

東吳大學 106 學年度轉學生(含進修學士班轉學生)招生考試試題

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系級	經濟學系二年級	考試時間	100 分鐘
科目	經濟學	本科總分	100 分

※一律作答於答案卷上(題上作答不予計分)，並務必標明題號，依序作答。

I. Multiple Choice (50%)

- 1) Which of the following will lead to a change in the opportunity cost of buying a pen and a pencil?
 - A) An increase in the consumer's income
 - B) A decrease in the consumer's income
 - C) A twofold increase in the prices of both pens and pencils
 - D) A twofold increase in the price of pens and a threefold increase in the price of pencils
- 2) Which of the following statements is true?
 - A) When a nation has an absolute advantage over other nations in producing all the goods and services, it cannot gain from trade.
 - B) Absolute advantage relates to production per units of inputs and comparative advantage involves the opportunity cost of producing different goods.
 - C) When a nation has an absolute disadvantage over other nations in producing a good, it cannot gain from trade.
 - D) Absolute advantage involves the opportunity cost of producing different goods and comparative advantage relates to production per units of inputs.
- 3) The price chosen by a monopolist:
 - A) maximizes social surplus.
 - B) maximizes consumer surplus.
 - C) is dependent on the production of other firms.
 - D) is independent of the production of other firms.
- 4) The gross domestic product of Richland during a particular year was \$672,500. If the expenditure on consumption during that year was \$220,000, the expenditure on investment was \$250,000, the expenditure incurred by the government was \$100,000, and exports was \$182,000, calculate the value of imports.
 - A) \$40,000
 - B) \$79,500
 - C) \$21,500
 - D) \$100,750
- 5) Which of the following happens when an economy's labor demand curve shifts to the left without any change in its labor supply curve assuming all else equal?
 - A) The equilibrium wage rate rises.
 - B) The unemployment rate rises.
 - C) The output of the economy rises.
 - D) The aggregate price level falls.

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- 6) Which of the following factors is expected to cause the demand curve for coffee to shift to the right?
- A) A fall in the manufacturing cost of coffee
 - B) A higher tax on the sale of tea, a substitute for coffee
 - C) A higher personal tax on the income of all consumers
 - D) An increase in the supply of coffee due to better weather
- 7) It takes a machine 2 hours to make a unit of Good X, and 1 hour to make a unit of Good Y. If the machine can be used for 10 hours, which of the following combinations will lie on its production possibilities curve?
- A) 5 units of Good X and 2 units of Good Y
 - B) 3 units of Good X and 4 units of Good Y
 - C) 2 units of Good X and 2 units of Good Y
 - D) 6 units of Good X only

The price of a given basket of goods in Country 1 is 10 karls. The price of the same basket of goods in Country 2 is 25 ritz and \$2 in the U.S. Country 1 has a income per capita of 3,200 karls and Country 2 has a income per capita of 5,500 ritz.

- 8) Refer to the scenario above. The price of a basket of goods worth \$1 in the U.S. is _____ in Country 1.
- A) 5 karls
 - B) 20 karls
 - C) 25 karls
 - D) 50 karls
- 9) Refer to the scenario above. Which of the following is true?
- A) The purchasing power parity-adjusted income per capita of Country 1 is \$3,500.
 - B) The purchasing power parity-adjusted income per capita of Country 2 is \$5,800.
 - C) The purchasing power parity-adjusted income per capita of Country 1 is higher than that of Country 2.
 - D) The purchasing power parity-adjusted income per capita of Country 1 is lower than that of Country 2.
- 10) The total cost of a firm is \$50, the average variable cost is \$2, and the average fixed cost is \$3. How many units of the output does the firm produce?
- A) 5 units
 - B) 10 units
 - C) 15 units
 - D) 18 units

