

**REGULATIONS FOR THE DEGREE OF
MASTER OF ECONOMICS
(MEcon)**

These Regulations apply to students admitted to the Master of Economics programme in the academic year 2003-04 and thereafter.

(See also General Regulations)

Any publication based on work approved for a higher degree should contain a reference to the effect that the work was submitted to The University of Hong Kong for the award of the degree.

The degree of Master of Economics is a postgraduate degree awarded for the satisfactory completion of a prescribed course of study in economics with emphasis on the analysis of real world economic problems.

Admission requirements

ME 1. To be eligible for admission to the courses leading to the degree of Master of Economics, candidates shall

- (a) comply with the General Regulations;
- (b) hold
 - (i) a Bachelor's degree with honours of this University; *or*
 - (ii) another qualification of equivalent standard from this University or from another University or comparable institution accepted for this purpose; and
- (c) satisfy the examiners in a qualifying examination, if required.

Qualifying examination

ME 2.

- (a) A qualifying examination may be set to test the candidates' formal academic ability or their ability to follow the courses of study prescribed. It shall consist of one or more written papers or their equivalent, and may include a project report.
- (b) Candidates who are required to satisfy the examiners in a qualifying examination shall not be permitted to register until they have
- (c) satisfied the examiners in the examination.

Award of degree

ME 3. To be eligible for the award of the degree of Master of Economics, candidates shall

- (a) comply with the General Regulations; and
- (b) complete the curriculum and satisfy the examiners in accordance with the regulations set out below.

Length of curriculum

ME 4. The curriculum shall extend over a minimum of two academic years and a maximum of four academic years of part-time study, or a minimum of one academic year and a maximum of two academic years of full-time study.

Completion of curriculum

- ME 5.** To complete the curriculum, candidates shall
- (a) follow the courses of instruction and complete satisfactorily all prescribed written work and field work;
 - (b) satisfy the examiners in all prescribed courses as specified in the syllabuses and in any prescribed form of examination; and
 - (c) if appropriate, complete and present a satisfactory project paper in lieu of one written paper in the examination, or complete and present a satisfactory dissertation in lieu of two papers in the examination, if such options are provided.
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Title of dissertation

ME 6. Subject to the provisions of Regulation ME 5 (c), candidates shall submit the titles and outlines of their dissertation for approval by the Programme Director within the first two weeks of the final academic year, and the dissertation shall be presented by a date prescribed in the syllabuses. Candidates shall submit a statement that the dissertation represents their own work undertaken after registration in the course.

Examinations

ME 7. Candidates shall satisfy the examiners in all the prescribed courses as specified in the syllabuses. Examinations shall normally be held at the end of each course, unless otherwise specified.

ME 8. Candidates who have failed a course shall be required to sit for re-examination or to retake the courses. If the failure is an elective course, candidates may elect to take another course as a substitute .

ME 9. Subject to the provisions of Regulation ME 5 (c), candidates who have failed to present a satisfactory project paper or dissertation may be permitted to submit a new or revised project paper or dissertation within a specified period.

ME 10. Candidates who are unable because of illness to be present for one or more papers in any written examination may apply for permission to present themselves at a supplementary examination to be held before the beginning of the following academic year. Any such applications shall be made on the form prescribed within two weeks of the first day of the candidates' absence from the examination.

ME 11. Candidates who have failed a total of more than three examinations or re-examinations during the entire period of study of the curriculum or who are not permitted to submit a new or revised dissertation shall be recommended for discontinuation under the provisions of General Regulations G 12.

Examination results

ME 12. At the conclusion of the examination, and after presentation of the dissertation if applicable, a pass list shall be published. Candidates who have shown exceptional merit at the completion of the curriculum may be awarded a mark of distinction, and this mark shall be recorded in the candidates' degree diploma.

SYLLABUSES FOR THE DEGREE OF MASTER OF ECONOMICS

These Syllabuses apply to current students and students admitted to the Master of Economics programme in the academic year 2003-04 and thereafter.

PROGRAMME STRUCTURE

Candidates must read two compulsory courses plus 6 elective courses. They may elect to submit a dissertation in lieu of two elective courses. Up to two elective courses can be chosen from courses offered by the Master of Finance and the Master of Business Administration programmes, subject to the availability, and approval by the programme directors concerned.

For candidates admitted in the academic year 2003-2004 and thereafter, the two compulsory course are ECON6021 and ECON6022. Candidates with strong undergraduate training in economics and mathematics may take ECON6011 and ECON6012 in lieu of ECON6021 and ECON6022, respectively, under the advice and approval of the Programme Director. For candidates admitted before the academic year 2003-2004, the two compulsory courses are ECON6011 and ECON6012.

