

**REGULATIONS FOR THE DEGREE OF
BACHELOR OF ECONOMICS
(BEcon)**

These regulations apply to students admitted in the academic year 2001-2002 and thereafter.

(See also General Regulations and Regulations for First Degree Curricula)

Admission to the degree

- BE 1** To be eligible for admission to the degree of Bachelor of Economics, candidates shall
- (a) comply with the General Regulations;
 - (b) comply with the Regulations for First Degree Curricula; and
 - (c) satisfy all the requirements of the curriculum in accordance with the regulations that follow and the syllabuses of the degree.
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Length of study

- BE 2** The curriculum shall normally require six semesters of full-time study, spreading over three academic years. Candidates shall in any case be required to complete the curriculum within five academic years, unless otherwise permitted by the Dean of the Faculty or his designate.
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Completion of the curriculum

- BE 3** To complete the curriculum, candidates
- (a) shall satisfy the requirements prescribed in UG 3 of the Regulations for First Degree Curricula;
 - (b) shall enrol and attempt examination in not less than 180 credits of courses, in the manner specified in the syllabuses;
 - (c) shall normally be required to satisfactorily complete at least 60 credits of courses in an academic year, in a manner as prescribed in the syllabuses;
 - (d) shall normally select not less than 24 and not more than 39 credits of courses in each semester or not more than 78 credits in an academic year, unless otherwise permitted or required by the Dean of the Faculty or his designate; and
 - (e) may be required by the Dean of the Faculty or his designate to take a reduced study load if their academic progression is unsatisfactory.
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Advanced standing

- BE 4** Advanced standing may be granted to candidates in recognition of studies completed successfully in an approved institution of higher education elsewhere in accordance with UG 2 of the Regulations for First Degree Curricula. Advanced credits granted shall not be included in the calculation of the Semester GPA, Cumulative GPA or taken into consideration for the honours classification of the degree to be awarded.

Selection of courses

BE 5 Candidates shall select courses in accordance with these regulations and the guidelines specified in the syllabuses before the beginning of each semester. Changes to the selection of courses may be made during the first two weeks of each semester, and such changes shall not be reflected in the transcript of the candidates. Requests for changes after the first two weeks of a semester shall not be considered, and candidates withdrawing from any course without permission after the first two weeks of a semester shall be given an F grade.

BE 6 Candidates shall not be permitted to select a second- or third-year course for which the failed course forms a prerequisite unless permission is given by the department concerned to sit a qualifying examination in the failed course and satisfy the examiners in this.

Assessment

BE 7 Candidates shall be assessed for each of the courses which they have registered for, and assessment may be conducted in any one or any combination of the following manners: written examinations or tests, continuous assessment of performance, laboratory work, field work, research or project reports, or in any other manner as specified in the syllabuses.

Grades

BE 8 Grades shall be awarded in accordance with UG 5 of the Regulations for First Degree Curricula.

BE 9 Candidates shall not be permitted to repeat courses for which they have received a pass grade for upgrading purposes.

Absence from examination

BE 10 Failure to take the examination as scheduled will automatically result in course failure under normal circumstances. Candidates who are unable, because of illness or other acceptable reason, to be present at any examinations of a course, may apply for permission to present themselves for examination at some other time.

Failure in examination

BE 11 Candidates who have failed a course will be required to retake the course again or to take another course as substitution in the case of failure in an elective course.

BE 12 The maximum number of attempts for a particular course, including retakes and re-examinations, is three.

Unsatisfactory performance

BE 13 Candidates shall be put on probation, in accordance with the arrangements of the Faculty, if their semester GPA is lower than 1.5 in any semester; and shall be recommended for discontinuation under the provisions of General Regulations G 12 if their semester GPA is lower than 1.5 for two consecutive semesters.

