

# AL Economics Paper I

## Section B & C

Question/Answer Book

This paper must be answered in English

Class	
Name	

### Instructions for Section B and C :

1. Write your Class and Name in the spaces provided on this cover and on **EACH** answer sheet in this book.
2. There are **FIVE** questions in Section B and **FOUR** questions in Section C. Attempt **ALL** questions. Keep your answers **SHORT**.
3. Write the answer for each question **ONLY** in the space provided for that particular question. There should be enough space for your answer. However, if you do need more space to finish your answer, use a supplementary answer sheet which will be supplied on request. **NO** marks will be given for answers written on the wrong page.
4. Write your Class and Name on every supplementary answer sheet. Fasten them to the page of the corresponding question in this book.

Question	Marks
M. C.	
1	
2	
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Total :	

考生須照下圖所示填劃  
答案：

23  A  B  C  D

錯填答案可用潔淨膠擦  
將筆痕徹底擦去。

切勿摺皺此答題紙

Mark your answers as  
follows:

23  A  B  C  D

Wrong marks should be  
completely erased with  
a clean rubber.

DO NOT FOLD THIS SHEET

1	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	26	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	51	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	76	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
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7	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	32	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	57	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	82	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
8	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	33	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	58	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	83	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
9	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	34	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	59	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	84	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
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13	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	38	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	63	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	88	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
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16	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	41	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	66	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	91	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
17	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	42	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	67	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	92	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
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24	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	49	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	74	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	99	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
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Marks	Class	
	Name	
	Paper/Section	1C
	Question No.	6

Section C (41 marks)

6. Highway.

- a. Are highways capital in economics? Explain. (2 marks)
  
- b. If there is no congestion in using highway, discuss how would the highway owner set the price for highway user. (4 marks)
  
- c. The construction of highway in Mainland China continues at a fast pace. Explain the reasons behind. (4 marks)

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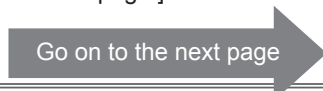
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[Note: Don't use a supplementary answer sheet unless you have fully utilized this page and the next page.]





Marks		Class	
		Name	
		Paper/Section	1C
		Question No.	7

7. Famous Paintings.

- a. If different people have different marginal use value of appreciating the paintings, explain why the museum does not charge different people different prices.

(3 marks)

- b. It is observed that the watching time and waiting time is positively related. Does it mean that watching time depends on waiting time? Explain.

(4 marks)

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Marks		Class	
		Name	
		Paper/Section	1C
		Question No.	8

8. Mainland China has planned to privatize the medical and insurance industries and introduce more competitions.

a. Explain why it carries out such proposal gradually and partially.

(4 marks)

b. Explain who gains and loses from such proposal.

(4 marks)

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Marks	Class	
	Name	
	Paper/Section	1C
	Question No.	9

9. Labor Market.

- a. Employers of some countries introduce the permanent post for their employees. What are the benefits and losses of introducing permanent posts? Explain. (6 marks)
- b. In Japan, there is successful experience for permanent post. Explain the reason behind. (2 marks)
- c. Mainland China introduced the new labor legislation. It is complained that such legislation would reduce the freedom of contractual choice. Explain what are the benefits of having freedom in making contracts. (4 marks)
- d. Mainland China government introduced the labor legislation in order to protect the low- skilled workers. The argument is since the employers often cheat low- skilled workers if there is freedom in making contracts, depriving such freedom would solve the problem. Suggest TWO reasons to falsify this argument. (4 marks)

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