1) Refer to the production possibilities frontier in the figure above. More of good X must be given up per unit of good Y gained when moving from point b to point a than when moving from point c to point b. This fact (A) indicates that good Y is more capital intensive than good X. (B) indicates that good X is more capital intensive than good Y. (C) illustrates decreasing opportunity cost. (D) illustrates increasing opportunity cost.

2) Wages for workers producing Walkmans and similar products will rise next year. Walkman Watch asks you to predict the effect of this change in next year's market for Walkmans. You predict that the major effect will be that the (A) supply curve for a Walkman will shift leftward. (B) demand curve for a Walkman will shift rightward. (C) supply curve for a Walkman will shift rightward. (D) demand curve for a Walkman will shift leftward.

3) The increase in the demand for widgets, shown in the figure above, is caused by an increase in the price of McBoover devices from $9 to $11. Therefore, the cross-price elasticity for these two products is (A)-0.5 (B)0.5 (C)-2.0 (D)2.0

4) When 2,000 hamburgers per day are produced, the marginal benefit is $1.50 and the marginal cost is $1.00. And when 7,500 hamburgers per day are produced, marginal benefit is $1.00 and marginal cost is $1.50. The efficient production quantity of hamburgers is (A) between 2,000 and 7,500 (B) 7,500 (C) more than 7,500 (D) 2,000

5) A rent ceiling below the equilibrium rent will encourage (A) a larger number of apartments rented. (B) increased search time and black markets. (C) a more efficient allocation of housing. (D) no change in the number of apartments rented.

6) Goods whose marginal utility diminishes rapidly have (A) elastic demands. (B) upward sloping demand curves. (C) inelastic demands. (D) no demand curves.

7) The table above gives the market share of sales of firms in the retail clothing market. What is the four-firm concentration ratio? (A) 70 percent (B) 65 percent (C) 85 percent (D) 100 percent

8) A firm has fixed costs (A) in the short run but not in the long run. (B) in the short run and in the long run. (C) neither in the long run nor in the short run. (D) in the long run but not in the short run.

9) The table above gives the demand schedule for water bottled by Wanda's Healthy Waters. If Wanda's is a monopoly and maximizes its profit, what is the range of possible prices at Wanda's will sell water? (A) at only $8 a bottle (B) any price over $8 a bottle (C) any price below $8 a bottle (D) at only $16 a bottle

10) Game theory proves most useful for analyzing (A) monopoly. (B) perfect competition. (C) monopolistic competition. (D) oligopoly.

11) According to social interest theory, when a monopoly exists politicians will introduce regulations that will (A) decrease prices and keep the level of output constant (B) increase output and decrease prices to their competitive levels (C) increase prices and increase the level of output (D) decrease prices and decrease the level of output.
12) The figure above shows the costs associated with producing paper. When paper is produced, there is some pollution runoff into a lake. According to the Coase Theorem, if the transactions costs are low and there are only a few people involved, the output will equal ________ tons of paper if ________ the lake.
(A) only the lakeside residents own (B)4; either the firm or lakeside residents own (C) either the firm or lakeside residents own (D); the firm owns

14) The idea that governments make choices that are inefficient in a political system in which voters are rationally ignorant is called
(A) public choice theory. (B) principle of minimum differentiation.
(C) social interest theory. (D) None of the above answers is correct.

15) If a tax was instituted such that every dollar collected in taxes from high income households resulted in a distribution of $0.90 to low income households (A) efficiency would increase but equality of incomes would decrease. (B) efficiency and equality of incomes would both increase. (C) efficiency and equality of incomes would both decrease. (D) equality of incomes would increase but efficiency would decrease.

16) At one point along a PPF, 50 tons of coffee and 100 tons of bananas are produced. At another point along the same PPF, 30 tons of coffee and 140 tons of bananas are produced. The opportunity cost of a ton of coffee between these points is
(A) 1/2 of a ton of bananas. (B) 3/7 of a ton of bananas.
(C) 2 tons of bananas. (D) 5/7 of a ton of bananas.

17) Demands differ from wants in that
(A) demands reflect a decision about which wants to satisfy and a plan to buy the good, while wants are unlimited and involve no specific plan to acquire the good. (B) wants imply a decision about which demands to satisfy, while demands involve no specific plan to acquire the good.
(C) demands are unlimited, whereas wants are limited by income. (D) wants require a plan to acquire a good but demands require no such plan.

18) Potential GDP is
(A) always different from real GDP. (B) achieved when all factors of production are fully employed. (C) another name for real GDP. (D) the level of GDP not adjusted for price changes.

19) Use the information in the table above to calculate nominal GDP in 2003.
(A) $75 billion (B) $10,800 billion (C) $0.75 billion (D) $108 billion

20) The duration of unemployment is
(A) longer during expansions than during recessions. (B) short when the unemployment rate is high. (C) long when the unemployment rate is low. (D) long when the unemployment rate is high.

### Table

<table>
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<tr>
<th>Year</th>
<th>Nominal GDP (billions of dollars)</th>
<th>Real GDP (billions of 2000 dollars)</th>
<th>GDP deflator</th>
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<tr>
<td>2003</td>
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<td>120</td>
</tr>
<tr>
<td>2004</td>
<td>125</td>
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</tbody>
</table>

21) The data in the above table indicate that the economy will be in a short-run macroeconomic equilibrium at a price level
(A) between 120 and 110. (B) of 110. (C) of 120. (D) between 130 and 120.

22) If the labor market is in equilibrium and then the labor supply curve shifts rightward,
(A) there will be a shortage of labor at the original equilibrium wage rate. (B) there will be a surplus of jobs at the new equilibrium. (C) the equilibrium wage rate will rise. (D) there will be a surplus of labor at the original equilibrium wage rate.

23) The productivity curve is a relationship between
(A) capital per hour of labor and technological growth. (B) real GDP per hour of labor and capital per hour of labor, with technology held constant. (C) real GDP per hour of labor and capital per hour of labor whenever technological growth occurs. (D) real GDP per hour of labor and capital per hour of labor whenever technological growth occurs.

24) Suppose the economy is in a recession and the Fed increases the quantity of money. Then in the short-run
(A) real GDP will decrease and the price level will increase. (B) the price level will be lower than expected and output is below potential GDP. (C) the price level will be lower than expected and output is larger than potential GDP. (D) real GDP and the price level will both decrease.

25) If the AD curve shifts rightward less than expected,
(A) the price level is higher than expected and output is larger than potential GDP. (B) the price level is lower than expected and output is below potential GDP. (C) the price level is lower than expected and output is larger than potential GDP. (D) the price level is higher than expected and output is below potential GDP.

### Calculation Question:

一、假設娃娃國是一個封閉的島嶼經濟，其經濟可簡單描繪如下:

消費函數: \[ C = 150 + 0.8(Y - T) \]

投資函數: \[ I = 150 \]

投資函數: \[ G = 300 \]

政府購買: \[ T = 500 \]

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<th>GDP deflator</th>
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### Table

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<th>Price level</th>
<th>Aggregate demand (trillions of 2000 dollars)</th>
<th>Short-run aggregate supply (trillions of 2000 dollars)</th>
<th>Long-run aggregate supply (trillions of 2000 dollars)</th>
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