Course description

The objective of this course is two-fold:

- gain an understanding of the factual cornerstones underpinning the Chinese economy; and
- use the tools of economics—from economic history to economic transition and economic development—to make sense of economic development and economic institutions in China.

This course covers a number of aspects of the Chinese economy.

- 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.

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 economic theories and economic analysis to the economy of China;
• independently investigate topics related to the Chinese economy.
The exams offer incentives for students to familiarize themselves with facts and theories related to the Chinese economy; they also provide an opportunity to develop an argument. The interpretative précis allows students to go into the depths of one text, to process it, and to share their understanding of the text with others; it also provides an opportunity to present to a larger group in a formal setting, and to organize and/or maintain a discussion. A term paper provides an opportunity to conduct one’s own research by further investigating some aspect of this course; this may involve a more expansive exploration of the literature, raising one’s own question(s), and arguing towards an answer (answers).

Requirements and grading

20% two 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 10-15 minute presentation to the class. Starts Week 2 or 3. 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. – If student numbers are large, this requirement may be reduced to one interpretative précis.
30% in-class midterm exam on Tuesday 27 March 2018
50% final exam OR ’35% final exam + 15% term paper.’ The final exam is cumulative and scheduled by the university during the university examination period. If you have taken the midterm exam, you may write a term paper in addition to taking the final exam; then let the instructor know that you choose to write a term paper by 10 April 2018. The term paper is due Friday 11 May 2018 at noon (12pm/11:59am) and must be submitted electronically in pdf format to socholz@ust.hk and carstenholz@gmail.com. Also see instructions at the end of this syllabus.
Active class participation is expected.
Assignments are given between classes. Examples of such assignments are: a request to be able to summarize a particular (mandatory) reading for next class (or elaborate with your thoughts on particular aspects of a reading), to inform yourself on a particular question, or to answer a short set of questions on, for example, a newspaper article. There is currently no grading of assignments. Should it turn out that enforcement is necessary, 10% of the course grade will be reserved for the instructor’s evaluation of student participation, including in assignments, while the above percentages for precis, exams/term paper will be reweighted to add up to 90%—such a change in grading scheme, if it happens, will be announced to students in writing.

Missing exams.
No apology is needed if you miss the midterm exam (for whatever reason, oversleeping, illness, family emergency, don’t feel like taking a quiz), and no penalty is imposed. There is no make-up exam. The weight of the midterm exam will be added to the final exam. If you take the midterm exam, it counts. (You cannot afterwards choose if it counts or not.)
Missing the final exam results in a 0% score on the final exam, unless you have a documented medical or family emergency that is approved by the instructor; in all likelihood
you will have to take a make-up final exam. In the case of a medical emergency, a doctor’s certificate stating specifically that you were too ill to work on the day of the final exam is required. (A statement that you saw the doctor is not enough.) In the case of a family emergency, objective documentary evidence is needed; an email from you, or a letter from a parent is not enough.

More on exams, term paper, and precis
The exams cover material presented/discussed in class and the required readings. 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 make arrangements with a fellow student to update you on the class and/or to share their notes with you. You can also talk to the TA, but the TA is not responsible for repeating a class to you.

There are no extra-credit assignments.
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 at least 24 hours before the course grades are reported to the university: 50%. After that: 0%.

For your precis, choose from (almost) any of the readings listed in this syllabus. Exception: readings marked with ** cannot be chosen for your precis. Some of the other readings by their very nature may not be suitable for a precis (and the instructor will tell you if you choose such a text). Relevant texts not included in the course outline are also OK. Check with the instructor.

Textbook, readings
This course does not have a textbook. There are no (professorial or TA) “lecture notes,” and it’s not a power point class.

You are invited to quickly read through the following undergraduate text:
The following volume provides a more research-oriented overview of the Chinese economy:
An up-to-date, relatively short treatment of the Chinese economy, targeting a general readership, is:

These are two shorter, concise, research-focused and complementary overviews:
If you want to read up on Chinese history, take a look at:


Consider the following books for non-academic bedtime reading. All four books are available in (cheap) paperback editions. You may learn more about China from one of these books than from a thousand pages of academic papers.


