

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



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 試卷二
ECONOMICS PAPER 2

評卷參考
MARKING SCHEME

(2012年2月28日修訂稿)
(updated as at 28 Feb 2012)

本評卷參考乃香港考試及評核局專為本科練習卷而編寫，供教師和學生參考之用。學生不應將評卷參考視為標準答案，硬背死記，活剝生吞。這種學習態度，既無助學生改善學習，學懂應對及解難，亦有違考試着重理解能力與運用技巧之旨。

This marking scheme has been prepared by the Hong Kong Examinations and Assessment Authority for teachers' and students' reference. This marking scheme should NOT be regarded as a set of model answers. Our examinations emphasise the testing of understanding, the practical application of knowledge and the use of processing skills. Hence the use of model answers, or anything else which encourages rote memorisation, will not help students to improve their learning nor develop their abilities in addressing and solving problems.



Marking Scheme

General Notes for Teachers on Marking

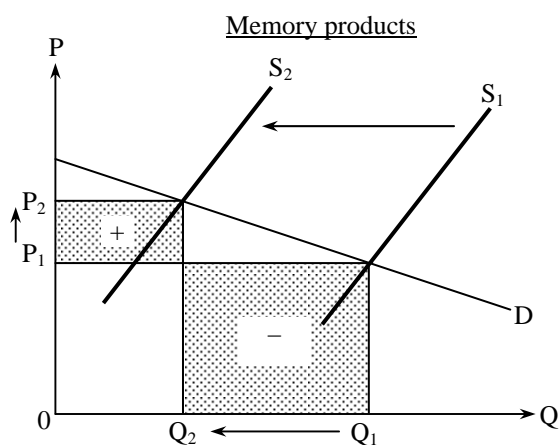
1. This marking scheme has been updated, with revisions made after the scrutiny of actual samples of student performance in the practice papers. Teachers are strongly advised to conduct their own internal standardisation procedures before applying the marking schemes. After standardisation, teachers should adhere to the marking scheme to ensure a uniform standard of marking within the school.
2. The marking scheme may not exhaust all possible answers for each question. Teachers should exercise their professional discretion and judgment in accepting alternative answers that are not in the marking scheme but are correct and well reasoned.
3. The following symbols are used:

/	A single slash indicates an acceptable alternative within an answer.
@	The number in front of the symbol indicates the marks for each point.
max	Maximum mark for the question/sub-question

4. In questions asking for a specified number of reasons or examples etc. and a student gives more than the required number, the extra answers should not be marked. For instance, in a question asking students to provide two examples, and if a student gives three answers, only the first two should be marked.

Section A

- | | Marks |
|--|---|
| 1. To Peter: The bookmark was the price/cost he paid for the earlier availability of the book.
To Mary: The bookmark was the premium/compensation she received for deferring consumption. | (2)
(2) |
| 2. Horizontal integration: both firms are producing same type of goods.
Possible motives: <ul style="list-style-type: none"> - Better utilisation of resources - Economies of scale - Benefit derived from brand name - Increase market share - Any other relevant point [Mark the FIRST THREE points only.] | (2) <div style="display: inline-block; vertical-align: middle; font-size: 3em; margin-left: 10px;">}</div> 1@; max: 3 |
| 3. <u>Indicate in the diagram:</u> <ul style="list-style-type: none"> - supply curve shifts to the left - loss > gain | (1)
(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

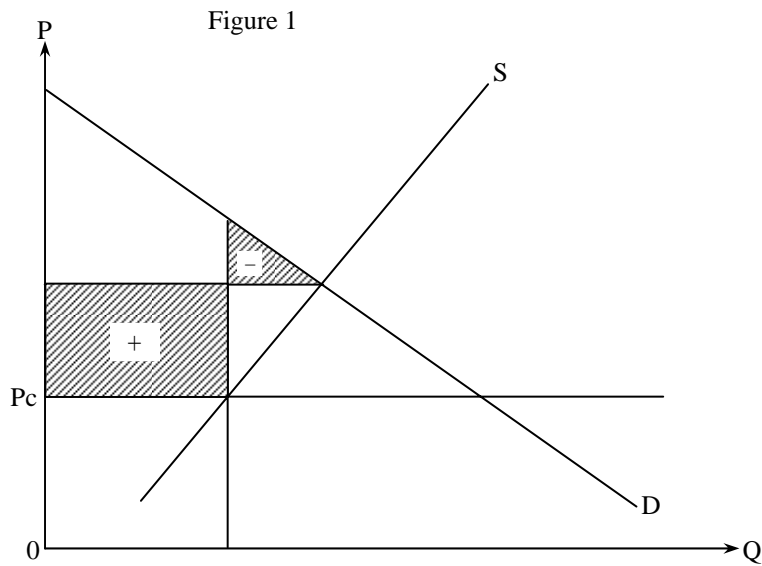
4. (a) Deadweight loss is the loss in the total social surplus or the potential gains not fully captured when marginal benefit does not equal marginal cost. (2)

