

考試科目	經濟學	系所別	財政所	考試時間	2月5日(五) 第二節
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Multiple Choice Questions (40%)

1.

The result that, under certain circumstances, no government action is needed to control an externality because it can be eliminated by bargaining between the affected parties is called

- A) a Nash Equilibrium.
- B) Coase Theorem.
- C) Bargaining Theorem.
- D) English Bargaining.

2.

A risk-neutral individual will make investment decisions purely based on net present value because

- A) she doesn't care about utility.
- B) because utility is a linear function of wealth.
- C) she loves to take risk.
- D) net present value is always more than expected utility.

3.

The general equilibrium analysis of a minimum wage applied to only some sectors of the economy suggests that

- A) workers in all sectors will face increased wages.
- B) some workers in the covered sectors will lose their jobs and remain unemployed.
- C) some workers originally employed in the covered sectors will move to the uncovered sectors, driving down wages in the uncovered sectors.
- D) all workers will be worse off.

4.

An employee gains \$500 from shirking. Thus, to deter shirking, the employer makes employees post a bond equal to \$1,000, and installs monitoring devices to detect shirking. What is the probability that these devices can detect shirking?

- A) 30%
- B) 100%
- C) 50%
- D) 95%

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5.

Johnny has allocated \$30 toward coffee and tea and feels that coffee and tea are perfect substitutes. Due to differences in caffeine levels, his MRS of tea for coffee equals 2. If coffee and tea sell for the same price, Johnny will

- A) spend all \$30 on tea.
- B) spend all \$30 on coffee.
- C) spend \$20 on coffee and \$10 on tea.
- D) be indifferent between any bundle of coffee and tea costing \$30.

6.

As long as it does not shut down, a perfectly competitive firm earns the maximum profit as long as it operates so that

- A) its price exceeds its average total cost.
- B) market demand is inelastic.
- C) its price exceeds its marginal revenue.
- D) its marginal revenue equals its marginal cost.

7.

A single-period duopoly firm can choose output level A or B. The firm decides it will produce level A regardless of what the other firm produces. This decision may occur because

- A) producing the output level A is a dominant strategy.
- B) this firm has simply decided to always produce at level A.
- C) Both A and B are possible.
- D) None of the above.

8.

A person who practices poisonous snake charming and does not reveal this to her health insurance company before purchasing insurance is an example of

- A) moral hazard.
- B) adverse selection.
- C) signaling.
- D) screening.

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9.

The current price floor in the agricultural lettuce market makes it such that price of lettuce is 25% higher than equilibrium price and 100 heads of lettuce are demanded. Assuming that the elasticity of demand for lettuce is -0.50 , what would be the equilibrium price and quantity of lettuce if the government removed the current price floor?

- A) Price = 0.875, Quantity = 125
- B) Price = 1, Quantity = 112.5
- C) Price = \$0.75, Quantity = 112.5
- D) Price = \$0.75, Quantity = 125

10.

If the government desires to raise a certain amount of revenue by taxing a monopoly, an ad valorem tax will

- A) generate the same loss of consumer surplus as a specific tax.
- B) generate a greater loss of consumer surplus than a specific tax.
- C) generate a smaller loss of consumer surplus than a specific tax.
- D) generate no loss of consumer surplus.

11.

Which of the following will not increase equilibrium output in the short run?

- A) increases in R&D
- B) increases in consumer confidence
- C) increases in investment demand
- D) increases in government spending

12.

Suppose there is a Fed purchase of bonds and simultaneous tax cut. We know with certainty that this combination of policies must cause

- A) an increase in the interest rate (i).
- B) a reduction in i .
- C) an increase in output (Y).
- D) a reduction in Y .

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13.

The natural level of output is the level of output that occurs when

- A) the goods market and financial markets are in equilibrium.
- B) the economy is operating at the unemployment rate consistent with both the wage-setting and price-setting equations.
- C) the markup (m) is zero.
- D) the unemployment rate is zero.
- E) there are no discouraged workers in the economy.

14.

Since approximately 1970, the most stable Phillips-type relationship for the United States has been between which of the following?

- A) the rate of inflation and the change in the unemployment rate
- B) the unemployment rate and the change in the rate of inflation
- C) the change in the unemployment rate and the change in the rate of inflation
- D) the inverse of the unemployment rate and the rate of inflation
- E) the unemployment rate and the rate of inflation

15.

The money demand curve will shift to the left when which of the following occurs?

- A) a reduction in the interest rate
- B) an increase in the interest rate
- C) an open market sale of bonds by the central bank
- D) an increase in income
- E) none of the above

16.

Assume that an economy experiences both positive population growth and technological progress. A reduction in the saving rate will cause

- A) no change in K/NA .
- B) a permanent reduction in the rate of growth of output per worker.
- C) a permanent reduction in the rate of growth of output.
- D) no change in Y/NA .
- E) none of the above

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17.

A reduction in private saving (S) can be reflected in

- A) an increase in the budget deficit.
- B) an increase in investment.
- C) a reduction in net exports.
- D) all of the above

18.

When policy makers decide to revalue the currency, such an action generally represents

- A) an increase in the pegged value of the domestic currency.
- B) a decision to let the currency float.
- C) a reduction in the foreign price level.
- D) an increase in the domestic price level.
- E) none of the above

19.

Adaptive expectations assumes that individuals

- A) can accurately predict the future.
- B) base predictions on random events (i.e., animal spirits).
- C) form their predictions of macroeconomic variables randomly.
- D) use all available information in predicting the future.
- E) none of the above

20.

Research indicates that the more independent the central bank,

- A) the smaller the budget deficit.
- B) the higher the nominal interest rate.
- C) the lower the rate of inflation.
- D) the larger the time inconsistency problem in making policy.
- E) the greater the likelihood of a "war of attrition" over policy.

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Essay Questions (60%)

1. (20%)

- Explain why the optimal amount of pollution is often not zero. (6%)
- At the competitive equilibrium quantity supplied equals quantity demanded in all markets. True or False? Why? (7%)
- Consider a society consisting of just a farmer and a tailor. The farmer has 10 units of food but no clothing. The tailor has 20 units of clothing but no food. Suppose each has the utility function $U = F * C$. The price of clothing is always \$1. If the price of food is \$3, does a competitive equilibrium exist? If not, what will happen to the price of food? (7%)

2. (20%)

- Suppose the demand for pizza in a small isolated town is $p = 10 - Q$. There are only two firms, A and B, and each has a cost function $TC = 2 + q$. Determine the Cournot equilibrium. (7%)
- Suppose the demand for pizza in a small isolated town is $p = 10 - Q$. There are only two firms, A and B. Each has a cost function $TC = 2 + Q$. Determine the equilibrium quantities of each if firm A is the Stackelberg leader. (7%)
- Explain the role of advertising in monopolistic competition. Describe how advertising by all firms in a monopolistically competitive industry impacts a firm's *ATC* curve, its *MC* curve, its demand curve, and its *MR* curve. (6%)

3. (20%)

- First, write out the expression/equation for the real exchange rate. Second, explain all factors that determine the real exchange rate. (5%)
- Explain the difference between gross domestic product and gross national product. (5%)
- Suppose the interest parity condition holds. Also assume that the one-year interest rate in the United States is 6% and that the one-year interest rate in Canada is 6%. What does this imply about the current versus future expected exchange rate (for the U.S. and Canadian dollars)? Explain. (5%)
- Suppose the one-year nominal interest rate is 2.0% in the United States and 5.0% in Canada. Should you hold Canadian bonds or U.S. bonds? Explain. (5%)

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- 作答於試題上者, 不予計分。
- 試題請隨卷繳交。