

靜宜大學 97 學年度碩士班招生考試試題

系所：財務金融

科目：經濟學

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Part I. Multiple Choice(2 points for each one, total is 50 points):

1. A person's willingness to pay for a good is based on
 - (1). the availability of the good.
 - (2). the marginal benefit that an extra unit of the good would provide for that person.
 - (3). the marginal cost of producing an extra unit of the good.
 - (4). esoteric factors, the study of which lies beyond the boundaries of economics.
2. Which of the following statements about economic models is valid?
 - (1). Economic models are built to mirror reality exactly.
 - (2). Economic models are useful, but they should not be used for the purpose of improving public policies.
 - (3). Because economic models omit many details, they allow us to see what is truly important.
 - (4). Economic models seldom incorporate equations or diagrams.
3. Suppose Susan can wash three windows per hour or she can iron six shirts per hour. Paul can wash two windows per hour or he can iron five shirts per hour.
 - (1). Susan has an absolute advantage over Paul in washing windows.
 - (2). Susan has a comparative advantage over Paul in washing windows.
 - (3). Paul has a comparative advantage over Susan in ironing shirts.
 - (4). All of the above are correct.
4. A *market* is always characterized by
 - (1). a high degree of organization.
 - (2). an individual or small group of individuals who set the price of the product for all buyers and sellers.
 - (3). the presence of buyers and sellers.
 - (4). All of the above are correct.
5. Which of the following would *not* be a determinant of the demand for a particular good?
 - (1). prices of related goods
 - (2). income
 - (3). tastes
 - (4). the prices of the inputs used to produce the good
6. The midpoint method is used to compute elasticity because it
 - (1). automatically computes a positive number instead of a negative number.
 - (2). results in an elasticity that is the same as the slope of the demand curve.
 - (3). gives the same answer regardless of the direction of change.
 - (4). automatically rounds quantities to the nearest whole unit.
7. Suppose the price of Twinkies decreases from \$1.45 to \$1.25 and, as a result, the quantity of Twinkies demanded increases from 2,000 to 2,200. Using the midpoint method, the price elasticity of demand for Twinkies in the given price range is
 - (1). 2.00.
 - (2). 1.55.
 - (3). 1.00.
 - (4). 0.64.

8. For a particular good, a 2 percent increase in price causes a 12 percent decrease in quantity demanded. Which of the following statements is most likely applicable to this good?
 - (1). There are no close substitutes for this good.
 - (2). The good is a luxury.
 - (3). The market for the good is broadly defined.
 - (4). The relevant time horizon is short.

9. Consumer surplus
 - (1). is the amount of a good that a consumer can buy at a price below equilibrium price.
 - (2). is the difference between the amount that a consumer actually pays for a good and the amount that the consumer is willing to pay for the good.
 - (3). is the number of consumers who are excluded from a market because of scarcity.
 - (4). measures how much a buyer values a good.

10. In a market, the *marginal buyer* is the buyer
 - (1). whose willingness to pay is higher than that of all other buyers and potential buyers.
 - (2). whose willingness to pay is lower than that of all other buyers and potential buyers.
 - (3). who is willing to buy exactly one unit of the good.
 - (4). who would be the first to leave the market if the price were any higher.

11. Suppose a tax of \$4 per unit is imposed on a good, and the tax causes the equilibrium quantity of the good to decrease from 2,000 units to 1,700 units. The tax decreases consumer surplus by \$3,000 and it decreases producer surplus by \$4,400. The deadweight loss of the tax is
 - (1). \$200.
 - (2). \$400.
 - (3). \$600.
 - (4). \$1,200.

12. A transfer payment is a government payment
 - (1). to companies that provide goods or services to government agencies.
 - (2). designed to transfer funds from one government agency to another.
 - (3). which transfers revenue from the federal government to state government.
 - (4). not made in exchange for a good or service.

13. Implicit costs
 - (1). do not require an outlay of money by the firm.
 - (2). do not enter into the economist's measurement of a firm's profit.
 - (3). are also known as variable costs.
 - (4). are not part of an economist's measurement of opportunity cost.

14. Which of the following factors is most likely to shift IBM's total cost and marginal cost curves downward?
 - (1). A technological advance resulting in increased productivity.
 - (2). Higher property taxes charged by the municipal government.
 - (3). Increased wages to attract additional computer operators.
 - (4). A reduction in subsidies from the state government.

15. Whenever a perfectly competitive firm chooses to change its level of output, holding the price of the product constant, its marginal revenue
 - (1). increases if $MR < ATC$ and decreases if $MR > ATC$.

- (2). does not change.
- (3). increases.
- (4). decreases.

