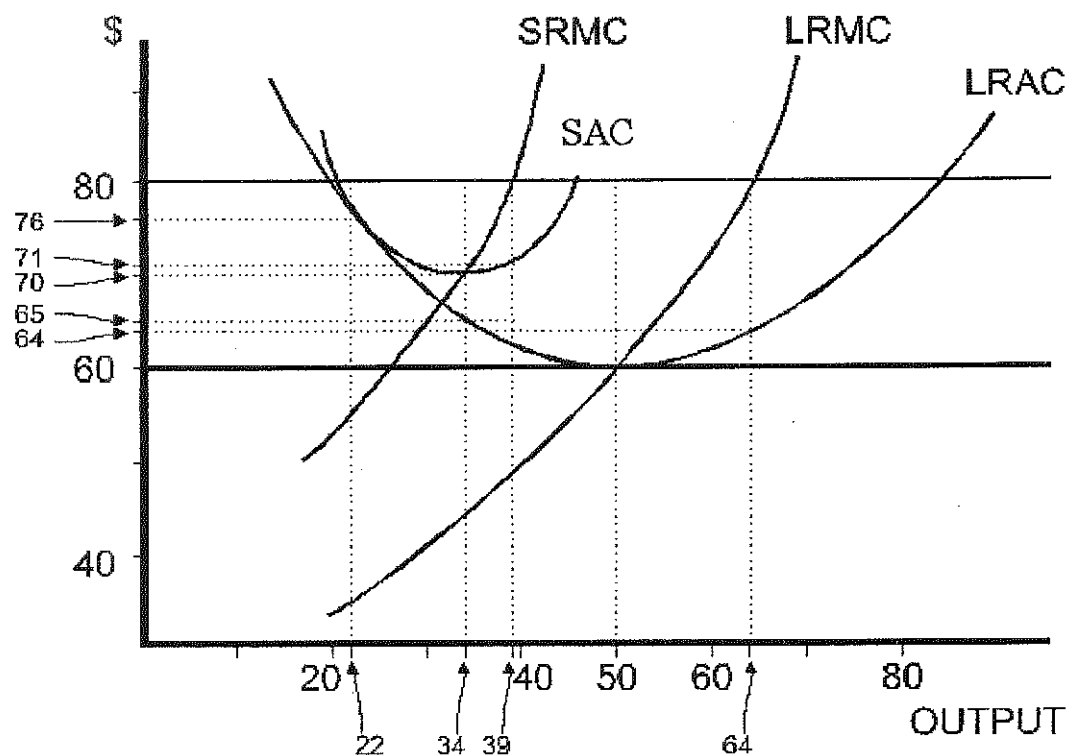


Figure A1



7. Refer to Figure A1. At $P = \$80$, the profit-maximizing output in the short run is:
 【A】 22. 【B】 34. 【C】 39. 【D】 50. 【E】 64.
8. Refer to Figure A1. At $P = \$80$, how much is profit in the short run?
 【A】 \$88 【B】 \$306 【C】 \$351 【D】 \$1,000 【E】 \$1,024
9. The total cost of producing a given level of output will be
 【A】 Maximized when the marginal products are all equal.
 【B】 Maximized when the price per marginal product is equal for all inputs.
 【C】 Minimized when the marginal products are all equal.
 【D】 Minimized when the price per marginal product is equal for all inputs.
10. About the elasticity of substitution, which of the following statements is NOT true?
 【A】 The elasticity of substitution is between $-\infty$ and $+\infty$.
 【B】 It measures how easy a profit-maximizing firm can substitute one input for another.
 【C】 The value of the elasticity of substitution is zero when a production technology exhibits fixed proportions.
 【D】 It is defined as the percentage change in K/L divided by the percentage change in MRTS along an isoquant.
 【E】 A constant elasticity of substitution production function yields some positive constant elasticity of substitution.
11. Which one of the following countries has never been on the list of top 10 economies ranked by nominal GDP in recent 5 years?
 【A】 Australia 【C】 China 【E】 Russia
 【B】 Brazil 【D】 Italy
12. Nations which have wide differences between GNP and GDP most likely are those that
 【A】 have a high level of imports and exports relative to GNP.
 【B】 purchase large amounts of military wares from other countries.
 【C】 have a large portion of their GNP produced by multinational corporations.
 【D】 have a large number of citizens working abroad.

(請翻次頁，繼續作答)

第二部份：計算、說明題（共 40 分）

- (1) 請標示清楚，並將所有過程、步驟交代清楚；沒有說明過程者，不給分。
- (2) 如果沒有特別指示，請將答案約分至最簡分數表示。

Part II：計算、說明題

1. Danny's Doorstops, Inc. (DD) is a monopolist in the doorstop industry. Its cost is $C = 100 - 5Q + Q^2$, and demand is $P = 55 - 2Q$.

- (1) What price should DD set to maximize profit? What output does the firm produce? How much profit and consumer surplus does DD generate? (3+3+2+2 points)
- (2) What would output be if DD acted like a perfect competitor and set $MC = P$? What profit and consumer surplus would then be generated? (4+3+3 points)

2. The International Monetary Fund's (IMF) Executive Board has included China's yuan, or RMB as it's also known, in an exclusive group of currencies that make up the basket of the IMF's Special Drawing Rights (SDR).

- (1) What exactly is the SDR? (4 points)
- (2) Some economists anticipate RMB to strengthen after its inclusion, but some do not. Discuss what their alternative arguments are. (3+3 points)

3. A Keynesian economy is described by the following equations.

$C = 250 + 0.5(Y - T) - 250r$	(Consumption)
$I = 250 - 250r$	(Investment)
$G = 300$	(Government expenditure)
$T = 300$	(Taxes)
$L = 0.5Y - 500r + \pi^e$	(Real money demand)
$M = 3000$	(Nominal money supply)
$\bar{Y} = 1250$	(Full-employment output)
$\pi^e = 0$	(Expected inflation)

where r is the interest rate. Starting from the equilibrium, suppose government purchases increase to 350 with no change in taxes.

- (1) What does a **crowding-out effect** stand for from this change? (2 points)
- (2) Calculate the size of this crowding-out in the short run. (4 points)
- (3) Calculate the size of this crowding-out, if there's any, in the long run. (4 points)