# GENERAL INFORMATION

**Instructor:** Dr. Clement Wong  
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**Office hours:** TBA

**TA:** Mr. Clive Ho  
**Email:** hoclive@hku.hk  
**Tel:** 2857 8514  
**Office hours:** TBA

Please send your emails to the instructor/TA directly from your email account, do not use the email facility in Moodle.

**Pre-requisites:** ECON1210 Introductory microeconomics and ECON1220 Introductory macroeconomics.

This course requires a solid background in macroeconomic theories. You are *strongly* advised to take an intermediate macroeconomics course (e.g. ECON2220 Macroeconomic Theory, ECON2221 Macroeconomic Analysis) before taking this course.

**Co-requisites:** None  
**Mutually exclusive:** None  
**Course Website:** Available through HKU Portal e-learning

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## COURSE DESCRIPTION

This course is about the international macroeconomic and financial linkages among countries. The main topics include balance of payment accounting, foreign exchange market, international parity conditions, open economy macroeconomic models, exchange rate regimes, and balance of payment and financial crises.

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## COURSE OBJECTIVES

To understand macroeconomic theories and concepts in an open-economy setting and apply them to real world issues such as choice of exchange rate regimes, balance of payment and financial crises, Euro, and current account imbalances.

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## COURSE LEARNING OUTCOMES

<table>
<thead>
<tr>
<th>Course Learning Outcomes</th>
<th>Aligned Faculty Goals*</th>
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</thead>
<tbody>
<tr>
<td>CLO1. Describe the basic macroeconomic and accounting frameworks of the linkages between economies through international investment and trade.</td>
<td>Goal # 1, 2, 4</td>
</tr>
<tr>
<td>CLO2. Describe the operation of the foreign exchange market and exchange rate systems. Evaluate the pros and cons of different exchange rate systems.</td>
<td>Goal # 1, 2, 4</td>
</tr>
<tr>
<td>CLO3. Derive the international parity conditions that link national exchange rates, interest rates, and price levels and apply them to forecast exchange rate movements.</td>
<td>Goal # 1, 2, 4</td>
</tr>
<tr>
<td>CLO4. Apply open-economy macroeconomic models to predict the effects of macroeconomic policies and prescribe policy responses to economic shocks.</td>
<td>Goal # 2, 4</td>
</tr>
<tr>
<td>CLO5. Evaluate current international macroeconomic issues.</td>
<td>Goal # 1, 2, 4</td>
</tr>
</tbody>
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* Faculty Goals are as follows:  
  1. Acquisition and internalization of knowledge of economics & finance  
  2. Application and integration of knowledge  
  3. Inculcating Professionalism and Leadership  
  4. Developing global outlook  
  5. Mastering communication skills
### COURSE TEACHING AND LEARNING ACTIVITIES

<table>
<thead>
<tr>
<th>Course Teaching and Learning Activities</th>
<th>Expected contact hour</th>
<th>Study Load (% of study)</th>
</tr>
</thead>
<tbody>
<tr>
<td>T&amp;L1. Lectures</td>
<td>39 hours</td>
<td>30%</td>
</tr>
<tr>
<td>T&amp;L2. In-class and tutorial presentation and discussion</td>
<td>12 hours</td>
<td>9%</td>
</tr>
<tr>
<td>T&amp;L3. Working on assignments</td>
<td>20 hours</td>
<td>15%</td>
</tr>
<tr>
<td>T&amp;L4: Self study</td>
<td>59 hours</td>
<td>45%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>130 hours</strong></td>
<td><strong>100%</strong></td>
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### Assessment Methods

<table>
<thead>
<tr>
<th>Assessment Methods</th>
<th>Brief Description (Optional)</th>
<th>Weight</th>
<th>Aligned Course Learning Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1. Assignments</td>
<td>3 to 5 assignments will be given. (Note: Due to the nature of the course, they tend to concentrate in the second half of the semester.)</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>A2. Class participation/A2. Tutorial participation</td>
<td>Credits will be given if you actively participate in the tutorials.</td>
<td>4%5%</td>
<td>All CILOs (1-5)</td>
</tr>
<tr>
<td>A4. Final exam</td>
<td></td>
<td>50%0%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
</tbody>
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### STANDARDS FOR ASSESSMENT

#### Course Grade Descriptors

| A+, A, A- | Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesis. |
| B+, B, B- | Strong evidence of the ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesis. |
| C+, C, C- | Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning such as describe and apply but not at high levels of learning such as evaluate and synthesis. |
| D+, D, F  | Evidence of basic familiarity with the subject. |
|          | Little evidence of basic familiarity with the subject. |

