

Economics

Introduction

1. Economics is one of the six elective subjects of PSHE in the senior secondary curriculum. The study of Economics helps students to understand the human world through enquiring into how resources are used to serve individuals and society. It also contributes to the development of critical thinking and decision making skills, which are crucial for the all-round development of students and in particular for their development as life-long learners and responsible citizens.

2. At present, the subject is offered at both S4-5 and sixth form levels. Under the new senior secondary academic structure, the curriculum of economics is designed to be a 3-year elective course for all senior secondary students interested in the subject. The revised S4-S5 Economics Curriculum implemented in September 2003 will be taken as the basis of the design of the new curriculum, with reorganization of content, broadening of coverage and increase of required depth.

Rationale

3. Economics helps students understand the principles and forces that affect people in their everyday life, in particular in their roles as consumers and producers. The perspective it provides is also important for students to gain a more comprehensive understanding of contemporary issues facing our society and the country, as well as of the interdependence among regions and countries. As the Hong Kong economy is undergoing rapid changes, establishing closer links with the mainland and striving to remain competitive in the world economy, the study of economics is highly relevant and applicable to real-life situations.

4. The study of economics helps students develop essential skills for 'Learning to Learn'. The analytical approach of economics enables students to learn to think logically. As students learn to apply theories and concepts to real world issues, their problem solving skills and critical thinking skills are enhanced. These skills are crucial for them to become life-long learners in a variety of fields of study, and to prepare themselves to live in a knowledge-based society. Students of economics will also learn to master a variety of tools and skills for effective communication of economic ideas and discussion of economic issues.

5. The economics curriculum in Hong Kong secondary education has a strong tradition in positive economics, which emphasizes its objective and scientific nature. The proposed curriculum also encourages students to formulate and explore normative questions. As a study that places prominence on the making of choices, economics has much to contribute to the enquiry of issues that involve values and preferences. When students investigate controversial issues, they will learn to draw conclusions based on logical analysis, and at the same time be made aware of the value judgments underlying the choices they make. Such analytical power and awareness are essential to making reasoned choices, as well as to develop intellectual capacity in general.

6. By helping students acquire basic economic knowledge and skills and develop awareness of different values, the curriculum will help students to make rational economic choices both for their own lives and with regard to social and public decisions as responsible citizens in various dimensions. The curriculum will also help to develop in students a concern for the well being of the family, society, the nation and the world.

7. Students' prior learning experience in the PSHE KLA at junior secondary level should have equipped them with a preliminary understanding of certain economic ideas and a general impression about the Hong Kong economy. They should also have acquired some investigative skills through project learning in different humanities studies. The junior secondary curriculum should also have equipped students with basic communicative and numeracy skills necessary for the study of the subject. The study of economics at senior secondary level will build upon these prior learning experiences and encompass a more specialized body of knowledge and skills.

8. The knowledge and skills of the curriculum helps foster the intellectual power of students in general, and develop economic perspectives that will benefit their further studies in a variety of social sciences, including economics, sociology, public and social administration, geography and others. It also prepares students for future training and careers in a range of areas, such as banking, finance, commerce, industry, law and the environmental field.

Curriculum aims

9. The aims of the curriculum are to enable students to:
- (a) develop interest in exploring human behaviour and social issues through an economic perspective;
 - (b) understand the world in which they live through mastery of basic economic knowledge;
 - (c) enhance general intellectual capacity for life-long learning, through developing their capacities in economic analysis, so that they possess the skills necessary for reasoning about issues and making rational choices; and
 - (d) participate as informed and responsible citizens in the decision-making processes of a modern democratic society.

Curriculum objectives

10. Students will develop knowledge and understanding about:
- (a) economic terminology and concepts, as well as elementary economic theories;
 - (b) basic economic problems faced by every individual and society, and alternative approaches to tackle these problems;
 - (c) the considerations and forces that underlie the economic decisions that need to be taken by individuals, firms, institutions and governments;
 - (d) the interactions of different economic sectors; and
 - (e) the Hong Kong economy and its relationship with the economies of other parts of the nation and the world.
11. Students will develop skills to
- (a) interpret economic information presented in verbal, numerical or graphical form;
 - (b) apply their economic knowledge to a variety of problems and issues in a range of economic contexts;
 - (c) analyse information through the use of economic concepts and theories;
 - (d) evaluate information, arguments, proposals and policies from different economic perspectives and make informed judgements; and
 - (e) communicate economic ideas and informed judgements in a clear, logical and appropriate form.

12. Students will develop values and attitudes so that they may
- participate as informed persons in the discussion of economic issues and decision making; and
 - become active and responsible citizens and contribute to the well-being of the local community, the nation and the world.

