

THE 13TH HONG KONG DIPLOMA OF SECONDARY EDUCATION MOCK EXAMINATION 2024
第十三屆全港 DSE 模擬試 2024

Economic
經濟

Paper 1

1. C	11. D	21. B	31. A	41. D
2. C	12. B	22. B	32. D	42. C
3. C	13. C	23. C	33. A	43. A
4. B	14. D	24. D	34. C	44. A
5. B	15. B	25. B	35. D	45. D
6. C	16. C	26. B	36. B	
7. C	17. C	27. A	37. D	
8. D	18. D	28. C	38. B	
9. C	19. C	29. C	39. B	
10. B	20. D	30. D	40. B	

Paper 2

Part A (44 marks)

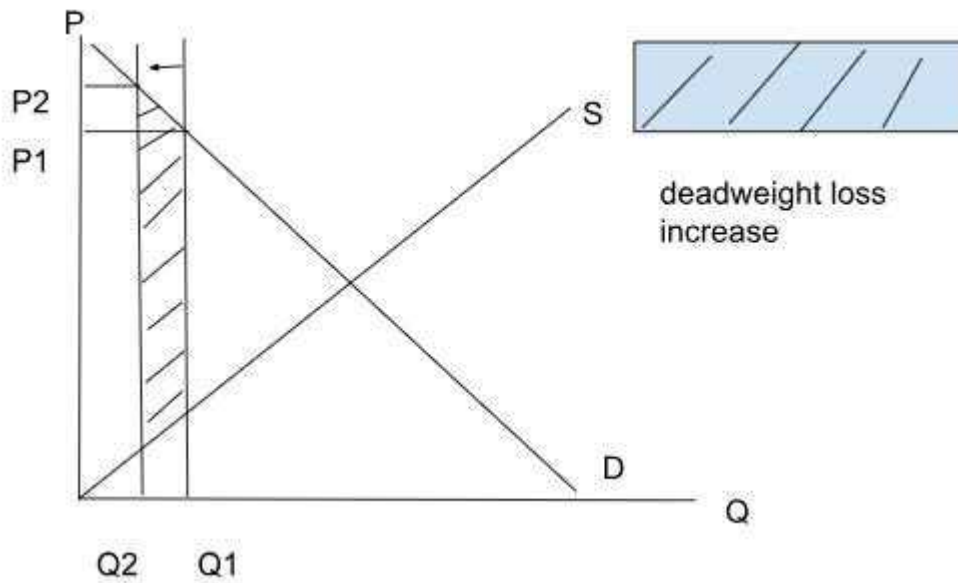
1. (a) No (1Mark)
- The opportunity cost of taking Hong Kong airline to Japan is its Money cost + Time cost, and the opportunity cost of taking Cathay Pacific to Japan is its Money cost + Time cost. Although the Money cost of taking Cathay Pacific is higher than taking Hong Kong airline, however the time cost of taking Cathay Pacific might lower than taking Hong Kong airline. (2 Marks)
- (b) (i)
- The opportunity cost of flying Hong Kong Airlines to Japan is the value of flying Cathay Pacific or the monetary cost and time cost of flying Hong Kong Airlines. Cathay Pacific's service quality is better than expected, which increases the value of flying Cathay Pacific and increases the opportunity cost. (2 Marks)
- (ii) The aircraft's time to enter the airflow is extended by one hour, which increases the time cost and therefore the opportunity cost. (2 Marks)
2. (a) Advantage :
- more ways to raise capital
 - limited liability
 - Other reasonable answer
- } Max:2 marks
- (b) Advantage: Stable salary (2 Marks)
- Disadvantage: lower incentive, cannot gain more if they are hardworking (2 Marks)
- any reasonable answer
3. (a) Country B (1 Marks)
- (b) No, We can't. Since we don't have the total income of those two country, we can't conclude which country of 30%lowest income household have lower income. (2 Marks)

4. Verbal elaboration:

- reducing quota will reduce the quantity transacted and the price decrease (1 Marks)
- The gap between mb and mc is larger, the deadweight loss increase (2 Marks)

Illustrate in the diagram:

- quota decrease and the position of price and quantity (1 Marks)
- The position of the increasing deadweight loss (2 Marks)



