

本試題是否可以使用計算機：可使用，不可使用（請命題老師勾選）

考試日期：0302，節次：1

※ 請勿在本試題紙上作答，否則不予計分。

Part I Multiple choice (choose the best one)

Please arrange your answers in the following format (2% for each, totally 60%)

(請在答案卷上畫如下的表格作答)

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. ()

- Consider the market for hot dogs. As long as the marginal benefit of consuming hot dogs is greater than the price of hot dogs,
 - we will receive consumer surplus from eating hot dogs.
 - the price of hot dogs will rise.
 - the value of hot dogs will rise.
 - there is no decreasing marginal benefit of eating hot dogs.
- Consider the market for hot dogs. If the government imposes a tax on hot dogs,
 - there will be a loss of consumer surplus.
 - there will be a gain of producer surplus.
 - deadweight loss will be minimized.
 - the marginal cost and marginal benefit of hot dogs will decrease.
- Assume that your state government has placed a price ceiling of \$.20 per kilowatt hour on electricity. The equilibrium price per kilowatt hour for electricity is \$.25. This action will result in
 - surplus of electricity in the electricity market.
 - an increase in the price of electricity to \$.25 per kilowatt hour.
 - an increase in producer surplus.
 - a deadweight loss occurring.
- Suppose the government wants to discourage the use of cigarettes. If it imposes a tax on cigarettes, the equilibrium quantity falls the most when the elasticity of demand equals
 - 2.00.
 - 1.00.
 - 0.50.
 - 0.

(背面仍有題目,請繼續作答)

本試題是否可以使用計算機： 可使用， 不可使用（請命題老師勾選）

考試日期：0302，節次：1

5. Lily is a college student who likes to buy only two goods: Cheetos and Pepsi. To determine how Lily can maximize her utility from consuming Cheetos and Pepsi, you need to know
- I. Lily's preferences for Cheetos and Pepsi.
 - II. The prices of Cheetos and Pepsi.
 - III. Lily's income.
- A) I only.
 - B) I and II.
 - C) II and III.
 - D) I, II and III.
6. Suppose Hank spends his entire budget buying 2 bagels and 3 cups of coffee each day. Also, suppose the marginal utility of the second bagel is 100 and the marginal utility of the third cup of coffee is 200. Which of the following statements is true?
- A) Hank is not maximizing his utility.
 - B) Hank will be maximizing his utility as long as the price of a cup of coffee is twice the price of a bagel.
 - C) Hank might be maximizing utility only if the price of a cup of coffee is less than the price of a bagel.
 - D) Hank is not maximizing utility because he is not buying equal amounts of each good.
7. Which of the following statements is true?
- A) The marginal and average product curves intersect at the maximum level of output.
 - B) At every output level the marginal product curve lies above the average product curve.
 - C) The marginal product and average product curves intersect when average product is at its maximum.
 - D) The marginal product curve always has a positive slope.
8. Which of the following is **FALSE**?
- A) Long-run average variable costs equal long-run average total costs.
 - B) Fixed costs increase in the long run.
 - C) As a firm produces more output, eventually it experiences diseconomies of scale.
 - D) In the long run, both the amount of capital and labor used by the firm can be changed.
9. A single-price monopoly
- A) charges all consumers the lowest price that they want to pay for each unit purchased.
 - B) produces less output than it would if it could discriminate.
 - C) eliminates all the consumer surplus.
 - D) creates a smaller deadweight loss than it would if it could discriminate.

本試題是否可以使用計算機：可使用，不可使用（請命題老師勾選）

考試日期：0302，節次：1

10. Firms in monopolistic competition have rivals that
- A) match their price increases.
 - B) match their price decreases.
 - C) agree on a common price.
 - D) set their prices according to the demand curves they face.
11. In a regulated natural monopoly, a marginal cost pricing rule maximizes
- A) total costs.
 - B) producer surplus.
 - C) economic profit.
 - D) total surplus.
12. If the marginal social benefit of a good equals the marginal private benefit of the good, then the marginal external benefit of the good
- A) is zero.
 - B) equals the marginal social benefit.
 - C) equals the marginal social cost.
 - D) equals the marginal private cost.
13. An perfectly competitive firm facing a competitive labor market will hire more 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.
14. In recent years, information technology such as computers and scanners have been a _____ for low-skilled labor and have led to _____ wage rates for low-skilled workers.
- A) substitute; higher
 - B) substitute; lower
 - C) complement; higher
 - D) complement; lower
15. An increase in Meta's wealth from \$3,000 to \$6,000 raises her utility from 80 units to 100. If she is risk averse, with a wealth of \$9,000 her utility might be
- A) 99 units.
 - B) 114 units.
 - C) 120 units.
 - D) 126 units.

