1. Because there is a trade-off between inflation and unemployment,
   a. lower unemployment will typically cause inflation to fall.
   b. policies designed to reduce unemployment will typically set off a recession.
   c. policies designed to reduce inflation will cause unemployment to fall as well.
   d. higher inflation will generally be associated with higher unemployment.
   e. lower inflation will generally be associated with higher unemployment.

2. Which of the following is a valid reason to consider government regulation?
   a. Seeking some social objective that markets do not achieve.
   b. Fear that capitalism will prove too productive.
   c. Desire on the part of government to be useful.
   d. Requests for protection from an industry.
   e. all of the above

3. If you discover that the opportunity cost of raising your economics grade is zero, you
   a. are studying too hard and receiving a higher grade than is optimal for you.
   b. must be on the production possibilities frontier that describes your trade-offs between producing high
      grades and producing other goods.
   c. must be inside the production possibilities frontier that describes your trade-offs between producing high
      grades and producing other goods.
   d. must be producing more of other goods than is optimal for you.

4. If new manufacturers enter the computer industry, then, holding all other things constant,
   a. each "old" manufacturer must sell fewer computers than before.
   b. some "old" manufacturers must exit the industry.
   c. the equilibrium price of computers must rise.
   d. the equilibrium quantity demanded of computers must rise.

5. Legal limits on prices will tend to cause misallocation of resources because
   a. production (or opportunity) cost no longer corresponds to market price.
   b. people are unable to determine their preferences at the high or low price.
   c. producers no longer have incentive to be profitable.
   d. consumers no longer have incentive to spend their income efficiently.
   e. all of the above

6. The price of an airline ticket rises as the amount of time between purchase and flight departure gets smaller.
   The airlines base the policy on the assumption that
   a. consumers are not aware of airline prices.
   b. consumer demand is unrelated to prices.
   c. consumer demand becomes more elastic as departure time approaches.
   d. consumer demand becomes less elastic as departure time approaches.

7. Economies of scale
   a. require inputs' MPP to fall as output increases (everything else equal).
   b. pertain to the long run only.
   c. refer to increased output generalized by an increase in the quantity of a single input.
   d. imply that the AC curve will fall continuously as output increases in the short run.
8. Thomas Edison once said that he began making real profit on light bulbs when he dumped his surplus on the European market at less than the "cost of production." From this we can deduce
   a. Edison was crazy and did not want to maximize profit.
   b. Edison understood the difference between marginal and average cost.
   c. Edison had a peculiar definition of the term "profit."
   d. Edison did not understand the difference between fixed and variable cost.

9. For a perfectly competitive firm, marginal revenue equals average revenue because the
   a. firm's supply curve is horizontal.
   b. industry's demand curve is horizontal.
   c. firm's demand curve is horizontal.
   d. industry's supply curve is horizontal.

10. As the demand for a product falls, it is not uncommon for the industry to become a monopoly. This is most likely due to
   a. an increase in the number of barriers.
   b. legal restrictions being imposed.
   c. the surviving firm operating on the declining part of its average cost curve.
   d. patent protection causing high prices.

11. For collusion to make sense, the payoff matrix must be
   a. a positive-sum game.
   b. a zero-sum game.
   c. a negative-sum game.
   d. a negative-positive-sum game.

12. The derived demand curve for loans slopes downward because as interest rates
   a. fall, future income becomes less valuable.
   b. fall, investors develop pessimistic expectations.
   c. fall, future income becomes more valuable.
   d. rise, investors become pessimistic.

13. Which of the following will move the Lorenz curve toward the line of perfect equality?
   a. reduced federal and state subsidies and grants for college students
   b. supply-side tax-cut programs
   c. an increase in the divorce rate
   d. an increase in wealth taxation

14. An excise tax on gasoline is regressive if
   a. rich people buy more gasoline than poor people.
   b. the demand for gasoline is elastic.
   c. the tax causes people to buy less gasoline.
   d. poor people spend a larger portion of their incomes on gasoline than rich people.

15. A firm producing a smoke externality is producing
   a. more than the socially optimal quantity of output.
   b. less than the socially optimal quantity of output.
   c. exactly the socially optimal quantity of output.
   d. There is insufficient information to answer.