Curriculum framework

(This part should be read in conjunction with the section “Curriculum Framework” of the Main Document. It should be noted that the curriculum framework suggested below is for initial consultation only. Feedback from the public will be taken into account and further details will be provided in the next stage of consultation.)

13. The new senior secondary economics curriculum will be developed on the roots of the revised S4-S5 Economics Curriculum implemented in September 2003, with a suitable restructuring of topics, broadening of coverage and addition of required depth.

14. The curriculum comprises two parts. Part I is on basic concepts and microeconomics; Part II is on macroeconomics and the global economy. All modules within both parts are compulsory. A total of approximately 255 hours of lesson time is suggested for the curriculum over the three years of senior secondary education. The modules and suggested time allocation for each part are listed in the table below.

Part	Modules		Time allocation
Part I	A	Basic Economic Concepts	50%
	B	Production and Firms	
	C	Market and Price	
	D	Competition and Market Structure	
	E	Efficiency, Equity and the Role of Government	
Part II	F	Measurement of Economic Performance	50%
	G	National Income Determination and Price Level	
	H	Money and Banking	
	I	Macroeconomic Problems and Policies	
	J	International Trade and Finance	
	K	Economic Growth	

15. The suggested content for each module is listed in the tables below. The last column shows where the suggested content is taken from the existing S4-S5 curriculum. Additional content is marked with a '+' sign.

PART I

	Module	Suggested content	Reference to S4-5 curriculum
A	Basic Economic Concepts	<ul style="list-style-type: none"> ● Scarcity, choice and opportunity cost ● Production possibilities ● How society tackles the three basic economic problems: What? How? For whom? ● Specialization, division of labour and exchange ● Circular flow of economic activities ● Positive and normative statements 	Topic 1: Basic Economic Problems Division of labour from Topic 3.4 Circular flow model from Topic 6.2 + Using PPF to illustrate marginal trade-offs and economic growth + Exchange as a condition for specialization + Positive and normative statements
B	Production and Firms	<ul style="list-style-type: none"> ● Types of production ● Factors of production ● Ownership and control of firms ● Expansion and integration of firms ● Production and costs in the short run and long run ● The objective of profit maximization 	Topic 3: Production Topic 4: Units of Production + Costs of production with numerical examples + Profit maximization with given price and marginal cost schedule
C	Market and Price	<ul style="list-style-type: none"> ● Factors affecting demand and supply ● The determination of equilibrium price and quantity ● Consumer and producer surplus ● Price elasticity of demand and price elasticity of supply 	Topic 2: Demand, Supply and Price (Market intervention moved to Module E) + Illustration of consumer and producer surplus in a demand-supply diagram
D	Competition and Market Structure	<ul style="list-style-type: none"> ● Perfect competition ● Imperfect competition (monopolistic competition, oligopoly, monopoly) ● Different pricing strategies ● Anti-competitive behaviours and competition policy 	Topic 5: Market Structure + Different pricing strategies (e.g. price discrimination, tie-in sales, two-part tariff) + Issues regarding anti-competition behaviours and competition policy

	Module	Suggested content	Reference to S4-5 curriculum
E	Efficiency, Equity and the Role of Government	<ul style="list-style-type: none"> ● Function of prices in allocation of resources ● Conditions for economic efficiency ● Public goods and externalities ● Equity and income inequality ● Government intervention in the market 	Market Intervention from Topic 2 + Discussion of efficiency in terms of consumer surplus, producer surplus and deadweight loss + Evaluation of free market economy in terms of efficiency and equity + Issues regarding government intervention

PART II

	Module	Suggested content	Reference to S4-5 curriculum
F	Measurement of Economic Performance	<ul style="list-style-type: none"> ● National income ● Uses and limitations of NI statistics ● General price level ● Unemployment rate ● Recent trends in Hong Kong 	Topic 6: National Income + Discussion of recent trends of these indicators in Hong Kong
G	National Income Determination and Price Level	<ul style="list-style-type: none"> ● Shape and determinants of AD ● Shape and determinants of AS ● The determination of level of output, prices and employment 	+ AS-AD model (derivation of AD and AS curves not required)
H	Money and Banking	<ul style="list-style-type: none"> ● Nature and functions of money ● Banks: functions and services ● Money supply ● Hong Kong as a financial centre 	Topic 7: Money and Banking
I	Macroeconomic Problems and Policies	<ul style="list-style-type: none"> ● Business cycles ● Inflation and deflation ● Unemployment ● Government budget ● Fiscal policy ● Monetary policy ● Fiscal policy and monetary policy in Hong Kong 	Topic 6: National Income Topic 8: Public Finance + Discussion of fiscal and monetary policies
J	International Trade and Finance	<ul style="list-style-type: none"> ● Theory of trade ● Balance of payments ● Exchange rate ● Trade barriers ● Roles and influences of international economic institutions (e.g. WTO) ● HK's international trade 	Topic 9: International Trade + Discussion of the roles played by international institutions and their influences.