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


An increasing number of websites report regularly on China. Apart from the usual news outlets (such as the BBC or the Financial Times), the following provide somewhat specialized news and news analysis:

merics.org (with a biweekly newsletter for which you may have to sign up, and frequent irregular analyses)

http://www.hoover.org/publications/china-leadership-monitor (analyses by academics, published three times a year)

Films


DS778.7.M67. 2003. (Also on youtube.) --- A documentary of where reform-period
China is coming from. 117min. For a more personal account see “Huo zhe” by Zhang Yimou.
“Last Train Home.” 2009 (Director: Fan Lixin)
“Manufactured Landscapes.” Jennifer Baichwal. 2007. Artistic portrait of industrial production in China. 90min.
“China’s Capitalist Revolution” (I. Opening the Door: How Deng Xiaoping Transformed China’s Economy. II. Becoming a Superpower: Deng Xiaoping’s Reforms and Their Legacy.) 2008. BBC. 43 and 48min.
“How China Rules the World” (2016), 46min. https://www.youtube.com/watch?v=wQ6D4h31xIk
“China New Silk Road.” BBC Our World 2017, 23min. https://www.youtube.com/watch?v=qhb8tfu7m1c
“The Belt and Road,” 2017, 3min. (Propaganda video) https://www.youtube.com/watch?time_continue=33&v=98RNh7rwyf8
“The 13 WHAT – A Song About China’s 13th 5-Year Plan,” 2015, 3min. (Propaganda video) https://www.youtube.com/watch?v=LhLrHCKMqyM
Class Schedule and Reading List
** = required reading. We’ll try to put all required readings on CANVAS.
Some of the required readings may be dropped. Other readings may newly become required.
* = good candidate for a precis. (Paper may also be on CANVAS.)

Week 1 — 1 February

0. Introduction

0.1 Preliminaries

Week 1 — 6 and 8 February

0.1 Views of China


Patten, Christopher. East and West. New York: Times Books / Random House, 1998. Chapter 1 “The Last Governor” (pp. 3-27), Chapter 2 “Hong Kong’s ‘Fatal’ Years” (pp. 29-70), and Chapter 9 “China and the West” (pp. 244-278).

0.2 Current economic matters

Naughton, Barry.


1. Why Care About the Chinese Economy?


GC 5 (Gregory Chow text, Chapter 5)

AK 1 (Arthur Kroeber text, Chapter 1): “China’s Political Economy”

AK12: “Changing the Growth Model”

AK13: “Conclusion: China and the World”


2. The Problem of Causality in the Social Sciences


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Week 2 — 13 and 15 February

3. Why Did China Not Industrialize Earlier?
BN 2: “The Chinese Economy Before 1949;” GC 1


* 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 also relevant, in some variation, to China.

4. Reform Period Overview


Week 3 — 20 and 22 February

5. Economic geography


BN 1: “The Geographical Setting”


http://www.lizardpoint.com/fun/geoquiz/chinaquiz.html
http://www.chinapage.com/map/province-english.jpg
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


Kohler, Heinz. Comparative Economic Systems. Glenview, Illinois: Scott, Foresman, and Company, 1989. Chapter 6, “Centralized Socialism: A Model” (pp. 86-116, but skip pp. 95-99, 102-4, and 110-12; answers to questions are on pp. 494-501 (questions 1-6, 8 recommended)). Take it easy on this reading. See if you can understand what we do in class.


6.2 The theory of market economies


Week 4 — 27 February and 1 March

6.3 The fatal conceit: the errors of socialism

Marquet, David. “Inno-Versity Presents: Greatness by David Marquet”


6.4 Planning in China
GC 2


** 第十二届全国人民代表大会第五次会议关于 2016 年国民经济和社会发展计划执行情况与 2017 年国民经济和社会发展计划草案的报告。Report on the implementation of the 2016 plan for national economic and social development and on the 2017 draft plan for national economic and social development.

* Perkins, Dwight H. “Plans and Their Implementation in the People’s Republic of China.”


6.5 Transition in China
GC 3, 4
LBTR 3 (Jan Svejnar, “China in Light of the Performance of the Transition Economies,” pp. 68-90)

Week 5 — 6 and 8 March

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

7.2 Reform period economic development strategies
BN 5: “The Urban-Rural Divide”


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


** Week 6 — 13 and 15 March

7.2.1 Economic development: industry

BN 13: “Industry: Ownership and Governance”

BN 14: “Structural Change: Industry, Energy, and Infrastructure”

BN 15: “Technology Policy and the Knowledge-based Economy”


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

AK 3: “Industry and the Rise of the Export Economy”


7.2.2 Economic development: agriculture
BN 10: “Rural organization”
BN 11: “Agriculture: Output, Inputs, and Technology”
BN 12: “Rural Industrialization: Township and Village Enterprises”
AK 2: “Agriculture, Land, and the Rural Economy”


** Week 7 — 20 and 22 March **

7.2.3 Economic development: financial system

BN 19: “Financial System”

AK 7: “The Financial System”

** Holz, Carsten A. “The Changing Role of Money in China and Its Implications.” Comparative Economic Studies 42, no. 3 (Fall 2000): 77-100. Skip Chart 1, go easy on Table 1, focus on concept of two circuits.


