

香港考試及評核局
HONG KONG EXAMINATIONS AND ASSESSMENT AUTHORITY

香港中學文憑考試
HONG KONG DIPLOMA OF SECONDARY EDUCATION EXAMINATION

練習卷
PRACTICE PAPER

經濟 試卷一
ECONOMICS PAPER 1

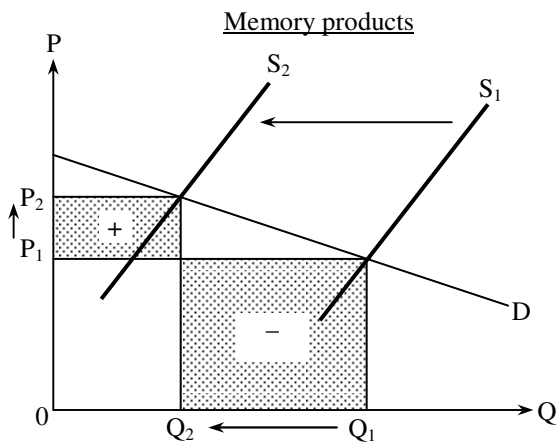
題號 Question No.	答案 Key	題號 Question No.	答案 Key
1.	A	21.	C
2.	D	22.	A
3.	B	23.	A
4.	A	24.	C
5.	C	25.	C
6.	D	26.	A
7.	B	27.	B
8.	D	28.	D
9.	B	29.	D
10.	C	30.	B
11.	C	31.	A
12.	B	32.	C
13.	D	33.	D
14.	A	34.	A
15.	B	35.	A
16.	D	36.	B
17.	C	37.	B
18.	B	38.	C
19.	D	39.	A
20.	C	40.	D



Section A

- | | Marks |
|--|--------------|
| 1. To Peter: The bookmark was the price/cost he paid for the earlier availability of the book. | (2) |
| To Mary: The bookmark was the premium/compensation she received for deferring consumption. | (2) |
| 2. Horizontal integration: both firms are producing same type of goods.
Possible motives: | (2) |
| – Better utilisation of resources | } 1@; max: 3 |
| – Economies of scale | |
| – Benefit derived from brand name | |
| – Increase market share | |
| – Any other relevant point | |
| [Mark the FIRST THREE points only.] | |

3. Indicate in the diagram:
- supply curve shifts to the left (1)
 - loss > gain (2)



- Verbal elaboration:
- Supply decreases. (1)
 - The condition is: elastic demand for the memory products. (1)
 - % decrease in quantity demanded is greater than % increase in price. (2)

Marks

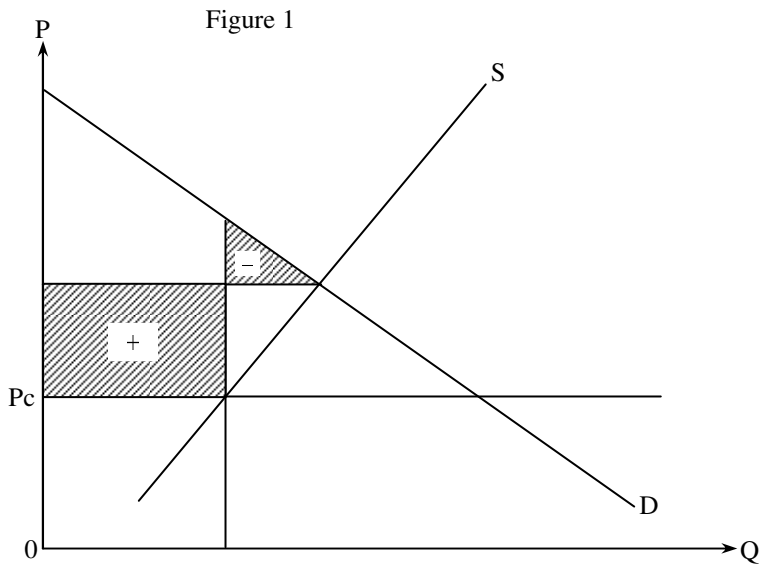
4. (a) Deadweight loss is the loss in the total social surplus or the potential gains not fully captured when marginal benefit does not equal marginal cost. (2)

