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I. 選擇題 (40 分，一題 2 分)

1. In the case of a good that has no exclusion and no rivalry, private markets fail because
 - A) of free-ridership.
 - B) this is a natural monopoly.
 - C) profit is driven down to zero.
 - D) the quantity produced will exceed the social optimum.
2. Many people do not fully insure against risk because
 - A) they are risk averse.
 - B) the insurance companies are all crooks.
 - C) the insurance offered is less than fair.
 - D) the insurance offered is more than fair.
3. When considering trade of two goods between two people, if one person has all the endowment of both goods, this allocation
 - A) is never on a contract curve.
 - B) will result in trade so each person has all of one good.
 - C) will result in trade to a equal division of goods between the two people.
 - D) is Pareto efficient.
4. Moral hazard occurs when contracts are written in such a way that
 - A) the interests of agent and principal converge.
 - B) the interests of agent and principal diverge.
 - C) agents will wish to maximize the principal's utility.
 - D) production and risk-bearing efficiency are achieved.
5. Charging a higher price for a motel room to customers with dogs or cats than to customers with no pets is most likely an example of
 - A) first-degree price discrimination.
 - B) second-degree price discrimination.
 - C) third-degree price discrimination.
 - D) actual cost differences.

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6. In a non-cooperative, imperfect information, simultaneous-choice, one-period game, a Nash equilibrium

- A) will never exist.
- B) will always include dominant strategies.
- C) will always result in both players taking the same action.
- D) may not maximize the sum of the firms' profits.

7. Assume health insurance is provided universally by the government. This would

- A) force every taxpayer to bear the costs of adverse selection.
- B) force every taxpayer to bear the costs of moral hazard.
- C) force the government to deal with adverse selection problems.
- D) force foreign governments to deal with moral hazard problems.

8. If the demand curve for a good always has unitary price elasticity, what does this imply about consumer behavior?

- A) Consumers do not react to a price change.
- B) Consumers will spend a constant total amount on the good.
- C) Consumers are irrational.
- D) Consumers do not obey the Law of Demand.

9. The ability of a monopoly to charge a price that exceeds marginal cost depends on

- A) the price elasticity of supply.
- B) price elasticity of demand.
- C) slope of the demand curve.
- D) shape of the marginal cost curve.

10. If the utility function (U) between food (F) and clothing (C) can be represented as $U = \sqrt{F \times C}$, the marginal utility of food equals

- A) $\sqrt{F/C}$.
- B) $\sqrt{C/F}$.
- C) $1/2\sqrt{C/F}$.
- D) $1/2\sqrt{F/C}$.

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11. An increase in the marginal propensity to save from .1 to .2 will cause
- A) an increase in the multiplier and a given change in autonomous consumption (c_0) to have a smaller effect on output.
 - B) an increase in the multiplier and a given change in autonomous consumption (c_0) to have a larger effect on output.
 - C) a reduction in the multiplier and a given change in autonomous consumption (c_0) to have a smaller effect on output.
 - D) a reduction in the multiplier and a given change in autonomous consumption (c_0) to have a larger effect on output.
12. For this question, assume that investment spending depends only on output and no longer depends on the interest rate. Given this information, an increase in the money supply
- A) will cause investment to decrease.
 - B) will cause investment to increase.
 - C) will cause a reduction in the interest rate.
 - D) will have no effect on output or the interest rate.
 - E) will cause an increase in output and have no effect on the interest rate.
13. The natural level of employment (N) will increase when which of the following occurs?
- A) an increase in the markup of prices over costs
 - B) a reduction in unemployment benefits
 - C) an increase in the actual unemployment rate
 - D) all of the above
 - E) none of the above
14. Since approximately 1970, the most stable Phillips-type relationship for the United States has been between which of the following?
- A) the rate of inflation and the change in the unemployment rate
 - B) the unemployment rate and the change in the rate of inflation
 - C) the change in the unemployment rate and the change in the rate of inflation
 - D) the inverse of the unemployment rate and the rate of inflation
 - E) the unemployment rate and the rate of inflation

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15. Suppose there is an increase in the saving rate. This increase in the saving rate will cause an increase in which of the following once the economy reaches its new steady state equilibrium?