(背面仍有題目,請繼續作答)

本試題是否可以使用計算機：可使用，不可使用（請命題老師勾選）

考試日期：0302，節次：1

16. If the price of a firm's output falls by 5 percent and the money wages it pays remain constant, the firm's
- A) quantity of labor demanded will decrease.
 - B) quantity of labor demanded will increase.
 - C) quantity of labor demanded will not change.
 - D) supply of jobs will increase.
17. An efficiency wage results in increased unemployment because it
- A) increases the quantity of labor supplied and decreases the quantity of labor demanded.
 - B) increases the quantity of labor demanded and decreases the quantity of labor supplied.
 - C) increases both the quantity of labor supplied and the quantity of labor demanded.
 - D) decreases both the quantity of labor supplied and the quantity of labor demanded.
18. The productivity curve shows that an increase in technological progress results in
- A) an increase in the level of real GDP per hour of labor at any level of capital per hour of labor.
 - B) no change in the level of real GDP per hour of labor at any level of capital per hour of labor.
 - C) a decrease in the level of real GDP per hour of labor at any level of capital per hour of labor.
 - D) an increase in the quantity of labor.
19. You deposit \$4,000 in currency in your checking account. The bank holds 20 percent of all deposits as reserves. As a direct result of your deposit, your bank will create
- A) \$200 of new money.
 - B) \$800 of new money.
 - C) \$1,600 of new money.
 - D) \$3,200 of new money.
20. Suppose that the money multiplier is 3. If the Fed sells \$2 million in securities, the quantity of money will
- A) increase by \$6 million.
 - B) increase by \$666,667.
 - C) decrease by \$6 million.
 - D) decrease by \$666,667.
21. Suppose that the interest rate is greater than the equilibrium interest rate. Which of the following occurs?
- I. There is an excess quantity of money.
 - II. The quantity of money automatically increases.
 - III. People start buying bonds.
- A) I.
 - B) I and II.
 - C) I and III.
 - D) I, II and III.

本試題是否可以使用計算機： 可使用， 不可使用（請命題老師勾選）

考試日期：0302，節次：1

22. According to the quantity theory of money, in the long run
- A) an increase in the quantity of money creates an increase in prices but no additional increase in real GDP.
 - B) the quantity of money in a society will always be just the right amount.
 - C) an increase in the quantity of money creates an increase in real GDP.
 - D) None of the above answers are correct.
23. If inflation turns out to be lower than expected,
- A) both borrowers and lenders will wish that the volume of loans had been higher.
 - B) borrowers will wish that they had borrowed more 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) both borrowers and lenders will wish that the volume of loans had been lower.
24. In monetarist business cycle theory, increases in money growth temporarily ____ real GDP because interest rates ____.
- A) increase; rise
 - B) increase; fall
 - C) decrease; rise
 - D) decrease; fall
25. With a steep short-run aggregate supply curve,
- A) an increase in government spending will not have an impact on the price level.
 - B) fiscal policy will be an effective tool to reduce unemployment without raising prices too much.
 - C) an increase in taxes that does not change potential GDP will not decrease real GDP by much.
 - D) there is a large change in real GDP whenever the price level rises.
26. Suppose a tax cut affects both aggregate demand and aggregate supply. The larger is the supply-side effect of the tax cut, the ____ is the increase in real GDP and the ____ is the increase in the price level.
- A) larger; larger
 - B) larger; smaller
 - C) smaller; larger
 - D) smaller; smaller
27. The economy is at full employment when aggregate demand temporarily decreases. A feedback-rule response to this decrease in aggregate demand would be to
- A) wait until the money wage rate increased.
 - B) wait until the money wage rate decreased.
 - C) perform expansionary policy.
 - D) perform contractionary policy.

(背面仍有題目,請繼續作答)

