Course description

This course covers a number of aspects of the Chinese economy. Understanding China’s economy is of intrinsic interest as one-fifth of the world population (four times the U.S. population) lives in China. It is also of interest in that China’s economic growth has effects far beyond China’s borders.

Aspects of China’s economy covered in this course are:

- Economic history: given China’s technological superiority over the West at times in the past, why did China fall behind and not industrialize earlier?
- Economic geography: what are the underlying geographic realities of China’s economy?
- Economic transition: China has undergone (and is still undergoing) a process of economic transition from a semi-planned to a market-oriented economy. What was / is the process? What made the transition so successful in terms of economic growth? What are the variations of government involvement in the economy, and their implications?
- Economic development: economic transition is accompanied by a rapid process of economic development—how does it proceed in China, and how does China’s experience relate to traditional concepts of development economics?
- Politics and culture: China’s political institutions differ from those of the West, and so do many cultural and political values—what is their economic relevance?
- Impact of China’s economic growth worldwide: the economic rise of China has implications for economies (and people) around the world, through channels ranging from foreign trade to migration and environmental issues.
Requirements and grading

Quizzes: 10%. 2.5% (pass/fail) for each quiz up to a maximum of 4 quizzes, out of approximately 6. Quizzes cover the required readings of that class. Quizzes are not announced. Quizzes will not be returned. No quiz in Week 1 and Week 7.
Assignments: 20%. 2% (pass/fail) for each assignment up to a maximum of 10 assignments, out of approximately 12. Assignments will not be returned.
Midterm exam: 30%. 6 October 2010, in class, closed-book.
Final exam: 40%. Scheduled by the university in the final exam period, cumulative, closed-book.
Active class participation is expected.

Learning outcomes

On completing this course, students should be able to

• enter an academic or business discussion of the Chinese economy in an informed manner;
• bring a quality of judgment and evaluation to dispersed information on the Chinese economy, whether that is in evaluating the reliability of the information, its significance given a particular question, or its relevance in the larger context of China’s economic development;
• apply basic concepts of development economics (to China and other countries);
• independently investigate topics related to the Chinese economy.

The midterm and final exams provide incentives for students to familiarize themselves with facts and theories; they also provide an opportunity to develop an argument. The assignments encourage students to explore and think independently about issues of the Chinese economy.

Textbooks

This course does not follow one textbook.

You are invited to quickly read through the following text:

An alternative text is:

We make extensive use of the following text, which covers many aspects of the Chinese economy, but the Naughton text (above) is still a very good, quick, easy-to-read overview:

If you want to read up on Chinese history, try:


There are no “lecture notes,” and it’s not a ppt class.

**Interesting readings**

Consider the following books for non-academic bedtime reading. You may learn more about China from one of these books than from a thousand pages of academic papers.


All four books are available in (cheap) paperback editions.

Two books that are predominantly positive about Mao Zedong’s regime:


**Films**


“China Blue.” 2005 account of work in a blue-jeans factory. Favors labor. 88min.
“Manufactured Landscapes.” Jennifer Baichwal. 2007. Artistic portrait of industrial production in China. 90min.

The usual fine print
Exams cover material presented/discussed in class, assignments, and the required readings.
You can appeal exam grading within seven days of return of the work by specifying in writing where (and why) you should get more points. A key issue is fairness to everyone: whatever grading rule was used in grading the exams of the whole class will be maintained.
There are no extra-credit assignments.
Missing exams is acceptable only under the usual extenuating circumstances plus documentation (in case of medical reason, a medical certificate stating explicitly that you have been too ill to work on the day of the exam).
If you miss the midterm exam without accepted excuse, your percentage-score in the final exam will be applied to the maximum points obtainable in the midterm exam, up to a maximum of 80% of the lowest score obtained by any student in the midterm exam. (It must not pay to miss an exam, so the best possible imputed score for someone who misses the midterm exam is 80% of the lowest score in that exam.) If you miss the final exam, the same procedure applies using your midterm exam score, up to a maximum of 70% of the lowest score obtained by any student in the final exam.
What we do in class does not necessarily have a one-to-one correspondence with the required readings. If you cannot attend a class, please try to make an arrangement with a fellow student to share their notes with you. You can also talk to the TA, but the TA cannot replace a class session and is not responsible for repeating a class to you.
Students requesting academic accommodation based on disability are required to register with the Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodation can be obtained from DSP (probably Mon-Fri 8:30-5, Student Union 301, (213) 740-0776).
Class Schedule and Reading List
* = “required” reading. Required readings will be available on Blackboard.
(*) = recommended. The reading may be a bit heavy. Or it may just be that there are already too many required readings for this particular topic. Try to get the gist. If you are short of time or disinterested in this reading, skip it.

As the class proceeds and depending on student interests, there may be slight alterations to the required readings. In the aggregate, the amount of required readings will not be increased (and possibly decreased).

Week 1  (23 and 25 Aug.)

