

ECON 5811 Global Economics and Finance Forum

Course Outline – January 6, 2021

Teacher: Prof. SUNG Yun-Wing (ELB 509, Tel: 3943 8777, Email: ywsung@cuhk.edu.hk)

Office hour: By appointment

TA: Ms. Candice Chan Email: candicechan@cuhk.edu.hk , Tel. 3943 3536

Mr. Chris Cheung Email: waihocheung@cuhk.edu.hk, Tel. 3943 3536

Office hour: to be posted on Blackboard

Course notes, readings, and office hours of TA will be posted on Blackboard (<https://elearn.cuhk.edu.hk>). Tutorials are not compulsory and the schedule will be posted on Blackboard.

Attention is drawn to University policy and regulations on honesty in academic work, and to the disciplinary guidelines and procedures applicable to breaches of such policy and regulations. Details may be found at <http://www.cuhk.edu.hk/policy/academichonesty/> . With each assignment, students will be required to submit a statement that they are aware of these policies, regulations, guidelines and procedures.

Assessment:

1. Five problem sets (20%)
2. Mid-term (20%) (March 2, 3.30 pm to 4.30pm)
3. Final exam (40%) (April 27, 3.30 pm to 5.30pm)
4. Individual professional/industry report (20%)

Individual professional report

A short professional/industry report (no more than 1,200 words) that analyzes some current economic, market, or industry issues (e.g., effect of US Fed interest cut on the Renminbi exchange rate). Good English is expected. **Bad English or unprofessional presentation will be heavily penalized.** The choice of topic is up to each student (students can ask the teacher for comments). A list of sample topics will be loaded on Blackboard before the end of February. The teacher reserves the right to disallow topics that are not appropriate.

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| 1. Sample topics loaded on Blackboard | March 9 |
| 2. Each student uploads title of report on Blackboard | March 23 |
| 3. Each student uploads report on Blackboard
(with a scanned honesty declaration that is signed) | May 4 |

VeriGuide: Plagiarism detection engine: You are required to upload a soft copy of your professional report to the VeriGuide for detecting plagiarism (<http://www.cuhk.edu.hk/veriguide>).

You will be required to fill in the assignment number (assignment number 1) and due date. You are reminded to carefully complete this information, otherwise your submission may not be recognised. After submission, you should download a submission receipt and Academic Honesty Declaration Statement. You should sign the Statement and upload to Blackboard together with your report on or before May 4.

Late submissions of professional reports will be downgraded. A zero mark will be given for

plagiarism, or for papers without a VERIGUIDE receipt and declaration of honesty.

Course description

This course is designed to enhance students' exposure to and understanding of a wide variety of real world economic and financial issues in Hong Kong, Mainland China, and the world to strengthen their ability to analyze policy issues.

Distinguished economists, business leaders, and/or government officials will be invited to deliver lectures on a wide range of leading economic and financial issues in the global economy. Through these lectures, students are trained to strengthen their capability of conducting innovative analyses of these issues with significant policy implications.

Students are required to write research papers for the course. The papers demonstrate students' own analyses and understanding of the course content.

The course is not mathematical but students are assumed to have good knowledge of undergraduate economics. More advanced economic concepts will be explained as they are used. Students who have problems with economic concepts are advised to attend tutorials and/or discuss with the tutor.

Learning outcomes

Students are expected to gain an advanced understanding of some leading issues in the global economy and finance and have a firm grasp of some basic research methodology in economics and finance. Students will receive training in application of economic theory to analyze policy issues. The course aims at improving students' preparation for their career development in business and financial positions as well as further academic studies.

Guest Speaker: Guest lecture will speak on the following dates, from 4.30 pm to 6.15 pm. The teacher will cover all other classes.

1. January 26, 2021 – Mr. William Tsang
“Land and Housing in Hong Kong: Challenges and Solutions”
Founder and Director of Consulting, WE Consulting & Services
2. February 9, 2021 – Mr. Julian IP
“Hong Kong: International Financial Centre”
Political Assistant to Secretary for Financial Services and the Treasury, HKSAR Government
3. February 23, 2021 – Mr. Nathan CHOW
“US-China Rivalry/Trade War”
Vice President, Economist, DBS Bank (Hong Kong)
4. March 9, 2021 – Mr. Edward LEUNG
Former Chief Economist, Hong Kong Trade Development Council
“Economic Integration and the Emergence of Anti-Globalization”
5. March 16, 2021 – Mr. Nicholas KWAN
Director of Research, Hong Kong Trade Development Council
“The Guangdong-HK-Macau Big Bay Area and One Belt One Road: Challenges and Opportunities for Hong Kong”

ECON 5811 Global Economics and Finance Forum
Reading List – January 5, 2020

- I. Introduction
- II. International Economics and Economic Development
- III. The Chinese Economy: Adaptation and Growth
- IV. Recent developments in the Chinese Economy
- V. Topics by guest speakers

- Due to Covid, we will use online readings and electronic books at the Library as much as possible. If soft copies are not available, the hard copies are kept in reserve in the Chung Chi Library.
- Readings have been drawn from the books listed below, and they will be referred to by the names of the authors in the reading list.
- Readings marked with an “*” are soft copies in Library or loaded on Blackboard.
- References are marked with a “#”.
- **Lecture notes will NOT be so detailed that they can substitute for attending lectures.**

*Krugman, Paul R., Obstfeld, Maurice, and Melitz, Marc J., 2017, International Economics: Theory and Policy, Pearson International Edition, 11th edition.

