

**Program for the First Biennial  
Conference of Hong Kong Economic Association  
The Asian Pacific Economies in the New Millennium**

**CO-ORGANIZED BY**

**Pacific Economic Review  
Chinese University of Hong Kong (CUHK)  
City University of Hong Kong (CityU)  
Hong Kong Baptist University (HKBU)  
Hong Kong Polytechnic University (HKPolyU)  
Hong Kong University of Science & Technology (HKUST)  
Lingnan University (LU)  
University of Hong Kong (HKU)  
Chinese Economic Association in North America (CEANA)**

**SPONSORED BY**

**Asian Development Bank  
Hong Kong Institute for Monetary Research  
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**Chinese University of Hong Kong (CUHK)  
City University of Hong Kong (CityU)  
Hong Kong Baptist University (HKBU)  
Hong Kong Polytechnic University (HKPolyU)  
Hong Kong University of Science & Technology (HKUST)  
Lingnan University (LU)  
University of Hong Kong (HKU)**

**Date: 14-16 December 2000  
Venue: The City University of Hong Kong  
Tat Chee Avenue, Kowloon, Hong Kong**

**\* Donations from the Bank of East Asia and the generous assistance from the City University of Hong Kong are gratefully acknowledged.**

## Programme

**14 December 2000**

**4:30-5:30pm Pre-conference Keynote Speech**

(Venue: Lecture Theatre 2, New Teaching Block,  
Chung Chi College, Chinese University of Hong Kong)\*

“How Large is the Economic Payoff to Education?”, Orley  
ASHENFELTER (Princeton University)

(For enquiry: (852) 2609-8893. The Chinese University is on the KCR line.)

**5:30-6:15pm Reception (Outside Lecture Theatre 2)**

\*Transportation will be arranged from the City University of Hong Kong to  
the Chinese University of Hong Kong and back to the City University.  
Detailed information will be posted on our web-page later.

**15 December 2000**

### Morning

**8:30 Registration Desk Opens**

(Outside Lecture Theatre 1, Academic Building, City University of Hong Kong)

**9:00-11:10 Presidential Address: HO Lok Sang (LU)**

**Opening Plenary Session: (Lecture Theatre 1 (Lift 9))**

Monetary Issues in the Asia Pacific Region (sponsored by Hong Kong  
Institute for Monetary Research)

**Keynote Speeches:**

1. “Does Asia Need a Common Currency?”, Robert MUNDELL (1999  
Nobel Laureate in Economics, Columbia University)
2. “Financial Market Stability and Monetary Policy”, Joseph STIGLITZ  
(Senior Fellow, Brookings Institution and Professor of Economics,  
Stanford University)

**Panelists:**

Robert MUNDELL (Columbia University); Joseph STIGLITZ (Brookings);  
Masahiro KAWAI (Chief Economist, East Asia and the Pacific, World  
Bank); Charles ADAMS (Senior Economic Advisor, ADB); Mario  
BLEJER (Senior Advisor, Asia & Pacific Development, the IMF).  
Moderator: Guy MEREDITH (Director, Hong Kong Institute for Monetary  
Research).

**11:10-11:30 Tea break (Outside Lecture Theatre 1)**

**11:30-1:00 Parallel Sessions:**

**Session A:** (Venue: SCOPE: Lecture Theatre)

**The Chinese Economy in the Wake of her Accession to the WTO (「入世」前夕展望中國的經濟前景與金融改革) (Session in Chinese, sponsored by the Centre for Asian Pacific Studies, LU)**

Chaired by KUEH Yak Yeow (LU)

主席：郭益耀 (嶺南大學)

Introduction and Summary (導言及總結)：

WANG Luolin (Vice-President, The Chinese Academy of Social Science)

王洛林 (中國社會科學院副院長)

1. “Economic Growth and Fluctuation in China”, LIU Shucheng (Director, Institute of Economics; and Director, Research Centre for Hong Kong Economy, Chinese Academy of Social Science)  
“中國經濟增長與波動的分析”，劉樹成 (中國社會科學院經濟所所長、香港經濟研究中心主任)
2. “The Mid- and Long-term Outlook of the Chinese Economy: Sources of Growth, Trend, and Institutional Implications”, ZHANG Ping (Institute of Economics, CASS)  
“中國經濟的中長期展望：動力、體制和趨勢”，張平 (中國社會科學院經濟所)
3. “Readjustments in the Financial System and Development of the Stock Market in China”, LIU Xiaohui (Institute of Economics, CASS) “金融結構調整與證券市場發展”，劉霞輝 (中國社會科學院經濟所)
4. “The Prospects of the B-Share in China’s Stock Market”, JU Jinwen (Institute of Economics, CASS)  
“中國 B 股市場的回顧與展望”，劇錦文 (中國社會科學院經濟所)

