

NSS Assessing Student Learning for the Economics Curriculum:

Briefing on Public Assessment of HKDSE Economics: illustration of the Practice Papers 13/22 Feb 2012

Public assessment

- Paper 1 2012:30% (25% with SBA implemented)
- Paper 2 2012:70% (60% with SBA implemented)
- SBA 2012:0%



Practice papers

- Paper 1:
- On compulsory part of the curriculum
- Answer all questions
- 40 multiple choice questions
- Account for 30% of the subject marks (without SBA)
- 60 minutes



Practice papers

- Paper 2 section A:
- On compulsory part of the curriculum
- Short questions
- All questions are compulsory
- 10 short questions
- 50 marks
- Account for 30% of the subject marks (without SBA)
- Time recommended: About 45 minutes



Practice papers

- Paper 2 section B:
- On compulsory part of the curriculum
- Structured/essay-type questions
- All questions are compulsory
- 4 structured questions
- 54 marks
- Account for 31% of the subject marks (without SBA)
- Time recommended: About 55 minutes



Practice papers

- Paper 2 section C:
- On elective part of the curriculum
- Structured/essay-type questions
- Attempt questions on ONE elective only
- 2 structured questions
- 16 marks each
- Account for 9% of the subject marks (without SBA)
- Time recommended: About 15 minutes



Question setting

- Assessment objectives
- Skills tested
- Coverage of the curriculum
- Level of difficulty
- Topics of CE/AL/new areas
- Length



Specification Grid

Please refer to page 3-4 in the handout



Paper 1

Q8

An increase in tobacco duty will lead to

- A. a rise in government tax revenue from cigarettes.
- B. a rise in smokers' total expenditure on cigarettes.
- C. a fall in the total market value of cigarettes.
- D. a fall in cigarette retailers' total revenue net of tax.



Paper 1

Q8

- Total expenditure (of the buyers)
- Total market value
- Total revenue (of the seller)
(pre-tax or net-of-tax?)
- Government's tax revenue



Paper 1

Q11

Refer to the following demand and supply schedules of good X.

Unit price (\$)	20	18	16	14	12	10
Quantity demanded (units)	500	550	600	650	700	750
Quantity supplied (units)	800	750	700	650	600	550

If the government lowers the quota from 700 units to 550 units,

- A. the market price will drop by \$2.
- B. the market price will rise by \$2.
- C. the market price will rise by \$4.
- D. the market price will rise by \$6.



Paper 1

Q11

- Initial quota = ineffective
- Initial P and Q
- New quota = effective
- New P and Q



Paper 1

Q12

The following table shows the total cost schedule of a price-taking firm which has a fixed cost equal to \$20.

Quantity (units)	1	2	3	4	5
Total cost (\$)	40	65	95	130	170

Suppose the market price is \$35. At the profit-maximizing output level, the firm's profit and total producer surplus are _____ and _____ respectively.

- A. \$10 ... \$10
- B. \$10 ... \$30
- C. \$30 ... \$10
- D. \$30 ... \$30



Paper 1

Q12

- Relationship between TC, MC
- At Profit Max, $P=MC$
- $TR = P \times Q$
- Calculation of profit = $TR - TC$
- Calculation of total producer surplus
= Sum of $(P - MC)$ for each unit
= $TR - (TC - FC)$



Paper 1

Q13

Which of the following is **INCONSISTENT** with the law of demand?

- A. An imposition of an import quota on garments will lead to an improvement in the average quality of imported garments.
- B. People who live in remote areas tend to buy better seats at concerts held in the town centre.
- C. An increase in unemployment allowance raises the unemployment rate.
- D. If an additional lump-sum charge is imposed per taxi trip, the number of short-distance trips will fall by a smaller percentage than the number of long-distance trips.



Paper 1

Q13

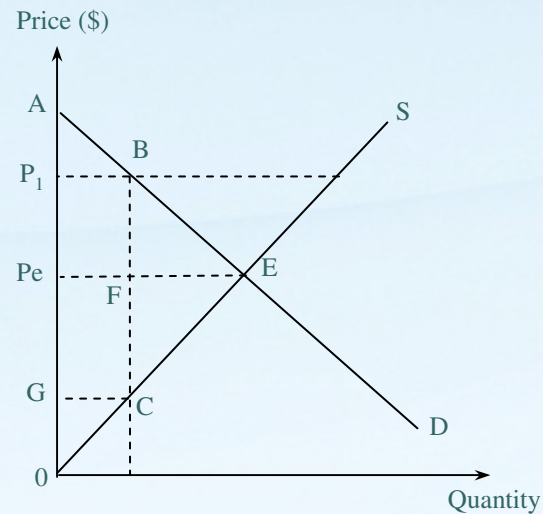
Law of demand application:

- Relative price/cost change → change in behaviour
- Factors affecting cost/relative prices
 - price of quota
 - transportation fee (regardless of price)
 - tax allowance/other costs
 - lump sum charges
 - per unit/ ad valorem tax
 - price of other goods



Paper 1

Q15 The following diagram shows the demand and supply curves of good X in a perfectly competitive market.



Suppose a price floor is set at P_1 . As a result,

- A. the deadweight loss is equal to area BEF .
- B. the producer surplus is equal to area P_1BC0 .
- C. the consumer surplus is equal to area $AEPe$.
- D. the total social surplus is equal to area P_1BCG .



Paper 1

Q15

- Deadweight loss
 - Producer surplus
 - Consumer surplus
 - Total social surplus
- P and Q under disequilibrium



Paper 1

Q16

Which of the following are features of a perfectly competitive market?

