

FUKIEN SECONDARY SCHOOL  
S4 First Term Uniform Test (2021-2022)  
Economics  
(1 hour)

Date: 9<sup>th</sup> November 2021

Name: \_\_\_\_\_

Time: 10:15 a.m.-11:15 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	/ 3
2	/ 4
3	/ 5
4	/ 9
5	/ 4
6	/ 7
7	/ 10
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. Scarcity implies

- A. specialisation of production.
- B. all goods must have a high market price.
- C. competition and discrimination.
- D. limited resources and unlimited wants.

2. Water in the sea is \_\_\_\_\_ and the water in the desert is \_\_\_\_\_.

- A. a free good ... a free good
- B. an economic good ... an economic good
- C. an economic good ... a free good
- D. a free good ... an economic good

3. Which of the following is an example of normative statement?

- A. Prices of goods and services usually fall during economic recession.
- B. The price of crops usually increases during the drought.
- C. The Hong Kong Government provides 12-year free education to her citizens.
- D. Parents should not buy luxuries for their children.

4. When compared with a market economy, a command economy

- A. has more poor people.
- B. has more resources owned by the government.
- C. has more productive activities guided by price signals.
- D. has a more even income distribution.

5. Which of the following regarding private property rights is correct?

- A. Private property rights are totally absent in a planned economy.
- B. If private property rights are not well-protected, people may not engage in exchange.
- C. Private property rights still exist in a one-man economy.
- D. With well-defined private property rights, there will be no competition for goods and services.

6. Which of the following regarding producer goods and consumer goods is/are correct?

- (1) A good may be a producer good or a consumer good, depending on how it is used.
- (2) Consumer goods directly satisfy human wants while producer goods do not directly satisfy human wants.
- (3) Both consumer goods and producer goods must be private goods.

- A. (2) only
- B. (1) and (2) only
- C. (2) and (3) only
- D. (1), (2) and (3)

7. Private goods

- A. must have a high market value.
- B. are goods used to produce other goods and services.
- C. may be consumed by many individuals at the same time.
- D. have a positive cost of serving it to an additional consumer after they have been produced.

8. Interest

- A. is the price paid for earlier consumption.
- B. is the compensation paid to the borrower for delayed consumption.
- C. may exist in a society without scarcity.
- D. exists in barter economy only.

9. The Chan family plans to visit one of the following places on the coming Sunday. Their order of preference is as follows:

First choice:        the Hong Kong Disneyland  
Second choice:     the Ocean Park  
Third choice:        the Victoria Park Garden

Which of the following descriptions about the opportunity cost of the Chan family choice are correct?

- (1) The opportunity cost of the second choice is the same as that of the third choice.
  - (2) If the Victoria Park Garden offers more performance shows, the opportunity cost of visiting the Hong Kong Disneyland may increase.
  - (3) If the merry-go-round in the Hong Kong Disneyland is under repair, the opportunity cost of visiting the Ocean Park will drop.
- A. (1) and (2) only
- B. (1) and (3) only
- C. (2) and (3) only
- D. (1), (2) and (3)
10. Which of the following is a possible motive for a firm to change from a sole proprietorship to a private limited company?
- A. The profits tax rate will be lower.
- B. Financial information of the company can be kept secret.
- C. Shares of the company can be traded in the stock market.
- D. The owners can raise funds by inviting new shareholders to join the firm.
11. Tina, a small investor, prefers to buy shares of public limited companies rather than shares of private limited companies. This may be because
- A. she wants to transfer her ownership more easily.
- B. she wants to have a higher rate of return.
- C. she wants to enjoy limited liability.
- D. she wants to have the right to sue the company.

12. The supply of labour of an economy will decrease if

- A. the working environment is getting worse.
- B. there is a reduction in the number of public holidays in a year.
- C. more university graduates accept overseas job offers.
- D. fewer job vacancies are available.

13. Refer to the table.

	Firm X	Firm Y
Number of workers	X	Y
Average working hours of workers	10	12
Total output (units)	36 000	54 000

If the productivities of workers in both firms are the same, the ratio of X to Y would be

- A. 4 : 5.
- B. 5 : 4.
- C. 2 : 3.
- D. 3 : 2.

14. The table below shows the employment distribution of three countries in a certain year.

Country	A	B	C
Primary production	16.8%	4.4%	0.3%
Secondary production	55.3%	18.6%	35.6%
Tertiary production	28.9%	77.0%	64.1%
Total	100%	100%	100%

From the above table, we can conclude that

- A. in terms of employment, the tertiary sector is the largest sector in Country B and Country C.
- B. the number of people engaged in the tertiary sector in Country B is the largest.
- C. Country A is less developed than Country B and Country C.
- D. in Country A, the secondary sector contributed most to gross domestic product (GDP).