#### Assessment Rubrics for Each Assessment

Same as in course grade descriptors.
COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE

1. Introduction

National income accounting and balance of payments Ch. 2
FX market and international parity conditions Ch. 3
Money market, interest rates, and exchange rates Ch. 4

2. Exchange rate models

Long run exchange rate model Ch. 5
Short run exchange rate model Ch. 6
Fixed exchange rate, FX intervention, balance of payment crises Ch. 7

3. International Macro issues

Exchange rate regimes and international monetary system Ch. 8
Euro and theory of optimal currency area Ch.10
Financial Globalization Ch. 9
Developing Countries: Debts, capital inflows, and crises Ch. 11

REQUIRED/RECOMMENDED READINGS & ONLINE MATERIALS (e.g. journals, textbooks, website addresses etc.)


Note 1: It is your responsibility to acquire the 11th edition of the textbook. The instructor is prohibited from uploading end-of-the-chapter questions in Moodle due to copyright restrictions.

Note 2: A copy of the textbook will be put on two-hour reserve in the Main Library.

Note 3: If you prefer e-book, please contact University Bookstore directly at: textbookhku@swindonbooks.com

COURSE POLICY (e.g. plagiarism, academic honesty, attendance, etc.)

1. Lecture PPT files will be posted on Moodle before each class. Please download and bring them to class.

2. Tutorials will start in Week 3. Tutorial questions are not assignments; there is no need to turn them in. Assignments will be given to you separately.

3. Tutorial questions will be posted on Moodle one week in advance. Please download and work on them before attending your tutorials. You are expected to go the tutorials fully prepared, ready to discuss the questions, and take note. Note that we will not post "model" answers for essay/discussion questions. As for numerical questions, brief answer will be posted.

4. Lecture PPTs are by nature brief; they are not designed as substitutes for the readings and attending lectures. It pays to come to class for two reasons.

(a) Elaboration and examples will be discussed in class only.
(b) You can follow and understand the readings better.

5. Midterm Examination Policies

5.1 No supplementary midterm examination will be given.

5.2 If you have a legitimate reason for missing the midterm, its weight will be added to that of the final examination. The only legitimate reason is sickness. You must inform the instructor (via email, phone call or voice message) before the examination starts and provide a doctor certificate to verify that you have sought medical treatment prior to the exam.

6. Please do check your email regularly for course announcements from the instructor.

7. Do not abuse the convenience of emails.
(i) Do not ask about things you are supposed to know (e.g. information in this syllabus or announcement emails of the course).

(ii) Minimize emailing your questions to the instructor or the TA them since it is often difficult to answer questions effectively via emails. Please go to see them for consultation during their office hours.

8. Classroom conduct: Be a considerate and mature person. The instructor or TA have the discretion to impose penalty in case of classroom misconduct.

   a. Do not videotape or audio record the lectures.

   b. Please observe the following good practices:
      • Come to class and return from the break on time.
      • In case you are late, minimize disruption to the class by sitting at the back.
      • If you have to leave the class early, please inform the instructor beforehand and sit close to the door.
      • Stay attentive and do not chat with your classmates.
      • Use of mobile phone for any purposes is strictly prohibited. Remember to turn it off.

Academic Conduct
The University Regulations on academic dishonesty will be strictly enforced! Please check the University Statement on plagiarism on the web: https://tl.hku.hk/plagiarism/

Academic dishonesty is behavior in which a deliberately fraudulent misrepresentation is employed in an attempt to gain undeserved intellectual credit, either for oneself or for another. It includes, but is not necessarily limited to, the following types of cases:

a. Plagiarism - The representation of someone else's ideas as if they are one's own. Where the arguments, data, designs, etc., of someone else are being used in a paper, report, oral presentation, or similar academic project, this fact must be made explicitly clear by citing the appropriate references. The references must fully indicate the extent to which any parts of the project are not one's own work. Paraphrasing of someone else's ideas is still using someone else's ideas, and must be acknowledged.

b. Unauthorized Collaboration on Out-of-Class Projects - The representation of work as solely one's own when in fact it is the result of a joint effort. Where a candidate for a degree or other award uses the work of another person or persons without due acknowledgement:

   (1) The relevant Board of Examiners may impose a penalty in relation to the seriousness of the offence. 2) The relevant Board of Examiners may report the candidate to the Senate, where there is *prima facie* evidence of an intention to deceive and where sanctions beyond those in (1) might be invoked.

   Plagiarism will automatically result in at least a zero score in the plagiarized work. Serious cases will be referred to the University Disciplinary Committee.