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 technical 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

10% one to three maximum 2-page (max. 1000 words) interpretative précis of a non-required text, chosen by the student, with the précis e-mailed to all class participants 24 hours before the class meets. Prepare a maximum 10-minute presentation to the class. Starts Week 2. Graded pass/fail. The topic of the précis is not limited to the topic of that particular class. Also see instructions at the end of this syllabus.

The number of précis depends on class size: less than ten students = 3 précis each student, 10-25 students = 2 précis each, more than 25 students = 1 précis each.

21% mid-term exam; closed book; 29 October 2008, in class.

35% final exam; closed-book; cumulative; default: during the university examination period as scheduled by the university, or otherwise by unanimous agreement of all class participants, subject to room availability.

34% term paper; due within 7 days of the last class (by noon Friday 12 December). 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
- summarize, evaluate, and improve on existing research literature on the Chinese economy
- communicate the core content of a literature and articulate one’s own thoughts in a brief presentation to a small group of people.

The mid-term and final exams provide incentives for students to familiarize themselves with facts and theories. The two précis encourage students to critically absorb research literature as well as to speak in front of a group of people and to respond to comments and questions. The term paper allows students to practice independent investigation of a research topic.

Textbooks

This course does not follow one textbook.

You are invited to quickly read through the following undergraduate text:

An alternative undergraduate 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:

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


Rand, Ayn. *Atlas Shrugged*. New York: Dutton, 1992, or any other edition. Fictional account of the U.S. turning Communist; heavy market economics packaged as fiction. Do not start reading this book before an exam. (You may not be able to stop reading, and it’s long.)

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

A couple of books with a different tack:


http://quod.lib.umich.edu/cgi/t/text/text-idx?c=acls;;idno=heb02390.


**Films**


This is a documentary; for a more personalized account see “Huo zhe” by Zhang Yimou.


“China Blue.” --- 2005 account of work in a blue-jean factory. Tends to take a labor view.

**The usual fine print**

The exams cover material presented/discussed in class 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.

There are no extra-credit assignments.

Missing the exam is acceptable only under the usual extenuating circumstances plus documentation (in case of medical reason, a medical certificate that you have been too ill to work on the day of the exam).

Handing the term paper in late: delay by up to 24 hours means that the maximum number of points that can be achieved in the term paper is reduced to 80% of the on-time maximum; 24-48 hours late: 60%; more than 48 hours but before the course grades are reported to the university: 50%.
Class Schedule and Reading List
* = “required” reading.
All other readings are recommended, and are well suited for student précis.
Précis presented by fellow students are required reading, but not the texts that the précis are based on.

Week 1  (3 and 5 Sept.)

1. Why Care About the Chinese Economy?
* PEI Minxin. “The Dark Side of China’s Rise.” *Foreign Policy* 53 (March/April 2006): 32-40. Also at:
http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=18110
http://www.businessweek.com/magazine/content/04_49/b3911401.htm
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
http://academic2.american.edu/~dfagel/Class%20Readings/Friedman/Methodology.pdf, or at: http://members.shaw.ca/compilerpress1/Anno%20Friedman%20Positive.htm
### 3. Why Did China Not Industrialize Earlier?


* Stubbs, Richard. *Rethinking Asia’s Economic Miracle*. New York: Palgrave Macmillan, 2005. Although this book is not on China, the ideas presented here, on political and military origins of the economic growth of East Asia, are perhaps also relevant, in some variation, to China.

BN 2; GC 1

### 4. Reform Period Overview


BN 4


### 5. Economic geography


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)

BN 1

6. Central Planning and Economic Transition

6.1 The theory of centrally planned economies


Weeks 4 and 5
(24 and 26 Sept.; holiday 1 Oct.; class on 3 Oct. replaced by class on approx. 2 Oct.)

6.1 continued

6.2 The fatal conceit: the errors of socialism


### 6.3 Planning in China


* 陕西省人民政府关于做好 2005 年煤炭订货工作的通知。《陕西人民政府公报》#21/2004, p. 34.


### 6.4 Transition in China


QIAN Yingyi, and XU Chenggang. “Why China’s Economic Reforms Differ: The M-Form Hierarchy and Entry/Expansion of the Non-State Sector.” *Economics of Transition* 1, no. 7


BN 4; GC 3, 4

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

Week 6 (8 and 10 Oct.)

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


BN 3

7.2 Reform period economic development strategies


BN 4, 5


Week 7 (15 and 17 Oct.)

7.2.1 Economic development: industry

* Brandt, Loren, Thomas G. Rawski, and John Sutton. “China’s Industrial Development,” Chapter 15 in LBTG, pp. 569-632. Focus on tables and charts; feel free to skip the section “Analytical Framework.”


7.2.2 Economic development: agriculture


**Week 8  (22 and 24 Oct.)**

7.2.3 Economic development: financial system


### 7.2.4 Economic development: fiscal system


### 7.2.5 Economic development: energy


check into others


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**Week 9**

29 Oct. mid-term exam
class on 31 Oct. may be reschedules

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**Week 10** (5 and 7 Nov.)

