the increase in long-run aggregate supply.
 - D) is accompanied by a decrease in short-run aggregate supply.
37. When cyclical unemployment is zero,
- A) frictional unemployment is zero.
 - B) structural unemployment is zero.
 - C) the unemployment rate equals the natural rate of unemployment.
 - D) cyclical and frictional unemployment are zero.
38. A temporary decrease in government purchases causes the real interest rate to _____ and the price level to _____ in general equilibrium.
- A) fall; rise
 - B) fall; fall
 - C) rise; fall
 - D) rise; rise
39. The long-run aggregate supply curve is vertical at \$5 trillion but the short-run aggregate supply curve intersects the aggregate demand curve at \$6 trillion. From this, we know that
- A) the price level is too high. The only way long-run equilibrium can be restored is to lower the price level.
 - B) adjustments will have to occur so that the short-run aggregate supply intersects the aggregate demand curve at \$5 trillion.
 - C) the economy is operating below full capacity in the short run, and will have to adjust by hiring more workers, thus reducing unemployment.
 - D) adjustments will have to occur so that the long-run aggregate supply equals \$6 trillion.
40. If the GDP deflator is biased by quality changes, the result is that
- A) nominal GDP is understated.
 - B) real GDP is understated.
 - C) real GDP is overstated.
 - D) there is no effect upon the correct level of real GDP.