

ECON 3350 China, Hong Kong and the World Economy

Reading List – January 2017

Readings marked with an “*” are soft copies loaded on Blackboard. If soft copies are not available, the hard copies are kept in reserve in the Chung Chi Library. References are marked with a “#”. **Lecture notes will NOT be so detailed that they can substitute for attending lectures.** As the detail contents of the guest speakers are not known in advance, supplementary readings may be provided to cover the topics of guest speakers or to cover new current developments.

Textbook: *Paul R. Krugman, Maurice Obstfeld, & Marc J. Melitz. 2012. International Economics: Theory & Policy, 9th ed., Pearson Addison Wesley. (*A standard textbook on International Finance and International Trade covering the theoretical part of our course on International Economics*)

Arthur R. Kroeber, 2016, China’s Economy: What Everyone Needs to Know, Oxford University Press. (*Excellent reader on the Chinese economy*)

*Barry Naughton, 2007. The Chinese Economy: Transitions and Growth, The MIT Press. (*A standard textbook on the Chinese economy*)

Reference: C. Fred Bergsten et. al., 2009. China’s Rise: Challenges and Opportunities, Peterson Institute for International Economics and Center for Strategic and International Studies, Washington D.C.

C. Fred Bergsten et. al., 2006. China: The Balance Sheet – What the World Needs to Know Now About the Emerging Superpower, Public Affairs.

(*Above 2 texts by Bergsten et. al. cover mostly the impacts of the rise of China on the international economy, on energy and environment, and on US-China economic relations*)

*Michael Pettis, 2013, Avoiding the Fall: China’s Economic Restructuring, Carnegie Endowment for International Peace

Thomas Orlick, 2012, Understanding China’s Economic Indicators: translating the data for investment opportunities, FT Press

Arvind Subramanian. 2011. Eclipse: Living in the Shadow of China's Economic Dominance, Peterson Institute for International Economics and Center for Strategic and International Studies, Washington D.C. (*Covers different scenarios/projections of economic dominance of China and eclipse of the US in the future world*)

Yun-Wing Sung, 2005. The Emergence of Greater China: The Economic Integration of Mainland China, Taiwan, and Hong Kong, Palgrave, Macmillian. (*Covers the economy of Greater China in great detail*)

Remarks: The course is not mathematical (economic analysis will be explained by graphs instead of calculus), but requires quite a few readings. The part on “International Economics” (part II) is more theoretical and will be explained in detail in the lectures. Students who have problems with economic theory are advised to attend tutorials and/or discuss with tutors during their office hours. The rest of the course on the Chinese Economy is more institutional and the lectures will only be in outline form as

students can easily read the relevant texts on their own.

I. Introduction

“Summary and Overview”, Ch. 1 in Bergsten et. al. 2006.

“Introduction” in Subramanian.

II. International Economics

1. International Economics: Introduction

2. International finance

 #* Ch. 13 in Krugman et. al.,

3. International macro policy: Choice of floating vs. fixed exchange rates

 #* “The Case for floating exchange rates” in Ch. 19 of Krugman et. al.

 #*”Hong Kong and Singapore’s Experience on the Impossible Trinity and its Implications for the Mainland”, *Economic Review*, Bank of China (HK), February 2016.

4. Business cycles and financial crisis.

 #*Chs. 21 in Krugman et. al.

5. International trade

 #* Ch. 3 in Krugman et. al.,

III. China’s Opening and reform

1. The Socialist era and its legacy

 #* “The Socialist Era, 1949-1978: Big Push Industrialization and Policy Instability”, Ch. 3 in Naughton 2007.

2. China’s economic reform:

 #*“Market Transition: Strategy and Process”, Ch. 4 in Naughton 2007.

3. #*China’s opening – “International Trade”, Ch. 16 in Naughton 2007.

4. #*China’s opening - “Foreign Investment”, Ch 17 in Naughton 2007.

IV. China’s Economy: What Everyone Needs to Know

1. Overview: China’s Political Economy, Ch. 1 in Kroeber

2. Agriculture, Land, and the Rural Economy, Ch. 2 in Kroeber

3. Industry and the Rise of the Export Economy, Ch. 3 in Kroeber

4. Urbanization and Infrastructure, Ch. 4 in Kroeber

5. The Enterprise System, Ch. 5 in Kroeber

6. The Fiscal System and Central-Local Government Relations, Ch. 6 in Kroeber
7. The Financial System, Ch. 7 in Kroeber
8. Energy and the Environment, Ch. 8 in Kroeber, and Chs. 6 and 11 in Bergsten et. al. 2006 and 2009 respectively.
9. Demographics and the Labor Market, Ch. 9 in Kroeber.
10. The Emerging Consumer Economy, Ch. 10 in Kroeber.
11. The Social Compact: Inequality and Corruption, Ch. 11 in Kroeber.
12. Changing the Growth Model, Ch. 12 in Kroeber, #Chs. 1 to 7 in Pettis.
13. Conclusion: China and the World, Ch. 13 in Kroeber, and Chs. 1, & 10 in Bergsten et. al. 2009.
14. Towards a New US-China Relationship, Chs. 11 in Bergsten et. al. 2009.