5. (a)- Street performers might encourage more people to come to Tsim Sha Tsui, which can bring the consumption of the near store, and the store don't pay any consumption for it, there have a positive externality, the store gains from it. (2 Marks)

- In the other hand, Street performance might encourage more people to come to Tsim Sha Tsui, which make a noise to the near store, affected their operation, and the street performers don't pay any consumption for it, there have a negative externality, the store loss from it. (2 Marks)

(b) Government establish a law to restrict the street performance, not allowed them to perform on the street, which leads the market output level move closer to the equilibrium level, $MSB=MSC$, enhance the efficiency. (3 Marks)

6. (a) Unemployed population= $40000000-3800900=199100$ (1 Marks)

Unemployment rate= $199100/400000=4.9775\%$

(1 Marks)

(b) The decrease percentage of Unemployed population is higher than the the decrease percentage of working population. There might have a lot employed population to immigrate to other country, and the unemployed population replace their working position, it can lead the above situation.

(4 Marks)

7. The opportunity cost of country A produce Food(units)= $30/60=0.5$ units clothes
The opportunity cost of country A produce clothes(units)= $60/30=2$ units food

The opportunity cost of country B produce Food(units)= $20/80=0.25$ units clothes

The opportunity cost of country B produce clothes(units)= $80/20=4$ units foods

Country A will produce foods, Country B will produce clothes

$4+0.2=4.2$ units foods

The trade ratio is 1 unit clothes exchange for 4.2 units foods

(3 Marks)

8. - Increase the Quota, will enhance the import quantity from the world, the price will decrease more close to the world price level, Since the price decrease the quantity demand of it will be enhance, (2 Marks)

-the number of local consumption will increase (2 Marks)

-As the price decrease, according to the law of supply, the local supply will produce fewer, the number of local production will decrease. (2 Marks)

Part B (60 Marks)

9. (a) Yes, Marketing economic of scale: Since the government promote the event, it can attract consumer to buy without the exhibitors do a lot advertising. The marketing costs can be reduce.

(4 Marks)

(b)(i) Private good : it is a rival and exclusive item. Although there have no number of restriction of the visitor, however when the number of visitors are in a high level, the late come visitors might not easy to watch the stage, affect their experience. (2 Marks)

(b)(ii) Private good: it is a rival and exclusive item. The free drinks should have a limited quantity since it is produced by scare material. Hence, when one visitor get the free dink, the total quantity will be decrease, it is rivalry. (2 Marks)

10. (a) Recovery (1 Marks)

:

- GDP increase
- unemployment rate decrease
- inflation
- other reasonable answer

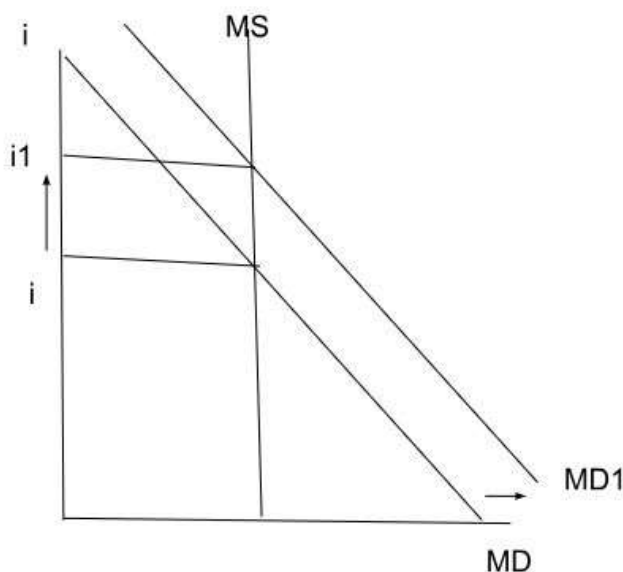
Max:2 marks

(b) Verbal elaboration:

- The price level increase, the purchasing power of money decrease (1 Marks)
- Market need more money to transact, the demand of money increase (1 Marks)
- interest rate increase (1 Marks)

Illustrate in the diagram:

- Money demand curve move right (1 Marks)
- the correct position of i (2 Marks)



