

系所組別： 政治經濟研究所

考試科目： 經濟學

考試日期：0222，節次：3

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**I. Multiple Choice (30 questions, 60 points total)**

Choose the letter of ONE best answer (each question is worth 2 points).

1. A market equilibrium is only efficient when
  - (A) buyers and sellers each earn equal surplus from the transaction.
  - (B) consumer surplus and producer surplus are both zero
  - (C) All relevant costs, including those imposed on others, are accounted for.
  - (D) Income is distributed equitably
  
2. Everyone in the neighborhood has been complaining about the deteriorating condition of the park, but nobody has cleaned it up. Why not?
  - (A) There is an excess demand for parks in the neighborhood.
  - (B) There is an excess supply of parks in the neighborhood.
  - (C) If you totaled everyone's reservation prices to clean the park, it would not be enough to pay the cost of cleaning it.
  - (D) No single person's reservation price to clean the park makes it worth cleaning it.
  
3. Which of the following policies could be expected to increase private saving?
  - (A) replace the income tax with a consumption tax.
  - (B) increase the tax rate on capital gains.
  - (C) provide more generous Social Security retirement benefits.
  - (D) reduce the size of down payments needed to buy a house.
  
4. A public good is one that
  - (A) has some degree of either being nonrival or nonexcludable.
  - (B) is nonrival but may or may not be nonexcludable.
  - (C) has some degree of being both nonrival and nonexcludable.
  - (D) is nonexcludable but may or may not be nonrival.
  
5. That the invisible hand leads to less information being provided than socially optimal is due to the
  - (A) commitment problem.
  - (B) free-rider problem.
  - (C) adverse selection problem.
  - (D) statistical discrimination problem.

(背面仍有題目,請繼續作答)

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6. A risk-averse individual will
- (A) never accept any gamble.
  - (B) accept a fair gamble.
  - (C) reject all gambles.
  - (D) accept only better than fair gambles.
7. Crowding out results in a(n):
- (A) decrease in private investment spending resulting from government deficit spending.
  - (B) increase in physical capital accumulation, which leads to higher economic growth.
  - (C) increase in private investment spending resulting from government deficit spending.
  - (D) increase in consumption spending as a result of higher investment spending.
8. The existence of a negative externality will result in
- (A) economic efficiency if there is no government intervention in the market.
  - (B) a greater than optimal level of production.
  - (C) prices that are artificially high.
  - (D) elimination of deadweight loss.
9. Suppose that each of the only two firms in an industry has the independent choice of advertising its product or not advertising. If neither advertises, each gets \$20 million in profit; if both advertise, their profits will be \$10 million each; and if one advertises while the other does not, the advertiser gets \$25 million profit while the other gets \$4 million profit. According to game theory, the likely strategy by the firms is:
- (A) both may or may not advertise.
  - (B) one will advertise and the other will not.
  - (C) both will advertise.
  - (D) neither will advertise.
10. If the local electricity utility wants to raise revenues, it should \_\_\_\_\_ its price because demand for electricity is likely to be \_\_\_\_\_.
- (A) lower; inelastic
  - (B) raise; elastic
  - (C) lower; elastic
  - (D) raise; inelastic

(背面仍有題目,請繼續作答)

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11. A price ceiling will cause
- (A) producer surplus to fall.
  - (B) total economic surplus to rise.
  - (C) quantity supplied to exceed quantity demanded.
  - (D) quantity supplied to increase.
12. Savers may prefer to use financial intermediaries rather than lending directly to borrowers because financial intermediaries:
- (A) reduce the cost of gathering information about borrowers.
  - (B) have a monopoly on lending.
  - (C) increase the risk of lending.
  - (D) offer higher rates of return than available elsewhere.
13. When the interest rate on newly issued bonds increases, the price of existing bonds:
- (A) increases.
  - (B) decreases.
  - (C) increases only if the coupon rate is below the new rate.
  - (D) may either increase or decrease.
14. Nominal GDP may be used to compare:
- (A) the dollar amount of final goods produced in different years.
  - (B) the price of final goods times the number of goods produced in one year.
  - (C) output if prices are held constant.
  - (D) living standards among different countries.
15. National savings in a closed economy is all of the following EXCEPT:
- (A) the sum of private savings plus the government budget balance.
  - (B) the total savings generated within the economy.
  - (C)  $GDP - C - G$ .
  - (D) government spending minus consumption.

(背面仍有題目,請繼續作答)

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16. The demand for labor in a certain industry is  $ND = 300 - w$ , where  $ND$  is the number of workers employers want to hire and  $w$  is the real wage measured in dollars per day. The supply of labor in the same industry is  $NS = 200 + w$ , where  $NS$  is the number of people willing to work. If the minimum wage is set at \$60 per day, how many workers will be unemployed?