(b)(i) Yes. (1)

Indicate in the diagram:

- gain of consumer surplus (+) (1)

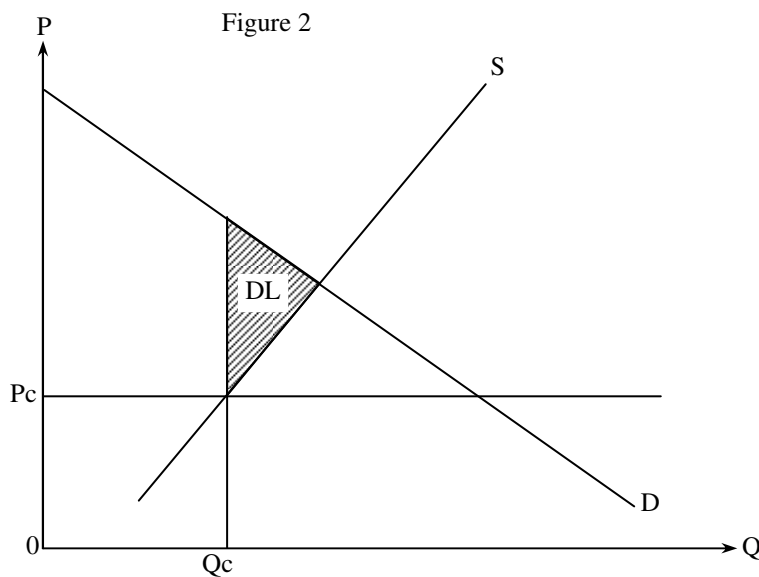
- loss of consumer surplus (-) (1)



(b)(ii) Indicate in the diagram:

- deadweight loss (DL) (1)

- quantity is Q_c (1)



Verbal elaboration:

- No. (1)

- When price is set below equilibrium, the quantity transacted will be reduced. (1)

- Marginal cost of sellers is lower than marginal benefit of consumers./ There is deadweight loss. (1)

- Marks**
5. His income is counted in HK's GDP because it is derived from the current production carried out by a resident producing unit in Hong Kong. (1)
(2)
6. Unemployment rate = number of unemployed ÷ labour force × 100% (1)
Labour force increases (1)
while the number of unemployed remains unchanged (1)
and the unemployment rate will decrease. (1)
7. Depression (Trough) (1)
Phenomena:
– Employment is at a low level. /Unemployment is at a high level.
– Inflation is at a low level. /There may be deflation.
– Aggregate demand is at a low level.
– Business confidence is at a low level.
[Mark the FIRST THREE points only.] } 1@; max: 3
8. Medium of exchange: Cheques serve as a medium to facilitate people's buying and selling of goods and services. (2)
Store of value: Demand deposits enable people to store up the purchasing power for future spending on goods and services. (2)
9. (a) Total output that can be produced when both countries specialize in producing food or computers:
- | | Food | Computers |
|-----------|----------------------|------------------------|
| Country A | $100 \times 2 = 200$ | $50 \times 2 = 100$ |
| Country B | $200 \times 3 = 600$ | $100 \times 3/2 = 150$ |
- } (2)
- Country B enjoys an absolute advantage in producing food. (1)
- (b) The opportunity cost of producing 1 unit of food in Country A
= $100/200 = 0.5$ units of computer (1)
- The opportunity cost of producing 1 unit of food in Country B
= $150/600 = 0.25$ units of computer (1)
- ∴ Country B has a lower opportunity cost in producing food, so it enjoys a comparative advantage in producing food. (1)
10. (a) Decrease (as the price of the trip to Europe will increase) (1)
(b) Decrease (as HKD will depreciate against Euro) (1)
(c) Uncertain (as price in terms of HKD will increase and quantity will drop) (1)