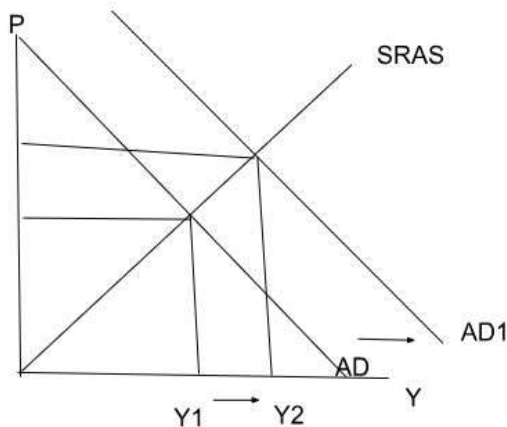
10. (c)(i) Gain , The purchasing power of the fee which give to insurance company is decrease. (2 Marks)
- (c)(ii) Loss, The purchasing power of the fee which earn for the rent is decrease. (2 Marks)
11. (a) Maximum deposits= $600/25\%=2400$ (1 Marks)
- Maximum changing= $2400-2100=300$ (2 Marks)
- (b) Because when people withdraw cash, reserves and deposits will immediately decrease. After withdrawing cash, the reserves may not be able to meet the legal reserve ratio. The bank needs to recover part of the amount from the loan to meet the requirement. This results in the borrower also having to withdraw money from the bank to repay. The deposits thus fall, and the process repeats until reserves reach the minimum reserve rate, so the fall in deposits is several times the fall in reserves. (4 Marks)
12. (a) Since the opportunity cost of online shopping is the money cost+ time cost, and the time cost is the duration of online shopping, which is lower than the time cost of outdoor shopping, hence the consumption module of online shopping have not turned cool, when the Covid is gone. (3 Marks)
- (b) It enhances equalising income. (1 Marks)
- It can increase the disposable income of both low-income and high-income group household. However, the increase percentage of low-income households is higher than high-income. It helps the income distribution become closer. (3 Marks)
- (c) William is right. (1 Marks)
- Since the purchasing product involve local production. It should include in GDP (1 Marks)

(d) Verbal elaboration:

- More popular of using electric payment, will lead the decrease on demand of transaction money, money demand will decrease, and the interest rate will decrease (2 Marks)
- the private consumption and investment increase (1 Marks)
- the aggregate demand income, the out finally increase. (1 Marks)

Illustrate in the diagram:

- aggregate demand move right (1 Marks)
- the correct position of Y (2 Marks)



(e) Marks award for effective communication (EC: max 2 marks)

Marks	Performance
2	<ul style="list-style-type: none"> ● Arguments supported with the source/data and appropriate economic theories ● Relevant materials presented ● Well-organised and coherent answers presented without repetition of ideas ● Ideas clearly and fluently expressed with appropriate use of language/words/terms/symbols
1	<ul style="list-style-type: none"> ● Arguments presented with some support of the source/data and economic theories ● Some irrelevant materials presented ● Answers presented in a less organised way with some repetition of ideas ● A clear message conveyed with some inappropriate use of language/words/terms/symbols
0	<ul style="list-style-type: none"> ● Arguments presented with no support of the source/data and economic theories ● Materials unrelated to the gist of the question presented ● Inconsistent arguments presented ● Limited ideas expressed with inappropriate use of words/terms/symbols

The maximum marks for content is 12 marks. Answers may include the following:

Effects on Property market

Property market will gain from it. Since the relationship between online shopping and outdoor shopping is substitute. When the government banned the online shopping, the demand of online shopping will increase, and the outdoor store is the derived demand of outdoor shopping, the demand of outdoor store increase, and the revenue of property market increase.

Effects on the tax

The changing of the tax will be uncertain. Since both stores have to pay the profit tax. Banned the online shopping will enhance the demand of outdoor shopping. It will lead the tax collected from online store decrease, and the tax collected from outdoor store will increase. However, we don't know the changing amount of both sides, we can't confirm the changing of the tax.

Effects on the deposit creation ability:

The creation of deposit will increase. Since banned electric payment, will lead the increase of money demand, the government might need to enhance the money supply to enclose the disadvantage of increasing the money demand, So they have to establish the expansion money policy, For example, turn down the legal reserve ratio, it will enhance the ability of deposit creation.

Effects on the current account

The current account will decrease. The visible output will decrease because of the effect on banned online shopping, and the input wouldn't have some significant affect, some there might have a increase trade deficit or decrease the trade surplus