Award of degree

- BE 14** To be eligible for the award of the degree of BEcon, candidates shall have
- (a) achieved a cumulative GPA of 1.5 or above;
 - (b) accumulated a minimum of 180 credits and passed all the compulsory courses required in the syllabuses; and
 - (c) satisfied the requirements in UG 3 of the Regulations for First Degree Curricula.
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Degree classification

- BE 15** The degree of Bachelor of Economics shall be awarded in five divisions:

First Class Honours
 Second Class Honours Division One
 Second Class Honours Division Two
 Third Class Honours
 Pass

- BE 16** The classification of honours shall be determined by the Board of Examiners at its full discretion by taking into account the overall performance of the candidates and other relevant factors as appropriate.
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SYLLABUSES FOR THE DEGREE OF BACHELOR OF ECONOMICS

1. Candidates must enrol and attempt examination in not less than 180 credits of courses in accordance with the regulations and the syllabuses. In addition, the 180 credits of courses should be completed in the following manner:

Language/Information Technology/Broadening courses	24 credits
Core courses - first year	24 credits
- second/third year	18 credits
Economics/Finance electives	42 credits
Intra-faculty electives [#]	36 - 48 credits
Inter-faculty electives	24 - 36 credits
2. To fulfil the graduation requirement of this degree as specified by the Board of the Faculty of Business and Economics in accordance with UG 3 of the Regulations for First Degree Curricula, candidates must satisfactorily complete the credits of courses with an asterisk(*) beside. Those courses are in one of the following areas of study: English language studies, Chinese language studies, science and technology, culture and value studies, and information technology.
3. The courses listed will not necessarily be offered every year; from time to time, depending on the exigencies of staffing, additional courses may be offered. The School of Economics and Finance will only offer electives for which sufficient student demand has been expressed in any one year.
4. There are no prerequisites for admission to these courses unless otherwise specified.
5. For courses offered by the School of Economics and Finance, the final examination is normally 2 hours in length, unless otherwise specified by individual teacher at the start of the semester. Final grading will be determined by performance in the examination and an assessment of coursework in a ratio that is to be announced by the teacher at the beginning of each semester.
6. Candidates may take a maximum of 78 credits of Year I level courses, unless otherwise specified in the syllabuses.

7. Candidates are required to take not less than 60 but not more than 96 credits of second/third year courses from those listed in the BEcon curriculum. 18 of the 60 credits are core: ECON2101, ECON2102, and ECON0701[@] and they must be taken in the second year of study.
8. Final year candidates may select up to four courses offered under the syllabuses for the Master of Economics (MEcon) as third year courses, subject to availability and the approval of the Director of the School of Economics and Finance. Each of these MEcon courses carries 6 credits, unless otherwise specified.

Electives from the School of Economics and Finance or the School of Business.

@ Final year candidates in the academic year 2003-04 who have not taken ECON0701 in their second year of study are allowed to take the course in their third year of study.

YEAR ONE

<i>Course code</i>	<i>Course title</i>	<i>Credits</i>
CBBA0001.	Practical Chinese language course for business, economics and finance students*	3
ECEN1904.	English for academic communication for economics and finance students*	3
ECON1001.	Introduction to economics I	6
ECON1002.	Introduction to economics II	6
	Statistics requirement:	
ECON1003.	Analysis of economic data <i>or</i>	6
STAT1000.	Principles of statistics <i>or</i>	
STAT1001.	Elementary statistical methods <i>or</i>	
STAT1003.	Introductory statistics	
	Mathematics requirement¹:	
MATH0801.	Basic Mathematics I <i>or</i>	6
MATH0802.	Basic Mathematics II	
YITC1001.	Foundations to information technology^{2*}	3
xxxxx.	Culture and value studies* <i>or</i>	3
xxxxx.	Free inter-faculty elective*	
xxxxx.	Science and technology studies*	3
xxxxx.	Broadening courses/inter-faculty electives	6
xxxxx.	Electives³	15

¹ Candidates with a pass in A-level Mathematics are exempted but must take another elective in lieu of.

² Candidates are exempted from the course if they obtain a pass in the YITC1002 Information Technology Proficiency Test but must take another broadening course in lieu of.

