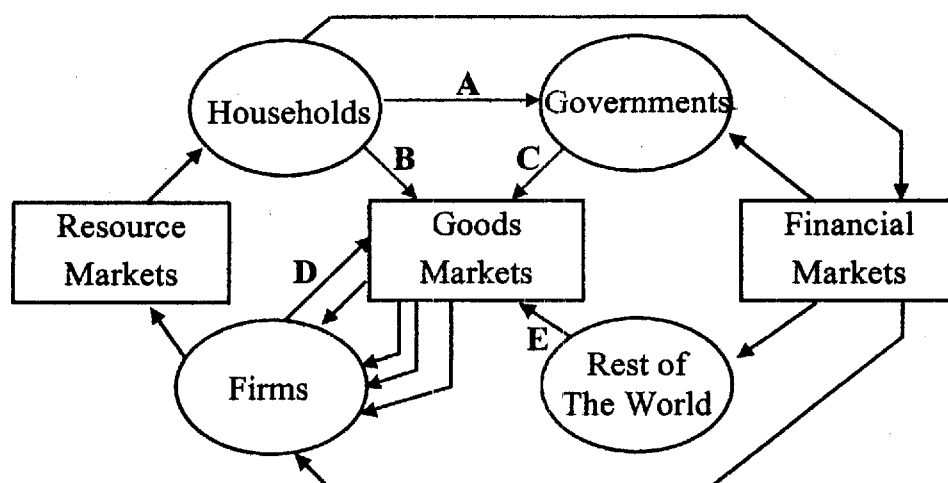


- 一、The figure shows the flows of income and expenditure on Lotus Island. During 1997, A was \$15 million, B was \$30 million, C was \$9 million, D was \$18 million, and E was \$3 million. (20%)



- (4%) What is the private savings?
- (4%) Calculate national savings.
- (4%) Where does Lotus Island get the funds to finance its investment?
- (4%) Supposed that GDP is \$40 million below its potential level. It is expected that next-period GNP will be \$20 billion below potential, and that two periods from now it will be back at its potential level. The multiplier for government spending is 5. What policy actions can be taken to put GDP back on target each period?
- (4%) What is the Sacrifice ratio?

二、Please answer the following questions: (30%)

- (12%) In October 1979, the U.S. central bank announced that it would play a less active role in limiting fluctuations in dollar interest rates. After this new policy was put into effect, the dollar's exchange rates against foreign currencies become more volatile. Please analyze the connection between these two events with the aid of diagram where the exchange rate is the price of dollars in terms of New Taiwan dollar (for example, NT 33 per dollar).

2. (18%) The following information has been discovered about the economy of Cape Despair. Subsistence real GDP is \$15 an hour. Whenever real GDP per hour rises above this level, the population grows, and when real GDP per hour of labor falls below this level, the population falls. The productivity curve in Cape Despair is as follows:

Capital per hour of labor (1996 dollars per hour)	Real GDP per hour of labor (1996 dollars per hour)
20	8
40	15
60	21
80	26
100	30
120	33
140	35
160	36

Initially, the population of Cape Despair is constant, and real GDP is at its subsistence level. Then a technological advance shifts the productivity curve upward by \$7 at each level of capital per hour of labor.

- (2%) What happens to the population growth rate following the technological advance?
- (4%) What happens to real GDP per hour of labor immediately following the technological advance?
- (4%) What is the eventual quantity of capital per hour of labor in Cape Despair?
- (8%) Please illustrate New Growth Theory with the aid of diagram containing a productivity curve and a target rate of return curve. What is the role of knowledge capital playing in New Growth Theory?

三、請回答下列有關我國財政收支的問題：

1. 請具體敘述目前我國財政收支與政府債務餘額的狀況。(7分)
2. 請問造成我國政府債務餘額不斷攀升的主要因素？(8分)
3. 妳(你)認為政府在面臨高債務餘額時，其支出對經濟體系的影響效果取決於哪些因素？(10分)

二、請回答下列有關通貨緊縮(Deflation)的問題

1. 何謂通貨緊縮(Deflation)？其對經濟主要的負面衝擊為何？
(6分)
2. 造成我國近年來呈現通貨緊縮現象的主要因素為何？(6分)
3. 何謂流動性陷阱(Liquidity Trap)？(5分)
4. 一個經濟體系同時存在通貨緊縮與流動性陷阱時，政府可採取那些政策使經濟脫離通貨緊縮的困境？(8分)