16. A profit-maximizing firm in a competitive market is currently producing 200 units of output. It has average revenue of \$9 and average total cost of \$7. It follows that the firm's
- (1). average total cost curve intersects the marginal cost curve at an output level of less than 200 units.
 - (2). average variable cost curve intersects the marginal cost curve at an output level of less than 200 units.
 - (3). profit is \$400.
 - (4). All of the above are correct.
17. In order to sell more of its product, a monopolist must
- (1). sell to the government.
 - (2). sell in international markets.
 - (3). lower its price.
 - (4). use its market power to force up the price of complementary products.
18. Suppose when a monopolist produces 50 units its average revenue is \$8 per unit, its marginal revenue is \$4 per unit, its marginal cost is \$4 per unit, and its average total cost is \$3 per unit. What can we conclude about this monopolist?
- (1). The monopolist is currently maximizing profits and its total profits are \$200.
 - (2). The monopolist is currently maximizing profits and its total profits are \$250.
 - (3). The monopolist is not currently maximizing its profits; it should produce more units and charge a lower price to maximize profit.
 - (4). The monopolist is not currently maximizing its profits; it should produce fewer units and charge a higher price to maximize profit.
19. There are two types of markets in which firms face some competition yet are still able to have some control over the prices of their products. The names given to these market structures are
- (1). monopolistic competition and oligopoly.
 - (2). duopoly and triopoly.
 - (3). perfect competition and monopolistic competition.
 - (4). duopoly and imperfect competition.

Table 1

Quantity	Price
0	16
1	14
2	12
3	10
4	8
5	6
6	4
7	2
8	0

20. Refer to table 1. This table shows the demand schedule for a particular product. Suppose the market for this product is served by two firms who collude and form a cartel. What price will the cartel charge in this market if the marginal cost of production is \$0?
- (1). \$6
 - (2). \$8

- (3). \$10
- (4). \$12

21. Refer to table 1. This table shows the demand schedule for a particular product. Suppose the market for this product is served by two firms who each chooses its output independently. If the marginal cost to produce this product is \$0, what is the Nash equilibrium production level for each firm?
- (1). 3 units
 - (2). 4 units
 - (3). 5 units
 - (4). 6 units
22. The deadweight loss that is associated with a monopolistically competitive market is a result of
- (1). price falling short of marginal cost in order to increase market share.
 - (2). price exceeding marginal cost.
 - (3). the firm operating in a regulated industry.
 - (4). excessive advertising costs.
23. Diminishing marginal product affects the shape of the production function in what way?
- (1). The slope of the production function decreases as the quantity of input increases.
 - (2). The production function becomes steeper as the quantity of input increases.
 - (3). The production function slopes downward.
 - (4). The production function is horizontal beyond a certain quantity of input.
24. A competitive firm will hire workers up to the point at which the value of the marginal product of labor equals the
- (1). average total cost.
 - (2). average variable cost.
 - (3). wage.
 - (4). price per unit of output.
25. Which of the following statements is characteristic of utilitarianism?
- (1). An extra dollar of income provides higher marginal utility to a poor person than to a rich person.
 - (2). Social policies should be created behind a "veil of ignorance."
 - (3). Society should strive to maximize the utility of its wealthiest member.
 - (4). Equality of opportunity is more important than equality of incomes.

Part II. Multiple Choice(2.5 points for each one, total is 50 points):

26. Which of the following serves as an example of the underground or "shadow" economy?
- (1). A woman barter home repairs with her neighbor.
 - (2). A teenager babysits regularly and fails to report her income.
 - (3). A man sells illegal drugs and fails to report his income.
 - (4). All of the above are correct.
27. International data on GDP and socioeconomic variables
- (1). are inconclusive about the relationship between GDP and the economic well-being of citizens.
 - (2). suggest that poor nations actually might enjoy a higher standard of living than do rich nations.
 - (3). leave no doubt that a nation's GDP is closely associated with its citizens' standard of living.

- (4). indicate that there are few real differences in living standards around the world, in spite of the large differences in GDP between nations.
28. Suppose that over the last twenty-five years a country's nominal GDP grew to three times its former size. In the meantime, population grew by 40 percent and prices rose by 100 percent. What happened to real GDP per person?
- (1). It more than doubled.
 - (2). It increased, but it less than doubled.
 - (3). It was unchanged.
 - (4). It decreased.
29. Which of the following statements about real and nominal interest rates is correct?
- (1). When the nominal interest rate is rising, the real interest rate is necessarily rising; when the nominal interest rate is falling, the real interest rate is necessarily falling.
 - (2). If the nominal interest rate is 4 percent and the inflation rate is 3 percent, then the real interest rate is 7 percent.
 - (3). An increase in the real interest rate is necessarily accompanied by either an increase in the nominal interest rate, an increase in the inflation rate, or both.
 - (4). When the inflation rate is positive, the nominal interest rate is necessarily greater than the real interest rate.
30. Which among the following statements is correct about the relationship between inflation and interest rates?
- (1). There is no relationship between inflation and interest rates.
 - (2). The interest rate is determined by the rate of inflation.
 - (3). In order to fully understand inflation, we need to know how to correct for the effects of interest rates.
 - (4). In order to fully understand interest rates, we need to know how to correct for the effects of inflation.
31. Ingrid took a university teaching job as an assistant professor in 1974 at a salary of \$10,000. By 2003, she had been promoted to full professor, with a salary of \$50,000. If the price index in 1974 was 50 and the price index in 2003 was 180, what is Ingrid's 2003 salary in 1974 dollars?
- (1). \$13,889
 - (2). \$18,000
 - (3). \$26,000
 - (4). \$36,000
32. Which of the following is correct?
- (1). If developing countries limit career and educational opportunities for women, birth rates are likely to be lower.
 - (2). Growth rates in developed and developing countries are nearly the same.
 - (3). Historically, in periods where the rate of population growth was high, so was the rate of growth in world real GDP per person.
 - (4). None of the above is correct.
33. Which of the following is correct?
- (1). In an economy-wide sense property rights are an important prerequisite for the price system to work.
 - (2). Property rights give people the ability to exercise authority over the resources they own.
 - (3). An absence of well-established and well-enforced property rights appears to associated with a reduced standard of living.
 - (4). All of the above are correct.