	Module	Suggested content	Reference to S4-5 curriculum
K	Economic Growth	<ul style="list-style-type: none"> ● Measurement of economic growth ● Factors affecting growth rate of an economy ● Comparison of growth rates among economies ● The desirability and costs of economic growth 	+ New topic

Learning and teaching

16. Although economics involves a collection of concepts, principles and theories, it should not be regarded as a purely abstract and theoretical subject. Students should be led to see that economic theories are applicable to daily life and real-world situations. They should be encouraged to enquire into economic issues and problems in the local, national and global contexts, so as to broaden and deepen their understanding of economic phenomena.

17. Teachers should give consideration to students' interests, abilities and background, and select issues and problems that are of a suitable level of complexity. Teachers can also make use of different strategies, such as case study, problem solving, project learning, etc., to provide a variety of learning experiences for students to develop knowledge and understanding, generic skills, and positive values and attitudes. Students should also be encouraged to make use of life-wide learning opportunities to enrich and extend learning in the subject.

Assessment

(This part should be read in conjunction with the section "Assessment" of the Main Document.)

18. Assessment is the practice of collecting evidence of student learning. The aims are to improve learning and teaching as well as to recognize the achievement of students. It should be viewed as an integral part of learning and teaching. The assessment design will align with curriculum aims, design and learning processes of the subject.

Internal Assessment

19. Internal assessment refers to the assessment practices that schools employ as part of the learning and teaching strategies during the three years of study in Economics. In designing internal assessment for the subject, teachers should maintain a proper balance between the formative and summative functions of assessment. A diversity of assessment modes should be adopted so that students are given opportunities to develop and demonstrate the full range of learning outcomes of the curriculum, including those of knowledge, skills and values and attitudes. Assignment tasks, such as the writing of news commentaries, can be used to motivate students to learn from current economic news and develop an interest in economic affairs. Excessive drills and tests should be avoided as they may have a negative impact on motivation and encourage students to focus on a narrow set of learning outcomes.

Public Assessment

20. Public Assessment of Economics leads to a qualification in the subject to be offered by the Hong Kong Examinations and Assessment Authority. In the public assessment of Economics, a standards-referenced approach would be adopted for grading and reporting student performance. The purpose of this approach is to recognize what each student could do in each subject at the end of the 3-year senior secondary education. Each student's performance will be matched against a set of performance standards, rather than compared to the performance of other students. It makes the implicit standards explicit by providing specific indication of student performance. Descriptors will be provided for the set of standards at a later stage.

21. The public assessment will include a written examination component and a School-based Assessment (SBA) component. The SBA component will take up 20 % of the total weighting of public assessment. The merits of adopting SBA are as follows:

- (a) SBA is able to provide a more valid assessment as it covers a more extensive range of learning outcomes through employing a wider range of assessment practices that are not necessarily possible in written examinations.
- (b) SBA enables the sustained work of students to be assessed. It provides a more comprehensive picture of student performance throughout the period of study rather than their performance in a one-off examination alone.

22. It should be noted that SBA is not an “add-on” element in the curriculum. Assessing student performance through practices such as class discussion and class observation is in fact a part of the in-class and out-of-class activity. The modes of SBA would be appropriate to the learning objectives and processes that are to be assessed. The design and implementation of SBA should aim to avoid unduly increasing the workload of both teachers and students.

Supporting measures

23. The Curriculum Development Institute (CDI) will provide the following measures to support the implementation of the New Senior Secondary Economics Curriculum:

Development of curriculum resources

24. The Curriculum Development Council and the Hong Kong Examinations and Assessment Authority will jointly issue a Curriculum and Assessment Guide for the subject. Supporting materials will also be developed to facilitate the school-based implementation of the curriculum. These materials will include exemplary learning activities, learning and teaching materials, a glossary, a reference list, etc. They will also be made available on the CDI website for Personal, Social and Humanities Education (<http://www.emb.gov.hk/cd>), when they are ready.

Professional Development Programmes

25. The Curriculum Development Institute and the Hong Kong Examinations and Assessment Authority will organize a series of professional development programmes for teachers of the subject. The structure of the programmes will be as follows:

- (a) Rationale of the New Senior Secondary Curriculum
- (b) Updating of curriculum knowledge
- (c) Learning and teaching and the use of curriculum resources
- (d) Assessment (including SBA)

26. Seminars and workshops on special topics will also be organized regularly in response to the needs of teachers.

27. More details of the above support measures will be announced on the CDI website for Personal, Social and Humanities Education (<http://www.emb.gov.hk/cd>). Teachers are also invited to check the EMB Training Calendar regularly for information on professional development programmes.

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