

## ECON 5811 Global Economics and Finance Forum

Reading List – January, 2017

There is no textbook for this course. Readings have been drawn from the following books, and they will be referred to by the names of the authors in the reading list. 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.

Robert C. Feenstra and Alan M. Taylor, International Economics, Worth Publishers, 2012.

\*Paul R. Krugman, Maurice Obstfeld, and Marc J. Melitz, 2012, International Economics: Theory and Policy, Pearson International Edition, 9<sup>th</sup> edition.

\*Barry Naughton, Barry, 2007. The Chinese Economy: Transitions and Growth, The MIT Press.

Arthur R. Kroeber, 2016, China’s Economy: What Everyone Needs to Know, Oxford University Press.

\*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

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.

Yun-Wing Sung, 2005. The Emergence of Greater China: The Economic Integration of Mainland China, Taiwan, and Hong Kong, Palgrave, Macmillan.

The course is not mathematical (economic analysis will mostly 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. The rest of the course on the Chinese Economy is more institutional and the lecture notes will only be in outline form as students can easily read the relevant texts on their own.

### I. Introduction

1. Briefing on course outline
2. Briefing on reading list
3. China’s Challenge

### II. International Economics and Economic Development

1. International Economics: Introduction
2. Balance of international payments and the exchange rate

- \*#Krugman et. al., ch. 13
3. International macro policy: Choice of floating vs. fixed exchange rates
    - #Feenstra & Taylor, chs. 19 & 20.
    - \*#“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 in an open economy
    - \*#Krugman et. al., ch. 21.
  5. Ricardian Model
    - #Feenstra & Taylor, ch. 2, \*#Krugman et.al, ch. 3.
  6. Heckscher-Ohlin Model
    - #Feenstra & Taylor, ch.4, \*#Krugman et. al, ch. 5.
    - \*#宋恩荣，2015，“经济全球化及所得分配：探索与反思”，刊於「经济、金融与基督教视角」，上海社会科学院出版社（林洁珍、黄元山主编），页 24 - 31。
  7. Alternative models of international trade
    - \*#Krugman et.al. chs. 4 & 6.
    - \*G.C. Hufbauer, "The Impact of National Characteristics & Technology on the Commodity Composition of Trade in Manufactured Goods", in The Technology Factor in International Trade, Raymond Vernon (ed.), Universities-National Bureau, Committee Series 22, New York, 1970.
    - #Seev Hirsch, "Hypotheses Regarding Trade Between Developing and Industrial Countries", in The International division of labour problems and perspectives: international symposium, organized by Institut für Weltwirtschaft - Tübingen : Mohr - 1974, p. 65-82
  8. International factor movements
    - #Feenstra & Taylor, ch.5.
  9. Free trade and trade policy
    - #Feenstra & Taylor, chs.8 & 9, \*#Krugman et.al., chs. 9 &10.
  10. Import-substitution and export-oriented development
    - \*Sung, Yun-Wing, 1973. “Arguments in favour of a lesser developed country pursuing policies which would encourage a more rapid rate of growth of its exports of manufactures” (unpublished term paper).
    - \*#Krugman et.al., ch. 11.
    - \*#Helleiner, G., "Manufacturing for Exports, Multinational Firms and Economic

Development," World Development, 1973.

\*#Rudiger Dornbusch, "The Case for Trade Liberalization in Developing Countries", Journal of Economic Perspectives, Winter 1992, pp. 69-85.

\*#Dani Rodrik, "The Limits of Trade Policy Reforms in Developing Countries", Journal of Economic Perspectives, Winter 1992, pp. 87-105.

## 11. Economic Integration

Feenstra & Taylor, ch. 11.1.

### III. Reform and Opening of Chinese economy

#### 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.

#### 5. Changing China's growth model

Ch. 12 in Kroeber, #Chs. 1 to 7 in Pettis

#### 5. China and the world economy

#Ch. 13 in Kroeber, and Chs. 1, & 10 in Bergsten et. al. 2009.

#### 6. Hong Kong's economic integration with China

\*Yun Wing Sung, 2017, "Becoming Part of One National Economy: Maintaining Two Systems in the Midst of the Rise of China", draft for 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.

### IV. Special topics 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](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. One Belt One Road

China’s official document on OBOR:

\*“Visions and Actions on Jointly Building Silk Road Economic Belt and 21<sup>st</sup> 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](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](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](http://www.cpu.gov.hk/doc/en/commission_strategic_development/csd_2_2015e.pdf)

## 3. China’s Economic Reform & Development, and Implications for its external economic relations

(To be assigned later)

## 4. 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](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.