1. Why Care About the Chinese Economy?
The Economist article of 29 Nov. 07 on China’s PPP conversion factor. At: http://www.economist.com/displayStory.cfm?story_id=10209215
BN 6 (meaning: Barry Naughton’s text, see above, Chapter 6)
GC 5 (Gregory Chow text, Ch. 5)

2. The Problem of Causality in the Social Sciences
Week 2  
(30 Aug. and 1 Sept.)

3. Why Did China Not Industrialize Earlier?
Although this book is not on China, the ideas presented here, on political and military origins of the economic growth of East Asia, are also relevant, in some variation, to China.

BN 2; GC 1

4. Reform Period Overview
BN 4

5. Economic geography
(* BN 1


http://www.lizardpoint.com/fun/geoquiz/chinaquiz.html
http://www.chinapage.com/map/province-english.jpg
http://www.chinapage.org/timemap.html (list of dynasties, maps)
http://www.lib.utexas.edu/maps/china.html -> also click on link at bottom, “country maps”
http://www.johomaps.com/as/china/chinarail.html (railway lines)
The following is not geography, but if you get bored in class: Chinese propaganda posters:
http://www.iisg.nl/~landsberger (scroll to the bottom of the page for many more)


6. Central Planning and Economic Transition

6.1 The theory of centrally planned economies


Week 5  (20 and 22 Sept.)

6.2 The theory of market economies

6.3 The fatal conceit: the errors of socialism


6.4 Planning in China
* 李振中。计划经济学(修订本)。北京：中国人民大学出版社，1988, pp. 17-21.
* 陕西省人民政府关于做好 2005 年煤炭订货工作的通知。《陕西省人民政府公报》 #21/2004, p. 34.
* 陕西省人民政府关于做好 2005 年煤炭订货工作的通知。《陕西省人民政府公报》 #21/2004, p. 34.

* 第十一届全国人民代表大会第三次会议关于 2009 年国民经济和社会发展计划执行情况与 2010 年国民经济和社会发展计划草案的报告。Report on the implementation of the 2009 plan for national economic and social development and on the 2010 draft plan for national economic and social development. At:
  http://www.ndrc.gov.cn/zjgx/t20100317_335146.htm

国务院关于落实《中华人民共和国国民经济和社会发展第十一个五年规划纲要》主要目标和任务分工的通知。2006 年 8 月 14 日。《中华人民共和国国务院公报》 #29/2006, pp. 30-6. There is a NDRC Ma Kai summary of the 11th Five-Year Plan at
  http://en.ndrc.gov.cn/newsrelease/t20060323_63813.htm

BN 3; GC 2

6.5 Transition in China


BN 4; GC 3, 4

LBTR 3 (Jan Svejnar, “China in Light of the Performance of the Transition Economies,” pp. 68-90)

Week 6 (27 and 29 Sept.)

7. Economic Development

LBTR 2 (Alan Heston and Terry Sicular, “China and Development Economics,” pp. 27-67)

7.1 Pre-reform period economic development strategies


http://www.marxists.org/reference/archive/mao/selected-works/volume-5/mswv5_51.htm

Cheng Chu-yuan. China’s Economic Development: Growth and Structural Change. Boulder:  
Chapter 9, “The Strategies of Development” (pp. 257-292).


Oxford University Press, 1991. The book covers 1949 through mid-1980s and is relevant in  
full.

BN 3

7.2 Reform period economic development strategies

* Hirschman, Albert O. The Strategy of Economic Development. New Haven : Yale University  


(*) Naughton, Barry. “Understanding the Chinese Stimulus Package.” China Leadership Monitor,  

(*) WANG Jian. “The Correct Strategy for Long-Term Economic Development—Concept of the  
Development Strategy of Joining the ‘Great International Cycle’.” Chinese Economic Studies  


LIN, Justin Yifū, CAI Fang, and LI Zhou. The China Miracle: Development Strategy and  

Naughton, Barry. “Loans, Firms, and Steel: Is the State Advancing at the Expense of the Private  
Sector?” China Leadership Monitor, no. 30 (Fall 2009).


Studies 26, no. 5 (Fall 1993): 79-86.

(June 1990): 230-257.

BN 4, 5

LBTR 17 (Loren Brandt, Chang-tai Hsieh, and Xiaodong Zhu, “Growth and Structural  
Transformation in China,” pp. 683-728)

Week 7

4 Oct. Review session for midterm exam held by TA (or re-scheduled)

6 Oct. Midterm exam
Week 8  (11 and 13 Oct.)

11 Oct.  Film

7.2.1 Economic development: industry
* Brandt, Loren, Thomas G. Rawski, and John Sutton. “China’s Industrial Development,” Chapter 15 in LBTR, pp. 569-632. Focus on tables and charts; feel free to skip the section “Analytical Framework.”
http://people.brandeis.edu/~jefferso/Great%20Wall,%20submitted%20manuscript,%20Jan.%20202006.pdf
BN 13-15

Week 9  (18 and 20 Oct.)

7.2.2 Economic development: agriculture


7.2.3 Economic development: financial system
BN 19

Week 10 (25 and 27 Oct.)

7.2.4 Economic development: fiscal system

7.2.5 Economic development: energy


7.3 Regional economic development: China’s Western region


Week 11  (1 and 3 Nov.)