- (A) 10
- (B) 20
- (C) 30
- (D) 40

17. Periods of unusually low production in an economy result in \_\_\_\_\_ unemployment.

- (A) cyclical
- (B) environmental
- (C) structural
- (D) frictional

18. During the Great Depression in the United States between 1929 and 1933, banks' reserve/deposit ratio \_\_\_\_\_ and the amount of currency held by the public \_\_\_\_\_, while the money supply \_\_\_\_\_.

- (A) increased; increased; increased
- (B) decreased; decreased; decreased
- (C) increased; increased; decreased
- (D) decreased; decreased; increased

19. When there is a recessionary gap, inflation will \_\_\_\_\_, in response to which the Federal Reserve will \_\_\_\_\_ real interest rates, and output will \_\_\_\_\_.

- (A) decline; raise; decline
- (B) decline; lower; expand
- (C) decline; lower; decline
- (D) increase; raise; decline

20. In the Keynesian model deviations of output from potential are caused by:

- (A) fluctuations in average labor productivity.
- (B) random output shocks.
- (C) changing asset prices.
- (D) fluctuations in aggregate spending

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21. Government policymakers can respond to an overvalued currency in each of the following ways EXCEPT by:
- (A) devaluing the currency.
  - (B) restricting international transactions.
  - (C) increasing the official value of the currency.
  - (D) becoming a demander of the currency in the foreign exchange market.
22. Bev can produce either 5000 pounds of cheese or 20 cars per year. Moe can produce either 5000 pounds of cheese or 10 cars per year. Thus, Bev has a comparative advantage in producing \_\_\_\_\_, and Moe has a comparative advantage in producing \_\_\_\_\_.
- (A) cars; cars
  - (B) cars; cheese
  - (C) cheese; cars
  - (D) both goods; cheese
23. A monopolistic competitor will engage in advertising in order to:
- (A) reduce excess capacity.
  - (B) increase demand for its product.
  - (C) collude more effectively with other firms.
  - (D) produce on the upward-sloping portion of its ATC curve.
24. Provided that there are no external benefits or costs, resources are efficiently allocated when:
- (A)  $P = MR$ .
  - (B)  $P = AVC$ .
  - (C)  $P = MC$ .
  - (D)  $MC = AVC$ .
25. In the event of an increase in exogenous spending, the Federal Reserve can maintain stable inflation and output by:
- (A) increasing their target inflation rate.
  - (B) decreasing their target inflation rate.
  - (C) increasing their target real interest rate.
  - (D) decreasing their target real interest rate.

(背面仍有題目,請繼續作答)

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26. Because tourist demand for airline flights is relatively \_\_\_\_\_, small \_\_\_\_\_ in ticket price will result in relatively \_\_\_\_\_ in additional tourists.
- (A) inelastic; reductions; small increases  
(B) elastic; reductions; large increases  
(C) inelastic; increases; small decreases  
(D) elastic; increases; small increases
27. Suppose that a financial crisis decreases investment spending by \$100 billion and the marginal propensity to consume is 0.8. Assuming no taxes and no trade, by how much will real GDP change?
- (A) \$500 billion decrease  
(B) \$200 billion decrease  
(C) \$800 billion decrease  
(D) \$400 billion increase
28. A downward shift in the Fed's policy reaction function is a monetary \_\_\_\_\_, and the aggregate demand curve \_\_\_\_\_.
- (A) tightening; shifts right  
(B) tightening; shifts left  
(C) easing; shifts left  
(D) easing; shifts right
29. Assume that Siri is consuming the utility-maximizing quantities of pork and chicken. We can conclude that:
- (A) the price of pork equals the price of chicken.  
(B) the marginal utility of pork equals the marginal utility of chicken.  
(C) the ratio of the marginal utility to price is the same for pork as it is for chicken.  
(D) the person is consuming the same amount of pork and chicken.
30. After the 2008 financial crisis, proponents of austerity argued that fiscal stimulus was inappropriate because:
- (A) cuts in government spending had increased interest rates.  
(B) the increase in government spending had caused interest rates to increase.  
(C) unemployment remained high after the stimulus was implemented in 2009.  
(D) monetary policy is more effective when the economy is close to the zero bound on interest rates.

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**II. Essay Questions (40 points total)**

1. Consider a monopolist with the following demand:  $P = 480 - 5Q$ . Assume  $TC = 400 + 20Q$ , so  $MC = 20$ .
  - 1) Solve for the price and quantity that will maximize profit. (4 points)
  - 2) Calculate the monopolist's profit. (2 points)
  - 3) Draw a graph labeling price, quantity, and profit of the monopolist. (4 points)
  
2. The city government is losing millions of dollars on the mass transit system (buses and subways). The government proposes to increase the fare of a ticket by 20% to raise revenue and has asked your advice. You know that the price elasticity of demand for mass transit in the city is approximately equal to 0.75. What do you think of the proposal to increase the fare to raise revenue for the city? Be as specific as possible. (10 points)
  
3. Explain why a recession would, all else equal, decrease the demand for money. (10 points)
  
4. Explain what is meant by money neutrality. Use an example of expansionary monetary policy, both in the short run and the long run, to demonstrate money neutrality. (10 points)