Courses are offered under a modular structure which are offered either on a half or full module basis. Not all the courses listed in the syllabuses will necessarily be offered each year.

COURSES

ECON6021 Microeconomic analysis

This course provides an advanced treatment of standard tools and frameworks in microeconomics that are used in other courses of the programme. Topics include constrained and unconstrained optimization, consumer theory, uncertainty and information, cost and production, and market structure and equilibrium.

Note: This course is not open to students who have completed ECON6011.

ECON6022 Macroeconomic analysis

This course is an advanced treatment of the theory of the determination of national income and aggregate economic behaviour. Topics include national income accounting, employment theory, inflation and deflation, monetary and fiscal policy for economic stabilization, economic growth, and international economic issues. Applications to contemporary economic issues are emphasized.

Note: This course is not open to students who have completed ECON6012.

ECON6011 Microeconomics theory

This course covers how consumers and producers make choices and how these choices are equilibrated by the market. In the part on choice theory, utility maximization and profit maximization problems together with corresponding dual problems are considered. Optimal value functions are studied and used to perform comparative static analysis. Restrictions imposed by optimization on consumer and producer behaviour are discussed. Choices under uncertainty are also investigated. The second part mainly covers the equilibrium in perfectly competitive markets and the two fundamental welfare theorems. It will also discuss the consequences of market failures, including public goods, externalities, and market power. Game theory will also be introduced.

ECON6012 Macroeconomic theory

This course covers neo-classical macroeconomics, the Keynesian model and its problems, the consumption function and investment and economic fluctuations, supply and demand of money, the counter-revolution in monetary theory, inflation and unemployment and alternative policies for dealing with them, and open economy macroeconomics.

ECON6005 Econometrics analysis

This course prepares students for empirical research. The emphasis is on the specification, estimation, and evaluation of econometric models. Topics include model specification, model selection, regression models, large sample theory, nonlinear models, maximum likelihood, generalized method of moments, errors in variables, instrumental variable estimation, simultaneous equation models, dynamic models, unit root, cointegration and vector autoregression.

ECON6001 Applied econometrics

This course examines how practical problems can be solved by using econometric methods. The emphasis is on the analysis of real world economic data using advanced statistical software. Topics include estimation and testing of linear regression models, regression diagnostics, robust estimation, bootstrap, panel data, nonlinear least squares, discrete choice models and forecasting methods.

ECON6006 Economics of organization and strategy

The organization component of this course discusses different theories of the firm, including the property rights approach and the incomplete contracting model. It forms the basic framework that is used to understand how various decisions are made within a firm. The incomplete contracting model can be further extended to study financial decisions such as capital structure, bankruptcy, and corporate voting. The strategy component uses game theory to understand how firms formulate strategies to cope with different competitive forces. Cases are used to illustrate how these strategies work. Examples include the meet-the-competition and most-favored-customer contractual clauses.

ECON6007 Industrial organization

This course covers alternative forms of economic organizations, including the contractual nature of the firm, the meaning of monopoly and patent rights, the extraction of consumer surplus, and the purpose of integration and franchise arrangements. Government regulations will be discussed whenever appropriate.

ECON6009 Labour economics

This course examines the operation of labour markets. The analytical approach is largely based on microeconomic theory. Attention is also given to issues involved in drawing inference from labour market data. Topics may include: the theory and estimation of labour demand and supply, the selection problem, the structure of wages, the choice of labour contracts, investment in human capital, immigration and emigration, worker turnover and labour market frictions, labour market discrimination, and unemployment.

ECON6010 Monetary policy: theory and practice

This course traces the evolution of central banks over the last 200 years from primitive financial clearing-houses to promoters of macroeconomic stability and growth as a natural progression as policy-makers sought to combat various challenges to macroeconomic stability, such as inflation and systemic financial risk. The course will discuss different monetary policy regimes, including currency boards and inflation targeting, and the inherent trade-offs between them, focusing especially on the importance of credibility and expectations. Optimal monetary policy design and the monetary transmission mechanism will also be covered.

ECON6014 Trade, Investment and Development in East Asia

This course examines various current topics and economic development problems facing East Asian economies. This course is mainly empirical. The economies we consider include China, Hong Kong, Taiwan, South Korea, Japan, Singapore and selective members of the ASEAN. The topics to be covered will vary and be updated from year to year. Some of the main current economic issues include the competitiveness of East Asian economies, proposals for free trade areas, foreign direct investment and the economic strategy of multinationals corporations, sources of past and future economic growth in East Asia, industry structure, technology policies, the Asian financial crisis, banking problems and exchange rate regimes.

