COURSE CONTENT

Course Coordinator  Yip Sau Leung
Course Code       HE2015
Course Title      Macroeconomic Issues and Policies in Contemporary China
Pre-requisites    HE2002 Intermediate Macroeconomics
No of AUs          3
Contact Hours     39 hours (3 hours per week; 2 hours lecture and 1 hour tutorial)

Course Aims
This course is designed as an up-to-date course which will equip you with the appropriate analytical framework and updated knowledge on the Chinese economy. The course will cover China’s latest macroeconomic issues which include:

• The exchange rate system reform since 2005;
• The banking reform in 2005-06, and its lessons to other emerging economies;
• Trade, foreign investment, balance of payment and foreign reserve management policies since 2006;
• China’s stock market since 2005: the building up of bubble in 2006-07, the gradual squeezing of bubble in 2008, the consolidation period in 2009-13, the rebound in 2014, and another bubble and the bursting in 2015-16;
• China’s property inflation: microeconomic pains, macroeconomic risk, its solution and the effectiveness of the curbing measures;
• China’s macroeconomy since 2008: Impacts of the global financial tsunami, the ultra expansionary fiscal and monetary policies in 2008-10, impacts of the European Debit Crisis, the slowdown of the China’s economic growth, the stock market bubble in 2015, the central bank’s exchange rate policy mistake in 2014-17
• The latest property bubble in Asia, the risk of another Asian financial crisis and its potential impacts on China;
• The recommended long-term exchange rate system for China.

Intended Learning Outcomes (ILO)
By the end of this course, you (as a student) would be able to:

1. Identify and analyze the latest macroeconomic issues in China;
2. Analyze and explain the exchange rate reform and macroeconomic policies in China;
3. Analyze the banking reform in China and apply it to other countries;
4. Describe and analyze the foreign trade, FDI and balance of payment in China;
5. Analyze and explain the stock market bubbles in China using appropriate theoretical economics framework; and
6. Apply the appropriate analytic framework to analyze the property markets in China and Asia
Course Content
1. Macroeconomic Conditions and Debates before the Reform;
2. Transitional and Medium-term Designs of the Reform;
3. Supplementary Measures that could help the Reform and Increase China’s Immunity and Resilience against Future Crises;
4. The Transitional Reform in 2005 and the Market Response;
5. Further Proposals on the Supplementary Measures;
6. The Second Stage Transitional Reform and Potential Choices for the Long Term System;
7. China’s Foreign Reserves, Trade Surplus, Outward Investments and Overseas Assets;
8. China’s Stock Market Bubble and Lessons from the Bubble Squeezing Strategy;
9. China’s Property Inflation: Microeconomic Pains, Macroeconomic Risk and Its Solution;
10. Fiscal and Monetary Policies During the Global Financial Tsunami;
11. From the Global Financial Tsunami to the Asset Bubbles in Asia; and
12. Latest Events and Challenges.

Assessment (includes both continuous and summative assessment)

CA 1 : 20%
CA 2 : 20%
Final Examination : 60%
Total : 100%

Reading and References

Course Instructors

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<thead>
<tr>
<th>Instructor</th>
<th>Office Location</th>
<th>Phone</th>
<th>Email</th>
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<tbody>
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Planned Weekly Schedule

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