

考試科目	經濟學	所別	財政 2131	考試時間	3月19日 星期日 第三節
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國立政治大學圖書館

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1. Explain the worker misperception model. How does it generate an upward sloping aggregate supply curve in the short run? What does it imply about the procyclicality or countercyclicality of the real wage? (10 points)
 2. Consider a small open economy in the short run. When is monetary policy more effective in affecting output -- when the exchange rate floats or when the exchange rate is fixed? (10 points)
 3. Assume you are an advisor to one of the presidential candidates who is deeply worried about the rapidly expanding trade deficit and its effects on potential voters. Your candidate has asked you to evaluate some policy changes others have suggested that would reduce the trade deficit and mollify potential (labor) voters. These are:
 - To increase the marginal tax rate from 0.216 to 0.3 .
 - To decrease government expenditures by 100.
 - To reduce the money supply by 100.

To answer this query you have available to you the following elements to build a macroeconomic model:

A consumption function: $C = 789.225 + 0.75Y_d - 50P$ ($Y_d = Y - T$, and $P =$ the price level)

A tax function: $T = -170.15 + 0.216Y$

An investment function: $I = 986.76 + 0.1Y - 50i - 40P$ ($i =$ interest rate, $P =$ the price level)

A money demand function: $i = 82.978 - 0.07M_d$ (where $M_d =$ money demand)

An import function: $M = 328.26 + 0.1Y$

An aggregate supply function: $P = 1.07516 + 0.0001Y$

備	考	試 題 隨 卷 繳 交
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命 題 委 員 :	97	(簽 章)
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You also know that government expenditures are expected to = \$1,628.7 billion, exports are expected to = \$996.3 billion, and the Central Bank is expected to hold the money supply at \$1,125.4 billion.

- (1) Using these elements find the currently expected equilibrium levels of Y, prices and interest rates by deriving an aggregate demand function and combining it with the aggregate supply function. (15 points)
- (2) Once you have solved for the equilibrium income and the price level and the interest rate, calculate the trade balance to determine the size of the trade deficit. (5 points)
- (3) Calculate by how much each of three suggested policy changes (i.e., increasing the marginal tax rate from 0.216 to 0.3, decreasing government expenditures by 100, and reducing the money supply by 100) would reduce the trade deficit. Assuming that the sole policy goal is the reduction of the trade deficit which policy would you therefore recommend? If this was not the only goal, if, for example, your candidate was also concerned with issues of unemployment, which policy might you recommend? (10 points)

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