

Carsten Holz
SOSC 359 Money and Banking in China
Spring 2001 MW 14:00-15:20, Room 2504

Office hours: M 13:00 - 14:00 and by appointment, room 3382

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Course website: <http://teaching.ust.hk/~sosc359>

Course objectives

- Understand the functioning of financial institutions and credit markets in China today.
- Use basic theoretical concepts to analyze monetary policy in China.
- Discuss current issues in the reform of China's financial system.

Readings

Readings consist of one required textbook and numerous, mostly Chinese-language journal articles, individual book chapters, and regulations.

Required textbook:

Thomas Mayer et al. *Money, Banking, and the Economy*. Sixth edition. New York: Norton, 1996.

All required readings are available on the first floor of the library at the Reserve desk.

Requirements and grading

Grades are based on three examinations and ten assignments. The first two examinations each account for 20% of the final grade. The second examination is not cumulative. The third (final) examination is cumulative and accounts for 40% of the final grade.

There is one assignment per week for 12 weeks, graded pass/fail. You obtain 2 percentage points for each assignment you pass, up to a maximum of 20. Assignment questions may refer to the readings, additional readings handed out in class, to the material covered in the previous class, ask for your thoughts on an upcoming topic, or require a short internet or library search. Assignment questions will typically be posted on the course website on Wednesday after class, and answers are due on the following Monday by 14:00 (at the beginning of class). *All* assignments are exam-relevant.

The examination schedule is as follows:

First exam	4 March
Second exam	27 March
Third exam	In examination period, as announced by ARR

Course structure

- I. Money and Financial Institutions
 - A. Functions of Money
 - B. Financial System Overview
 - C. Depository Institutions
 - D. Central Bank

- II. Money and Banking in a Socialist Economy

- III. Monetary Theory
 - A. Commodity Market
 - 1. Quantity Theory
 - 2. Income-expenditure approach: Commodity market and IS curve
 - B. Money Market
 - 1. Money Supply
 - 2. Money Demand
 - 3. Equilibrium
 - C. Complete Model
 - 1. Two-Market Model
 - 2. Three-Market Model
 - 3. Four-Market Model

- IV. Monetary Policy
 - A. The Goals of Monetary Policy
 - B. The Tools of Monetary Policy
 - C. Targets and Instruments
 - D. The Impact of Monetary Policy
 - E. Can Countercyclical Monetary Policy Succeed?

Reading list (Readings in parentheses are not required.)

30 January: Functions of Money

Textbook, Chapter 1

4 February: Financial System Overview

Textbook, Chapter 2

张光华. 中国金融体系. 北京: 中国金融出版社, 1997, pp. 245-8, 287-296, 322-8.

6, 11, and 18 February: Depository Institutions

Textbook, Chapters 6, 7

张光华. 中国金融体系. 北京: 中国金融出版社, 1997, pp. 72-103, 147-58.

Holz, Carsten. "China's Monetary Reform: The Counterrevolution from the Countryside."

Journal of Contemporary China 10, no. 27 (May 2001): 189-217.

Assignment 1 (due 11 February):

影响当前经济发达地区商业银行经营绩效的主要因素和对策. 金融研究报告, no. 16 (18 April 2001).

区域性, 多样性的地方性金融机构. 金融研究报告, no. 18 (28 April 2001).

Assignment 2 (due 18 February):

发展民间金融与农村金融体制改革. 金融研究报告, no. 23 (8 June 2001).
宁波市民间金融状况的调查与思考. 金融研究报告, no. 21 (23 May 2001).

20 and 25 February: Central Bank

Textbook, Chapter 11

张光华. 中国金融体系. 北京: 中国金融出版社, 1997, pp. 45-52, 58-72.
中国人民银行2000年报, pp. 42-8, 72-9.

Assignment 3 (due 25 February):

国有重点金融机构监事会暂行条例. 中华人民共和国国务院公报, no. 14 (20 May 2000): 5-7.
中国金融业监管之管见. 金融研究报告, no. 8 (31 March 2000).

27 February: Foreign exchange market, balance of payments

张光华. 中国金融体系. 北京: 中国金融出版社, 1997, pp. 421-44.
国家外汇管理局2000年年报. pp. 17f, 22f, 27f, 32, 35, 59-68.
(Textbook, Chapter 30)

4 March: First mid-term exam

6 and 11 March: Money and Banking in a Socialist Economy

Holz, Carsten. "The Changing Role of Money in China and Its Implications." *Comparative Economic Studies* 42, no. 3 (Fall 2000): 77-100, in particular pp. 77-87.