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- 11) Which of the following is a difference between an oligopoly with homogeneous products and an oligopoly with differentiated products?
- A) There are a large number of sellers in an oligopoly with homogeneous products and there are a few sellers in an oligopoly with differentiated products.
- B) Firms in an oligopoly with homogeneous products earn positive economic profits in equilibrium, while firms in an oligopoly with differentiated products earn zero economic profits.
- C) There are huge barriers to entry in an oligopoly with homogeneous products, while there are no barriers to entry in an oligopoly with differentiated products.
- D) Firms in an oligopoly with homogeneous products earn zero economic profits in equilibrium, while firms in an oligopoly with differentiated products earn positive economic profits.
- 12) Suppose a monopolistic competitor produces 2,000 units of the good in equilibrium and charges a price of \$10 for each unit. If the average total cost of producing 2,000 units of the good is \$6, what is the total profit earned by the producer?
- A) \$8,000
- B) \$4,000
- C) \$2,000
- D) \$20,000
- 13) The value of production generated by a country's factors of production within the borders of foreign countries during a particular year was \$51,000 and the production of foreign factors of production within the borders of the country during that year was worth \$80,000. Which of the following is likely to be true in this case?
- A) The GDP of the country is higher than its GNP.
- B) The GDP of the country is lower than its GNP.
- C) The GDP of the country equals its GNP.
- D) The GDP of the country equals its trade balance.
- 14) Suppose there are three houses in a neighborhood. The residents are considering installing street lights and are trying to determine how many lights need to be installed. Each resident's willingness to pay for street lights is given in the table below.

Number of Street Lights	House 1	House 2	House 3
1	\$300	\$400	\$200
2	\$280	\$360	\$160
3	\$240	\$300	\$120
4	\$180	\$220	\$100
5	\$80	\$100	\$10

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If the cost of installing one light is \$500, how many lights will be installed?

- A) 1
- B) 2
- C) 4
- D) 5

15) Consider two countries: A and B. In country A, the annual growth rate of GDP per capita is 2%, while in country B the annual growth rate of GDP per capita is 6%. At present, country B's GDP per capita is higher than country A's GDP per capita. Which of the following statements will then be true?

- A) The gap between country A's GDP per capita and country B's per capita will decrease over time.
- B) The gap between country A's GDP per capita and country B's per capita will widen over time.
- C) The gap between country A's GDP per capita and country B's per capita will remain the same.
- D) The gap between country A's GDP per capita and country B's GDP per capita will decrease for the first few years and then will increase later.

16) Everything else remaining unchanged, a sudden increase in the price of oil is likely to cause a(n):

- A) leftward shift in the demand curve for labor.
- B) rightward shift in the demand curve for labor
- C) upward movement along the demand curve for labor.
- D) downward movement along the demand curve for labor.

17) The number of adults not in the work force of a country equals 6 million and the number of individuals employed is 5 million. If there are 12 million potential adult workers in the economy, what is the current unemployment rate in this country?

- A) 12.45 percent
- B) 16.67 percent
- C) 21 percent
- D) 30.55 percent

18) If a buyer's reservation value for a good is \$15 and the price at which he purchases the good is \$8, his consumer surplus is:

- A) \$7.
- B) \$1.8.
- C) -\$7.
- D) \$120.

19) Which of the following is likely to shift the demand curve for carpenters leftward, assuming all else equal?

- A) A rise in the price of the tools used by carpenters
- B) A fall in the price of the tools used by carpenters
- C) A rise in the wage rate of carpenters
- D) A fall in the wage rate of carpenters

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- 20) One advantage of using an inflation tax over other methods of tax collection is that:
- A) the revenue from inflation tax is extremely high.
 - B) the collection of inflation tax is more organized.
 - C) people who evade other taxes also feel the burden of an inflation tax.
 - D) inflation tax only affects individuals with a high income.
- 21) Which of the following statements correctly identifies a reason why inflation can be used as a countercyclical policy tool?
- A) Inflation reduces money costs and hence stimulates an economy during slowdowns.
 - B) Inflation increases consumer demand which is necessary for combating slowdowns.
 - C) Inflation sometimes increases the demand for workers that increases output and helps combat slowdowns.
 - D) Inflation increases consumer confidence, which is an absolute necessity to counter act business cycles.
- 22) A new law passed in Bonland requires all bikers to wear helmets while riding. It also states that those who do not wear helmets while riding will be punished. This law is likely to lead to a(n) _____.
- A) decrease in government expenditure
 - B) increase in government expenditure
 - C) decrease in tax rates
 - D) increase in the overall price level
- 23) A researcher finds that for an economy, the nominal GDP in the year 2012 equals the nominal GDP in the year 2013. He also finds that the output of the economy has been the same over the two years. A situation like this is possible only if:
- A) the annual inflation rate in the economy is negative.
 - B) the annual inflation rate in the economy is zero percent.
 - C) the annual interest rate in the economy is negative.
 - D) the annual interest rate in the economy is zero percent.

