

考試科目	經濟學	所別	財政研究所 2131, 2136	考試時間	2 月 22 日(六) 第三節
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(一) Multiple Choice Questions (20%)

1.

The annual inflation rate of Taiwan in December 2013 was _____, which raises concerns about _____ which represents a _____ in the aggregate price level.

- A) 1%, inflation, increase.
- B) 1%, inflation, decrease. a reduction in the aggregate price level.
- C) 0.3%, deflation, increase.
- D) 0.3%, deflation, decrease.

2.

The natural rate of unemployment is

- A) always zero
- B) the unemployment rate that exists when inflation is zero
- C) the unemployment rate that exists when output is assumed to be at its full-employment level
- D) the unemployment rate that exists above frictional unemployment
- E) none of the above

3.

At the current steady state capital-labor ratio in a Solow growth model, assume that the steady state level of per capita consumption, $(C/N)^*$, is less than the golden rule level of steady state per capita consumption. Given this information, we can be certain that:

- A) the capital labor ratio will tend to increase over time.
- B) a reduction in the saving rate will cause an increase in $(C/N)^*$.
- C) a reduction in the capital-labor ratio will cause a reduction in $(C/N)^*$.
- D) an increase in the saving rate will cause a decrease in the steady state level of capital per capita.
- E) none of the above.

4.

The permanent-income theory of consumption implies that

- A) the short-run fiscal marginal propensity to consume (mpc) is smaller than the long-run mpc.
- B) the short-run mpc is larger than the long-run mpc.
- C) the short-run mpc is identical to the long-run mpc.
- D) the long-run mpc is equal to 1.
- E) the short-run mpc is less than 1.

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5.

With the self-correcting mechanism, the upward-sloping AS-curve will shift eventually to the left if

- A) labor productivity increases
- B) actual output is lower than the full-employment level
- C) actual output is higher than the full-employment level
- D) the markup over labor cost falls
- E) the level of potential output increases

6.

Everything else held constant, when the government has higher budget deficits which will be financed by issuing bonds

- A) the demand curve for bonds shifts to the left and the interest rate rises.
- B) the demand curve for bonds shifts to the left and the interest rate falls.
- C) the supply curve for bonds shifts to the right and the interest rate falls.
- D) the supply curve for bonds shifts to the right and the interest rate rises.

7.

Assume that the interest parity condition holds. Also assume that the U.S. interest rate is 4% while the U.K. interest rate is 6%. Given this information, financial markets expect the pound to:

- A) depreciate by 10%
- B) depreciate by 2%.
- C) appreciate by 2%.
- D) appreciate by 6%.
- E) appreciate by 4%.

8.

If the bank pays you a nominal interest rate of 2.5% on your savings and the rate of inflation is 4%, what is the real rate of return on your savings?

- A) +6.5%
- B) +2.5%
- C) +1.5%
- D) -1.5%
- E) -4.0%

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(二) short answer questions (30%)

Q1. (10%) Suppose that people in Woodland, a closed economy, produce and consume only three goods, as shown in this table:

	Walnuts	Strawberries	Coconuts
2006 price	\$3	\$2	\$4
2006 quantity	10	20	6
2007 price	\$4	\$3	\$5
2007 quantity	15	30	9

- (3%) Let the consumption bundle in 2006 be the fixed basket. Calculate CPI in 2007 (CPI in 2006=100). Also compute the CPI inflation rate between 2006 and 2007.
- (3%) Compute nominal GDP and real GDP for Woodland in both 2006 and 2007 (Let 2006 be the base year). Also calculate the GDP deflator for 2007.
- (4%) According to the classical economists, how will the increase in the aggregate money supply affect the output and price level? Does the monetary neutrality hold? Explain with the equation of exchange.

Q2. (5%)

- (2%) Assume a closed economy. Suppose that autonomous consumption equals \$400, investment equals \$500, government spending equals \$500 and the marginal propensity to consume (mpc) is 0.9. Assume that the government budget is balanced. Derive the equilibrium output.
- (3%) Use the diagram of the Keynesian Cross to show how an increase in the mpc may affect the effect of expansionary fiscal policy on the equilibrium output.

Q3. (10%)

- (5%) What are the effects of an expansionary fiscal policy when the aggregate demand curve is horizontal? Will there be the crowding-out effect? Explain with the Keynesian AD-AS diagram.
- (5%) Considering an open economy, how the implementation of expansionary fiscal policy may affect the exchange rate movement.

Q4. (5%)

Use a Solow Model Diagram to show what will happen for the country's standard of living in steady state if this country has technological progress. On your diagram, indicate the k and y in the old and new steady states carefully.

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(三) 公用事業(public utilities)適合獨占嗎? 請說明其理由。公用事業的產品價格應如何訂定? 試分析之。(20%)

(四) 已知消費者的預算限制式為 $p_x x + p_y y = M$ ，此處 p_x 和 p_y 分別為 x 和 y 的價格， M 為所得。

又已知該消費者的效用函數為：

$$U = \frac{xy}{x+y}$$

請推導出兩財貨的 Marshallian demand function。(10%)

(五) 說明何謂福利經濟學第一及第二基本定理? 並申述其意義。(20%)