*Naughton, Barry, 2018. The Chinese Economy: Adaptation and Growth, 2nd edition, The MIT Press.

*Kroeber, Arthur R., 2016, China’s Economy: What Everyone Needs to Know, 2nd edition, Oxford University Press (The e book at the Library is the 1st edition, e book of 2nd edition is not yet available).

*Economy, Elizabeth C, 2018. The Third Revolution: Xi Jinping and the new Chinese state, Oxford University Press.

*Bergsten Fred C. et. al., 2009. China’s Rise: Challenges and Opportunities, Peterson Institute for International Economics and Center for Strategic and International Studies, Washington D.C.
<https://gayachina.files.wordpress.com/2011/07/a83dd7263dea2603910b89319023b134.pdf>

I. Introduction

1. Briefing on course outline
2. Briefing on reading list
3. China’s Challenge
 - * Nye, Joseph, 2017.1.11, “The Kindleberger Trap” - <http://www.arabnews.com/node/1037211/columns>

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

- *#“Central Bank Intervention and the Money Supply”, in Ch. 18 of Krugman et.al.
- *#Zhang Chaoyang & Choi Wing Hung, 2016.2. ”Hong Kong and Singapore’s Experience on the Impossible Trinity and its Implications for the Mainland”, *Economic Review*, Bank of China (HK) (Bilingual).
4. Business cycles and financial crisis in an open economy
*#Krugman et. al., chs. 20, 22.
 5. Ricardian Model
*#Krugman et.al, ch. 3.
 6. Heckscher-Ohlin Model
*#Krugman et. al, ch. 5.
 7. Comparative advantage in more general circumstances
*#Krugman et.al, Ch. 6.
 8. Alternative models of international trade

*#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 (Scanned copy on Blackboard)
 9. International factor movements
*#Krugman et.al, “International Labor Mobility” in Ch. 4.
 10. Free trade and trade policy

*#Krugman et.al., chs. 9 &10.

*#Krueger, Anne O, 2018.11.8. “Trump’s Tariff-quota Follies”, Speech at University of Minnesota, <https://cla.umn.edu/heller-hurwicz/news-events/news/honoring-distinguished-economist-anne-o-krueger>,
(<https://www.youtube.com/watch?v=-WZAuyMTUX4>)
 11. 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, scanned copy on Blackboard).

*#Krugman et.al., ch. 11.

*#Helleiner, G., 1973. "Manufacturing for Exports, Multinational Firms and Economic Development," World Development.

12. Economic Integration and Anti-Globalization

*#Krugman et.al., “International Negotiation & Trade Policy” in ch. 10, ch. 12.

*#Sung, Yun-Wing, 2018. “Becoming Part of One National Economy: Maintaining Two Systems in the Midst of the Rise of China”, Tai-lok Lui, Stephen W.K. Chiu, and Ray Yep edited, *Routledge Handbook of Contemporary Hong Kong*, pp. 66 - 85.

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

III. The Chinese Economy

1. Legacies and Setting, *#Naughton, Chs. 1 to 6.

2. The Urban Economy

Industry: Ownership and Corporate Governance, *Naughton Ch. 14, *Economy, Ch. 4, *Kroeber Ch. 5.

Technology and Industrial Policy, *Naughton, Ch. 15, *Economy, Ch. 5.

3. International Trade, *Naughton, Ch. 16

4. Foreign Investment and the Capital Account, *Naughton, Ch. 17

IV. Recent developments in the Chinese economy

1. The Financial System, *Kroeber Ch.7.

2. Changing the Growth Model, *Kroeber Ch. 12.

3. Conclusion: China and the World, *Kroeber, Ch. 13, *Economy, Ch. 7, and *Bergsten et. al., Chs. 1, & 10.

V. Topics by guest speakers (Readings will be announced later)

1. Land and Housing in Hong Kong: Challenges and Solutions

2. Hong Kong: International Financial Centre

3. US-China Rivalry/Trade War

4. Economic Integration and the Emergence of Anti-Globalization

5. The Guangdong-HK-Macau Big Bay Area and One Belt One Road: Challenges and Opportunities for Hong Kong