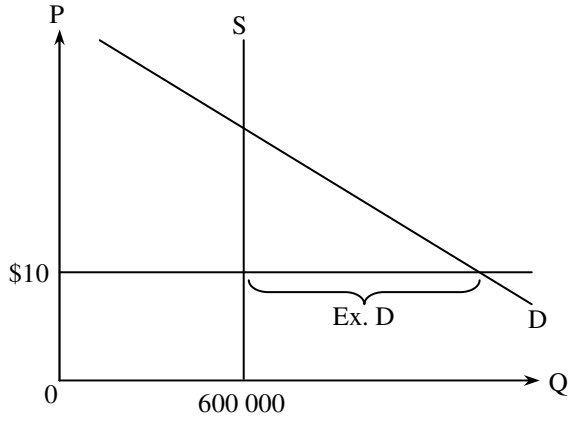
Section B

	Marks
<p>11. (a) Division of labour/Specialisation Reasons:</p> <ul style="list-style-type: none"> - practice makes perfect - choose the most suitable persons for the job - save time in training - save time in job rotation - Any other relevant point <p>[Mark the FIRST THREE points only.]</p>	<p>(1)</p> <p>} 1@; max: 3</p>
<p>(b) Yes.</p> <ul style="list-style-type: none"> - Knowledge is non-rival in consumption. A person's consumption will not reduce the amount available to others. - Knowledge is non-excludable in consumption. It is too costly to exclude others from consuming that. 	<p>(1)</p> <p>} either one; max: 2</p>
<p>(c) Oligopoly Features:</p> <ul style="list-style-type: none"> - a few dominant sellers - interdependence of policies - non-price competition - barriers to entry - Any other relevant point <p>[Mark the FIRST TWO points only.]</p> <p>OR</p> <p>Monopolistic competition Features:</p> <ul style="list-style-type: none"> - many sellers - heterogeneous goods - imperfect market information - free entry and exit - Any other relevant point <p>[Mark the FIRST TWO points only.]</p>	<p>(1)</p> <p>(1)</p> <p>(1)</p> <p>(1)</p> <p>(1)</p> <p>(1)</p> <p>(1)</p> <p>(1)</p> <p>(1)</p> <p>(1)</p> <p>} either one; max: 3</p>
<p>(d) - The STAS increases the income of the needy students' families while the rich families cannot enjoy this benefit.</p> <ul style="list-style-type: none"> - The STAS will help equalize opportunities as it helps the needy students further their studies. - Education can increase future income of the needy students so it may help narrow the income gap over time. - Any other relevant point 	<p>} 2@; max: 4</p>

12. (a)(i) Indicate in the diagram:
- vertical supply curve at 600 000
 - price set below equilibrium at \$10
 - excess demand/shortage

(1)
(1)
(1)

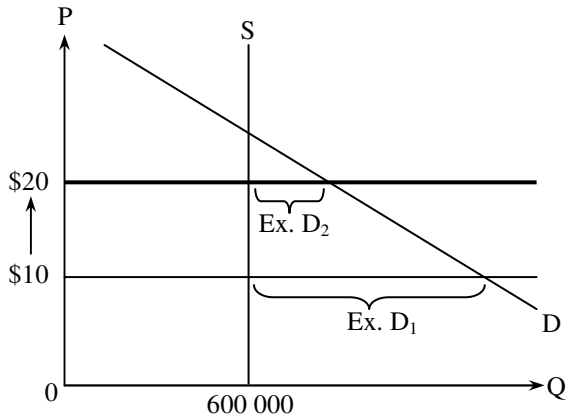
Exhibition



- (a)(ii) Measure one: raise the ticket price
- Indicate in the diagram:
- higher price
 - smaller shortage

(1)
(1)
(1)