### 8. Economic Decision Making

#### 8.1 Political institutions

*抚顺选举 “地震”。《财经》#77-78/2003, pp. 32-5.*

*《新京报》总编辑被免职。信报 30 Dec. 2005, p. 5.*


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


Week 11  (12 and 14 Nov.)

**8.2 Economic development and democratization**


*“管煤勾结”正解。《财经》#143/2005, pp. 91f.*


**8.3 Political Institutions and Economic Implications**

Week 12 (19 and 21 Nov.)

9. Governance and ownership issues


LBTR 11 (Donald Clarke, Peter Murrell, and Susan Whiting, “The Role of Law in China’s Economic Development,” pp. 375-428)

9.1 Central-local relations, cellular vs. national economy


9.2 Government – firm

BN 13-15; GC 15

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.

10. China and the World


BN 16, 17; GC 17, 18

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
NDRC climate change program: http://en.ndrc.gov.cn/policyrelease/t20060207_58851.htm
NDRC program of action for sustainable development:
http://en.ndrc.gov.cn/newsrelease/t20070205_115702.htm
BN 20; GC 10 (second half)
Water:
MA Jun’s Institute of Public and Environmental Affairs:
http://www.ipe.org.cn/index.jsp

14. Corruption


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


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://chinadatacentor.org/newcde/ --- Michigan data center

News articles, laws and regulations, statistics, and more
China Infobank (online database, in Chinese; enter via databases on HKUST library website)

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/
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: 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
Two-page interpretative précis

Maximum 1000 words.

Ideally, a précis does three things:
(1) It summarizes the key arguments of the text.
   (May start with a 1-3 sentence statement of what the text is about, followed by a summary of the arguments.)
(2) It provides a critique of these arguments.
(3) It suggests how to improve the argument, or it suggests additional / new research starting from the text.

An introductory sentence or short paragraph should provide a clear frame for the argument(s).

Any of the optional / recommended texts are OK for a précis.
Relevant texts not included in the course outline are also OK. Check with instructor.

Provide full bibliographic information of the text on which your précis is based, your name, and the course number at the top of the first page.

!! Fellow students are asked to read each précis before coming to class, and to be prepared to comment, expand on the précis/underlying text, and raise questions. !!

Term paper

Total length (excluding references, appendix, and footnotes): max. 4000 words.

The term paper may, but need not adhere to the following structure:

Title
The Question / argument
   Precisely state the question / argument. Elaborate in a few additional sentences.
Past Research Relevant to This Question
   Literature review.
My Contribution and My Hypothesis(es)/ Theory
   State in how far what you want to do is different from the literature. If you are attempting a causal argument, clearly state your hypothesis(es)/ theory and/or the relationship between your hypothesis(es) and the established theory (or literature) in your field.
Research Design/ Data Collection Method
   Describe and justify your choice of research design and data collection method (advantages/ disadvantages). “Data” can be numerical or non-numerical.
Data Analysis
   (i) Present the data (or mathematical model, if that’s what you do).
   (ii) Analyze the data (qualitatively or quantitatively or both).
   (iii) State the findings (such as that a particular statistical test shows that something is significant).
Interpretation of the Findings
Relate the findings to your research question. What do they “mean” for your research question? (This section can be very short, or can be the last paragraph of your data analysis section.)

Conclusions
Restate your question and your answer of the question.
Feel free to also address the following issues: What are the implications of your research findings for theory, policy, or future research? If you originally stated a hypothesis and then found it confirmed, what evidence would you take as a sign that your hypothesis is false? Are there alternative explanations of a phenomenon you are explaining; if so, can you rule them out with your findings? What are the limitations of your study? Any suggestions for further research?

References (unless included in footnotes)
References must follow the formatting of a journal (of your choice).

Nail it down. Don’t resort to big (and all too often vacuous) generalizations. If you are a famous researcher, the reader will think that your generalizations are based on your intimate knowledge of the details, but if this is one of your first research projects, then “big statements” suggest that you either copied them from somebody else or you don’t know what you are talking about.

Make sure to include your name and the course number. Paginate.

If your term paper is an extensive literature review, it may well deviate from the above structure. You should try to give space to your contribution. This could be in many different forms, including a detailed discussion of problems of the literature and how these could be addressed, or your own thoughts and ideas about the topic as not covered in the literature, or your presentation of data (say, from the China Statistical Yearbook) to prove one or more arguments in the literature wrong.

Evaluation of your research paper

Three core criteria in the evaluation of the paper are:
* Is the question clearly formulated?
* Is your question original/interesting/non-trivial?
* Is the question answered as unambiguously as possible/is your argument compelling?

Further criteria in the evaluation of the paper are:
* Does the literature review show that you are aware of the main literature relevant to your topic, that you have understood it, and that you can relate your own research to the body of existing literature?
* Is the choice of data collection method justified, and is the method appropriate? (No ‘overkill,’ but appropriate.)
* Is the data analysis logically consistent?
* Do the findings follow from the argument/facts?
* Does the interpretation of the findings answer the question? Compellingly/convincingly?
* Is the conclusion clearly formulated? (Can an interested reader understand what you are doing just by reading the conclusion of your paper?) Is your research “significant” in some respect?