15. With division of labour,

- A. only workers with the highest productivity are employed.
- B. there is a lower degree of interdependence among production stages.
- C. training time of workers can be shortened.
- D. time in moving around tasks increases.

16. Which of the following is classified as “land”?

- A. fertilised soil
- B. trees in a rainforest
- C. rainfall resulting from cloud seeding (人工降雨)
- D. a piece of abandoned farmland

17. Which of the following is a difference between capital and land?

- A. Capital requires human effort in production while land does not.
- B. Capital may increase while the quantity of land is fixed.
- C. The use of capital involves costs while the use of land does not cost anything.
- D. Capital is occupationally mobile while land is not.

18. Geographical mobility of labour in Hong Kong increases if

- A. the government launches a large-scale retraining programme.
- B. the MTR Corporation lowers the fares of all routes.
- C. immigrating to Hong Kong becomes more difficult due to the tightening of immigration policies.
- D. some firms provide a housing allowance for staff living in distant districts.

1. It is observed that the prices of dinner buffets in hotels are higher at weekends. Using the fact that customers have more free time at weekends, explain, in terms of full cost, why some customers are still willing to have dinner buffets in hotels at weekends when the prices are higher. (3 marks)

1. It is observed that the prices of dinner buffets in hotels are higher at weekends. Using the fact that customers have more free time at weekends, explain, in terms of full cost, why some customers are still willing to have dinner buffets in hotels at weekends when the prices are higher. (3 marks)

(3 marks)

2. A government proposes to regulate the selling of duty-free cigarettes and alcohol by legislation, meaning all duty-free cigarettes and alcohol can only be sold to non-residents. What are private property rights? Why may the private property rights over the duty-free cigarettes and alcohol be weakened if the law is passed? Explain. (4 marks)

(4 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	10	15
Average working hours per worker	20	5
Total output (units)	800	600

Explain whether Country B has a higher average labour productivity than Country A. Show your workings.

(5 marks)

4. Mrs. Chow loves making handcraft products. She buys raw materials from Sham Shui Po and makes accessories herself. She sells the products herself through her online shop. She sometimes accesses free online teaching materials to learn new techniques of making accessories.

- Which types of production is Mrs. Chow involved in? Explain your answer. (4 marks)
- Explain whether the teaching materials Mrs. Chow accessed are public goods. (3 marks)
- Mrs. Chow's best friend, Mrs. Wong, suggests that she can help Mrs. Chow in some parts of her production of accessories. Explain with ONE reason why Mrs. Chow rejects this suggestion. (2 marks)



5. Some advertising companies employ graphic designers as “freelancers” and they are paid by the number of tasks completed.
- (a) From the viewpoint of the graphic designers, explain ONE advantage of using this wage payment method over the payment method of fixed monthly salary. (2 marks)
- (b) From the viewpoint of the company owners, explain ONE disadvantage of using this wage payment method over the payment method of fixed monthly salary. (2 marks)

The Government introduces the non-means-tested Public Transport Fare Subsidy Scheme to relieve the fare burden of commuters. From 1 April 2021, commuters with monthly public transport expenses in excess of \$200 are eligible for the subsidy. The Government will provide a subsidy for 25% of the actual public transport expenses exceeding \$200, subject to a maximum of \$500 per month.

- (a) 'Since the subsidies are given to eligible commuters free of charge, they are free goods.' Do you agree with the statement? Explain. (2 marks)
- (b) Commuters can collect the subsidy of the previous month by tapping their Octopus through channels including Subsidy Collection Points installed at each MTR station, convenient stores and supermarkets. Suppose the waiting time of collecting the subsidy is the same for these commuters. Explain, with an example, why the cost of collecting the subsidy is different to each commuter. (3 marks)
- (c) A politician said, 'To benefit more commuters, the government should also subsidise those commuters whose public transport expenses are lower than \$200.' Explain whether this statement is positive or normative. (2 marks)

[illegible]

7. Mr. Chan works for the Hong Kong Examinations and Assessment Authority.

- (a) To which type of enterprise does the Hong Kong Examinations and Assessment Authority belong? State TWO advantages of conducting examinations and assessments by this type of enterprise. (3 marks)
- (b) Mr. Chan goes to work by bus every day. The bus service is provided by the Kowloon Motor Bus Company (1933) Limited (KMB). KMB is a subsidiary of Transport International Holdings Limited (Hong Kong stock code: 0062). State the type of ownership of Transport International Holdings Limited and TWO features of this type of ownership. (3 marks)
- (c) Mr. Chan plans to invest some of his personal savings on shares or bonds issued by Transport International Holdings Limited. One of his friends suggests that he ought to choose bonds. Explain with TWO reasons why bonds could be a better choice than shares for Mr. Chan. (4 marks)

**- END OF PAPER -**