34. The logic behind the catch-up effect is that
- (1). workers in countries with low incomes will work more hours than workers in countries with high incomes.
 - (2). the capital stock in rich countries deteriorates at a higher rate because it already has a lot of capital.
 - (3). new capital adds more to production in a country that doesn't have much capital than in a country that already has much capital.
 - (4). None of the above is correct.
35. Suppose that in a closed economy GDP is equal to 11,000, Taxes are equal to 1,500, Consumption equals 7,500, and Government purchases equal 2,000. What is national saving?
- (1). -500
 - (2). 0
 - (3). 1500
 - (4). None of the above is correct.
36. Which of the following equations most simply represents GDP in a closed economy?
- (1). $Y = C + I + G + NX$
 - (2). $S = I - G$
 - (3). $I = Y - C + G$
 - (4). $Y = C + I + G$
37. Which of the following is correct?
- (1). Joan takes some of her income and buys mutual fund shares. Joan's purchase will be included in the investment category of GDP.
 - (2). If a share of stock in Virtual Pizza Corporation sells for \$77, the earnings per share are \$5, and the dividend per share is \$2, then the P/E ratio is 11.
 - (3). In order to use equity finance, a firm must sell about equal values of stocks and bonds.
 - (4). None of the above is correct.
38. If a person is risk averse, then as wealth increases, total utility of wealth
- (1). increases at an increasing rate.
 - (2). increases at a decreasing rate.
 - (3). decreases at an increasing rate.
 - (4). decreases at a decreasing rate.
39. Which of the following is the largest?
- (1). the future value of \$250 with 3% interest for 2 years
 - (2). the future value of \$250 at 2% interest for 3 years
 - (3). the present value of \$250 to be paid in two years when the interest rate is 3%
 - (4). the present value of \$250 to be paid in three years when the interest rate is 2%
40. Economists would predict that, other things the same, the more generous unemployment compensation a country has,
- (1). the shorter the duration of each spell of unemployment, and the higher the unemployment rate.
 - (2). the shorter the duration of each spell of unemployment, and the lower the unemployment rate.
 - (3). the longer the duration of each spell of unemployment, and the higher the unemployment rate.
 - (4). the longer the duration of each spell of unemployment, and the lower the unemployment rate.

41. The minimum wage
- (1). creates frictional unemployment. Efficiency wages create structural unemployment.
 - (2). creates structural unemployment. Efficiency wages create frictional unemployment.
 - (3). and efficiency wages both create structural unemployment.
 - (4). and efficiency wages both create frictional unemployment.
42. If an unemployed person quits looking for work, *ceteris paribus*, the unemployment rate
- (1). decreases, and the participation rate increases.
 - (2). decreases, and the participation rate decreases.
 - (3). stays the same, and the participation rate decreases.
 - (4). and the labor-force participation rate stay the same.
43. When the Fed decreases the discount rate, banks will
- (1). borrow more from the Fed and lend more to the public. The money supply increases.
 - (2). borrow more from the Fed and lend less to the public. The money supply decreases.
 - (3). borrow less from the Fed and lend more to the public. The money supply increases.
 - (4). borrow less from the Fed and lend less to the public. The money supply decreases.
44. The banking system currently has \$10 billion of reserves, none of which are excess. People hold only deposits and no currency, and the reserve requirement is 10%. If the Fed raises the reserve requirement ratio to 20% and at the same time buys \$1 billion dollars of bonds, then by how much does the money supply change?
- (1). It falls by \$45 billion.
 - (2). It falls by \$52 billion.
 - (3). It falls by \$55 billion.
 - (5). None of the above is correct.
45. An increase in government purchases is likely to
- (1). decrease interest rates.
 - (2). result in a net decrease in aggregate demand.
 - (3). crowd out investment spending by business.
 - (4). decrease money demand.