**Session B:** (SCOPE: Seminar Room 2)

**Currency Board (organized by HKU)**

Chaired by YUEN Chi Wa (HKU)

1. “A Theoretical Framework for Currency Board Arrangement”, Alex CHAN (HKU)
2. “Currency Board, Asian Financial Crisis, and the Case for Structured Notes”, Francis LUI (HKUST), Leonard K. CHENG (HKUST), and Yum K. KWAN (CityU)

Discussants: Robert MUNDELL (Columbia University), Herbert GRUBEL (Fraser Institute, Canada), Sayuri SHIRAI (Keio University)

**Session C: (SCOPE: Seminar Room 1)**  
**Trade, Competition and Economic Growth**

Chaired by Ferdinand K. LEVY (Georgia Institute of Technology)

1. “The Economics of Trade Secret Misappropriation”, Ferdinand K. LEVY (Georgia Institute of Technology)
2. “International Division of Innovations and Long-run Growth”, CHU Hsiao Lei (National Chi-Nan University) and CHEN Nan Kuang (National University of Taiwan)
3. “Technology Licensing and the Trade Policy”, Arghya GHOSH (University of New South Wales)

**1:00-2:00 Lunch** (Exchange Cafe, Academic Exchange Building)

**Afternoon**

**2:00-3:30 Parallel Sessions:**

**Session A: (SCOPE: Seminar Room 1)**  
**Productivity Analysis of the Chinese Economy (organized by HKBU)**

Chaired by CHAN Hing Lin (HKBU)

1. “Dynamic Intersectoral Linkages and Economic Growth in China”, KALIAPPAN P. KALIRAJAN (Australian National University)

Discussant: LI Sung Ko (HKBU)

2. “Relative Productivity and Externality between China’s TVE and State Sectors”, WANG Xiaolu (National Economic Research Institute, China)

Discussant: Christopher TONG (HKBU)

3. “Impact of China’s Industrial Policy Regime on Cross-industry Resource Allocation”, LU Ding (National University of Singapore)

Discussant: CHENG Yuk Shing (HKBU)

**Session B: (SCOPE: Executive Training Room 2)**  
**APEC and Regional Economies Study I (organized by CityU)**

Chaired by LI Kui Wai (CityU)

1. “Examining Capital Market Integration in Asia”, Stefan NORRBIN (Florida State University) and Joanne LI (Loyola College, USA)
2. “APEC and Regional Economic Integration: Issues and the Way Ahead”, Tony HARTONO (Open Polytechnic of New Zealand).

3. “The Political Economy of Hong Kong in Pre- and Post-1997”, LI Kui Wai (CityU)

Discussants: Bill HUNG (HKBU), Mahinda SIRIWARDANA (University of New England, Australia) and Wayne YU (HKPolyU)

**Session C:** (SCOPE: Seminar Room 2)

**Macroeconomic Policy I: Applications to Asian Economies (organized by HKU)**

Chaired by YUEN Chi Wa (HKU)

1. “Impact of the Non-performing Loans and the Behavior of Japanese Banking System: An Empirical Analysis”, Naoyuki YOSHINO and Masao NAKATA (Keio University)

Discussant: Takeshi YAMADA (HKUST)

2. “From Intermediation by Diversion to Disintermediation: Declining Growth and Deflation in China”, Loren BRANDT and ZHU Xiaodong (University of Toronto)

Discussant: Justin LIN (HKUST)

3. “Aggregate Shock, Capital Market Opening and Optimal Bailout”, Se-Jik KIM (IMF) and Ivailo IZVORSKY (Institute of International Finance)

Discussant: Cheol PARK (HKUST)

**3:30-4:00**     **Tea break** (SCOPE: Common Area)

**4:00-5:30**     **Parallel Sessions:**

**Session A:** (SCOPE: Executive Training Room 2)

**WTO and Trade Liberalization in Services (organized by CityU)**

Chaired by ZHANG Anming (CityU)

1. “Antitrust Policy and Trade Liberalization”, Souresh SAHA (National University of Singapore)

Discussant: Clement WONG (CityU)

2. “An Analysis of the Impact of Indo-Lanka Free Trade Agreement on the Sri Lankan Economy and its Implications for Free Trade in South Asia”, Mahinda SIRIWARDANA (University of New England, Australia)

Discussant: Souresh SAHA (National University of Singapore)

