

ECON3380 Economy of Hong Kong 香港經濟 (Spring 2022)
The Chinese University of Hong Kong (Department of Economics)
Course Outline and Reading List

Staff

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Course Description

This course addresses the basic and comprehensive understanding of economic features of Hong Kong's city-state economy in the world economy. It also attempts to show what are the major problems and related policies. The emphasis will be on both economic analysis and institutional arrangements of various economic sectors. The medium of instruction is English and some Cantonese supplement. Public broadcasting or media and newspapers is another source of understanding the economy.

The following is only an *indicative* outline of the course; changes may be brought forward during the semester.

- **Hong Kong's Development**
Economic performance and structure / Post-1997 slowdown / Composition of GDP/GNP and price indexes / Integration with China / Economic structure / Competition policies / Informal economy / Silver Economy and Gerontology
- **Economic Efficiency and Income Disparity**
Efficiency and equality: Income disparity / Real Estate Market & housing / Income redistribution role of the public finance system in Hong Kong / Ageing / Public Finance Setting
- **Price Adjustment and Labour Employment**
The spread and nature of post-1997 price deflation process / Labour productivity / A cyclical and structural unemployment.
- **The Banking and Finance**
History of Hong Kong's monetary standards / Linked exchange rate (LER) / Determinants of base money and money supply
- **The International Transactions**
The current account transactions / Balance of the capital and financial account / Overall international balance of payments (BOP) account. / Hong Kong's BOP positions

We distributed the assignments occasionally. You may discuss about some economic policies and issues during the lecture. Guest speakers may be invited to share their research experience about Hong Kong economy. *

Assessment

TWO 60-min. Test on 21st Feb. and 28th March (40%); Project with slide or video presentation (~10 min.) (20%) on 11th April & written report by 23:59:59 submitted by 2nd May (Group size limit: 3) with word limit (About 12,000 words for 3 or 4 students | 8,000 words for 1 or 2 students) (20%); and Class Participation (20%). As to how the project and discussion performance will be assessed, you should take a careful look on our **Guidelines** which are delivered after add-drop period. **Make-up assessment may not be approved.**

Grade Description

A / A-	Demonstrates unexpected superior understanding of all aspects of the course (basic concepts and key views and arguments in the literature). Demonstrates excellent ability to interpret relevant concepts and analyze major economic issues, activities, and the corresponding influence on general public in society based on relevant materials and tools.
B+ / B / B-	Demonstrates good grasp of all major aspects of the course (basic concepts and key views and arguments in the literature). Demonstrates reasonable ability to interpret relevant concepts and analyze major economic issues, activities, and the corresponding influence on general public in society based on relevant materials and tools.
C+ / C / C-	Demonstrates acceptable grasp of most major aspects of the course (basic concepts and key views and arguments in the literature). major economic issues, activities, and the corresponding influence on general public in society Demonstrates acceptable ability to interpret relevant concepts and analyze major economic issues, activities, and the corresponding influence on general public in society based on relevant materials and tools.
D+ / D	Demonstrates a marginally acceptable grasp of some major aspects of the course (basic concepts and key views and arguments in the literature). Demonstrates a marginally acceptable ability to interpret relevant concepts and analyze major economic issues, activities, and the corresponding influence on general public in society based on relevant materials and tools.
F	Failure to meet a minimum standard of knowledge base in the subject. Failure to understand and analyze any financial and banking issues.

Learning Outcome

After completing this course, students should be able to understand the basic working and activities of the Hong Kong economy. They might also understand and apply relevant basic concepts, tools, and techniques to analyze some current economic issues and policies of Hong Kong.

Main References

- Li, K.W., *Economic Freedom: Lessons of Hong Kong* (World Scientific, 2012).
- Wong, Yu Chim Richard, *Fixing Inequality in Hong Kong*, HKU Press, Hong Kong, 2017.
- _____, *Hong Kong Land for Hong Kong People Fixing the Failures of Our Housing Policy*, HKU Press, Hong Kong, 2015.

Selected Reading: A Reader's Guide

Chief Executive, HKSAR, *Policy Address by the Chief Executive* (Hong Kong: Printing Department, Dec.2020 and other relevant years) (<https://www.policyaddress.gov.hk/>).

Financial Secretary, HKSAR (<http://www.fso.gov.hk/index.htm>), *The Budget* (Hong Kong: Printing Department, selected years) (<http://www.budget.gov.hk>)

Financial Services and the Treasury Bureau, HKSAR, *Economic Report/Economic Background/Economic Prospects* (Hong Kong: Printing Department, selected quarters/years). (<http://www.censtatd.gov.hk/hkstat/sub/sp70.jsp?productCode=B6XX0004>).