Scenario: The fixed cost of producing 500 units of Good Y is \$25,000, while the variable cost of producing 500 units of Good Y is \$60,000.

- 24) Refer to the scenario above. If the market for Good Y is monopolistically competitive, a firm producing Good Y will shut down production in the short run if price falls below _____.
- A) \$60
 - B) \$200
 - C) \$120
 - D) \$50

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25) Refer to the scenario above. A firm producing Good Y will continue production in the short run if total revenue exceeds _____.

- A) \$25,000
- B) \$60,000
- C) \$85,000
- D) \$35,000

II. Essay question (50%)

1. Suppose the return to entrepreneurship and the opportunity cost of entrepreneurship curves are described by the following equations:

$$R = 500,000 - 100N \quad \text{and}$$

$$C = 100,000 + 300N$$

where

R = returns to entrepreneurship, C = cost of entrepreneurship, and N = number of entrepreneurs

- a. Based on the equations given, plot the curves and explain their shapes. Identify the equilibrium number of entrepreneurs in this economy, and the equilibrium returns to entrepreneurship on the graph. (3%)
 - b. Due to an ageing population, the government encourages more people to work by lowering the retirement age, and providing more job-matching and retraining services. What is the effect of such policies on the equilibrium number of entrepreneurs? Use the graph in part a to answer this question. (5%)
 - c. Continuing from part b, the government seeks to further improve the legal environment. What would the equilibrium number of entrepreneurs be? (5%)
2. In 2013, the value of the Consumer Price Index (CPI) in a certain country, Polonia, was 230 index points and median (nominal) household income was \$31,200. In 1950, the CPI was 51 index points and median (nominal) household income was \$9,500. Calculate median real household income in 1950 and in 2013, using 2013 as the base year. (4%)
3. Nadia consumes two goods, food and clothing. The price of food is \$2, the price of clothing is \$5, and her income is \$1,000. Nadia always spends 40 percent of her income on food regardless of the price of food, the price of clothing or her income.
- a. What is her price elasticity of demand for food? (3%)
 - b. What is her cross-price elasticity of demand for food with respect to the price of clothing? (3%)
 - c. What is her income elasticity of demand for food? (3%)

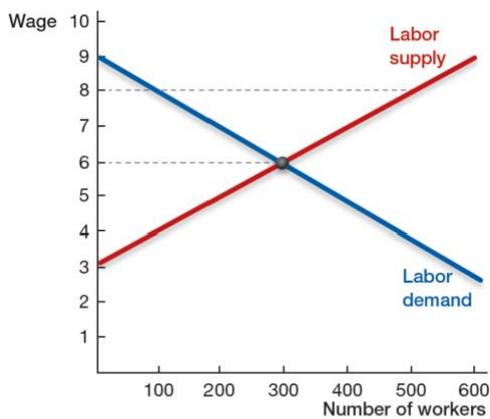
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4. A short-run monopolistically competitive firm has the demand curve, where $P=20-2Q$, and marginal revenue, where $MR=20-4Q$. The firm also incurs a constant marginal and average total cost of $MC=ATC=\$10$.
- Determine the optimal output of the firm. (3%)
 - What is the price at the optimal output level? (3%)
 - Calculate the profit or loss for the firm at the optimal output level. (3%)
 - What will happen to this firm in the long run? (3%)

5. The following graph shows the demand for and supply of labor in a competitive labor market. Use the graph to answer the following questions.



- What is the value of the market-clearing wage? How many workers are employed? What kind of unemployment may exist? (3%)
- Now suppose the firms demand for more workers due to optimistic economic prospects. At the same time, the government allows for the employment of foreign workers. Plot the graphs to show the effects on wage and employment. (Hint: Pay attention to the relative magnitude of shifts in the demand and supply curves.) (6%)
- Continuing from part b, if the minimum wage is set at \$8, what will be the effect on wage? (3%)