3. “A Matching Model of Liberalization of Trade in Service”, Clement WONG & WU Jinhui (CityU)

Discussant: Mahinda SIRIWARDANA (University of New England)

4. “On Economic Structural Effects of China's Entering of WTO”, LU Jialiu (Zhongshan University)

Discussant: WU Jinhui (CityU)

**Session B:** (SCOPE: Seminar Room 3)

**Regional Economic Development in China (organized by HKPolyU)**

Chaired by Priscilla P.K. LAU (HKPolyU)

1. “Productivity Performance and Resource Re-allocation Effects in Manufacturing in Taiwan and the Chinese Mainland”, Harry X. WU & XU Xin Peng (HKPolyU)
2. “The Changing Role of Local Governments in Economic Reform of China”, Priscilla P.K. LAU (HKPolyU)
3. “How Integrated Have Chinese Provinces Been?”, XU Xinpeng (HKPolyU)
4. “Government Policy and the Competitive Advantages of foreign-financed Firms in Guangdong of southern China”, Vincent Mok (HKPolyU)
5. “Co-operation, Competition and Development: An Comparative Study of Shanghai and Hong Kong”, HE Yuchang (Shanghai University of Economics and Finance)

**Session C:** (SCOPE: Seminar Room 2)

**Macroeconomic Policy: Applications to Asian Economies (organized by HKU)**

Chaired by HO Lok Sang (LU)

1. “How to Prevent another Asian Crisis”, Sayuri SHIRAI (Keio University)

Discussant: HO Lok Sang (LU)

2. “Consequences of China's Monetary Policy with Changing Regimes - Overlooked "Transition" Factors”, Mariko WATANABE (IDE)

Discussant: ZHU Xiaodong (University of Toronto)

3. “The World Currency Unit: How may It Help Reduce the Chances of Financial Crises?”, HO Lok Sang (LU)

Discussant: Herbert GRUBEL (Fraser Institute, Canada)

**Session D:** (SCOPE: Seminar Room 1)

**Economic Transition, Deflation, and the New Reform Strategy in China (Session jointly sponsored by the Centre for Asian Pacific Studies and the Centre for Public Policy, LU)**

Chaired by LIN Ping (LU)

1. “The Current Deflation in China: Causes and Policy Option”, Justin Yi-fu LIN (China Centre for Economic Research, Peking University & HKUST)

Discussant: XIAO Geng (HKU)

2. “Transition Strategies: The Second Round of Debate”, Wing Thye WOO (University of California, Davis)

Discussant: David LI (HKUST)

3. “Which Countries/Regions Will Benefit More from the Growth of China”, Siang NG (Monash University)

Discussant: Thomas VOON (LU)

4. “The Productivity and Profitability Conditions of China's Large Industrial Enterprises: 1996-1999”, XIAO Geng and HUANG Shaojun (HKU)

Discussant: LIU Minquan (Hopkins-Nanjing Centre, China)

**6:30-8:30**

**Conference Dinner** (Venue: Lippo Chiu Chow Restaurant, Admiralty)

Guest speaker: The Honorable Donald TSANG, Financial Secretary, Hong Kong Special Administrative Region Government

**16 December**

**Morning**

**9:00-11:10 Asian Development Bank Sponsored Plenary Session:**  
(Lecture Theatre 1 (Lift 9), Academic Building)

**Economic Development: New Challenges and Opportunities in Asia  
Keynote Speech:**

“Rapid Growth in Asia: A Reflection of Ends and Means”, NG Yew Kwang (Monash University)

**Panelists and Areas of Focus:**

Charles ADAMS (Senior Economic Advisor, Asian Development Bank):  
Future Development of Asian Financial Markets

Justin LIN (Professor of Economics, HKUST & Peking University):  
Development Strategy: Crisis and Reform

Wing Thye WOO (Professor of Economics, University of California, Davis):  
Competitiveness and Challenges to Growth Faced by East and South-east Asian Economies

Moderator: Lawrence KRAUSE (Emeritus Professor & Senior Advisor to Korea Pacific Program, Graduate School of International Relations & Pacific Studies, University of California at San Diego)

**11:10-11:30 Tea break** (Outside Lecture Theatre 1)

**11:30-1:00 Parallel Sessions:**

**Session A:** (Room G5416 (Lift 8), Academic Building)

**Critical Issues in China’s Reform and Development (organized by HKUST)**

Chaired by David LI (HKUST)

