注意：本試卷共有四頁。請考生答題前，務必閱讀每大項的注意事項說明！

第一部份：單選題（每題 3 分，共 60 分）

（1）請將答案寫在答案卷第一頁『選擇題作答區』對應題號的空格內（第 1～20 格）。

（2）若您覺得有多個答案，請選出最適的答案。

（3）每格答對得 3 分，答錯或未作答得 0 分。

（4）答題不要求任何計算過程，只依答案格內的答案對錯給分。

1. Which of the following is a **normative** statement?

   【A】 The Central Bank can increase the money supply through its Open Market Operations.
   【B】 Policy makers should address the rising income inequality in Taiwan.
   【C】 When the price of hamburgers goes up, consumers buy less of it.
   【D】 Inflation is defined as a general rise in prices.

2. If Jerry's marginal rate of substitution of oranges for pineapples is 2, while the price of pineapples is \$35 per kilogram and the price of oranges is \$70 per kilogram, then Jerry will

   【A】 consider himself to be in equilibrium.
   【B】 increase consumption of both goods.
   【C】 reduce his pineapple consumption and buy more oranges.
   【D】 reduce his orange consumption and buy more pineapples.

3. Which of the following statements about the Law of Demand is **true**?

   【A】 The demand for a commodity will always decrease given a price increase if demand increases with an increase in income.
   【B】 It applies when a good is both ordinary and normal.
   【C】 Both 【A】 and 【B】 are true.
   【D】 None of the above is true.

4. Along the production possibilities frontier, total cost

   【A】 is increasing.　　　　　　　　　　　　　　【C】 is constant.
   【B】 is decreasing.　　　　　　　　　　　　　　【D】 cannot be determined.

Figure A1
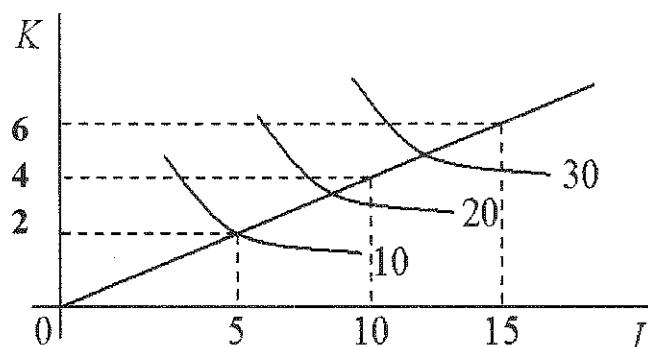
5. Refer to Figure A1. The diagram illustrates

【A】 increasing returns to scale.

【C】 decreasing returns to scale.

【B】 constant returns to scale.

【D】 diseconomies of scale.

6. When a firm is able to engage in first-degree price discrimination, consumer surplus is _____ and deadweight loss is _____.

【A】 zero; zero

【C】 positive; positive

【B】 positive; zero

【D】 zero; positive

7. A Baumol firm maximizes

【A】 profit subject to a budget constraint.

【C】 revenue with no constraint.

【B】 revenue subject to a budget constraint.

【D】 revenue subject to a profit constraint.

8. Which of the following statements about average fixed cost (AFC) is **NOT** true?

【A】 As output approaches infinity, AFC tends toward short-run average variable cost.

【B】 As output tends toward zero, AFC approaches infinity.

【C】 As output increases, AFC is continually declining.

【D】 AFC is always positive.

9. If aggregate demand equals aggregate supply in $(k-1)$ markets, then demand must equal supply in the remaining excluded market. This is an important result of

【A】 The First Theorem of Welfare Economics.

【C】 Walras' law.

【B】 The Second Theorem of Welfare Economics.

【D】 None of the above.

10. At the point where two offer curves intersect, which of the following is true?

【A】 The price ratio is the same for both parties.

【B】 The demanded bundles exactly match the supply.

【C】 A Pareto-efficient allocation corresponds to where the two households' curves intersect.

【D】 All of the above.

11. Per capita GDP in Taiwan in 2013 is approximately

【A】 $20,925.

【C】 $17,706.

【B】 $25,475.

【D】 $6,959.

12. If the nominal GDP is $12,000 in 2012 and $15,000 in 2013, and if inflation is 10% between these years, then

【A】 employment fell between 2012 and 2013.

【B】 real GDP fell between 2012 and 2013.

【C】 real GDP rose between 2012 and 2013.

【D】 the economy experienced no growth between these years.

13. According to the quantity theory, inflation is ultimately controlled by

【A】 the aggregate demand and the aggregate supply.

【B】 the monetary authorities who control the money supply.

【C】 the money demand of the economy.

【D】 the world price of oil.

14. In the simple Keynesian model, if there is an autonomous investment falls by \$20 billion and the marginal propensity to consume is 0.60, the equilibrium income level will increase by

【A】\$13.3 billion.

【B】\$20 billion.

【C】\$50 billion.

【D】\$100 billion.

15. In a closed economy, if $Y = C + I + G$ but $M^d < M^s$, where Y is the total output, C is the consumption, I is the investment, G is the government expenditure, M^d is the real money demand, and M^s is the real money supply, then

【A】interest rates must rise and output must fall.

【B】both interest rates and output must fall.

【C】interest rates must fall and output must rise.

【D】both interest rates and output must rise.

16. The higher the interest sensitivity of investment, the

【A】less effective is monetary policy and the more effective is fiscal policy.

【B】more effective are both monetary and fiscal policies.

【C】less effective are both monetary and fiscal policies.

【D】less effective is fiscal policy and the more effective is monetary policy.

17. A decrease in the price of oil on the world market would cause aggregate output to

【A】rise and the aggregate demand to shift upward.

【B】rise and the aggregate demand to shift downward.

【C】rise and the aggregate supply to shift downward.

【D】fall and the aggregate supply to shift upward.

18. If the central bank purchases \$1 million in government securities in the open market, with a 25 percent required reserve ratio on deposits, the maximum increase in deposits would be

【A】\$4 million.

【B】\$10 million.

【C】\$25 million.

【D】-\$4 million.

19. In an economy with perfect capital mobility, if domestic interest rates are above world interest rates then

【A】capital outflows will drive domestic interest rates down.

【B】capital inflows will drive domestic interest rates down.

【C】current account deficits will drive domestic interest rates down.

【D】the central bank will have to intervene even if exchange rates are floating.

20. Which of the following should depreciate a county's currency?

【A】An increase in its government budget deficit.

【B】A decrease in its money supply.

【C】An increase in economy growth.

【D】An increase in import tariffs.

第二部份：畫圖、簡答、說明題（每題10分，共40分）

（1）請標示清楚，並將所有過程、步驟交代清楚；沒有說明過程者，不給分。

（2）如果沒有特別指示，請將答案約分至最簡分數表示。

1.　Given an **inelastic** demand curve for chicken, what would be the effects on price (*p*), quantity demanded (*q*), and total revenue (*TR*) if a H5N1 avian influenza were to occur in Taiwan? Explain.

2. Suppose leisure (ℓ) is a **normal** good and so is the consumption (c). Use **graphical techniques** to derive and explain why a labor supply (L) curve can be backward-bending. [Hint: You have to show at least both income and substitution effects and where one effect dominates the other.]

3. What is **quantitative easing** (QE)? How is QE distinguished from the standard central banking monetary policies? Using an appropriate macroeconomic model to demonstrate what are the short-run and long-run effects QE is expected to have on the economy.

4. (a) What is a major advantage of a floating exchange rate system? (b) What is the main cost of maintaining a fixed exchange rate? Provide two reasons, then, why countries (particularly, many of the developing countries) fix their exchange rates.