³ At least 12 credits of courses must be taken outside the School of Economics and Finance.

YEAR TWO

<i>Course code</i>	<i>Course title</i>	<i>Credits</i>
ECEN2905.	English for professional communication for economics and finance students*	3
ECON2101.	Microeconomic theory	6
ECON2102.	Macroeconomic theory	6
ECON0701.	Introductory econometrics	6
xxxxx.	Economics/Finance/intra-faculty/inter-faculty electives	39

YEAR THREE

<i>Course code</i>	<i>Course title</i>	<i>Credits</i>
xxxxx.	Economics/Finance/intra-faculty/inter-faculty electives	60

YEAR TWO OR THREE ELECTIVES

<i>Course code</i>	<i>Course title</i>	<i>Credits</i>
ECON0103.	Economics of human resources	6
ECON0104.	Public finance	6
ECON0106.	Games and decisions	6
ECON0107.	History of economic thought	6
ECON0109.	Topics in macroeconomics	6
ECON0204.	The economics of finance	6
ECON0205.	Theories of investment	6
ECON0206.	Capital theory	6
ECON0207.	Monetary economics	6
ECON0208.	Economics of banking	6
ECON0209.	Finance and development	6
ECON0301.	Theory of international trade	6
ECON0302.	International finance	6
ECON0401.	Comparative economic systems	6
ECON0402.	Industrial organization	6
ECON0403.	The economics of property rights	6
ECON0405.	The economics of law	6
ECON0406.	The economy and the state	6
ECON0501.	Economic development	6
ECON0503.	Urban economics	6
ECON0504.	Transportation economics	6
ECON0601.	Economic development of China	6
ECON0602.	Foreign trade and investment in China	6
ECON0603.	The economic system of Hong Kong	6
ECON0605.	Economic history in China	6
ECON0606.	Current economic affairs	6
ECON0702.	Mathematical methods in economics	6
ECON0703.	Mathematical economics	6
ECON0706.	Uncertainty and information	6
ECON0707.	Economic forecasting	6
ECON3108.	Selected topics in price theory	6
FINA0103.	International banking	6

YEAR THREE ELECTIVES

<i>Course code</i>	<i>Course title</i>	<i>Credits</i>
ECON3505.	Project evaluation	6
ECON3801.	Reading course	6
ECON3802.	Dissertation	12

Note: Year two and three syllabuses and course structure are subject to changes.

YEAR ONE**CBBA0001. Practical Chinese language course for business, economics and finance students (3 credits)**

This course will cover the following topics: (1) practical Chinese writing skills (2) Chinese characters (3) letter-writing (4) office documents (5) Chinese for special purposes (6) presentation and communication techniques and (7) information technology in Chinese. Assessment: 50% coursework, 50% examination.

ECEN1904. English for academic communication for economics and finance students (3 credits)

The course prepares students to respond effectively to the communicative demands of academic study in English. Through text-based activities in class and investigative project work related to language and disciplinary issues, the course develops abilities to analyse and evaluate extended texts, and to produce clear and coherent spoken and written discourses. It also emphasizes oral presentation skills plus careful revision and editing of summaries and project reports to ensure that lexical and grammatical choices are correct and appropriate. Assessment: 100% coursework.

ECON0003. Great economists of our time (3 credits)

Through the biographies of 12 of the great economists of the 20th century, this course introduces students to the power of economic analysis of real world observations and problems, and in a broader context, to the fascination of intellectual pursuits. This course also serves to illustrate the central ideas of economics, which are still very much in use today.

ECON1001. Introduction to economics I (6 credits)

An introduction to the basic concepts and principles of economics, with an emphasis on the theoretical framework of choice theory, the nature of constraints, the measure of value, the laws of demand and productivity, and the implications for resource use and employment.