(b)(i) Yes. (1)

Indicate in the diagram:

- gain of consumer surplus (+) (1)

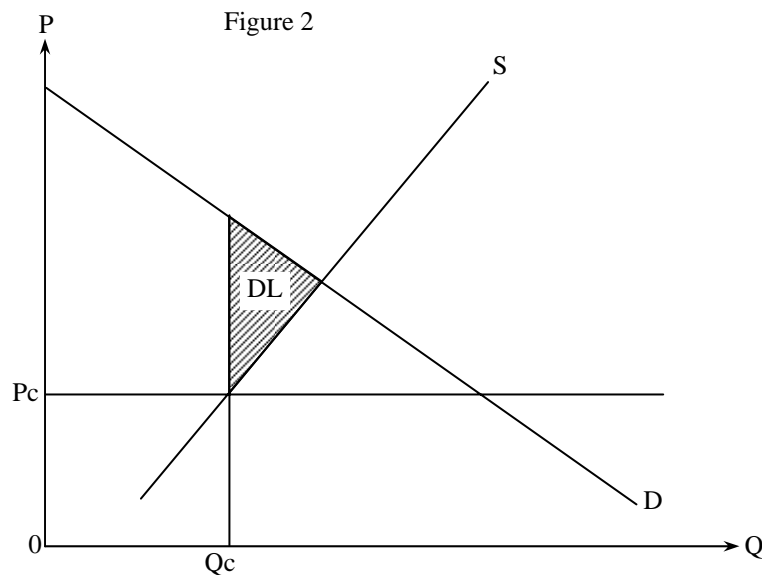
- loss of consumer surplus (-) (1)



(b)(ii) Indicate in the diagram: (1)

- 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)

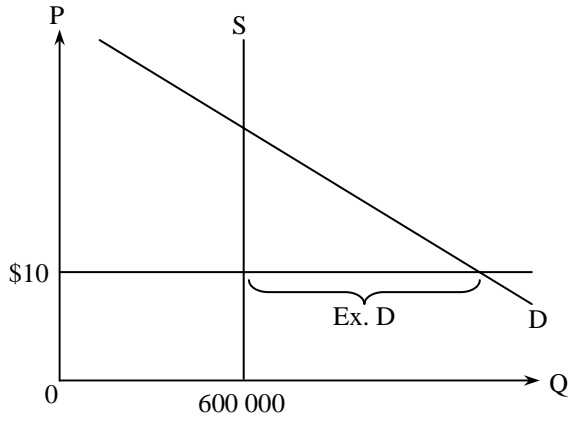
Section B

	Marks
11. (a) Division of labour/Specialisation Reasons: <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 [Mark the FIRST THREE points only.]	(1) } 1@; max: 3
(b) Yes. <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. 	(1) } either one; max: 2
(c) Oligopoly Features: <ul style="list-style-type: none"> – a few dominant sellers – interdependence of policies – non-price competition – barriers to entry – Any other relevant point [Mark the FIRST TWO points only.] OR Monopolistic competition Features: <ul style="list-style-type: none"> – many sellers – heterogeneous goods – imperfect market information – free entry and exit – Any other relevant point [Mark the FIRST TWO points only.]	(1) (1) (1) (1) (1) (1) (1) (1) (1) (1) } either one; max: 3
(d) – The STAS increases the income of the needy students’ families while the rich families cannot enjoy this benefit. – 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	} 2@; max: 4

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)

