1. For a given production possibilities frontier, which points are attainable?
   a. points inside the frontier
   b. points outside the frontier
   c. points on or outside the frontier
   d. points on the frontier only
   e. points on or inside the frontier

2. 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.

3. If consumers become more sensitive to changes in the price of a good, the good's
   a. demand curve becomes flatter.
   b. demand curve becomes steeper.
   c. supply curve becomes flatter.
   d. supply curve becomes steeper.

4. The demand for computers has risen dramatically at the same time that the unit cost of production has decreased. As a result, we can expect
   a. a decrease in price and no predictable impact on output.
   b. a definite decrease in price and increase in output.
   c. an increase in output with no predictable change in price.
   d. no predictable changes in either price or output.

5. The imposition of price ceilings on a market often results in
   a. an increase in investment in the industry.
   b. a persistent surplus in the market.
   c. the diversion of income toward black-market suppliers.
   d. lower prices being offered on the black market.

6. Resolving Adam Smith's diamond-water paradox involves
   a. realizing that price is not directly related to total utility.
   b. knowing that at optimal purchase, price will tend to equal marginal utility.
   c. knowing that, as increasing quantities of a good are consumed, marginal utility diminishes and, conversely, consuming a small quantity of a good produces high marginal utility.
   d. All of the above are correct.
7. In Figure 1, the move in the consumer equilibrium from A to B shows that
   a. beer is an inferior good, but wine is a normal good.
   b. wine is an inferior good, but beer is a normal good.
   c. both beer and wine are normal goods.
   d. both beer and wine are inferior goods.

8. In Figure 2, point D for the consumer
   a. will be chosen because total utility is larger there than at point C.
   b. would not be chosen because it is less desirable than point C.
   c. is unattainable, given the consumer's budget.
   d. has total utility equal to point C.

9. If the price elasticity of demand for radios is 2.5 (dropping the minus sign), then a 50 percent reduction in
   the price of radios will lead to
   a. the sale of 200 additional radios.
   b. the sale of 125 percent more radios than before.
   c. the sale of 150 percent more radios than before.
   d. the sale of 25 percent more radios than before.
10. As a result of a decline in interest rates and a rise in household income, the demand curve for housing has shifted to the right, but has retained the same slope. Consequently, the elasticity of demand for housing
   a. has declined.
   b. has increased.
   c. has remained unchanged.
   d. cannot be compared.

11. Thomas Edison once complained that he was not making a profit selling light bulbs because his plants were operating 25 percent below capacity. He estimated that he could increase output 25 percent with a 2 percent increase in the cost of production. He sold the 25 percent on the foreign market at a price below what he called the "cost of production." We can deduce that Edison really meant
   a. Marginal cost was below average cost but less than marginal revenue.
   b. Average cost exceeded variable cost, which exceeded marginal revenue.
   c. Variable cost exceeded fixed cost but was less than marginal revenue.
   d. Marginal cost was above average cost but greater than marginal revenue.

12. Because a monopolist must cut its price to increase its sales by one unit,
   a. MR > P at every output level.
   b. MC > MR at every output level.
   c. P > MR at every output level.
   d. MC > P at every output level.

13. In many high-tech industries in the economy, such as computers, medical equipment, and automobiles
   a. price competition is utilized by firms more than innovation to compete with rivals.
   b. firms compete on the basis of innovation only; never engaging in price competition.
   c. innovation is utilized by firms to compete with rivals more than price competition.
   d. firms use price competition only; never engaging in innovation to compete with rivals.
   e. firms utilize innovation and price competition equally to compete with rivals.

14. Which of the following would move the Lorenz curve toward the perfect equality line?
   a. an expanded program of public support to higher education
   b. the elimination of discrimination
   c. prohibition of inheritance
   d. all of the above

15. The economic theory of discrimination suggests that the practice of apartheid in South Africa should have
   a. worsened the economic condition of only the blacks.
   b. worsened the economic condition of only the whites.
   c. worsened the economic condition of whites as well as others.
   d. improved the economic condition of the whites.

16. 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.

17. Which of the following statements is false?
   a. In a competitive market, the price mechanism encourages conservation of a depletable resource.
   b. As the price of a depletable resource rises, its known reserves often increase.
   c. Prices of depletable resources have risen in the twentieth century primarily because resource producers have exercised monopoly or oligopoly power.
   d. Shortages of depletable resources occur primarily when governments or others interfere with the price mechanism.
18. A country has a comparative advantage over another in the production of gadgets if it can produce
   a. more gadgets than can the other country.
   b. more gadgets than can any other country.
   c. gadgets more efficiently than it can produce any other good.
   d. gadgets at lower opportunity cost than can the other country.

19. A program of protection that results in preserving jobs in certain industries
   a. maintains full employment at lower cost than any other program or policy.
   b. lowers average pay in the protected industries.
   c. improves living standards for the average person in that country.
   d. often does so at a cost that is much higher than the average income of persons in those industries.

20. What is the crucial difference between inflation generated on the demand side versus inflation generated on the supply side?
   a. Demand-side inflation is short-lived, while supply-side inflation lasts for a long time.
   b. Demand-side inflation leads to budget surpluses, while supply-side inflation contributes to budget deficits.
   c. Supply-side inflation is subject to control of policy makers, while demand-side inflation is beyond their reach.
   d. Demand-side inflation is normally accompanied by rising real GDP, while supply-side inflation may be accompanied by falling real GDP.

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

22. The Phillips curve is a statistical relationship that was misrepresented as showing
   a. disequilibrium outcomes of uncoordinated policy.
   b. alternative equilibrium points that the economy could achieve.
   c. the unemployment rates necessary to close a recessionary gap.
   d. the increases in interest rates from different inflation rates.

23. If gold and the dollar are substitutes, a cut in the Japanese discount rate can be expected to
   a. appreciate the dollar and decrease the price of gold.
   b. depreciate the dollar and increase the price of gold.
   c. depreciate the dollar and decrease the price of gold.
   d. appreciate the dollar and increase the price of gold.

24. International trade under a floating exchange rate system
   a. has been trouble-free owing to the stabilizing role of speculators in the currency markets.
   b. has suffered from so many problems that the volume of trade has declined significantly.
   c. exposes businesses to unavoidable risks when exchange rates change.
   d. has been subject to wild runs on currencies that were on the verge of devaluation.

二、論述題，合計40分。
1. 請以「所得效果」與「替代效果」說明薪資率改變的影響及其可能結果。（15分）
2. 試以需求的價格彈性（ε），證明不同彈性類別下，價格與收益的變動關係。（15分）
3. GDP構成的要項有哪些？其與GDP的主要差異在哪裡？（10分）