Note: This course is not open to students who have taken ECON6004.

ECON6015 Public Economics

This course covers the positive and normative analyses of the public sector in relation to efficiency and equity. It provides a better understanding of the making of public policy under asymmetric information and limited commitment, and the role of incentives in public administration. Topics may include: market failure, welfare criteria, public goods and externalities, social choice and voting, income distribution, public pricing and investment, cost-benefit analysis and project appraisal, and the regulation of public enterprises.

ECON6017 Financial Economics

This course is a survey of capital and investment theories which are the basis of the analysis of finance. Topics include: Fisher's separation theorem; investment theory and some investment econometrics; expected utility theory, portfolio selection, and other applications; intertemporal models with uncertainty and transaction costs.

ECON6031 The Chinese Economy

This course reviews the economic transformation of the People's Republic of China and its implications. China's experiences are subjected to theoretical and empirical analysis by using modern economic methods. The course covers structural and institutional changes as well as current debates on reform and policy. Topics include history, geography, population, rural reform, industrialization, urbanization, enterprise reform, foreign trade and investment, financial system, and regional development.

ECON6032 International Trade and Finance

The first part of the course covers the pure theory of international trade. Topics include comparative advantage, factor-price equalization, gains from trade, tariff and quota, factor mobility, and multi-lateral trade agreements. The second part of the course covers the theory of international monetary economics. Topics include the balance of payments, exchange rate determination, international policy coordination, and the international capital market. More recent topics such as currency crises will also be discussed.

Note: This course is not open to students who have taken ECON6008 or ECON6019.

ECON6033 Corporate Finance

This course focuses on financial decisions in the modern corporation. The basic topics to be covered include: capital budgeting, cost of capital, capital structure, dividend policy, public offerings, and incentives and contracting problems. There will also be some treatment of mergers and acquisitions, and corporate governance. The objective of the course is to integrate these various topics into standard theories of risk and return and the valuation of assets in order to provide a theoretical framework for considering corporate finance problems and issues, with an understanding of how it applies to the real world.

ECON6034 Competition, Regulation and Business Strategy

Governments regulate markets to varying degrees. This course studies the economics of competition, monopolies and cartels, theories of regulation, regulation and taxation, and rent-seeking behaviour. These concepts are used to understand how business strategy in regulated markets differs from that in competitive markets. Selected case materials based on contemporary local examples from banking, container terminals, electricity and gas, transportation, telecommunications, air services, housing and property, and the gaming industry will also be used in classroom discussions.

ECON6035 Political Economy of Economic Policy

This course studies the relationship between the state and the market economy, especially highlighting the costs and benefits of economic policy interventions. Topics may include the economic value of the rule of law; property rights and institutional change; promoting competition and regulating markets; rules versus discretion in monetary, fiscal and exchange rate policy; and regionalism versus federalism. Selected case materials based on historical and contemporary examples will be used in classroom discussions, including international examples with emphasis on Hong Kong, China and Asia.

ECON6002 Selected topics in microeconomics

This is a special course that deals with various topics of microeconomics. Topics covered may vary from year to year, depending on the research interests of the instructor.

ECON6052 Selected topics in macroeconomics

This is a special course that deals with various topics of macroeconomics. Topics covered may vary from year to year, depending on the research interests of the instructor.

ECON8001 Reading course

This course consists of supervised reading and written work. Candidates will specialise in one topic under the guidance of a lecturer. Topics vary yearly depending on the current interests of staff. Examples of topics are: the problem of social cost, investment in human capital, general equilibrium theory and welfare economics, international trade theory, international monetary relations, major topics in the history of economic thought, and current economic problems of Hong Kong.

An original project paper is required in lieu of a written paper in the examination. It shall not exceed 15,000 words in length, and must be completed and presented not later than May 31 of the academic year in which the teaching programme ends. Candidates shall submit a statement that the project paper represent their own work undertaken after registration in the course.

Note: This course is available only to students admitted before the academic year 2003-2004.

ECON8002 Dissertation (double course)

The dissertation shall consist of original work written under staff supervision. Topics offered may vary from year to year, depending on the research interests of staff members. A satisfactory dissertation may be offered in lieu of two papers in the examination. Candidates shall submit the titles and outlines of their dissertations for approval by the Programme Director within the first two weeks of the final academic year. The dissertation, which should not exceed 30,000 words in length, shall be presented not later than August 31 of that academic year.

Note: This course is available only to final year students.

ASSESSMENT

Candidates shall normally be examined at the end of each course, unless otherwise specified. Examinations may include any combination of written assignments, project papers, written reports, or any other assignment which may be required as part of a course.