V. Development of HK-Mainland Economic Nexus

*Yun Wing Sung, 2017, “Becoming Part of One National Economy: Maintaining Two Systems in the Midst of the Rise of China”, forthcoming book chapter in Routledge Handbook of Contemporary Hong Kong (ed. Tai-lok Lui, Stephen W.K. Chiu, and Ray Yep).

*#“Greater China: An Emerging Economic Reality”, Ch 1 in Sung (2005).

*#“Policy Changes and Economic Integration”, Ch. 3 in Sung (2005).

*#“Problems and Prospects of China Circle”, Chapter 9 in Sung, 2005.

VI. Special topics of the HK-Mainland Nexus by guest speakers

1. Economic Integration and the emergence of anti-globalization

*Dani Rodrick, 2007, “The inescapable trilemma of the world economy”
(http://rodrik.typepad.com/dani_rodriks_weblog/2007/06/the-inescapable.html)

*Dani Rodrick, 2016, “Put Globalization to Work for Democracies”
(<http://www.nytimes.com/2016/09/18/opinion/sunday/put-globalization-to-work-for-democracies.html>)

*#C. Fred Bergsten, 2007, “China and Economic Integration in East Asia Implications for the United States”,
(<https://piie.com/sites/default/files/publications/papers/bergsten0507.pdf>)

*#Yun-Wing Sung, “Comparing CEPA and ECFA: Economic Integration in the Asia-Pacific Region”, *Occasional Paper No. 229*, Hong Kong Institute of Asia-Pacific Studies, CUHK.

2. Offshore Renminbi Business and the Internationalization of Renminbi

Kroeber, Ch. 7 (“The Financial System)

*#Rossi and Jackson, “Hong Kong’s Role in Building the Offshore Renminbi

Market,” Chatham House Report, August 2011.

*SWIFT, “RMB internationalisation: Implications for the global financial industry”, 2011 White Paper.

*Hong Kong Monetary Authority, “Hong Kong: The Global Offshore Renminbi Business Hub”, January 2016 (http://www.hkma.gov.hk/media/eng/doc/key-functions/monetary-stability/rmb-business-in-hong-kong/hkma-rmb-booklet_accessible.pdf)

*Legislative Council Research Publications, “Competitiveness of Hong Kong in offshore renminbi business” December 30, 2015 (<http://www.legco.gov.hk/research-publications/english/essentials-1516ise08-competitiveness-of-hong-kong-in-offshore-renminbi-business.htm>)

*Legislative Council Research Brief, “Offshore Renminbi Centre”, December 2013.

*Liu Hong, “The Trajectory of the Dollar and its Impact on RMB Internationalization”, *Economic Review*, Bank of China (HK), November 2015.

3. One Belt One Road

China’s official document on OBOR:

*“Visions and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road”, National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the PRC, March 2015 (http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html).

Document of Central Policy Unit, Strategic Development Commission, HKSAR Govt.

*“策略發展委員會：一帶一路”，2015年7月3日
(http://www.cpu.gov.hk/doc/tc/commission_strategic_development/csd_2_2015c.pdf)

*“Commission on Strategic Development: One Belt One Road (translation)” July 3, 2015 http://www.cpu.gov.hk/doc/en/commission_strategic_development/csd_2_2015e.pdf

4. China’s Economic Reform & Development, and Implications for Hong Kong

(To be assigned later)

5. Development of Hong Kong as an International Financial Centre

*Invest Hong Kong, “Hong Kong: China’s Global Financial Centre”, 2014.

*HKTDC Research, *HK: Asia’s Premier Fund-raising Platform and Investment Gateway*, 2008.

*Jarvis, D.S.L., “Race for the Money: International Financial Centers in Asia,” *Lee Kuan Yew School of Public Policy Research Paper No. LKYSPP09-012-CAG005*, 2009.

*Paola Subacchi, Helena Huang, Alberta Molajoni and Richard Varghese, “Shifting Capital: The Rise of Financial Centres in Greater China”, A Chatham House Report, May 2012.

*Sung Yun-Wing, “Hong Kong and Shanghai as Global Service Hubs: Rivalry or Complementary?” Occasional Paper No. 20, Shanghai-Hong Kong Development Institute, September 2009.