

## **ECONOMIC AND PUBLIC AFFAIRS**

### **AIMS**

The syllabus is designed to provide a course which will help in the general education of candidates towards their future as active and responsible citizens. The principal objectives are to enable candidates :

1. to develop knowledge and understanding of the roles of individuals as consumers, producers, and residents of Hong Kong;
2. to acquire knowledge and understanding of the economic and political environment of Hong Kong;
3. to develop analytical and independent thinking in appraising controversial issues;
4. to develop attitudes that are conducive to participation as active and responsible citizens.

### **OBJECTIVES**

The objectives of the examination are to test candidates' :

1. knowledge and understanding of the roles of individuals as consumers, producers and citizens of Hong Kong;
2. ability to evaluate the economic and political situations of Hong Kong;
3. skills in analysing and suggesting solutions to some major controversial issues in Hong Kong.

Questions set will place emphasis on current events in Hong Kong.

### **THE EXAMINATION**

There will be two papers.

Paper 1 (1½ hours) will consist of structured/essay questions. Candidates will be required to answer 3 out of 5 questions. This paper will carry 60% of the subject marks.

[Note : The maximum paper mark is 99. Each question carries 33 marks, of which 30 marks will be awarded for subject content, and 3 marks will be awarded for effective communication.]

Paper 2 (1 hour) will consist of multiple-choice questions, all of which are to be attempted. This paper will carry 40% of the subject marks.

## THE SYLLABUS

### *SYLLABUS CONTENT*

### *EXPLANATORY NOTES*

#### **SECTION A THE INDIVIDUAL AS A CONSUMER**

- |     |  |   |
|-----|--|---|
| 1.1 | The consumer as a decision-maker: opportunity cost     | Scarcity and choice   |
| 1.2 | Consumer information: importance, sources and analysis |   |
| 1.3 | Consumer rights and protection in Hong Kong            | (i) An outline of consumer rights in Hong Kong<br>(ii) A brief study of the nature and functions of the Consumer Council<br>(iii) An evaluation of consumer protection in Hong Kong |

#### **SECTION B THE INDIVIDUAL AS A PRODUCER**

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|-----|---|---|
| 2.1 | The producer as a decision-maker: opportunity cost                                    | Scarcity and choice   |
| 2.2 | The individual as an organiser of factors of production: choices faced by individuals |   |
| (a) | Types of production: primary, secondary and tertiary production                       | The interdependence among the different types of production   |
| (b) | Types of business units: sole proprietorship, partnership, limited companies          | The major differences between these organisational forms  |
| (c) | Combination of factors of production  | (i) Features and functions of factors of production: <ul style="list-style-type: none"><li>• human resources — labour, entrepreneurship</li><li>• natural resources — land</li><li>• man-made resources — capital</li></ul> |

*SYLLABUS CONTENT*

*EXPLANATORY NOTES*

- 2.3 The individual as a producer of factor services in the labour market
- (a) Importance of occupational training and occupational safety in Hong Kong
  - (b) Relationship between employers and employees in Hong Kong
- (ii) Availability of the factors of production in Hong Kong
  - (iii) Capital-intensive and labour-intensive production methods
  - (i) A brief mention of the essence of the Employment Ordinance and the Labour Relations Ordinance as related to labour protection
  - (ii) Functions of labour unions in promoting labour welfare

**SECTION C CONSUMER, PRODUCER AND THEIR INTERACTIONS**

- 3.1 Consumer's demand
- (a) Individual demand
    - (i) Factors affecting individual demand
    - (ii) Complements and substitutes
    - (iii) Individual demand schedule and the importance of the ceteris paribus assumption
    - (iv) Distinction between 'a change in demand' and 'a change in quantity demanded'
  - (b) Market demand
    - (i) Horizontal summation of individual demand curves
    - (ii) Factors affecting market demand
- 3.2 The supply of products
- (a) Individual supply
    - (i) Factors affecting individual supply