ECON1002. Introduction to economics II (6 credits)

This course is an introduction to macroeconomics – the study of business cycle fluctuations and long run economic growth. Topics include the measurement of national economic performance; the problems of recession, unemployment, and inflation; money supply, government spending, and taxation; fiscal and monetary policies for full employment and price stability; the determination of the exchange rate; and international trade and payments.

ECON1003. Analysis of economic data (6 credits)

This course studies the measurement and interpretation of economic variables, and how to model their relationships using appropriate empirical methods. Topics include interpretation of headline statistics, describing economic aggregates, modeling of economic relationships and drawing conclusions from observations.

OR

STAT1000. Principles of statistics (6 credits)

This course introduces the basic principles of statistics for students who have a strong interest in Statistics. The discipline of statistics is concerned with uncertainty and variability often met in social studies, scientific investigations, financial analyses and indeed every aspect of our daily life. The course introduces important probabilistic techniques for studying uncertainty, and illustrates how such techniques can be applied to make statistical analysis and interpretation of data in simple settings. Assessment: 25% coursework, 75% examination.

Prerequisite: A-level Pure Mathematics *or* AS-level Mathematics & Statistics *or* equivalent. Compulsory for students in the Statistics Stream. Students taking *or* having taken STAT1001 *or* STAT1003 *or* STAT1006 *or* STAT1007 *or* STAT1008 *or* STAT1801 *or* STAT0601 *or* STAT0602 are not allowed to take this course.

OR

STAT1001. Elementary statistical methods (6 credits)

The discipline of statistics is concerned with situations involving uncertainty and invariability. Variability greatly affects the interpretation of data. Thus statistics forms an important descriptive and analytical tool for social sciences. This elementary course, which is taught without any technical mathematics, presents many standard situations of data interpretation. The statistical tests for these situations are presented. Assessment: 25% coursework, 75% examination.

Prerequisite: Not available to students with a pass in A-level Pure Mathematics. Students who have taken MATH0802 *or* have AS-level Mathematics & Statistics are eligible for this course, but are advised that STAT1003 may be a more suitable choice. Students taking *or* having taken STAT1000 *or* STAT1003 *or* STAT1006 *or* STAT1007 *or* STAT1008 *or* STAT1801 *or* STAT0601 *or* STAT0602 are not allowed to take this course.

OR

STAT1003. Introductory statistics (6 credits)

The discipline of statistics is concerned with situations involving uncertainty and invariability. The interpretation of data is greatly affected when variability plays a role, as it usually does. Thus statistics forms an important descriptive and analytical tool for social sciences. Candidates with a mathematical background will find this course suitable, because the language of mathematics allows the subject of statistics to be presented with economy and clarity. Assessment: 25% coursework, 75% examination.

Prerequisite: Either A-level Pure Mathematics *or* AS-level Mathematics & Statistics *or* MATH0801 *or* MATH0802 *or* MATH0901 *or* MATH0902. Students without these qualifications, but with grade C *or* better in A-level Physics, are deemed to have sufficient mathematical training to enrol in this course. Students who intend to major in either of the 2 themes “Risk Management” and “Statistics” should take STAT1000 *or* STAT1007 *or* STAT0601 instead of this course. Students taking *or* having taken STAT1000 *or* STAT1001 *or* STAT1006 *or* STAT1007 *or* STAT1008 *or* STAT1801 *or* STAT0601 *or* STAT0602 are not allowed to take this course.

MATH0801. Basic mathematics I (6 credits)

This course provides students with a basic background of calculus that can be applied in various disciplines, aiming at students not having done much mathematics beyond HKCEE mathematics. It can be followed by MATH0802/1803 *or* MATH1811/1812. Assessment: 40% coursework and a two-and-a-half hour examination (60%).

Prerequisite: HKCEE Mathematics (Students who have taken HKCEE Additional Mathematics *or* AS-level Mathematics & Statistics *or* Mathematics at higher level are not allowed to take this course).

OR

MATH0802. Basic mathematics II (6 credits)

This course provides students with a more solid background of calculus of one and several variables and of matrices that can be applied in various disciplines, aiming at students having taken an elementary calculus course. It can be followed by MATH1803. Assessment: 40% coursework and a two-and-a-half hour examination (60%).