_____, "Final Report to the Financial Secretary by the Task Force on Review of Public Finances" (Feb. 2002) (<http://www.fstb.gov.hk/tb/en/final-report-to-the-financial-secretary-by-task-force-on-review-of-public-finances.htm>).

Goodstadt Leo F., *Poverty in the Midst of Affluence: How Hong Kong Mismanaged Its Prosperity*, Revised Edition (繁華底下的貧窮：香港施政失誤，修訂版) (HKU Press, 2014).

Ho, C., "A survey of the institutional and operational aspects of modern-day currency boards" (BIS Working Papers 110, Monetary and Economic Department of Bank for International Settlements, Mar. 2002) (<http://www.bis.org> - first **click Research and Publications** and then **click Working Papers**).

Ho, S.S.M., et al, *The Hong Kong Financial System: a new age* (Oxford University Press, 2004).

Ho, Y.P., *Trade, Industrial Restructuring and Development in Hong Kong* (London/Honolulu: Macmillan Press/University of Hawaii Press, 1992).

Hong Kong Monetary Authority (HKMA), *Quarterly Bulletin* (Hong Kong: HKMA Publications, relevant quarters). (<http://www.hkma.gov.hk/eng/> - first **click Data, Publications & Research** and then **click Quarterly Bulletin**).

Imai, H., "Hong Kong's High Inflation Under the US Dollar Peg: The Balassa-Samuelson Effect or the Dutch Disease?" (Working Paper 126, Center for Research on Economic Development and Policy Reform, Stanford University, Feb. 2002).

Jao, Y.C., *The Asian Financial Crisis and the Ordeal of Hong Kong* (London: Quorum Books, 2001).

Latter, T., "Deflation: is it really a problem: if so, what should be done?", *HKCER Letters* (Jan.-Apr. 2003) (<http://www.hkcer.hku.hk/> - first **click HKCER Letters**).

_____, "Hong Kong's Exchange Rate Regimes in the Twentieth Century: The Story of Three Regime Changes" (Working Paper 17/2004, Hong Kong Institute for Monetary and Financial Research, Sept. 2004) (<http://www.hkimr.org/> - first **click Publications and Research of Research** and then **click Working Papers**).

Liu, Pak-Wai (1998), "Asian Financial Crisis and After: Problems and Challenges for the Hong Kong Economy", Occasional Paper No.89, Hong Kong Institute of Asia-Pacific Studies.

Our Hong Kong Foundation, various publications or articles under reports, (<https://www.ourhkfoundation.org.hk>)

Peng, W., et al, "The fiscal deficit and macroeconomic stability in Hong Kong SAR" in *BIS Papers 20: Fiscal issues and central banking in emerging economies* (Basel: BIS Publications, Oct. 2003) (<http://www.bis.org> - first **click Publications and research** and then **click BIS Papers**).

Schellekens, P., "Deflation in Hong Kong SAR" (IMF Working Paper WP/03/77, Apr. 2003) (<http://www.imf.org/>).

Sung, Y.W., "Hong Kong's Economic Integration with Pearl River Delta: Quantifying the Benefits and Costs" (Report of a CPU consultancy study, (May 2004) Central Policy Unit (CPU), HKSAR.

Szczepanik, E., *The Economic Growth of Hong Kong* (London: Oxford University Press, 1958).

Yam, J., *Review of Currency Board Arrangements in Hong Kong* (Hong Kong: HKMA Publications, Dec. 1998) (<https://www.hkma.gov.hk/media/eng/publication-and-research/reference-materials/monetary/rcbahke.pdf>).

You are strongly encouraged to visit the Hong Kong Association of Gerontology – http://www.hkag.org/Eng/index_eng.html, HKTDC website – <http://www.hktdc.com/>, the HKMA website – <http://www.hkma.gov.hk/eng/> and Our Hong Kong Foundation website – <https://www.ourhkfoundation.org.hk/> for further reference materials. You are also advised to visit a good variety of websites on topical issues about the world economy at large – including the Hong Kong economy as well; you will find links to the sites of the International Monetary Fund (IMF) – <http://www.imf.org/>, Bank for International Settlements (BIS) – <http://www.bis.org/forum/research.htm>, the World Bank – <http://www.worldbank.org/>. For general economic and social indicators including Hong Kong's GDP, GNP, BOP, CPIs, unemployment and the Population Census statistics, you can visit <http://www.hkeconomy.gov.hk/en/home/index.htm>, and also <http://www.censtatd.gov.hk/>.

Academic Honesty

Any students who commits plagiarism, which is a disciplinary offence, is liable to disciplinary action. Please check the website (<http://www.cuhk.edu.hk/policy/academichonesty>) on "Honesty in Academic Work: A guide for Students & Teachers".