

東吳大學 107 學年度暑假轉學生招生考試試題

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系級	經濟學系三年級	考試時間	100 分鐘
科目	經濟學	本科總分	100 分

I. [60%] MULTIPLE CHOICE

※請標明題號後，依序作答於答案卷上。

Choose the **ONE** alternative that best completes the statement or answers the question.

1. Economics is best defined as

- (A) making choices with unlimited wants but facing a scarcity of resources.
- (B) controlling a budget for a household.
- (C) how people make money and profits in the stock market.
- (D) making choices from an unlimited supply of goods and services.

2. The concept of diminishing marginal rate of substitution indicates that

- (A) as the consumption of good X increases, individuals are willing to give up an increasing amount of good Y in order to obtain one more unit of good X.
- (B) along an indifference curve, a consumer prefers the consumption combinations moving to the northwest along the curve.
- (C) as the consumption of good X increases, individuals are willing to give up a decreasing amount of good Y in order to obtain one more unit of good X.
- (D) None of the above answers is correct.

3. The demand for factor is driven by the demand for goods and services produced by that factor of production. This phenomenon is referred to as

- (A) inverse demand.
- (B) elastic demand.
- (C) joint demand.
- (D) derived demand.

4. In an eight-hour day, Andy can produce either 24 loaves of bread or 8 pounds of butter. In an eight-hour day, Bob can produce either 8 loaves of bread or 8 pounds of butter. Andy has a comparative advantage in the production of

- (A) bread and neither has a comparative advantage in the production of butter.
- (B) butter, while Bob has a comparative advantage in the production of bread.
- (C) bread, while Bob has a comparative advantage in the production of butter.
- (D) both bread and butter.

5. For consumers, goods A and B are complementary goods. The cost of a resource used in the production of A decreases. As a result

- (A) the equilibrium price of B will rise and the equilibrium price of A will fall.
- (B) the equilibrium price of B will fall and the equilibrium price of A will rise.
- (C) the equilibrium prices of both A and B will rise.
- (D) the equilibrium prices of both A and B will fall.

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6. The price of a gallon of milk falls. Which of the following is a possible cause?

- (A) Milk is a normal good and people's incomes rise.
- (B) a decrease in the price of oatmeal, a complement to milk
- (C) a discovery that milk cause diabetes
- (D) a drought that reduces supplies of feed grains fed to cows that produce milk

7. There is a technological advance in the production of a good and simultaneously also an increase in the expected future price. Which of the following will happen?

- (A) The technological improvement shifts the supply curve rightward while the increase in the expected future price shifts the supply curve leftward. The net effect is not known.
- (B) The equilibrium price falls because the supply curve shifts leftward.
- (C) The demand curve shifts rightward and the supply curve does not shift.
- (D) The equilibrium price will rise because the supply curve shifts rightward.

8. When the price of a movie ticket increases from \$5 to \$7, the quantity of tickets demanded decreases from 600 to 400 a day. What is the price elasticity of demand for movie tickets?

- (A) 1.20
- (B) 2.32
- (C) 0.83
- (D) 1.00

9. The table below gives costs at Jan's Bike Shop. Unfortunately, Jan's record keeping has been spotty. Each worker is paid \$100 a day. Labor costs are the only variable costs of production. What is the total cost of producing 50 bikes?

Labor (workers)	Output (bikes)	Total fixed costs (dollars)	Total variable cost (dollars)	Total cost (dollars)
0	0	200		
1	20		100	
2	50			
3	60			
4	64			

- (A) \$100
- (B) \$400
- (C) \$300
- (D) \$200

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10. Ernie's Earmuffs produces 200 earmuffs per year at a total cost of \$2,000 and \$400 of this cost is fixed. If he increases output to 220 earmuffs, his total cost increases to \$2100, and his fixed cost remains \$400.

What is Ernie's marginal cost per earmuff?

- (A) \$9.55
- (B) \$5
- (C) \$105
- (D) \$35

11. Suppose firms in a perfectly competitive industry are making economic profits. As a result

- I. new firms enter the industry.
- II. the market price falls.
- III. the economic profits of the existing firms decrease.

- (A) I and III
- (B) I and II
- (C) II and III
- (D) I, II and III

12. If Dell Computer Company could produce more computers at lower long-run average cost by increasing the quantity of all the inputs it uses, Dell definitely would experience

- (A) increasing marginal returns.
- (B) diseconomies of scale.
- (C) decreasing marginal returns.
- (D) economies of scale.

13. When comparing perfect competition to a single-price monopoly with the same costs

- (A) the sum of producer and consumer surplus is minimized under perfect competition.
- (B) there is a deadweight loss associated with a monopoly.
- (C) both market types use resources efficiently.
- (D) the sum of producer and consumer surplus is maximized under a monopoly.

14. If firms in a monopolistically competitive industry are making an economic profit, then

- (A) new firms will enter the industry.
- (B) some customers will exit the market.
- (C) some workers will leave the industry's labor force.
- (D) some firms will leave the industry.

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15. The table below displays the possible outcomes for Bob and Joe, who have been arrested for armed robbery and car theft. Which of the following is TRUE?

		Bob	
		<u>Confess</u>	<u>Don't Confess</u>
Joe	<u>Confess</u>	B: 10 years J: 10 years	B: 20 years J: 1 year
	<u>Don't Confess</u>	B: 1 year J: 20 years	B: 2 years J: 2 years

- (A) If Bob confesses, Joe should confess.
- (B) The dominant equilibrium is that Joe and Bob both serve 2 years.
- (C) If Joe does not confess, Bob should not confess.
- (D) If Joe confesses, Bob should not confess.

