

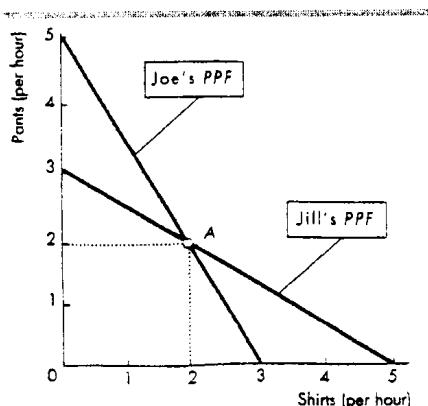
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Please follow the answer form and write down the answers in order on the answer sheet

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

Multiple-Choice Questions (Choose the best answer) (100%)

- An unanticipated decrease in aggregate demand will trigger a recession in the _____ theory of the business cycle.
 - new Keynesian
 - new classical
 - Keynesian
 - Both answers A and B are correct.
- Suppose there are 100 identical firms in an industry. The minimum point of the average variable cost curve for each firm is when $AVC = \$10$. The minimum point of average total cost is when $ATC = \$16$. At prices of \$8, \$11, and \$19, the total industry output will be (respectively)
 - 0, greater than zero, greater than zero.
 - 0, 0, 0.
 - 0, 0, greater than zero.
 - More information is needed to answer the question.
- In the figure below, Joe is operating at point A. Joe's opportunity cost of producing a shirt is
 - 5/3 pair of pants.
 - 3/5 pair of pants.
 - 5 pairs of pants.
 - 2 pairs of pants.



(背面仍有題目,請繼續作答)

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4. In the figure above, Jill is producing at point A. Jill's opportunity cost producing a pair of pants is
- A) 2 shirts.
 - B) 3 shirts.
 - C) 3/5 shirt.
 - D) 5/3 shirt.
5. Suppose there is a permanent supply shock that shifts the *LAS* leftward. Compared with the fixed rule of keeping the quantity of money constant, a feedback rule that increases the quantity of money will
- A) generate a faster return to potential GDP.
 - B) decrease the unemployment rate more quickly.
 - C) result in a higher price level.
 - D) None of the above answers is correct.
6. Pareto efficiency is a situation where
- A) no one is made better off.
 - B) trades that make some better off without harming others exist.
 - C) any further trades will harm someone.
 - D) all trades have harmed someone.
7. If the price elasticity of demand for a good is elastic, that good is likely to have
- A) many close complements
 - B) few close complements
 - C) many close substitutes
 - D) few close substitutes
8. In an expansion, the cyclical rate of unemployment:
- A) is zero.
 - B) is negative.
 - C) equals the natural rate of unemployment.
 - D) equals the sum of the frictional and structural unemployment rates.
9. The self-correcting tendency of the economy means that expansionary gaps are eventually eliminated by:
- A) rising inflation.
 - B) falling inflation.
 - C) increasing potential output.
 - D) decreasing potential output.
10. When the price of an inferior good falls, *ceteris paribus*, the substitution effect leads to ____ in the quantity purchased and the income effect leads to ____ in the quantity purchased.

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- A) an increase; an increase
B) an increase; a decrease
C) a decrease; an increase
D) a decrease; a decrease
11. In 1973 and again in 1979, the Organization of Petroleum Exporting Countries (OPEC) raised the world price of crude oil and increased their revenue as well. Which of the following is a true statement regarding these OPEC price hikes?
- A) Their revenue increased because the demand for oil was income inelastic.
B) Their revenue increased because the demand for oil was price inelastic.
C) Their revenue would have increased regardless of income elasticity or price elasticity because oil is an imported product for most nations.
D) Their revenue only increased because oil was already very expensive.
12. In a perfectly competitive market that is in long-run equilibrium, a permanent leftward shift in the market demand curve
- A) raises the price in the short run.
B) raises profits in the short run.
C) leads to new firms entering the industry in the long run.
D) lowers the price at first but then raises it as firms leave the industry.
13. The use of purchasing power parity prices
- A) decreases the real GDP per person statistics published by the International Monetary Fund.
B) weakens the validity of cross country comparisons of economic welfare.
C) increases the amount by which U.S. GDP is larger than that of any other nation.
D) accounts for differences in the prices of the same goods in different countries when measuring real GDP.
14. If the production function is $Y=NA$, where N is the number of workers, then labor productivity is:
- A) A/N
B) Y/A
C) NA
D) $1/A$
E) None of the above
15. Suppose workers expectations of prices and productivity are accurate. For this economy, a reduction in productivity will:
- A) increase the real wage and decrease the natural rate of unemployment.
B) decrease the real wage and increase the natural rate of unemployment.
C) decrease both the real wage and the natural rate of unemployment.
D) increase both the real wage and the natural rate of unemployment.