Prerequisite: HKCEE Additional Mathematics *or* AS-level Mathematics & Statistics *or* MATH0801 *or* MATH0803 *or* MATH0805 (Students who have taken A-level Mathematics are not allowed to take this course).

FINA0003. Current Asian finance: issues, ideas and practices (3 credits)

This course aims to provide students with an understanding of the most important issues in Asian financial markets, develop their interests and knowledge in areas related to business and finance in Asia (with a focus on Hong Kong), and give them hands-on experience in writing reports and presenting analytical results.

YITC1001. Foundations to information technology (3 credits)

To introduce the basic knowledge of Information Technology including concepts of computer hardware, software, PC systems, Internet and World Wide Web (WWW), multimedia, legal aspects of software, multilingual computing, and information search strategies; to enable students to use some useful software packages and some common communication tools; to enable students to appreciate the impact of Information Technology on teaching, learning, and research; to prepare students to survive and excel in the digital University environment and the modern society.

YEAR TWO

ECEN2905. English for professional communication for economics and finance students (3 credits)

The course prepares students to communicate effectively and accurately and prepare themselves for workplace situations which entail the use of English. It requires students to investigate an issue relevant to their studies, improve their interview and presentation skills, and write a variety of professional documents. Assessment: 100% coursework.

ECON2101. Microeconomic theory (6 credits)

The laws of demand, supply, returns, and costs; price and output determination in different market situations; theory of factor pricing and income distribution; general equilibrium; interest and capital.

Remarks: Candidates who have taken ECON2113 Microeconomic analysis are not allowed to take this course.

ECON2102. Macroeconomic theory (6 credits)

Theories of income, employment, and the price level; analysis of secular growth and business fluctuations; introduction to monetary and fiscal policy.

Remarks: Candidates who have taken ECON2114 Macroeconomic analysis are not allowed to take this course.

ECON0701. Introductory econometrics (6 credits)

Econometrics is the branch of economics that formulates statistical methodology for use in analyzing economic data. Consequently, the objective of this course is to prepare students for basic empirical work in economics. In particular, topics will include multiple regression analysis, statistical inference and hypothesis testing, functional form specification, time series models, and limited dependent variable models. Students will have the opportunity to use actual economic data to test economic theories.

YEAR TWO OR THREE ELECTIVES**ECON0103. Economics of human resources (6 credits)**

This course studies the allocation of human resources through the labour market and the utilization of human resources inside the firm. Issues related to investment in human capital, wage determination, labour force participation, worker mobility, hiring decisions and other personnel practices are examined.

ECON0104. Public finance (6 credits)

Study of the role of government in the economy, using microeconomic theory. The course covers public expenditure analysis and methods of financing government expenditures. It explores the underlying theory of welfare economics as well as the economic effects of public policy such as public sector pricing, expenditure and tax policies.

ECON0106. Games and decisions (6 credits)

This course offers an introduction to game theory. It covers core concepts in game theory and its applications. The core concepts include sequential games, game tree, subgame-perfect equilibrium, simultaneous games, game table, Nash equilibrium in pure strategies, mixed-strategy Nash equilibrium, and expected utility. These concepts are used to provide analyses of the role of reputation, and penalties and rewards in sustaining cooperation; the importance of credibility in commitments, threats and promises; the problems, and solutions, of public goods and externalities; behavior under asymmetric information: moral hazard, adverse selection, signaling, and screening; and interaction between individuals when the assumption of perfect rationality is relaxed.

ECON0107. History of economic thought (6 credits)

A reflection on the various ways modern economic ideas trace their roots to some major analytical writings of the old masters. Over time, some paradigms were better developed and vigorously refined, while some important questions were lost. The course begins with the French School founded by Quesnay, and then proceeds along the English tradition: Smith, Ricardo, Mill and finally the Cambridge School from Marshall to Keynes. The Austrian School will also be introduced, covering some writings from Wicksell to Hayek.