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- (ii) Individual supply schedule and the importance of the ceteris paribus assumption
- (iii) Distinction between 'a change in supply' and 'a change in quantity supplied'
- (b) Market supply
  - (i) Horizontal summation of individual supply curves
  - (ii) Factors affecting market supply
- 3.3 Price determination
  - (i) Determination of the equilibrium price
  - (ii) Definition of the equilibrium price

**SECTION D THE INDIVIDUAL AS A CITIZEN**

4. Rights and duties of citizens

- 4.1 Civil rights: the rights necessary for individual freedom
  - e.g. freedom of speech, freedom of belief, freedom of association and assembly; Habeas corpus and the right to be tried fairly and impartially
- 4.2 Economic rights: the rights to participate in economic activities
  - e.g. the right to work and the right to private property
- 4.3 Political rights: the rights to participate in the exercise of political power
  - e.g. the right to vote, to be elected and to dissent
- 4.4 Social rights: the rights to a minimal economic and social well-being
  - e.g. the right to education and to social services
- 4.5 Duties
  - e.g. to respect others' rights, to obey laws and to pay taxes
- 4.6 Rights and duties of Hong Kong Special Administrative Region (HKSAR) residents
  - The rights and duties as stipulated in the Basic Law and other legislation e.g. the Bill of Rights Ordinance

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*EXPLANATORY NOTES*

5. Citizens and government

5.1 The Basic Law

Candidates should realise that the Basic Law is the constitutional document of the HKSAR

5.2 The political structure of the HKSAR

- (i) The Chief Executive: selection, power and roles, and the Executive Council
- (ii) The Legislative Council: formation, structure, functions, power and its relationship with the Chief Executive and the Executive Council
- (iii) The executive authorities
- (iv) District organisations: formation, structure, functions and power of the district organisations and their mutual relationship

5.3 The judiciary

(a) Its legal principles

- (i) Principles of justice
- (ii) The rule of law

(b) Types of courts and their jurisdiction

5.4 Consultative and advisory bodies

- (i) The role of advisory boards and committees in policy making
- (ii) Consultation with non-governmental bodies

5.5 Other major channels for the redress of grievances

A brief description of their powers and influence, e.g. Independent Commission Against Corruption and the Office of the Ombudsman

5.6 Political parties, interest groups, public opinion and the mass media in Hong Kong

Roles and influences

**SECTION E THE ECONOMIC AND POLITICAL ENVIRONMENT OF HONG KONG**

6.1 Hong Kong as a financial centre

*SYLLABUS CONTENT*

*EXPLANATORY NOTES*

- (a) Characteristics of a financial centre
  - (b) Factors contributing to its development as a financial centre
  - (c) Banking services
- 6.2 Public finance in Hong Kong
- (a) Government revenue: types and sources
  - (b) Government expenditure: composition and direction
- 6.3 Price level in Hong Kong
- (a) Indicators – consumer price indexes (N.B. Construction of consumer price indexes is not required)
  - (b) Inflation and deflation Definitions and effects
- 6.4 Trade
- (a) Trade pattern Composition and trade partners
  - (b) Problems e.g. restrictions and competition from neighbouring countries
  - (c) Industrial and trade promotion
- 6.5 The relationship between the Central Authorities of the People's Republic of China and the HKSAR
- The principle of 'one country, two systems'  
– Chinese sovereignty over the HKSAR and the autonomy of the HKSAR

*SYLLABUS CONTENT*

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**SECTION F      CONTROVERSIAL ISSUES**

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| 7.1 | The role of the government in the Hong Kong economy  | Based on the knowledge learnt in the previous sections, candidates are expected to develop the appropriate skills and attitudes for approaching the controversial issues.  |
| 7.2 | The roles and influences of political parties and interest groups in the public policy-making of the HKSAR | Framework for approaching the controversial issues: <ul style="list-style-type: none"><li>(i) Identify the values embedded in the issues. The issues involve different values which lead to differences in the goals, methods and results of public policies, thus controversies arise.</li><li>(ii) Establish the facts related to the issues. It is important to clarify the facts around which the controversies have developed.</li><li>(iii) Clarify the meanings or use of words which describe the controversies.</li><li>(iv) Evaluate the proposals for solving the controversies and examine the possible consequences of the proposals.</li></ul> |