8. Economic Decision Making

8.1 Political institutions


*抚顺选举“地震”（Fushun’s Election Earthquake）。（财经）#77-78/2003, pp. 32-5.
*拆解黑龙江卖官链（Breaking apart the chains of the sale of official positions in Heilongjiang）。《财经》#132/2005, pp. 25-35 (and table p. 36).


Donald and Benewick (2005), pp. 54-7, 60f, 64f.


GC 20

Legal:


Rural:


Week 12 (8 and 10 Nov.)

8.2 Economic development and democratization

*“管媒勾结”正解。（财经）#143/2005, pp. 91f.

(*) Han Han. “Bash CCTV When It’s on Fire.” http://chinadigitaltimes.net/2009/02/han-han-%E9%9F%A9%E5%AF%92-bash-cctv-when-its-on-fire/


(*) The Chinese internet:


… and many more.

### 8.3 Political Institutions and Economic Implications


* 民选女村官艰难维难 (The Hardships of an Elected Female Village Official). 《财经》#108 (20 May 2004), pp. 18f. 民选女村官艰难维权。


### 8.4 Telecommunications and Internet


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Week 13  (15 and 17 Nov.)

### 9. Governance and ownership issues


BN 13

### 9.1 Central-local relations, cellular vs. national economy


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BN 18; GC 8

9.2 Government – firm


BN 13-15; GC 15

Week 14 (22 and 24 Nov.)

9.3 Rural governance


BN 10-12

9.4 Privatization and development of the private economy


9.5 Land ownership
* 河北定州村民曹袭。《财经》#137/2005, pp. 112f.
* 土地制度改革关键一步。《财经》#223/2008, pp. 104f.


Week 15 (29 Nov. and 1 Dec.)

10. China and the World


11. Labor


(*) WANG Feng, and Andrew Mason. “The Demographic Factor in China’s Transition.” Chapter 5 in LBTR, pp. 136-66. (Feel free to skip the appendix.)


China Labor Watch: http://www.chinalaborwatch.org/
China Labor News Translations: http://www.clntranslations.org/
BN 8 (and 7 and 9)
LBTR 7 (Emily Hannum, Jere Behrman, Meiyan Wang, and Jihong Liu, “Education in the Reform Era,” pp. 215-49)

12. Sociology of China research


More topics, for which we won’t have time --- open to précis

Starred readings below are *not* required readings.

### 13. Environment


* 青岛蓝海破产案：悲哀的交易。《财经》#141/2005, pp. 116, 118.

NDRC climate change program: [http://en.ndrc.gov.cn/policyrelease/t20060207_58851.htm](http://en.ndrc.gov.cn/policyrelease/t20060207_58851.htm)

NDRC program of action for sustainable development:


BN 20; GC 10 (second half)

**Water:**


MA Jun’s Institute of Public and Environmental Affairs: [http://www.ipe.org.cn/index.jsp](http://www.ipe.org.cn/index.jsp)


### 14. Corruption


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15. **Inequality and poverty** (there’s so much literature that any choice is more or less arbitrary)


BN 5, 9

LBTR 18 (Dwayne Benjamin, Loren Brandt, John Giles, and Sangui Wang, “Income Inequality during China’s Economic Transition,” pp. 729-75)

16. **Social security**


17. **China and India**


Additional Readings on China’s Economy and Data Sources

The library at Hong Kong University of Science & Technology maintains online resource guides to three courses on China’s economy:

- http://library.ust.hk/guides/sosc181.html
- http://library.ust.hk/guides/econ516.html
- http://library.ust.hk/guides/econ517.html

Data on China

http://chinadatacenter.org/newcdc/ --- Michigan data center

News articles, laws and regulations, statistics, and more

China Infobank (online database, in Chinese; enter via databases if available)

Other, general sources of information on China

Asian Development Bank --- has a chapter on China in its annual *Asian Development Outlook* (and also has other China-specific reports): http://www.adb.org/China/default.asp

The Economist Intelligence Unit (search “EIU Country Intelligence” as word/phrase in library catalog; explore, for example, the country report on China)

U.S. Commercial Service, China (with, among others, some industry information)

http://www.buyusa.gov/china/en/
China Leadership Monitor: http://www.hoover.org/publications/clm/

100 China Website Links: “100 Essential Resources for Doing Business in China”

http://www.bschool.com/blog/2008/100-essential-resources-for-doing-business-in-china/

U.S.-China Institute website at http://china.usc.edu
YANG Dali maintains a website with lots of links: http://www.daliyang.com/index.html

General/ background readings beyond what’s listed above as optional textbooks


A few books of more specialized interest (only those not mentioned anywhere above)


Twitchett, Denis, and John K. Fairbank (eds.), *The Cambridge History of China*. Cambridge University Press, several volumes. (History, and more history, and yet more.)

Woetzel, Jonathan R. *Capitalist China: Strategies for a Revolutionized Economy*. Singapore: John Wiley & Sons, 2003. (This is a popular more than an academic book, business-oriented, focusing on individual companies and industrial sectors.)


**Lynn White’s China bibliography**: list of books on China, by topic:
http://www.princeton.edu/~lynn/chinabib.pdf