ECON0109. Topics in macroeconomics (6 credits)

This course provides students with an up-to-date account of the theory and practice of modern macroeconomics. The following areas that have shaped modern macroeconomic research will be covered: real business cycle theory, endogenous growth theory, and new Keynesian theories of labour markets, asset markets and stick prices. Other selected topics on fiscal and monetary policy will also be discussed.

Prerequisites: ECON2101 Microeconomic theory *or* ECON2113 Microeconomic analysis, and
ECON2102 Macroeconomic theory *or* ECON2114 Macroeconomic analysis

ECON0204. The economics of finance (6 credits)

A survey of the economic theory underlying corporate and investment finance models, with an emphasis on financial instruments. Topics include: balance sheet management and evaluation, capital market equilibrium and efficiency, evolution of credit and money market instruments like financial swaps, stocks and bonds, financial futures and options. Eurocurrencies and the role played by banks, insurance companies and other financial institutions.

ECON0205. Theories of investment (6 credits)

Applications of the theory of choice over time (capital theory) to the investment decisions of individuals, firms and economies, under different assumptions regarding certainty, uncertainty, and adjustment costs.

ECON0206. Capital theory (6 credits)

General equilibrium theory involving time under certainty conditions. The concepts of full information, stationary state, and steady state. Assumptions about information costs, transaction costs and complete markets. Fisher's separation theorem. Theory of consumption over discrete and continuous time. Theory of production over discrete and continuous time. Determination of general equilibrium over time. Intertemporal prices and interest rates.

ECON0207. Monetary economics (6 credits)

This course discusses the role of money in the economy, including how money affects inflation, interest rates and output and employment in both the static and dynamic contexts. Related topics are theories of money demand and supply, the conduct of monetary policy, rules vs. discretion, adaptive and rational expectations, time inconsistency, origin of money, and electronic means of payments.

Remarks: Candidates who have taken ECON0201 Money and banking are not allowed to take this course.

ECON0208. Economics of banking (6 credits)

This course examines the functions and behaviour of banks from an economic rather than a management perspective. Topics include origin of financial intermediaries, banks vs. non-bank financial institutions, organization of the banking industry, lender-borrower relationship, equilibrium credit rationing, banks as delegated monitors, banks in the macroeconomy, bank runs and systematic risks, risk management of the banking firm, and the regulation of banks.

Remarks: Candidates who have taken ECON0201 Money and banking are not allowed to take this course.

ECON0209. Finance and development (6 credits)

This course studies the interaction between the financial sector and the rest of the economy, that is, how financial markets and institutions affect economic performance and vice versa. Topics include flow-of-funds accounts, financial structure and economic development, financial repression, financial liberalization and financial deepening, financial reform in developing and transition economies, banking crises and currency crises, capital account liberalization, the globalization of world capital markets, and financial policies and regulation.

ECON0301. Theory of international trade (6 credits)

The theory of international trade: the bases, direction, terms, volume, and gains of trade. The effects of tariffs, quantitative restrictions, and international integration.

ECON0302. International finance (6 credits)

The interpretation of balance of payments and the adjustment to national and international equilibria, through changes in price levels, exchange rates, and national income. Other topics may include: foreign exchange market and Eurocurrency market, alternative exchange rate regimes, capital movements, exchange controls, and international monetary organizations.

ECON0401. Comparative economic systems (6 credits)

Alternative approaches to the understanding of the operation of economic systems, including an approach based on different structures of property rights.

ECON0402. Industrial organization (6 credits)

This course studies the pricing and output decisions of firms and the performance of the market under various market structures. Topics include theories of oligopoly; product differentiation; the effects of imperfect and asymmetric information; the examination of pricing practices such as price discrimination, tie-in selling, and resale price maintenance; collusion and anti-competitive behaviour, and public policies related to the promotion or restriction of competition.

