***NSS Exploring Economics (3rd Edition)***

**Question Bank (Sample)**

**Multiple Choice Questions**

Question code: B1C01\_01

Geoff has three career options and his order of preference is as follows.

First option: To open a bubble tea shop in Causeway Bay with his girlfriend

Second option: To be a travel photographer

Third option: To be an insurance broker

Which of the following would LEAST likely affect Geoff’s cost-and-benefit analysis for his career choice?

A. The bubble tea trend is declining.

B. A camera brand offers to subsidise Geoff’s equipment.

C. Geoff’s girlfriend receives a job offer to work in London.

D. The average income of an insurance broker decreases.

Answer:

(Reference: HKDSE 2022 Q3)

D

Question code: B1C01\_02

Hannah wants to become a doctor. She receives an offer to study medicine at a famous overseas medical school as well as a local university.

Which of the following will be the LEAST important consideration when Hannah chooses between the overseas medical school and the local university?

A. Graduates of overseas medical schools are no longer required to pass the licensing exam before practicing in Hong Kong.

B. The overseas medical school has awarded Hannah a scholarship.

C. Due to the global shortage of medical professionals, the average earnings of doctors are expected to increase significantly in the future.

D. Hannah’s boyfriend must stay in Hong Kong to take care of his mother.

Answer:

(Reference: HKDSE 2021 Q4)

C

Question code: B1C02\_01

Below is a conversation between Mr Wong and Ms Lam.

Mr Wong: The latest unemployment rate in Hong Kong is 3.9%, and this is forecast to rise further.

Ms Lam: An unemployment rate of 3.9% is too high.

The statement made by \_\_\_\_\_\_\_\_\_\_ is a \_\_\_\_\_\_\_\_\_\_ because \_\_\_\_\_\_\_\_\_\_.

A. Mr Wong … positive statement … it can be refuted by facts

B. Mr Wong … normative statement … it involves a forecast about the future

C. Ms Lam … positive statement … it is based on statistics

D. Ms Lam … normative statement … it is inconsistent with real world data

Answer:

(Reference: HKDSE 2021 Q1)

A

Question code: B1C02\_02

Which of the following statements are related to the problem of ‘for whom to produce’?

(1) Full-time students between the ages of 12 and 25 can apply for a student octopus and enjoy concessionary fares on the MTR.

(2) To join a tennis club, applicants must play tennis at a minimum competence level.

(3) Seven new stadiums were built in Qatar to accommodate tens of thousands of football fans during the 2022 Football World Cup.

A. (1) and (2) only

B. (1) and (3) only

C. (2) and (3) only

D. (1), (2) and (3)

Answer:

(Reference: HKDSE 2019 Q2)

A

Question code: B1C03\_01

When deriving the market demand curve of bread, which of the following is/are allowed to change?

(1) the market price of bread

(2) the market price of jams

(3) the market price of flour

A. (1) only

B. (2) only

C. (3) only

D. (1) and (3) only

Answer:

(Reference: HKDSE 2020 Q12)

D

Explanation:

The change in the market price of flour will only affect the supply of but not demand for bread. Hence, the market price of flour should be allowed to change when deriving the demand curve of bread.

Question code: B1C04\_01

DD is the demand curve of printed books.

Price ($)

Quantity

0

M

D

N

D

Which of the following best explains the change in the equilibrium position of the market for printed books from M to N?

A. Paper prices decrease.

B. The storage costs of printed books increase.

C. A popular novelist publishes a new thriller (驚慄小說).

D. More readers switch to electronic books.

Answer:

(Reference: HKDSE 2022 Q14)

A

Question code: B1C04\_02

When Good X and Good Y are \_\_\_\_\_\_\_\_\_\_, an increase in the supply of Good X will result in a decrease in the \_\_\_\_\_\_\_\_\_\_ Good Y.

A. substitutes … supply of

B. substitutes … quantity supplied of

C. complements … demand for

D. complements … quantity supplied of

Answer:

(Reference: HKDSE 2021 Q14)

B

**Short Questions**

Question code: B1C01\_01

An airline is ordering new aircraft in order to open new routes. Explain whether the opportunity cost of opening new routes will change if

(a) the demand for these new routes is not as high as expected. (2 marks)

(b) there is a shortage of new aircraft. (3 marks)

Answer:

(Reference: HKDSE 2019 Q1)

(a) No, because (1 mark)

 this will only affect the revenue and profit (i.e., the value) of these new routes but not the highest valued option forgone. (1 mark)

(b) The cost of opening new routes will likely increase because: (1 mark)

 When there is a shortage of new aircraft, aircraft producers may increase the price of new aircraft. Thus, the monetary cost will increase. (2 marks)
OR:
When there is a shortage of new aircraft, the airline may spend extra resources to compete for new aircraft. Thus, the non-monetary cost will increase. (2 marks)

Question code: B1C04\_01

‘In Hong Kong, the waiting time at Accident and Emergency departments (急症室) in public hospitals is usually very long. In early 2022, there was a surge in Covid-19 cases and Accident and Emergency departments were close to collapse.’ Explain this phenomenon with a supply-demand diagram. (7 marks)

Answers:

(Reference: HKDSE 2021 Q12c)

Verbal elaboration:

Initially, the price was fixed below equilibrium, and this created a shortage of A&E services. (1 mark)

Due to the surge in Covid-19 cases, the demand for A&E services increased. (1 mark)

The shortage of A&E services increased. (1 mark)

Indicate on the diagram:

• Correct position of price (1 mark)

• Correct position of original shortage (1 mark)

• Rightward shift of demand curve (1 mark)

• New, larger shortage (1 mark)

(Note: Supply curve can be upward sloping or vertical.)

Price

0

P0

Original
Shortage

D1

 Q1

 Q3

S

Quantity

D2

 Q2

New Shortage