Assignment 4 (due 11 March):

中国人民银行关于对商业银行实行资产负债比例管理的通知. 15 Feb. 1994. In 1994 金融规章制度选编. 北京: 中国金融出版社, 1995, pp. 25-31.
中国人民银行关于印发<贷款证管理办法>的通知. 30 Nov. 1995. In 1995 金融规章制度选编. 北京: 中国金融出版社, 1996, pp. 141-6.
中国人民银行关于印发<主办银行管理暂行办法>的通知. 29 June 1996. In 1996 金融规章制度选编. 北京: 中国金融出版社, 1997, pp. 15-9.

13 and 18 March: Monetary Theory: Commodity Market

Textbook, Chapters 15, 16 as covered in class; also pp. 321-2 in Chapter 18

McCallum, Bennett. *Monetary Economics: Theory and Policy*. New York: Macmillan Publishing Company, 1989, pp. 77-82.

Assignment 5 (due 18 March):

对湖南银行信贷投放集中问题的调查与思考. 金融统计与分析, no. 21 (15 Nov. 2001): 17-22.
银行信贷集中问题的调查和建议. 金融研究报告, no. 33 (18 Nov. 2000).

20 and 25 March: Monetary Theory: Money Market

Textbook, Chapters 12-14

中国人民银行货币供应量统计和公布暂行办法. 27 Oct. 1994. In 中国人民银行办公厅. 中国人民银行职能与机构概览. 北京: 中国金融出版社, 1995, pp. 80-82.

Assignment 6 (due 25 March):

中国人民银行关于印发<农村信用合作社农户小额信用贷款管理指导意见>的通知. 中国人民银行文告, no. 24 (14 Dec. 2001): 13-16
关于四川省金融机构对非国有经济贷款支持情况的调查报告. 金融统计与分析, no. 4 (28 Feb. 2001): 8-11.
我国中小企业融资中存在的突出问题及解决途径. 金融研究报告, no. 31 (16 Oct. 2000).

27 March: Second mid-term exam

8 and 10 April: Monetary Theory: Two-Market Model, Three-Market Model

Textbook, Chapter 18 (and Chapter 19)

Assignment 7 (due 8 April):

国务院办公厅转发人民银行关于企业逃废金融债务有关情况报告的通知. 中华人民共和国

国务院公报, no. 18 (30 June 2001): 12-15.

企业逃废金融债务的经济学分析. 金融研究报告, no. 34 (27 Nov. 2001).

15, 17, and 22 April: Monetary Theory: Four-Market Model

McCallum, Bennett. *Monetary Economics: Theory and Policy*. New York: Macmillan Publishing Company, 1989, pp. 85-102.

Assignment 8 (due 15 April)

Assignment 9 (due 22 April)

24 and 29 April: Goals and Tools of Monetary Policy

Textbook, Chapters 22, 23

张光华. 中国金融体系. 北京: 中国金融出版社, 1997, pp. 52-58.

中国人民银行2000年报, pp. 32-41.

Assignment 10 (due 29 April):

谢多. 公开市场业务实践与货币政策操作方式转变. 经济研究, no. 5 (2000): 31-38, 46.

Ding, X.L. "Systemic Irregularity and Spontaneous Property Transformation in the Chinese Financial System." *China Quarterly*, no. 163 (Sept. 2000): 655-76.

6 May: Targets and Instruments of Monetary Policy

Textbook, Chapter 24

周正庆. 中国货币政策研究. 北京: 中国金融出版社, 1993, pp. 42-52.

Assignment 11 (due 6 May):

夏斌, 廖强. 货币供应量已不宜作为当前我国货币政策的中介目标. 经济研究, no. 8 (2001): 33-43.

8 May: Impact of Monetary Policy, Can Countercyclical Policy Succeed?

Textbook, Chapters 25 and 26 as covered in class

Yu Qiao, and Xie Ping. "Money Aggregates Management: Problems and Prospects in China? Economic Transition." *Contemporary Economic Policy* 17, no. 1 (Jan. 1999): 33-43.

2001年第三季度货币政策执行报告. 中国人民银行文告, no. 20-21 (5 Nov. 2001): 3-24.

中国货币供应量对经济增长的冲击效应研究. 金融研究报告, no. 47 (21 Dec. 2000).

13 May: China Bad Loan Problem

Assignment 12 (due 13 May):

金融资产管理公司条例. 中国人民银行文告, no. 1 (6 Jan. 2001): 8-11.

内蒙古自治区债转股情况调查报告. 金融统计与分析, no. 1 (15 Jan. 2001): 9f.

基层国有银行不良资产剥离中存在的问题与建议. 金融研究报告, no. 37 (8 Dec. 2000).

从资产管理公司资产处置看不良贷款抓降工作. 金融研究报告, no. 27 (20 July 2001).

15 May: Review

Reference items on China's financial system

Statistical data: 中国人民银行统计季报. Library reference section HG3331.C47.

Statistical data and short reports on various aspects of China's financial system: 中国金融年鉴2001. (Or any earlier year.) 北京: 中国金融出版社. Library reference section HG3334.C472.