Exhibition



Marks

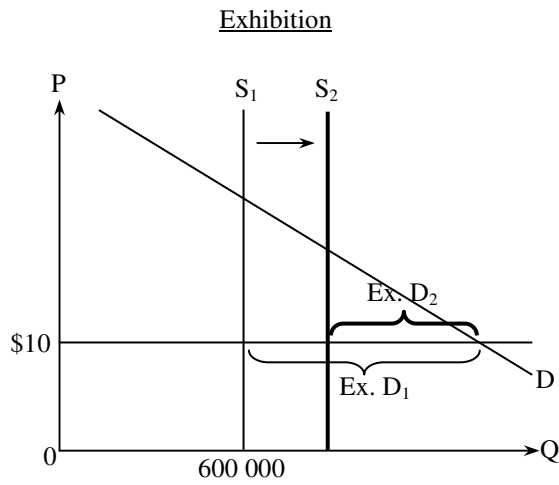
Measure two: issue more tickets/extend the exhibition period

(1)

Indicate in the diagram:

- supply curve shifts to the right
- smaller shortage

(1)
(1)



(b)(i) Rationing function: tickets were distributed to the buyers who were willing to pay at least \$200.

(1)

(b)(ii) Possible perspectives:

Government:

- Increasing the ticket price can reduce ticket-touting as well as increase the total revenue of the exhibition.

(2)

Society/efficiency:

- less time wasted on queue lowers the efficiency loss.

(2)

Consumers:

- Smaller shortage implies easier to get a ticket.
- Higher price will result in a lower consumer surplus.

(2)
(2)

Touts:

- The resale of the ticket is less profitable so fewer people engage in ticket-touting.

(2)

- Any other relevant point

(2)

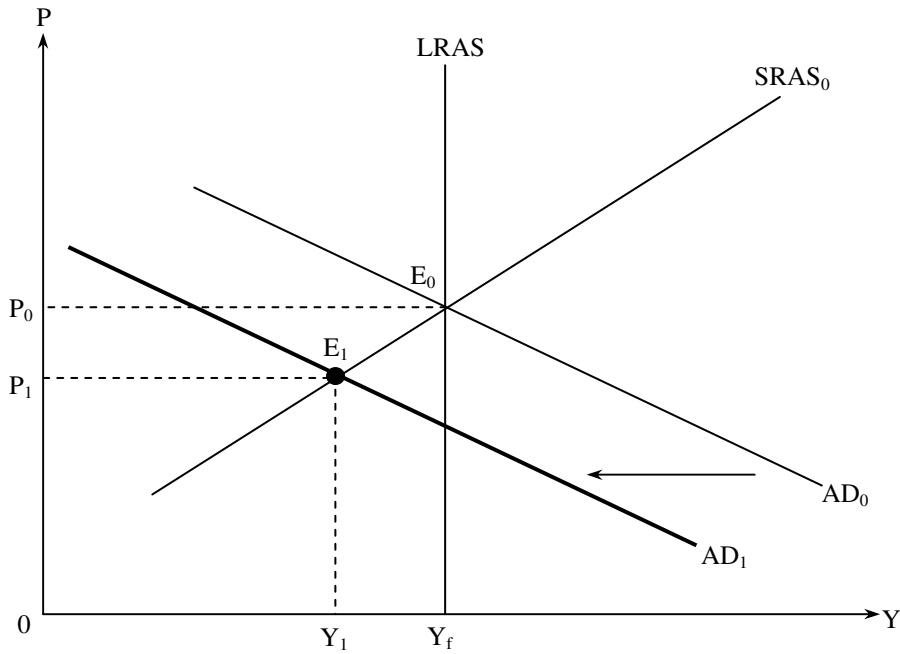
} 2@; max: 4

Note: Candidates are expected to show their stand and support it with well-reasoned arguments.

13. (a) Sticky wage rates:
 Output prices increase faster than input prices and firms are profitable to produce more output.
 (Other approaches also accepted.)