本試題是否可以使用計算機： 可使用， 不可使用（請命題老師勾選）

考試日期：0302，節次：1

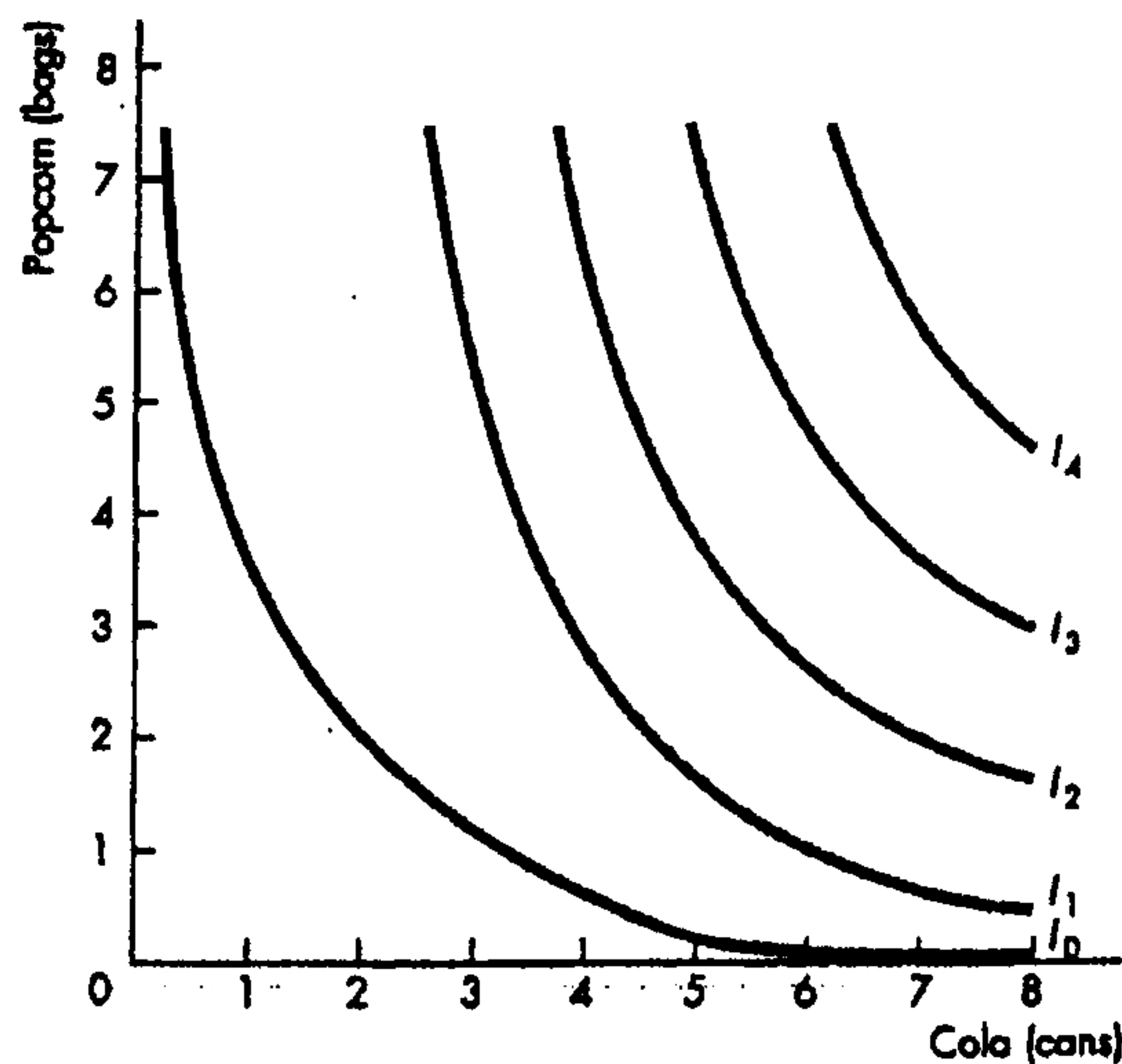
28. If the Fed unexpectedly increases the growth rate of the quantity of money, the short-run Phillips curve
- shifts leftward.
 - shifts rightward.
 - does not shift.
 - becomes vertical.
29. Sugar producers' argument that protecting sugar is vital to national security is best described as an example of
- an externality.
 - rent seeking.
 - a security subsidy.
 - national risk aversion.
30. An increase in the U.S. demand for imports will _____ the supply of dollars and lead the dollar to _____.
- increase; appreciate
 - decrease; appreciate
 - increase; depreciate
 - decrease; depreciate

Part II Problem: 40% (4X10%) please list answers for each question first and then show how the answers are obtained such as Q1 (a) (1) () (2) (), and (b) your statement about the procedure for answers(1), (2).

- The change in total revenue depends on the elasticity of demand. Please prove the following concept based on the definition of elasticity.
 - If demand is elastic ($=2$), a 1% price cut increases the quantity sold by more than 1% and total revenue increases.
 - If demand is inelastic ($=0.5$), a 1% price cut increases the quantity sold by less than 1% and total revenue decreases.
- Originally, Sara's income is \$12 a week. The price of popcorn is \$3 a bag, and the price of cola is \$3 a can. Now suppose that the price of cola falls to \$1.50 a can and the price of popcorn and Sara's income remain the same. The figure illustrates Sara's preferences.
 - Find two points on Sara's demand curve for cola
 - Find the substitution effect of the price change

本試題是否可以使用計算機： 可使用， 不可使用（請命題老師勾選）

考試日期：0302，節次：1



3. The economy of Mainland has the following aggregate demand and supply schedules:

- (1) What are the values of real GDP and the price level in Mainland in a short-run macroeconomic equilibrium?
- (2) When aggregate demand increases by \$100billion, how do real GDP and the price level change in the short run?

Price level	Real GDP demanded	Real GDP supplied in the short run
	(billions of 2000 dollars)	
90	450	350
100	400	400
110	350	450
120	300	500
130	250	550
140	200	600

4. You are given the following information about the economy of Zeeland:

Autonomous consumption expenditure is \$100billion, and the marginal propensity to consume is 0.9. Investment is \$460billion, government purchases of goods and services are \$400billion, and net taxes are a constant \$400billion--- they do not vary with income.

- (1) What is the equation that describes the aggregate expenditure curve?
- (2) If investment falls to \$360billion, what is the change in equilibrium expenditure and what is the size of the multiplier?