16. If a nation has an absolute advantage in the production of some commodity,
   a. it can gain only if it has a comparative advantage in the commodity.
   b. it may still gain from trade in the commodity.
   c. it cannot gain from trade in the commodity.
   d. it cannot gain unless it has an absolute advantage in every other commodity.
17. Macroeconomists think that
   a. most questions about individual markets are more important than the overall economy.
   b. questions of overall unemployment are less important than the jobs of particular workers.
   c. the details of resource allocation and individual market prices are less important than the amount of national output.
   d. the causes of unemployment usually lie with the personalities of individual workers.
   e. the price of particular products is more important than the overall price level.

18. The economic benefits of owning a home are greater when
   a. home prices are falling and interest rates are high.
   b. home prices are rising and interest rates are low.
   c. home prices are rising and interest rates are high.
   d. home prices are falling and interest rates are low.

19. If an economist wants to make a prediction about the effects of a change in disposable income on the change in consumption spending based on historical data, she must assume that
   a. the future will closely resemble the past.
   b. consumption and disposable income will be negatively related.
   c. the consumption function will have a downward slope.
   d. as disposable income increases, consumer spending will remain constant.

20. If total spending exceeds total output, then
   a. inventory levels will rise.
   b. inventory levels will remain constant.
   c. inventory levels will fall.
   d. output will eventually decrease.

21. The reason that an increase in government spending leads to a much larger increase in total income is because
   a. government is able to coerce people to spend more than they really want to.
   b. the increase in spending creates artificial euphoria, which makes people feel good, so they spend more.
   c. the increase in spending increases taxes as well, so that people work harder to make ends meet.
   d. the increase in spending increases income and leads to greater consumption spending.
   e. the increase in spending spurs growth which increases spending.

22. If scientific research produces a technological breakthrough in the production of computer memory, then
   a. business costs will increase, profits will fall, and production will decrease.
   b. business costs will fall, but profits will also fall, and production will decrease.
   c. business costs will fall, profits will improve, and production will increase.
   d. profits will increase allowing businesses to cut back production.

23. How are aggregate supply and stagflation related?
   a. Stagflation usually causes an adverse shift in aggregate supply.
   b. An adverse supply shift usually causes stagflation.
   c. Stagflation only follows inflation, with no relation to aggregate supply.
   d. There is no relationship between the two.

24. Taxes reduce total spending
   a. directly by increasing government purchases by an equal amount.
   b. directly by substituting investment spending.
   c. indirectly by reducing government spending.
   d. indirectly by reducing disposable income.
25. If a "liberal" wanted to decrease aggregate demand, which of the following would she tend to favor?
   a. An increase in government spending, because it will increase the size of the public sector.
   b. A decrease in government spending, because it keeps the public sector small.
   c. An increase in transfer payments, because it has a larger multiplier than tax changes.
   d. A increase in taxes, because it makes the public sector larger.

26. The required reserve ratio is 10 percent, but banks actually keep 20 percent on reserve. The actual money multiplier will be
   a. 10.
   b. 9.
   c. 5.
   d. 2.
   e. 1.

27. Contractionary fiscal policy
   a. reduces the quantity of money demanded, increases interest rates, and reduces investment demand.
   b. reduces the quantity of money demanded, reduces interest rates, and increases investment spending.
   c. reduces consumer spending which puts upward pressure on interest rates.
   d. increases the quantity of money demanded, increases interest rates, and reduces investment demand.

28. Under a balanced budget policy, a sharp decline in GDP will cause
   a. no serious budget changes.
   b. a tax cut or increase in expenditures.
   c. a tax increase or expenditure cut.
   d. tax receipts to exceed government expenditures.

29. If fluctuations in economic activity come from the supply side,
   a. higher inflation is associated with lower interest rates.
   b. higher inflation is associated with structural deficits.
   c. higher inflation is associated with higher rates of unemployment.
   d. higher inflation is associated with lower rates of unemployment.

30. The reason that higher interest rates reduce aggregate demand in an open economy with capital flows is that
   a. investment increases generated by higher interest rates are offset by net export decreases.
   b. investment decreases generated by higher interest rates are coupled with net export decreases.
   c. investment decreases generated by higher interest rates are offset by net export increases.
   d. investment increases generated by higher interest rates are coupled with net export increases.

二、論述題，合計40分。
1. 試述縮短基本工時的影響。（15分）
2. 根據政府相關單位的樂觀預期，我國將於今年底前加入世界貿易組織（WTO），試選擇一種你所熟悉的產業，說明其經濟上的影響。（15分）
3. 行政院最近提出提撥內需的8100億計畫，試以總體經濟模型說明其預期效益。（10分）