Marks
 (1)
 (2)

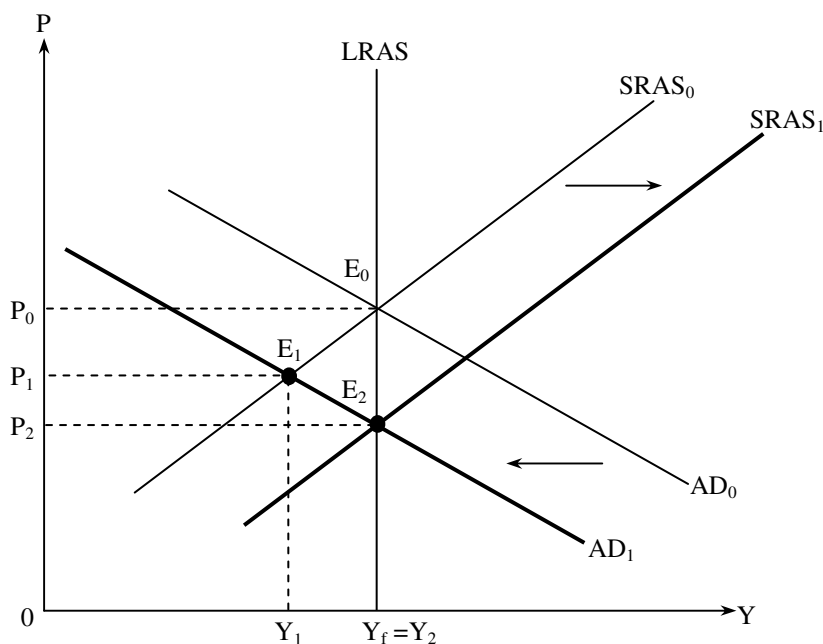
- (b) Indicate in the diagram:
 – AD curve shifts to the left (1)
 – lower P and Y (1)



Verbal elaboration:

- A fall in asset prices will reduce wealth so consumption will drop./ Investors may lose their confidence so investment will drop. (2)
- AD will decrease. (1)
- Output and price levels will drop. (1)

- (c) Indicate in the diagram:
 – SRAS₁ shifts to the right (1)
 – Y back to Y_f with a lower P (1)



Verbal elaboration:

- The excess supply in factor market/ deflationary (output) gap will eventually lower input prices. (1)
- The drop in input prices will increase the short run aggregate supply. (1)
- The price level will drop until aggregate output is restored to full employment level. (1)

14. (a) Monetary base = \$1 000 million + \$500 million = \$1 500 million (1)
 Money supply = \$4 000 million + \$500 million = \$4 500 million (1)

- (b)(i) No, because (1)
 the policy affects neither the amount of reserves nor the cash held by the general public. (1)

- (b)(ii) Before the policy change, the minimum reserve ratio = $\frac{\$1\,000\text{million}}{\$4\,000\text{million}} = 0.25$ (1)

The new minimum reserve ratio = 0.25 – 0.05 = 0.2 (1)

The banks will lend out the excess reserves.

New deposits = \$1 000 million $\times \frac{1}{0.2}$ = \$5 000 million (1)

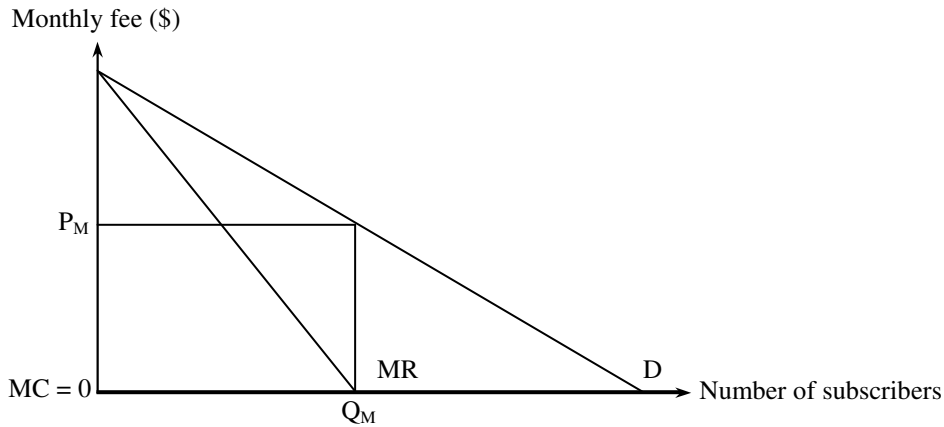
New money supply = \$500 million + \$5 000 million = \$5 500 million (1)