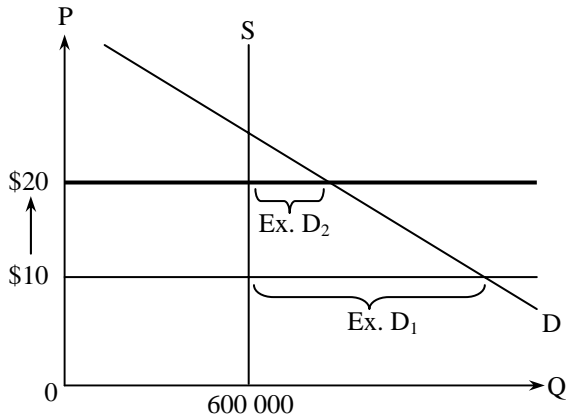
Exhibition



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

- (1)
(1)
(1)

Exhibition



Marks

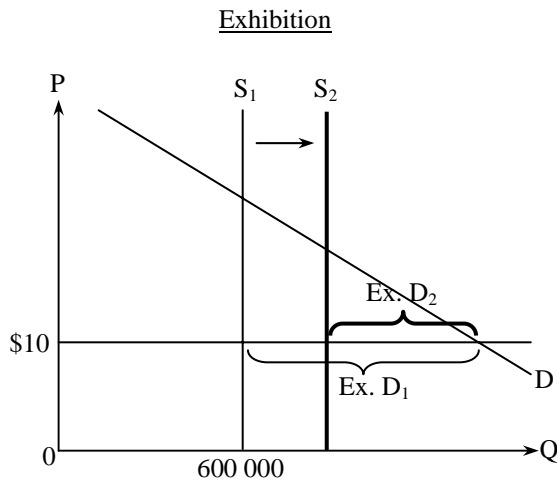
Measure two: issue more tickets/extend the exhibition period

(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

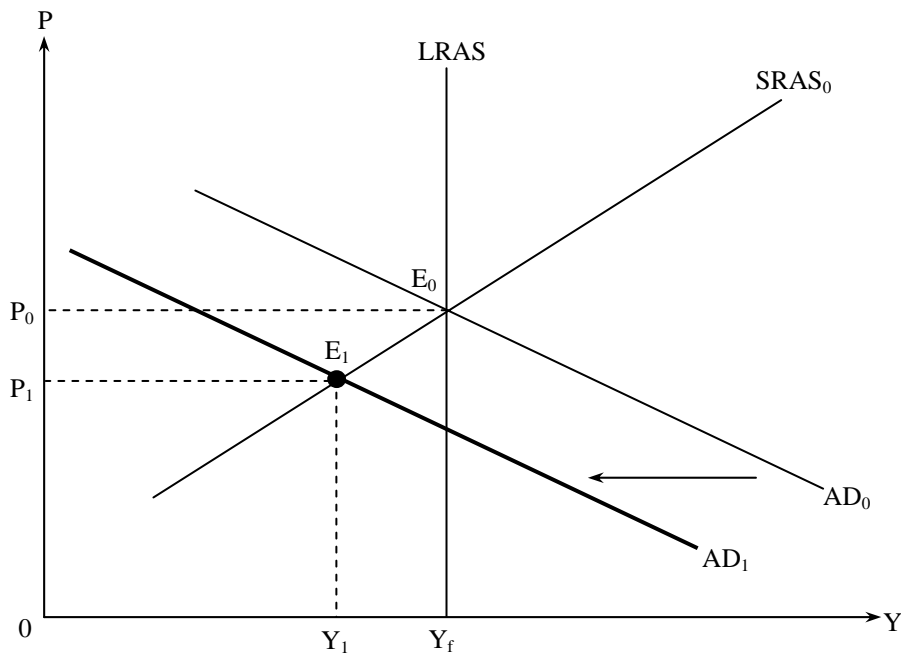
(2)

} 2@; max: 4

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

13. (a) Sticky wage rates: (1)
 Output prices increase faster than input prices and firms are profitable to produce more output. (2)
 (Other approaches also accepted.)

