

FUKIEN SECONDARY SCHOOL
S4 First Term Uniform Test (2020-2021)
Economics
(1 hour)

Date: 21st October 2020

Name: _____

Time: 10:30 a.m.-11:30 a.m.

Class: _____ No.: _____

Instructions to Students

1. This paper must be answered in English.
2. When told to open this book, you should check that all the questions are there. Look for the words '**END OF PAPER**' after the last question.
3. This paper consists of two sections, A and B.
4. Section A is Multiple-choice Questions. There are **18** questions in this section. Attempt **ALL** questions. You should mark all your answers on the Multiple-choice Answer Sheet. All questions carry equal marks. You should mark only **ONE** answer for each question. If you mark more than one answer, you will receive **NO MARKS** for that question. No marks will be deducted for wrong answers. The section carries 30% of the whole paper.
5. Section B is Structured Questions. There are **7** questions in this section. Attempt **ALL** questions. All answers in this section should be put in the spaces provided in this question-answer book. This section carries 70% of the whole paper.

Question No.	Marker's Use Only
	Marks
1	/ 6
2	/ 3
3	/ 8
4	/ 4
5	/ 3
6	/ 4
7	/ 14
Total	/ 42

Section	Total Marks	Weighted Marks
A	/ 18	/ 30
B	/ 42	/ 70
Total		/ 100

Section A Multiple-choice Questions (30%, 18 marks)

There are **18** questions in this section. Choose the **BEST** answer for each question.

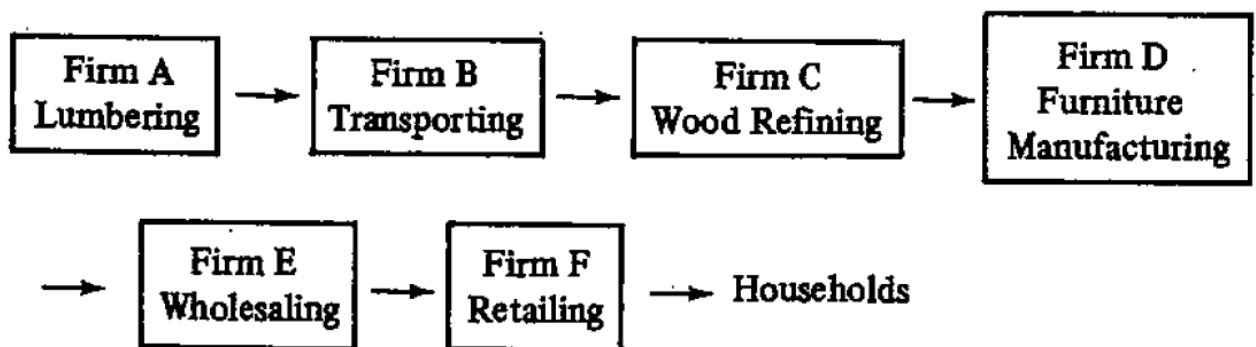
1. The presence of competition implies
 - (1) scarcity.
 - (2) the existence of market price.
 - (3) there is no such thing as a free good.
 - A. (1) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)

2. Yoyo and Brian are bus drivers of a bus company. They earn the same salaries. Which of the following statements is correct?
 - A. Their costs of quitting their jobs are the same as they have the same salaries.
 - B. Their costs of quitting their jobs would increase if the bus company raises their salaries.
 - C. Their costs of working as a bus driver would increase if the bus company raises their salaries.
 - D. Their costs of working as a bus driver would decrease if there are more job opportunities in the economy.

3. In 2016, the Hong Kong Housing Authority launched the Green Form Subsidised Home Ownership Pilot Scheme (「綠置居」) to sell flats to eligible applicants at a relatively low price. The current tenants of public rental housing are eligible to apply.
Which of the following statements about the scheme are correct?
 - (1) The allocation of flats involves competition.
 - (2) If the buyers are forbidden to re-sell the flats within 5 years under the scheme, the private property rights of the flats are weakened.
 - (3) The scheme is concerned about the “for whom to produce” question only in Economics.
 - A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)

4. Which of the following is/ are a positive statement(s)?
- (1) The price level and the exchange rate of domestic currency are inversely related.
 - (2) Protecting consumer rights is important in a market economy.
 - (3) All citizens should participate in the Universal Community Testing Programme.
- A. (1) only
B. (1) and (3) only
C. (2) and (3) only
D. (1), (2) and (3)
5. When a planned economy is transformed into a market economy,
- (1) the general standard of living will rise.
 - (2) all resources are allocated by the price mechanism.
 - (3) a larger proportion of resources will be privately owned.
 - (4) more basic economic problems will be solved by the market mechanism.
- A. (1) and (2) only
B. (1) and (3) only
C. (2) and (4) only
D. (3) and (4) only
6. The classrooms in a school are
- A. economic goods because people have wants for them.
 - B. public goods because many students enjoy the services.
 - C. producer goods because they assist schools to provide education services.
 - D. free goods because they are free to use.
7. Which of the following statements about interest are correct?
- (1) Interest refers to the return from natural resources.
 - (2) If people are patient to wait, interest may not exist.
 - (3) Interest exists in a one-man economy.
- A. (1) and (2) only
B. (1) and (3) only
C. (2) and (3) only
D. (1), (2) and (3)

8. Which of the following can be classified as consumption?
- A. revising before an examination
 - B. reading a TV magazine
 - C. studying instruction on how to operate a photocopier
 - D. filling-in a job application form
9. Which of the following is the best example of an entrepreneur?
- A. a millionaire
 - B. the Chief Executive
 - C. a principal
 - D. a hawker
10. Which of the following statements about the returns of entrepreneurship is correct?
- A. They can be determined before sales have been made.
 - B. They can be positive or negative.
 - C. They are much higher than the returns of other factors of production.
 - D. They do not vary with the business performance of the firm.
11. The following shows the production stages of furniture manufacturing.
Which firms belong to the tertiary production?