- (1) The marginal revenue of each firm equals the market price.
 - (2) The sellers and buyers have perfect market information.
 - (3) The marginal cost schedule of a firm is the same as its supply schedule.
- A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)



Paper 1

Q16

- Perfectly competitive market
- Profit maximizing condition: $P = MC$
(necessary condition)
- The entry/exit condition (zero profit condition): $AR \geq AC$
(sufficient condition)
is NOT required in the curriculum



Paper 1

Q33

Which of the following statements about the classical quantity theory of money is **INCORRECT**?

- A. Both the velocity of circulation of money and the real output are assumed to be constant.
- B. Any change in money supply will lead to the same proportional change in nominal output.
- C. Deflation will occur when there is a continuous fall in money supply.
- D. Any change in price level will lead to the same proportional change in money supply.



Paper 1

Q33

- Assumption of QTM: V constant
- Classical = long-run: $Y=Y_f$
- Causality:
Change in $M_s \rightarrow$ change in P , NOT
the reverse



Paper 2

General reminder:

- Please don't use colour to indicate the areas in the diagram
- Don't successively use symbols in the answer
- Express the answer in a comprehensible way: rough work not written in the designated spaces will **NOT** be marked



Paper 2

Q1

- Merely recite the definition of interest
→ only partial credit
- Candidates are required to address the question for Peter and Mary SEPERATELY, by applying the concept of interest in the case of borrower and lender.



Paper 2

Q2

- Common demerit:
 - fail to explain why it is the horizontal integration

Q3

- Common demerit:
 - fail to identify the reduction in supply
 - shifts both demand and supply



Paper 2

Q4

- For part b), candidates fail to correctly indicate the consumer surplus, producer surplus and/or deadweight loss clearly.



Paper 2

Q5

- Common demerit:
 - fail to mention the income is derived from current production/ it is a factor income

Q6

- Common demerit:
 - excessive use of symbols



Paper 2

Q7

- Common demerit:
 - fails to name 3 phenomena
 - repeat the point of GDP growth rate

Q8

- Standard of deferred payment:
Cheques can be used as the means of deferred payment (post-dated cheques), but not as a “standard”.



Paper 2

Q9

- Common demerit:
 - improper presentation of the answer

Q10

- Common demerit:
 - fail to note that the effect of total expenditure is uncertain



Paper 2

Q11

- Common demerit:
 - b) fail to argue that it is a public good by relating to the features of a public good
 - d) Candidates using the concept of equalizing income/outcome and equalizing opportunities could express their answers in a more proper way.



Paper 2

Q12

- Common demerit:
 - ai) fail to note the perfectly inelastic supply
 - a ii) relieve = eliminate?
 - b ii) fail to evaluate the proposal in different economic agents' perspective



Paper 2

Q12

- bii) Candidates' arguments are without stand, or the stand is NOT supported by the reasoning.
- Key point:
 1. discuss the effectiveness of a policy (the problem of "could")
 2. argue any costs/benefits on other economic agents (broaden the analysis)



Paper 2

Q12

- bii) Possible approach to this question:
 - raising price can effectively kick out touts → **government should go for the proposal**
 - raising price cannot effectively kick out touts (e.g. information cost of setting the price) → **government should not go for the proposal**



Paper 2

Q12

- Possible consequences on different economic agents/ economic efficiency which should be considered in the policy evaluation → as a reason to support their stands



Paper 2

Q13

- a) mix up the three different approaches to explain the upward-sloping SRAS curves
 - sticky wage
 - misconception on factor prices
 - misconception on output prices
- b) fails to explain why certain component(s) of AD drop(s)



Paper 2

Q13

- c) shift the curve correctly but fail to mention the adjustment of factor prices/inflation expectation which leads to a change in SRAS

Q14

- bi) fail to explain why the monetary base remains unchanged



Paper 2

Q14

- bii) candidates may use different formula to find the money supply, while the step-by-step approach is most safe
- Common demerit:
 - c) fail to mention the direction of change or fail to mention the magnitude of change (same %)



Paper 2

Q15

- Common demerit:
 - ai) fail to label the diagram properly/
indicate $MC=0$ / correct P or Q
 - a ii) fail to reason why it is inefficiency
 - b ii) fail to relate the definition of PD
with the case in the question



Paper 2

Q16

- Common demerit:
 - a ii) fail to label the consumption possibility curve (of country A and B)
 - a iii) use calculation instead of the diagram to infer gains from trade
 - b ii) fail to compare the situation a decade before with the current situation



Paper 2

General comments:

- Candidates should read the questions much more carefully so that careless mistakes can be avoided.
- Candidates should try to relate economic concepts and theories to the case given in the questions instead of merely regurgitating definitions.



Paper 2

General comments:

- Candidates should learn to consider a normative issue from the perspectives of different stakeholders.
- Candidates should make more effort to improve their spelling. (At least) Key concepts should be correctly spelt.
- Candidates should try to improve their handwriting. Some candidates' handwriting is illegible.



Frequently asked questions

Q: Students can answer the keywords but they have presented no/ wrong explanation. How to mark? (e.g. Q4, Q5, Q6, Q9)

A: no marks should be awarded if the students are guessing the answer without any reasons, or arrive at the answer with obvious logical errors or self-contradictory arguments.



Frequently asked questions

Q: For questions involving calculation, students may have correct steps but arrive at a wrong final answer, or arriving at an correct answer with inaccurate steps. How to mark?

A: Partial credit is deserved when the answer is partially correct. Alternative approach is accepted as long as it is well-reasoned and accurate.



Frequently asked questions

Q: If a student answer both Q15 and Q16, will both questions be marked?

A: Yes. Both questions will be marked and the higher mark will be selected. But please beware of the time cost involved.



Frequently asked questions

Q: Any rough work sheet?

A: Rough work sheets will be provided on request.



~~~Thank You~~~