- (c) QTM: $M\bar{V} = PY$, where M = money stock, V = velocity of circulation of money, P = general price level and Y = real output (1)
 Assuming Y is constant in long run, (1)
 an increase in M will result in a rise in P by the same percentage. (2)

Section C

Marks

15. (a)(i) Indicate in the diagram:
- Marginal revenue (MR) curve below demand curve (1)
 - Marginal cost (MC) = 0 (1)
 - Output (Q_M) and price (P_M) correctly indicated (1)

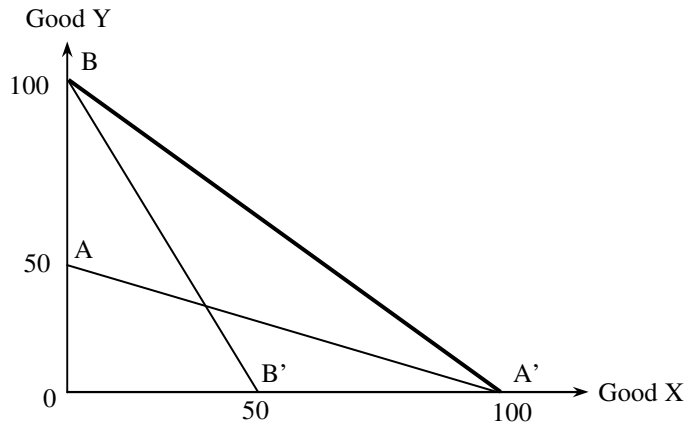


Verbal elaboration:

- To maximize profit, the monopoly will produce at an output level when $MR = MC (= 0)$ (1)
 - and charge a price according to the demand curve where MR is $0/\text{elasticity} = 1/\text{mid-point}$ of the demand curve. (1)
- (a)(ii) Yes, because (1)
marginal benefit is larger than marginal cost./there is deadweight loss. (2)
- (b)(i) Price discrimination means that same good produced at same cost is sold at different prices to different groups of customers. (2)
The above practice constituted price discrimination, because (1)
new subscribers and existing ones are charged different prices for the same programme. (1)
- (b)(ii) - lower the prices of products
- reduce deadweight loss
- enhance the competitiveness of the industry
- provide legal ground for fighting anti-competitive behaviour
- Any other relevant point
[Mark the FIRST TWO points only.]

} 2 @ max: 4

16. (a)(i) Uncertain, because
there is no information about the amount of resources held by both countries. (1)
(1)
- (a)(ii) Indicate in the diagram:
- Production point of country A (A' ,0) or (100, 0) (1)
 - Production point of country B (0,B) or (0, 100) (1)
 - Consumption possibility frontier of country A (BA') (1)
 - Consumption possibility frontier of country B (BA') (1)



- (a)(iii) Yes, because
both countries may consume beyond their own production possibility curves. (1)
(1)
- (b)(i) Longer life expectancy (2)
Higher literacy rate (2)

- (b)(ii) - Income is less evenly distributed.
- A larger proportion of total output consists of national defence and capital goods.
- There are more problems of pollution.
- The people enjoy less leisure.
- There are fewer non-marketed/unreported goods.
[Mark the FIRST TWO points only.]

} 2 @ max: 4