- A. Firms A, B and C
- B. Firms A, C and D
- C. Firms B, E and F
- D. Firms D, E and F

12. Which of the following statements about labour mobility are **INCORRECT**?
- (1) When the government legislates to require the practitioners of more industries to have professional qualification, occupational mobility of labour will increase.
 - (2) When the government improves transportation facilities, occupational mobility of labour will increase.
 - (3) The occupational mobility of a lawyer is lower than that of a salesperson because the lawyer has already spent a large amount of tuition fee and time on studying the legal curriculum.
- A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)
13. Which of the following policies will increase labour supply?
- A. The government relaxes the requirement on immigrants.
 - B. The government increases the places provided by universities and other tertiary institutions.
 - C. The government implements the policy of maximum working hours.
 - D. The government increases the number of statutory paternity leaves from three days to five days.
14. Private tuition is usually paid by time rates because
- A. the incentive to work is stronger.
 - B. better examination results are guaranteed.
 - C. the tuition fee is less.
 - D. the output is difficult to measure.
15. Which of the following are the topics of microeconomics?
- (1) People need to make choices in face of scarcity.
 - (2) The unemployment rate of a country increases during economic recession.
 - (3) The sales revenues of firms increase during big sales.
 - (4) Inflation will cause income redistribution between lenders and borrowers.
- A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (4) only
 - D. (3) and (4) only

16. _____ is/are a necessary condition for _____.
- (1) Specialisation ... exchange
 - (2) Exchange ... specialisation
 - (3) Well-defined private property rights ... market exchange
 - (4) Well-defined private property rights ... competition
- A. (1) and (3) only
- B. (1) and (4) only
- C. (2) and (3) only
- D. (2) and (4) only
17. Which of the following about land and capital is correct?
- A. The supply of capital can be decreased by human effort but that of land cannot.
- B. Both land and capital can be capital goods.
- C. The opportunity cost of using capital is positive but that of using land is zero.
- D. Land is more occupationally immobile than capital.
18. Which of the following can be a negative number?
- A. capital formation
- B. capital depreciation
- C. capital accumulation
- D. none of the above

Section B Structured Questions (70%, 42 marks)

1. Ginny has a large amount of money in Hong Kong and has the following investment options in preference order:

First preference:	investing in shares of ABC Company
Second preference:	depositing in banks
Third preference:	purchasing a residential apartment

Analyse whether Ginny's opportunity cost of investing in shares of ABC Company will *necessarily* remain unchanged if

- (a) an interest tax is imposed on bank deposits by the HKSAR government.
 (b) the market value of the residential apartment increases after Ginny purchased it. (6 marks)

2. Refer to the following news extract.

The British Museum and the Hong Kong Heritage Museum jointly organized an exhibition in Hong Kong. The exhibition tells the story of human civilisation using 100 objects selected from the collections of the British Museum, including Japanese artist Hokusai's famous woodblock print “*Under the Wave off Kanagawa*” 《神奈川沖浪裏》.



Explain whether the famous woodblock print “*Under the Wave off Kanagawa*” displayed in the exhibition in Hong Kong is a public good. (3 marks)

3. The table below shows the data of Country A and Country B over a certain period:

	Country A	Country B
Number of workers	100	80
Average working hours per worker	25	50
Total output (units)	7 500	8 000

- (a) Explain whether Country B has a higher average labour productivity than Country A. Show your workings. (5 marks)
- (b) State **THREE** possible reasons to explain the difference between the labour productivity of Country A and Country B. (3 marks)

4. Ericson has bought a small drone (小型無人駕駛飛機) from abroad. However, it is regulated by the Civil Aviation Department that Unmanned Aircraft Systems shall normally not be flown within the Aerodrome Traffic Zone (機場交通區域) or within 5 km of any aerodrome.

- (a) What are private property rights? (3 marks)
- (b) Explain why the private property rights of Ericson over his drone may be weakened under the above situation. (1 mark)

5. When decorating the board in a classroom, different students perform different duties, such as drawing pictures, cutting the pictures and fixing the pictures onto the board instead of doing everything together. State **ONE** economic concept involved in the above arrangement and explain why the arrangement is beneficial. (3 marks)

6. Refer to the following news extract.

The government launched the Silver Bond for Hong Kong resident aged 65 or above. Holders of Silver Bond will be paid interest at a rate linked to inflation in Hong Kong, subject to a minimum rate of 2% per year. Holders of Silver Bond can only sell their bonds at original price to the government before maturity.

- (a) Suggest **ONE** basic economic problem which is involved in the above news extract. Explain your answer. (2 marks)
- (b) Joey stated that holders should be allowed to sell their bonds at market price. Explain whether the above statement is a positive statement. (2 marks)

Source A: Comparison between different transports from Diamond Hill to Tai Wai

	Tuen Ma Line Phase 1	Minibus
Ticket price (\$)	3.9	2.9
Travel Time (minutes)	9	15

Source B: Advertisement on employing Tuen Ma Line Phase 1 Programmer

Working hours: 9 a.m. to 6 p.m.

Salary: \$22 000 each month + Performance-based bonus

- (b) Explain how the opening of Tuen Ma Line Phase 1 service will affect the labour mobility. (3 marks)

With reference to Source B,

- (ii) In the view of employers, explain **ONE** advantage of the above wage payment method over time rate. (2 marks)

- (iii) In the view of employees, explain **ONE** advantage of the above wage payment method over profit-sharing scheme. (2 marks)

[illegible]

- END OF PAPER -