ECON0403. The economics of property rights (6 credits)

Implications of different structures of property rights for economic behaviour; rights structures classified in terms of exclusivity and transferability; costs of enforcing rights and of forming contracts as main constraints in the derivation of hypotheses; the Coase Theorem and the theories associated with contracting.

ECON0405. The economics of law (6 credits)

Economic analysis applied to law. Topics may include: efficiency of law, rules of liability, tort rights and remedies, criminal sanction, legislative processes as resource allocating and income distributing mechanisms.

ECON0406. The economy and the state (6 credits)

Economic analysis is applied to the study of public choice and the relationship between the state and the economy. Topics include: social choice, collective action, voting and elections, interest groups, bureaucracy, constitutions, law and courts, property rights and institutional change.

ECON0501. Economic development (6 credits)

Characteristics of underdevelopment; factors in economic development; theoretical and policy aspects of development.

ECON0503. Urban economics (6 credits)

Urban economics is the study of the location choices of firms and households. It examines the question of the where of economic activity, a question largely ignored by the other branches of economics. Topics include the growth and development of cities; land use within cities; urban transportation; housing and public policy; urban problems such as pollution, poverty and crime; and market forces determining the locations of ports and other transshipment points.

ECON0504. Transportation economics (6 credits)

Microeconomic theory applied to transportation, with an emphasis placed on intercity freight and passenger transportation. Topics include: cost function approach to transport supply, economies of scale and traffic density, structure of demand among discrete modal choices, value of time, forecasting of demand and modal split, optimal pricing and investment in infrastructure, contestable markets and the theory of network competition, and regulation of rates, entry and exit.

ECON0601. Economic development of China (6 credits)

An analytical study of the major problems in China's economic development since 1949. Topics include: economic heritage, development strategy, economic organization, planning, management, reform, and an evaluation of the Chinese experiments.

ECON0602. Foreign trade and investment in China (6 credits)

This course has three parts: China trade, Chinese financial markets and direct investment in China. For China trade, topics include: structure and trend of Chinese exports and imports, reform of Chinese foreign trade regime, foreign exchange rate regime and China's role in the new trade environment under the World Trade Organization. For Chinese financial markets, emphasis will be placed on Chinese financial institutions and markets including: the central banking system, the commercial banking industry, government and corporate debt markets, the stock market, and the foreign exchange market. For direct investment in China, theories of corporate finance and corporate governance will be used to analyze the behaviour of Chinese enterprises and the implications of such behaviour for foreign joint ventures. Government regulations will also be covered.

ECON0603. The economic system of Hong Kong (6 credits)

The course provides a comprehensive discussion of the salient aspects of the Hong Kong economy. Topics include Hong Kong's national income accounting and economic development, the monetary system and exchange rate regime, the financial system, public finance and fiscal policy, external trade and foreign investment, economic relations with the Mainland, the labour market and employment, the property market and housing policy, regulation of public utilities and competition policy, industrial development and policy, and income distribution. Emphasis will be given to both economic analysis and institutional arrangements of the major economic sectors and related policies. Attention will be given to topics of recent public concern.

ECON0605. Economic history of China (6 credits)

An overview of China's economy from the Han dynasty to the 20th Century and its relation with the rest of the world. Growth in productivity and population, development of transportation and market infrastructure, money and credit in the two Han, Sui/Tang, Song/Yuan, and Ming/Qing era. China's foreign trade in classical, medieval and modern times. European discovery of the New World and its impact on China's economy and trade. Comparisons of Ming/Qing China with early modern Europe. Reasons why China fell behind and why the Industrial Revolution did not happen in Ming/Qing China. Implications for the 21st century.

ECON0606. Current economic affairs (6 credits)

This seminar-style course is designed to train students to analyse economic problems of the day, particularly those relating to the Hong Kong economy. Students are expected to conduct supervised research on current economic problems and to lead and participate in classroom discussions.