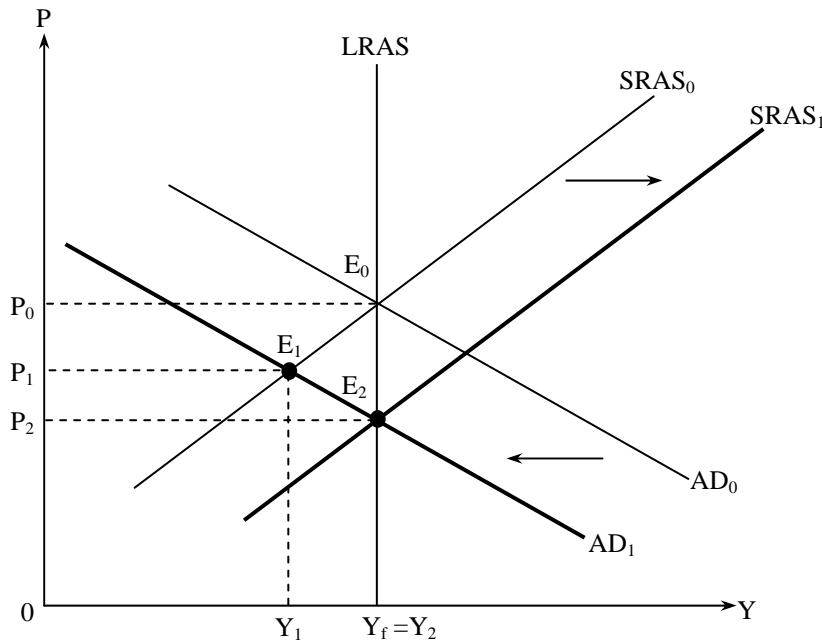
- (b) Indicate in the diagram:
 – AD curve shifts to the left (1)
 – lower P and Y (1)



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)

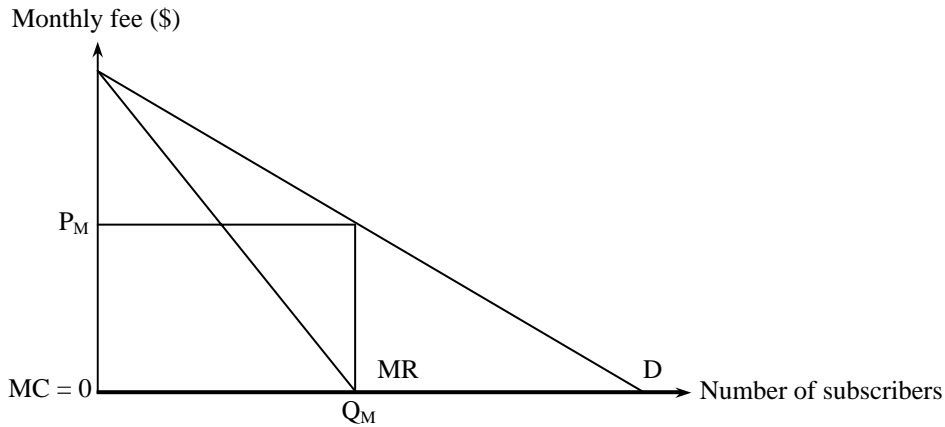
New money supply = \$500 million + \$5 000 million = \$5 500 million (1)

- (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)

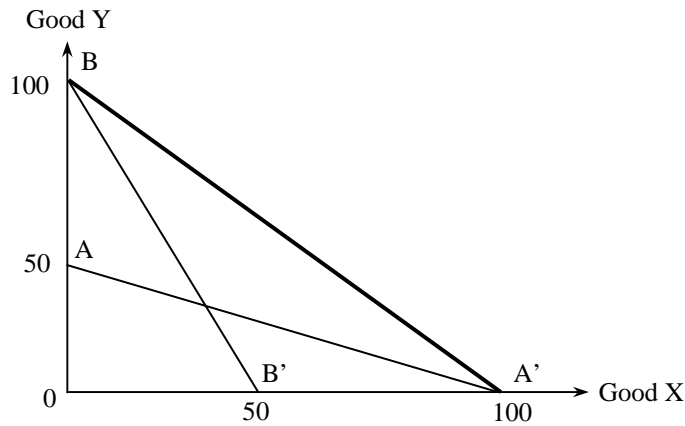


Verbal elaboration:

- 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/elasticity = 1/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