

**I Multiple Choice Questions (Choose the best answer)(42%)(請依所列模式答題於答案卷)**

|     |     |     |     |     |     |     |
|-----|-----|-----|-----|-----|-----|-----|
| 1.  | 2.  | 3.  | 4.  | 5.  | 6.  | 7.  |
| 8.  | 9.  | 10. | 11. | 12. | 13. | 14. |
| 15. | 16. | 17. | 18. | 19. | 20. | 21. |

1. In the simplest Keynesian model of the determination of income, interest rates are assumed (A) to be endogenous and to influence desired spending. (B) to be endogenous and not to influence desired spending. (C) to be exogenous and to influence desired spending. (D) to be exogenous and not to influence spending.
2. Net exports \_\_\_\_\_ the autonomous expenditure multiplier. (A) reduce (B) increase (C) A or B (D) have no effect on.
3. With normally-sloped IS and LM curves, an increase in government expenditure \_\_\_\_\_ consumption expenditure since autonomous consumption \_\_\_\_\_ while induced consumption \_\_\_\_\_. (A) can raise or lower, falls, rises (B) can raise or lower, rises, falls (C) must decrease, falls, also falls (D) must decrease, rises, falls (E) must increase, rises, also rises
4. For a given level of equilibrium GDP, a tight-money/easy-fiscal policy mix compared with easy-money/tight-fiscal policy mix implies a (A) lower interest rate. (B) lower level of investment. (C) higher level of taxation. (D) lower level of government expenditures.
5. If the productivity of labor were suddenly to increase, we would expect to observe (A) a short-run rise in output and fall in prices. (B) an increase in the natural level of real GDP. (C) a downward shift in the aggregate supply curve. (D) All of the above are correct.
6. The Pigou effect might be ineffective in correcting a recession if (A) prices are falling. (B) people expect the implied deflation to continue. (C) there is a liquidity trap. (D) the government does not expand the money supply.
7. Given an adverse supply shock, an "extinguishing policy response" will (A) maintain the inflation rate and the output ratio (B) lower the inflation rate and the output ratio (C) raise the inflation rate and the output ratio (D) maintain the inflation rate but lower the output ratio
8. "Overshooting" refers to a temporary period in the adjustment loop during which (A) the percentage deviation of real GDP from natural real GDP exceeds the growth rate of nominal GDP. (B) nominal GDP growth exceeds its permanent value. (C) inflation

(背面仍有題目,請繼續作答)



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exceeds the growth rate of nominal GDP.(D) we move from one long-run equilibrium to another.

9. "Given the long run implication of Solow's growth model with respect to the rate of savings, the low savings rate in the U.S. is not a problem." This statement overlooks that over time it appears that (A) savings rates and per capita growth rates are inversely related. (B) total factor productivity and the growth rate of capital per person are inversely related. (C) total factor productivity and the difference between the growth rates of capital per capita and population are not related. (D) total factor productivity and the growth rate of capital per person are positively related.
10. The introduction of human capital to the Solow neoclassical growth model reduces the significance of the contribution of \_\_\_\_\_ to increases in per capita income. (A) K (B) L (C) K and L (D) None of the above.
11. The key prediction of the Solow model adapted to include technological change \_\_\_\_\_ been born out, i.e., with a few exceptions convergence \_\_\_\_\_ a reality. (A) has not, is not (B) has not, is (C) has, is not (D) has, is
12. A central tenet of the position against policy activism is that (A) consumption spending is highly unstable. (B) instability in private consumption will always be offset by variations in other elements of private spending. (C) aggregate policies have little effect on consumption. (D) consumption spending is highly stable.
13. In the U.S. it is clear that if a dollar were diverted from present consumption to present investment, the return on that investment would be \_\_\_\_\_ to reward the deferral of consumption, meaning that overall economic welfare would rise with \_\_\_\_\_ in national saving. (A) insufficient, an increase (B) insufficient, a decrease (C) more than sufficient, an increase (D) more than sufficient, a decrease
14. Policy activists can point to the volatility of \_\_\_\_\_ of private aggregate demand to score points in arguing for discretionary countercyclical policy. (A) the consumption segment (B) the consumption and net export segments (C) the investment and net export segments (D) none of the segments
15. According to the theory of rational expectations, the "fooling" of workers in Friedman's model (A) is not rational, since workers should learn to immediately link unexpected wage changes to wrongly-forecast price levels. (B) is rational, since workers are always on their labor supply curve. (C) is rational, since sudden unforeseeable changes in aggregate demand can and do occur. (D) is not rational, since workers are often thrown off of their labor supply curve.