(背面仍有題目,請繼續作答)

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- E) none of the above
16. The money supply is \$6 million, currency held by the nonbank public is \$2 million, and the reserve-deposit ratio is 0.1. The monetary base is equal to
- A) \$2 million.
B) \$2.6 million.
C) \$4 million.
D) \$2.4 million.
17. An increase in the marginal tax rate, with the average tax rate held constant, will :
- A) increase the amount of labor supplied at any real wage.
B) increase the amount of labor supplied at any real wage if the average tax rate is above the marginal tax rate, but decrease the amount of labor supplied at any real wage if the average tax rate is below the marginal tax rate.
C) decrease the amount of labor supplied at any real wage.
D) not affect the amount of labor supplied at an real wage.
18. A 10% decrease in real income usually leads to _____ in money demand.:
- A) an increase
B) a decrease of 10%
C) a decrease of less than 10%.
D) no change
19. Suppose that a monopolistically competitive firm is in long-run equilibrium. The firm's demand curve is tangent to its average cost curve at $Q = 25$. Average cost is minimized at $Q = 35$, where average cost is \$50. Which of the following is true?
- A) This firm charges \$50 for the good.
B) This firm charges more than \$50 for the good.
C) This firm charges less than \$50 for the good.
D) The firm has excess capacity at all output levels greater than 35 units.
E) Average cost is \$50 at the profit-maximizing output level.
20. In game theory, if two rivals in an oligopoly can avoid a large loss by cutting price from \$40 to \$35,
- A) neither will cut its price
B) one will charge \$40 and the other will charge \$35
C) their actions will depend on their respective strategies
D) each will cut price but not all the way to \$35
E) they will collude to do what's best for both of them
21. Suppose that government purchases increase by \$200 and at the same time autonomous net taxes are increased by \$200. If there are neither income taxes nor net exports, the change in equilibrium real GDP demanded will
- A) depend on the value of the MPC

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- B) be a \$200 decrease
C) be a \$200 increase
D) be equal to zero, since higher taxes exactly offset higher government spending
E) be an increase by some amount greater than \$200
22. If the MPC equals 0.75 and the proportional income tax rate is 0.2, the spending multiplier equals
- A) 3
B) 2.5
C) 16/13
D) 1
E) 4
23. To close a contractionary gap using fiscal policy, the government can
- A) increase government spending by the size of the gap
B) decrease government spending by the size of the gap
C) increase government spending by more than the size of the gap
D) increase government spending by less than the size of the gap
E) decrease government spending by more than the size of the gap
24. Which of the following is a difference between John Maynard Keynes and the classical economists?
- A) Keynes did not believe that unemployment was a serious long-term problem; the classical economists did.
B) Keynes did not believe that the economy was always in equilibrium; the classical economists did.
C) Keynes did not believe that the economy necessarily settled at full employment; the classical economists did.
D) Keynes believed that the economy was always in equilibrium; the classical economists did not.
E) 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.
25. A perfectly competitive firm is producing at the point where its marginal cost equals its marginal revenue. If the firm boosts its output, its revenue will
- A) rise and its total variable cost will rise even more.
B) rise and its total variable cost will rise, but not by as much.
C) fall but its total variable cost will rise.
D) fall and its total variable cost will fall, but not by as much.