1. “Economic Growth and Financial Resources Allocation in China”, LIU Tung (Ball State University, USA) and LI Kui Wai (CityU)
2. “A Multi-Task Theory of State Enterprise Reform”, BAI Chong En (HKU), David D. LI (HKUST), TAO Zhigang (HKU), and WANG Yijiang (University of Minnesota)
3. “What are the Most Effective Measures to Reform China’s State-Owned Enterprises? Ownership and Marketization versus Managerial Autonomy and Incentives”, David D. LI and WU Changqi (HKUST)

Discussants: YU Yan (HKUST) and LI Hongyi (CUHK)



**Session B: (Room G5612 (Lift 3), Academic Building)  
Contract Theory (organized by HKU)**

Chaired by BAI Chong En (HKU)

1. “Why Does Competition Leads to Efficient Investment?”, Y. Stephen CHIU (CUHK, jointly with Kalyan Chatterjee)
2. “Breach Remedies and Holdups with Breach Inducement”, BAI Chong En (HKU, jointly with TAO Zhigang)
3. “Contract Law and the Boundaries of the Firm”, Tim Tian ZHU and WANG Susheng (HKUST)
4. “Private Contracts and Efficiency in Repeated Principal Agent Games”, Harrison CHENG (University of Southern California)

Discussants: TAO Zhigang (HKU), Stephen CHIU (CUHK), Harrison CHENG (University of Southern California), Tim Tian ZHU (HKUST)

**Session C: (Room P4909 (Lift 17), Academic Building)  
Education, Training, and Employment (Session sponsored by the  
Centre for Public Policy Studies, LU)**

Chaired by WEI Xiangdong (LU)

1. “Social Policy in the EU: The New Emphasis on Education and Training Under the Employment Chapter of the Treaty of Amsterdam”, John ADDISON (University of South Carolina)

Discussant: LIU Haoming (National University of Singapore)

2. “Education under the Signalling Hypothesis: Evidence from a Highly Competitive Labour Market”, WEI Xiangdong (LU, jointly with John Heywood, University of Wisconsin-Milwaukee)

Discussant: Samuel LUI (LU)

3. “Does It Pay to Send Your Children to Non-Public Schools”, LIU Haoming (National University of Singapore)

Discussant: Simon FAN (LU)

**Session D: (Room P4902 (Lift 16), Academic Building)  
Risk Management and Hedging (organized by HKU)**

Chaired by Keith WONG (HKU)

1. “The Dynamics of Capital Allocation”, Neal STOUGHTON  
(University of California-Irvine)

Discussant: Sudipto DASGUPTA (HKUST)

2. “The Futures Hedging under Disappointment Aversion”, Dahsiang  
Donald LIEN (University of Kansas)

Discussant: Frank M. SONG (HKU)

3. “Hedging and Industry Equilibrium”, Sudipto DASGUPTA (HKUST)

Discussant: WONG Kit Pong (HKU)

**1:00-2:00 Lunch** (City Top, 9th Floor, Amenities Building)

**Afternoon**

**2:00-3:30 Parallel Sessions:**

**Session A: (Room G5416 (Lift 8), Academic Building)  
Microeconomic Theory and Applications (organized by HKEA)**

Chaired by Simon FAN (LU)

1. “Dalton Transfers”, Dominique THON (Instituto Inter-Universitario de  
Macau) and Stein W. WALLACE (Norwegian University of Science  
and Technology)
2. “The Interaction between Child Labor and Human Capital Formation”,  
Simon FAN (LU)

**Session B: (Room P4909 (Lift 17), Academic Building)  
Economic and Business Ethics (organized by HKBU)**

Chaired by LAM Kit Chun

1. “Do-Gooder Protests and Economic Activity: Can Mobilizing against  
Global Financial Powers Improve Well-Being in Developing  
Countries?”, Richard FREEMAN (Harvard University)

Discussant: LIU Pak Wai (CHHK)

2. “Globalization, Knowledge Economy and Ethical Issues in  
Mainland China”, LU Xiaohe (Centre for Business Ethics Studies,  
Shanghai Academy of Social Sciences)

Discussant: Raymond F. CARROLL (HKBU)

3. “The Level of Political Rights and Economic Growth: Transmission Channels And Effects”, MO Pak Hung (HKBU)

Discussant: CHAN Hing Lin (HKBU)

**Session C:** (Room P4902 (Lift 16), Academic Building)

**APEC and Regional Economies Studies 2 (organized by CityU)**

Chaired by: LI Kui Wai

1. “Dividend Policy in Developing Countries”, W. Sean CLEARY (Saint Mary’s University)
2. “Capital Flows in Asian Economies After the Financial Crisis: A Structural Decomposition Analysis”, HUNG Wan Sing (HKBU)
3. “An Information-based Model of Twin Crises, with an Application to the East Asian Crisis”, SHI Jianhuai (Peking University)

Discussants: Stefan Norrbin (Florida State University), Joanne LI (Loyola College) and Tony HARTONO (Open Polytechnic of New Zealand).