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16. When *RBC* (real business cycles) economists compare the correlations in their models to the data, what are they looking at? (A) The degree to which variables lead output over the business cycle (B) The degree to which different economic variables move together (C) The amount of random variation in economic variables (D) The strength of procyclicality of different variables.
17. Which of the following macroeconomic variables is procyclical and lags the business cycle? (A) Business fixed investment (B) Employment (C) Stock prices (D) Nominal interest rates
18. A large country imposes capital controls that prohibit foreign borrowing and lending by domestic residents. The country is currently running a capital and financial account deficit. The imposition of the capital controls will cause (A) net exports to increase. (B) desired national saving to fall (C) real world interest rates to fall. (D) real domestic interest rates to rise.
19. If the income elasticity of money demand is  $3/4$  and the interest elasticity of money demand is  $-1/4$ , by what percent does money demand rise if income rises 10% and the nominal interest rate rises from 4% to 5%? (A) 7.50% (B) 1.25% (C) 5.00% (D) 6.25%
20. If an American construction company built a road in Kuwait, this activity would be (A) excluded from U.S. GNP. (B) fully included in U.S. GDP. (C) included in U.S. GNP only for that portion that was attributable to American capital and labor. (D) included in U.S. GDP but not U.S. GNP.
21. If  $f(k) = 2k^{0.5}$ ,  $s$  (saving rate) = 0.1,  $n$  (population growth rate) = 0.1, and  $d$  (depreciation rate of physical capital) = 0.05, what is the value of  $f(k)$  at equilibrium? (A)  $2/3$  (B)  $4/3$  (C) 2 (D)  $8/3$

## II. Brief Answer Questions (答案若非整數，請四捨五入後，以小數點後二位呈現答案)

1. Suppose that all workers place a value on their leisure of 75 goods per day. The production function relating output per day  $Y$  to the number of people working per day  $N$  is  $Y = 500N - 0.4 N^2$ , and the marginal product of labor is  $MPN = 500 - 0.8 N$ . A 25% tax is levied on wages. (A) How much is output per day? (5%) (B) In terms of lost output, what is the cost of the distortion introduced by this tax? (5%)

(背面仍有題目，請繼續作答)

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2. What happens to the exchange rate (one foreign currency in terms of domestic currencies) and net exports in each of the following cases?

(A) The foreign real interest rate falls. (5%) (B) Foreign demand for domestic goods rises. (5%) (C) Domestic output rises. (5%)

3. Consider the following misperceptions model of the economy.  $AD: Y = 600 + 10(M/P)$ ;  $SRAS: Y = \bar{Y} + P - P^e$ ; Okun's Law:  $(Y - \bar{Y})/\bar{Y} = -2(u - \bar{u})$ ; Let  $\bar{Y} = 750$ ,  $\bar{u} = 0.05$ ,  $M = 600$ , and  $P^e = 40$ . (A) What is the price level? (5%) (B) Suppose there is an unanticipated increase in the nominal money supply to 800. What is the short-run equilibrium level of output, the unemployment rate, and the price level? (6%) (C) When price expectations adjust fully, what is the price level? (5%)

4. A firm has current and future marginal productivity of capital given by  $MPK = 10,000 - 2K + N$ , and marginal productivity of labor given by  $MPN = 50 - 2N + K$ . The price of capital is \$5,000, the real interest rate is 10%, and capital depreciates at a 15% rate. The real wage rate is \$15. (A) Calculate the user cost of capital. (5%) (B) Find the firm's optimal amount of employment and the size of the capital stock. (12%)