Co-requisite: ECON0603 The economic system of Hong Kong

ECON0702. Mathematical methods in economics (6 credits)

The main emphasis of the course is to explain the mathematical structure of some undergraduate level economic theories, in terms of the way in which each particular mathematical assumption is translated into their economic counterpart. The course covers multi-variable unconstrained maximization, constrained maximization, comparative statics, and a brief introduction to some dynamic economic models.

ECON0703. Mathematical economics (6 credits)

Modern economic theory treated mathematically. Topics may include: applications of optimization to choice theory, applications of the implicit function theorem to comparative statics, applications of differential and difference equations to stability of equilibrium, applications of linear mathematics and fixed point theorems to Leontief and Arrow-Debreu models.

ECON0706. Uncertainty and information (6 credits)

This course examines the effects of uncertainty and imperfect information on individual decision making and on market equilibrium. Topics may include the expected utility hypothesis, risk bearing and risk sharing, search, adverse selection, signaling, contract theory, mechanism design, information acquisition and information transmission.

ECON0707. Economic forecasting (6 credits)

This course introduces basic techniques in forecasting economic structural relationships. Topics include smoothing, filters, arima models, unit roots and stochastic trends, vector autoregressions, cointegration and error correction, regime switching, volatility, diagnostics, model selection, forecast evaluation and combination.

Prerequisite: ECON0701 Introductory econometrics

ECON3108. Selected topics in price theory (6 credits)

This course acts as a platform to provide an overview of topics that are conceived to be pivotal in economics. The topics are essentially micro-based, but have applications in other disciplines like macroeconomics and finance. Specific topics are picked by the instructor. Previous examples include venture capital and private equity; property rights, theory of the firm, incomplete contracting, financial contracting, bankruptcy, and corporate voting.

Prerequisite: ECON2101 Microeconomic theory *or* ECON2113 Microeconomic analysis

FINA0103. International banking (6 credits)

Nature of international banking. Comparison with domestic banking. Jurisdiction and regulatory framework: the Basle Concordat. Xeno-currency markets and international banking. International financing techniques: loan syndication, project finance, NIFs, RUFs etc. Risk exposure and control: sovereign risk, country risk, exchange risk, interest risk and credit risk. Management and strategies of international banks. "National treatment" and financial centres.

YEAR THREE ELECTIVES**ECON3505. Project evaluation (6 credits)**

This course covers the economic evaluation of projects from a public sector viewpoint using microeconomic tools. It explores the normative aspects of evaluating public projects and policies, the measurement of welfare change and public investment criteria, and employs basic financial analysis. Economic and financial evaluation of government projects and Build-Operate-Transfer infrastructure projects (so-called BOT projects) will be discussed.

ECON3801. Reading course (6 credits)

This course consists of supervised reading and written work. Candidates may specialize in one topic under the supervision of faculty members of the School of Economics and Finance. Examples of topics are: the problem of social cost, investment in human capital, general equilibrium theory, empirical methods in international trade, international monetary relations, theories of saving and the East Asian economies, and current economic problems of Hong Kong.

Candidates must submit the title of their project within the first two weeks of the semester for approval by the Director of the School of Economics and Finance. An original project paper is required in lieu of a written paper in the Examination. The project paper shall not exceed 10,000 words in length, and must be completed and presented not later than the last day of the examination period for that semester. Candidates shall submit a statement that the project paper represents their own work (or in the case of joint work, a statement countersigned by their co-worker(s), which shows the degree of their work) undertaken after the registration in the course.

ECON3802. Dissertation (12 credits)

Candidates may write a dissertation under the supervision of faculty members of the School of Economics and Finance. Topics offered may vary from year to year, depending on the research interests of the lecturer. A satisfactory dissertation may be offered in lieu of two written papers in the Examination.

Candidates must submit the title and an outline of their dissertation for approval by the Director of the School of Economics and Finance not later than December 1 of the final year of the curriculum, and the dissertation, which should not exceed 20,000 words in length, shall be completed and presented not later than May 31 of that academic year.

Remarks: The course extends over two semesters. Candidates must enroll in the first semester.