- A) growth rate of output
- B) growth rate of capital
- C) growth rate of capital per worker
- D) all of the above
- E) none of the above

16. Suppose there is a reduction in the saving rate. This decrease in the saving rate will cause a reduction in which of the following once the economy reaches its new steady state equilibrium?

- A) growth rate of output
- B) growth rate of capital
- C) growth rate of capital per worker
- D) all of the above
- E) none of the above

17. An increase in government spending will have a greater impact on net exports when

- A) the marginal propensity to save is smaller.
- B) the economy is closed.
- C) the sensitivity of investment to income is smaller.
- D) all of the above
- E) none of the above

18. Part of the reason for the Mexican peso crisis of 1994 was Mexico's decision to

- A) allow the peso to depreciate too rapidly.
- B) allow the peso to appreciate too rapidly.
- C) maintain relatively low nominal interest rates in the face of relatively high inflation.
- D) maintain a roughly fixed nominal exchange rate in the face of relatively high inflation.
- E) run a very small budget deficit in the face of relatively high inflation.

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19. Which of the following will cause an increase in the debt-to-GDP ratio?

- A) a reduction in the real interest rate
- B) a reduction in the ratio of the primary deficit to GDP
- C) a reduction in the growth rate of output
- D) all of the above

20. Arguments for placing restraints on policy makers fall into which of the following?

- A) policy makers understand completely how the economy operates
- B) policy makers have good intentions, but end up doing more harm than good
- C) policy makers do what is best for them, not necessarily what is best for the country
- D) all of the above
- E) both B and C

II. 非選擇題 (60 分)

1. Wonderland Gas, Inc., is a natural gas supplier. The firm faces the demand schedule shown in the table below and cannot price discriminate. The company's fixed cost is \$2,000 per month and its marginal cost is constant at \$5 per thousand of cubic feet. The government plans to impose a marginal cost pricing rule on the company. (共 20 分)

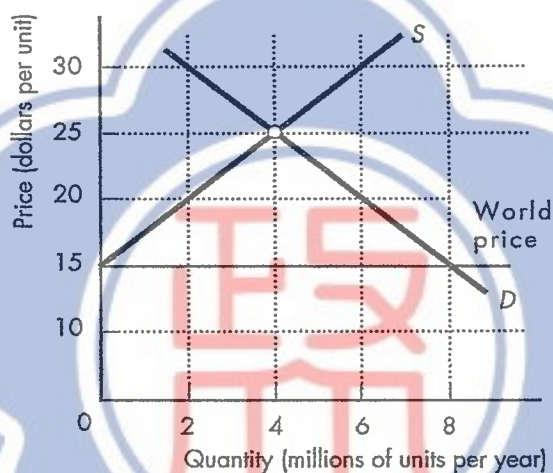
- (a) What will be the price of natural gas supplied by Wonderland Gas? How many cubic feet will the company sell? What will be the firm's economic profit per month? (6 分)
- (b) How does the regulation affect total surplus? (8 分)
- (c) Is the regulation in the social interest? Explain. (6 分)

Price (dollars per thousand cubic feet)	Quantity demanded (thousands of cubic feet per day)
5	400
15	300
25	200
35	100
45	0

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2. The figure below shows the domestic supply of and domestic demand for an imported good. The world price is \$15 per unit. (共 20 分)

- Is this country more likely to be the U.S. or Taiwan? Why? (4 分)
- At the world price of \$15 per unit, what is the quantity imported? (3 分)
- If the government imposes a tariff of \$5 per unit, what is the domestic consumption and domestic production, and the quantity imported? (4 分)
- How much revenue does the government collect with a tariff of \$5 per unit? (3 分)
- How much is the deadweight loss? Indicate the sources of this deadweight loss. (6 分)



3. In the economy of Wonderland, the commercial banks have deposits of \$500 billion. Their reserves are \$50 billion, 80 percent of which is in deposits with the Central Bank. There is \$20 billion in Central Bank notes outside the banks, and there are no coins. (20 分, 一題 4 分)

- What is the monetary base?
- If all the deposits are money, what is the total quantity of money?
- What is the banks' reserve ratio?
- What is the currency drain as a percentage of the quantity of deposits?
- What is the value of the money multiplier? Show your calculation.

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- 作答於試題上者, 不予計分。
- 試題請隨卷繳交。