

※ 考生請注意：本試題不可使用計算機。請於答案卷(卡)作答，於本試題紙上作答者，不予計分。

**Part I (50%): Select One Best Answer for Each Question**

1. According to International Monetary Fund, which country is expected to have an inflation rate as high as 1 million percent by the end of 2018?
  - a. Venezuela
  - b. Brail
  - c. Chile
  - d. Turkey
  
2. In which type of price discrimination the seller charges each consumer the highest price that a purchaser is willing to pay, as long as the price exceeds the marginal cost of production?
  - a. first-degree
  - b. second-degree
  - c. third-degree
  - d. complete
  - e. pure
  
3. Which one shows the sets of production inputs that yield a cost of a constant amount of Y dollars?
  - a. Iso\_cost line
  - b. Iso\_revenue line
  - c. Marginal rate of technological substitution (MRTS)
  - d. Iso\_production line
  - e. none of the above
  
4. For a given amount of output, the rate at which one input *A* may be substituted for another input *B* in a production process is represented by:
  - a. the slope of the iso\_revenue curve
  - b. The optimal rate of output.
  - c. MR equals to MC
  - d. all of the above
  - e. none of the above
  
5. Cooperative games differs from non-cooperative games in that
  - a. cooperative games allow side payments to support collusion
  - b. non-cooperative games encourage information commutated between competitors
  - c. cooperative games involve randomized behavior
  - d. cooperative games necessitate an explicit order of play

※ 考生請注意：本試題不可使用計算機。請於答案卷(卡)作答，於本試題紙上作答者，不予計分。

6. Which of the following statements about the price elasticity of demand is (are) true?
- The number of substitute goods is positively related to the price elasticity of demand.
  - The demand for durable goods is more price elastic than the demand for nondurables.
  - The demand for low-priced goods is more elastic than the demand for expensive items.
  - a and b only
  - a, b, and c
7. In an open economy with no capital control, a rise in interest rates and a decline in inflation will
- raise the value of the currency
  - lower the nominal interest rate
  - increase the volume of currency trading
  - increase consumer surplus
  - increase consumer inflation.
8. About interest rate parity (IRP), pick the best answer.
- Exchange rate is related to the interest rate difference between two countries
  - IRP has an important influence in determining the forward price
  - IRP predicts countries with higher inflation are expected to experience currency depreciation
  - a and b
  - a and c
9. Transfer prices in a multiproduct divisionalized firm:
- is a measure of the marginal value of resources employed when making optimal price-output decisions
  - cannot be determined whenever one division sells its products both internally to another division and externally in a perfectly competitive market
  - is a measure of the overall value of the resources employed in the division when analyzing the performance of the division
  - a and c only
10. Vertical integration may be motivated by all of the following EXCEPT:
- Upstream market power
  - Economies of wider spans of managerial control
  - Technological interdependencies
  - Reduced search and bargaining cost
  - The hold-up problem.

※ 考生請注意：本試題不可使用計算機。請於答案卷(卡)作答，於本試題紙上作答者，不予計分。

## Part II

1. (20%) The following questions are about Balance of Payments of a country. Assume a country has a current account deficit, that is, the amount of its imports is greater than that of exports.
  - A. What is expected to happen to the currency of the country with current account deficits?
  - B. Under a floating exchange rate system, explain how the movement of exchange rate is able to rebalance the Balance of Payments?
  - C. What does Balance of Payments suggest to a manager of a multinational company?
  
2. (15%) In bond markets, the term “*yield to maturity*” represent the average annual rate of returns available for investing in the bonds with the given maturity. The data suggest that the yield for five-year Treasury (US government) bond is usually higher than the yields for the three-year Treasury bond.
  - A. Can you explain why the yield of the five-year Treasury bond is usually higher than the two-year Treasury bond?
  - B. On December 3, 2018, the five-year yield fell below the three-year yield, which caused the Dow Jones Index to dropped by 800 points. Can you explain why the five-year yield can be lower than the three-year yield? What signals are conveyed by this yield inversion?
  
3. (15%) SC SWEET Company sells sugar to both retail grocery chains and commercial users (e.g., bakeries, snack food makers, etc.). The demand function for each of these markets is:  
Retail grocery chains:  $P_1 = 180 - 8Q_1$ ,  
Commercial users:  $P_2 = 100 - 4Q_2$   
  
where  $P_1$  and  $P_2$  are the prices charged and  $Q_1$  and  $Q_2$  are the quantities sold in the respective markets. The total cost function of SC SWEET is:  
 $TC = 50 + 20*(Q_1 + Q_2)$ 
  - A. Determine SC SWEET 's total profit function.
  - B. Assuming that SC SWEET is effectively able to charge different prices in the two markets, what are the profit-maximizing price and output levels for the product in the two markets? What is SC SWEET 's total profit under this condition?
  - C. Assuming that SC SWEET is required to charge the same price in each market, what are the profit-maximizing price and output levels? What is SC SWEET 's total profit under this condition?