16. If Nike, an American corporation, produces sneakers in Thailand this would

- (A) count for both Thailand's GDP and U.S. GDP.
- (B) add to neither U.S. GDP nor Thailand's GDP.
- (C) count as part of U.S. GDP since it is a U.S. corporation.
- (D) add to Thailand's GDP but not to U.S. GDP.

17. The calculation of the final goods and services sold in an economy would NOT include

- (A) Ford Motor Company's purchase of a new industrial robot to be used to produce cars.
- (B) the purchase of a service by a household.
- (C) the purchase of a lawnmower by a household.
- (D) General Motors' purchases of tires for new automobiles.

18. Which of the following relationships is CORRECT?

- (A) Consumption expenditure = Net Investment - Depreciation
- (B) Gross Investment = Net Investment + Depreciation
- (C) Depreciation = Gross Investment - Consumption expenditure
- (D) Net Investment = Gross Investment + Depreciation

19. How would you best describe a manufacturing employee who has been fired because he was replaced by a robot (new technology) and does not have the skills necessary to help operate the robot?

- (A) entrant/reentrant
- (B) cyclically unemployed
- (C) structurally unemployed
- (D) job leaver

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20. An observer of the economy notices that over the past 12 months the unemployment rate has fallen from 7.0 percent to 6.5 percent. During the same time, the rate of growth in real GDP has been positive. From this information we might conclude that

- (A) inflation is not occurring.
- (B) an expansion is occurring in the economy.
- (C) a trough in the business cycle will soon be reached.
- (D) a recession is in progress.

21. In 2012, consumers in Dexter consumed only books and pens. The prices and quantities for 2012 and 2013 are listed in the table below. The reference base period for Dexter's CPI is 2012. What is the inflation rate in 2013?

	2012		2013	
Item	Quantity	Price	Quantity	Price
Books	10	\$30	8	\$50
Pens	20	\$1	15	\$2

- (A) 31 percent
 - (B) zero
 - (C) 69 percent
 - (D) 2 percent
22. If an economy tried to use bananas as money, which function would bananas likely have the most difficult time fulfilling?
- (A) a means of payment
 - (B) a store of value
 - (C) a medium of exchange
 - (D) a unit of account
23. If real GDP is \$10 trillion and the velocity of circulation is 2, the quantity of money
- (A) is \$20 trillion.
 - (B) is \$5 trillion.
 - (C) is \$2 trillion.
 - (D) cannot be determined from the information given.
24. One reason that the aggregate demand curve has a negative slope is that when the domestic price level rises,
- (A) people substitute toward more imported goods and services.
 - (B) firms produce more goods and services.
 - (C) firms produce fewer goods and services.
 - (D) peoples' wealth increases.

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25. Which of the following would NOT shift the U.S. aggregate demand curve?
- (A) a change in income in Canada
 (B) a change in the quantity of capital in the United States
 (C) U.S. monetary and fiscal policy
 (D) an expectation that inflation will be lower in the future
26. A key issue in the presidential election of 2012 between President Obama and Mr. Romney concerned tax rates. President Obama favored increasing taxes, especially on the rich. As a result of a tax increase
- (A) the aggregate supply curve shifts leftward.
 (B) the aggregate demand curve shifts leftward.
 (C) the aggregate demand curve shifts rightward.
 (D) the aggregate supply curve shifts rightward.
27. In general, the steeper the aggregate expenditure curve, the
- (A) greater autonomous expenditure.
 (B) smaller the multiplier.
 (C) larger the multiplier.
 (D) lower the marginal propensity to consume.
28. Suppose the consumption function is given by the equation $C = 100 + 0.8YD$, where YD is disposable income. What is the marginal propensity to save?
- (A) 0.8
 (B) 0.2
 (C) 100
 (D) 2.0
29. Suppose the only revenue taken in by the government is in the form of income tax, and the tax rate is 10 percent. If aggregate income is \$800 billion, and government outlays are \$100 billion, then the government budget has
- (A) a deficit of \$20 billion.
 (B) neither a surplus nor a deficit.
 (C) a surplus of \$20 billion.
 (D) a deficit of \$80 billion.
30. Changes in which of the following is included as part of fiscal policy?
- (A) tax rates
 (B) monetary policy
 (C) the quantity of money
 (D) the level of interest rates

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II. [40 %] Essay questions

1. [10%] Explain the following terms.

- (1) Paradox of Thrift
- (2) The Law of Diminishing Marginal Utility

2. [15%] Suppose we have the utility function, $U = xy$

- (1) Derive the generalized demand function for x as a function of p_x, p_y .
- (2) Are the own-price ordinary demand functions downward sloping? Explain.
- (3) Is good x normal or inferior? Explain.

3. [15%] The first table describes an economy's labor market in 2014 and the second table describes its production function in 2014.

Real wage rate (dollars per hour)	Labor hours supplied	Labor hours demanded	Labor (hours)	Real GDP (2009 dollars)
80	55	15	15	1,425
70	50	20	20	1,800
60	45	25	25	2,125
50	40	30	30	2,400
40	35	35	35	2,625
30	30	40	40	2,800
20	25	45	45	2,925
			50	3,000

- (1) What are the equilibrium real wage rate and the quantity of labor employed in 2014?
- (2) What are labor productivity and potential GDP in 2014?
- (3) Suppose that labor productivity increases in 2014. What effect does the increased labor productivity have on the demand for labor, the supply of labor, and potential GDP?