**Session D:** (Room G5612 (Lift 3), Academic Building)

**Monetary and Exchange Rate Regimes: What have We Learnt?**

**(Session jointly sponsored by the Centre for Public Policy Studies and the Centre for Asian Pacific Studies, LU)**

Chaired by MA Yue

1. “The Forward Bias: Is It Risk?”, Kerk L. PHILLIPS (Brigham Young University)
2. “Currency Substitution between Hong Kong Dollar and Renminbi in South China”, Kenneth S. CHAN (McMaster University)
3. “The Real Effective Exchange Rate of China Since 1970s”, HUANG Guobo (People’s Bank of China and CityU)
4. “Exchange Rate Policy of RMB and its Future Trend”, ZHAO Zhijun (Chinese Academy of Social Science)

**3:30-4:00** **Tea break** (Outside Rooms P4902 (Lift 16) and G5416 (Lift 8), Academic Building)

**4:00-5:30 Parallel Sessions:**

**Session A:** (Room P4909 (Lift 17), Academic Building)  
**Labour / Family Economics (organized by CUHK)**

Chaired by ZHANG Junsen (CUHK) and Alessandro CIGNO (University of Florence)

1. “Why Do Indian Children Work, and Is It Bad for Them?”, Alessandro CIGNO (University of Florence)

Discussant: James WALKER (University of Wisconsin at Madison)

2. “Geographical Wage Differentials, Welfare Benefits, and Life Cycle Migration Decisions”, James WALKER (University of Wisconsin at Madison)

Discussant: Wing SUEN (HKU)

3. “High Skill Immigration: Some Lessons from Israel”, Yoram WEISS (Tel Aviv University)

Discussant: LIU Pak Wai (CUHK)

4. “An Empirical Analysis of Assortative Mating: Evidence from Taiwan”, ZHANG Junsen (CUHK)

Discussant: Yoram WEISS (Tel Aviv University)

**Session B:** (Room P4902 (Lift 16), Academic Building)  
**Digital Economy and E-Commerce**

Chaired by TANG Fang Fang (Nanyang Technological University, Singapore)

1. “Bargaining over the Internet: Issues and Implications”, T.P. LIANG and D.N. CHEN (National Sun Yat-sen University, Taiwan)
2. “Another Understanding of the China Information Economy in the New Century”, TANG Shukun and YANG Jiang (China University of Science and Technology)
3. “Pricing in the Online Retail Markets: From Books, CDs, Videos, to DVDs”, TANG Fang Fang (Nanyang Business School, Nanyang Technological University, Singapore)

**Session C: (Room G5416 (Lift 8), Academic Building)  
Current Issues of Chinese Economy**

Chaired by Carsten HOLZ (HKUST)

1. “FDI and Linkages: China at the Dawn of the WTO Accession”, LIU Minquan (Hopkins-Nanjing Center, China), XU Luodan (Zhongshan University) & LIU Liu (Hopkins-Nanjing Center, China)

Discussant: Larry Dongxiao QIU (HKUST)

2. “Economic Reforms and State Sector Bankruptcy in China”, Carsten HOLZ (HKUST)

Discussant: XIAO Geng (HKU)

3. “China Coping with the Depreciation of RMB: Its Impacts, Policies and Measures”, HUANG Weiping (Renmin University of China)

Discussant: Y.C. JAO (HKU)

**Session D: (Room G5612 (Lift 3), Academic Building)  
Exchange Rates and Banking (Session jointly sponsored by the Centre for Public Policy Studies and the Centre for Asian Pacific Studies, LU)**

Chaired by MA Yue (LU)

1. “Volatility of Macroeconomic Fundamentals and the Exchange Rate Regime”, HO Lok Sang and Jimmy RAN (LU)
2. “The Impact of the Hi-tech Industry on the Banking Sector in Guangdong”, MA Yue (LU)
3. “A Comparative Study of the Industrial Restructuring and its Impact on the Economic Growth in the Major Cities of the Delta Region of the Yangtze River”, LU Genyao (Economic Institute of Economic Planning Committee of Ning-Bo City)
4. “Information Effects in Indian Foreign Exchange Market”, N.R. BHANUMURTHY (Institute of Economic Growth, University Enclave, India)