(背面仍有題目,請繼續作答)

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26. If the minimum wage is set above the equilibrium wage, a supply and demand diagram of the low-skilled labor market will show unemployment as

- A) a vertical distance.
- B) a horizontal distance.
- C) the area of a rectangle.
- D) the area of a triangle.

27. If the deregulation of an industry leads to declining prices and an increased volume of sales, that outcome would mean there definitely is

- A) a decrease in total surplus.
- B) an increase in the total industry profit.
- C) an increase in consumer surplus.
- D) an increase in producer surplus.

28. A monopoly facing a competitive labor market will hire less labor whenever

- A) its average revenue product of labor exceeds the wage rate.
- B) the wage rate exceeds its average revenue product of labor.
- C) its marginal revenue product of labor exceeds the wage rate.
- D) the wage rate exceeds its marginal revenue product of labor.

29. A rent ceiling results in a shortage. As a result, which of the following do you expect?

- A) The shortage will persist as long as the ceiling is in effect.
- B) Discrimination as landlords choose their tenants, possibly based on race, age, or gender.
- C) A black market for apartments whereby higher rents are obtained through various other charges.
- D) All of the above would be expected.

30. If the t-shirt industry is monopolistically competitive, in the long run

- A) some firms have insufficient capacity.
- B) all firms are operating at the efficient scale.
- C) all firms have excess capacity.
- D) no firms have excess capacity.

31. An individual who has stopped looking for a job because he is convinced that he cannot find a job is referred to as

- A) a contingent worker.
- B) a productive worker.
- C) a discouraged worker.
- D) an unemployed worker.

32. The assumption that population growth will lead to a fall in the real wage rate back to subsistence level is

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- A) accepted by all economists today.
B) associated with Malthusians.
C) part of the neoclassical school of growth theory.
D) central to the new growth theory.
33. A monopolist facing a linear demand will only sell at where the demand is
A) perfectly elastic
B) unit elastic
C) elastic
D) inelastic
34. Jack and Alex are roommates. Jack smokes but Alex prefers clean air. Jack smokes 10 times a day. He values 1st cigarette for \$10, 2nd for \$9, ..., and 10th cigarette for \$1. Alex values clean air for \$5.5. According to Coase Theorem, if the bargaining cost is nil, the efficient outcome is that
A) Jack smokes 10 times a day if he owns the room.
B) Alex will have clean air if he owns the room.
C) Alex will allow Jack to smoke 5 times a day if he owns the room.
D) none of the above.
35. A Canadian farmer buys a new John Deere tractor that is made in an American-owned factory in Mexico to use on his wheat farm in Canada. This transaction will be considered as a part of
A) the American GDP.
B) the Mexican GDP.
C) the Canadian GDP.
D) both the American and Mexican GDP.
36. Taiwan Railway who faces an elastic demand is currently suffering a loss after High Speed Rail starts to operate. If it increases the prices it charges, its revenue
A) will go up
B) will be the same
C) will go down
D) will go either up or down
37. What's the relationship between aggregate supply and stagflation?
A) An adverse aggregate supply shift usually causes stagflation.
B) There is no relationship between the two.
C) Stagflation usually causes an adverse shift in aggregate supply.
D) Stagflation always follows inflation, no relationship with supply.
38. Increasing the price level with fixed money supply will reduce
A) the average money cost of each transaction.
B) total real output purchased.

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- C) the interest rate.
 - D) the amount of money spent by households and firms.
39. Which statement of the following is false?
- A) Firms can have accounting profits and economic profits.
 - B) Firms can have accounting profits and economic losses.
 - C) Firms can have accounting losses and economic losses.
 - D) Firms can have accounting losses and economic profits.
40. What causes market failure?
- (a) import and foreign competition
 - (b) externalities
 - (c) market power
 - (d) tax system
 - (e) incorrect forecasts of consumer demand
- A) (a) (b) and (d)
 - B) (a) (b) and (c)
 - C) (b) and (c)
 - D) (a) (b) (c) (d) and (e)