7.2.4 Economic development: fiscal system
BN 18: “Macroeconomic Trends and Cycles”
AK 6: “The Fiscal System and Central-Local Government Relations”


7.2.5 Economic development: energy
* AK 8: “Energy and the Environment”


7.3 Regional economic development: China’s Western region
* Cui Zhiyuan. “Partial Intimations of the Coming Whole: the Chongqing Experiment in Light of the Theories of Henry George, James Meade, and Antonio Gramsci.” Modern China 37, no. 6 (2011): 646-60.
* Huang, Philip C.C. “Chongqing: Equitable Development Driven by a “Third Hand”?” Modern China 37, no. 6 (2011): 569-622.


Week 8 — 27 and 29 March [No class 3 and 5 April]
Week 9 — 10 and 12 April

27 March: Midterm exam
29 March: Film (cont. 10 April)

8. Economic Decision Making

8.1 Political institutions

GC 20


* “抚顺选举 ‘地震’” (Fushun’s Election Earthquake). 《财经》#77-78/2003, pp. 32-5.
* Li, Cheng. Series on “Xi Jinping’s Inner Circle” in the China Leadership Monitor (CLM), find via http://www.hoover.org/profiles/cheng-li
  Part 2: Friends from Xi’s Formative Years. CLM 44, summer 2014.
  Part 3: Political Proteges from the Provinces. CLM 45, fall 2014
  Part 4: The Mishu Cluster I, CLM 46, winter 2015
8.2 Economic development and democratization


… and many more.

Week 10 — 17 and 19 April
Week 11 — 24 April

8.3 Political Institutions and Economic Implications

9. Governance and ownership issues


9.1 Central-local relations, cellular vs. national economy

GC 8


9.2 Government – firm

GC 15


### 9.3. Rural governance


### 9.4 Privatization and development of the private economy


### 9.5 Land ownership

10. China and the World
BN 16: “International Trade”
BN 17: “Foreign Investment”
GC 17, 18
AK 3: "Industry and the Rise of the Export Economy"
Financial Times, 9 May 2016. “China Seeking to Revive the Silk Road.”

11. Labor
BN 7 “Population Growth and the One-Child Family”
BN 8 “Labor and Human Capital”
LBTR 5” WANG Feng, and Andrew Mason. “The Demographic Factor in China’s Transition,” pp. 136-66. (Feel free to skip the appendix.)


AK 9: “Demographics and the Labor Market”

China Labor Watch: http://www.chinalaborwatch.org/
China Labor News Translations: http://www.clntranslations.org/

12. Sociology of China research
** Holz, Carsten A. “Have China Scholars All Been Bought?” Far Eastern Economic Review 170, no. 3 (April 2007), 36-40. At: http://ihome.ust.hk/%7Esocholz/HaveChinaScholarsAllBeenBought-FEER30April07.pdf
* China’s censorship of research


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**13. Environment**

BN 20: “Environmental Quality and the Sustainability of Growth”

GC 10 (second half)


* AK 8: “Energy and the Environment”


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


14. Corruption

GC 19

* AK 11: “The Social Impact: Inequality and Corruption”


15. Inequality and poverty

BN 9 “Living Standards: Incomes, Inequality, and Poverty”


* OECD Economic Surveys: China. OECD, 2010. Chapter 5 “A Pause in the Growth of Inequality” (pp. 129-152)

16. Social security


OECD Economic Surveys: China. OECD, 2010. Chapter 7 “Providing Greater Old-Age Security” (pp. 181-208), and Chapter 8 “Improving the Health Care System” (pp. 209-232).
17. China and India
Additional Readings on China’s Economy and Data Sources

Data on China
http://chinadatcenter.org/newcdc/ --- Michigan data center
CEIC China Premium Database --- via HKUST library databases: CDMNext

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

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): https://www.adb.org/countries/prc/main
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/

General/ background readings beyond what’s included above
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.)

*Lynn White’s China bibliography: list of books on China, by topic (most recent one of Winter 2007-2008): http://www.princeton.edu/~lynn/chinabib.pdf*
Two-page interpretative précis and presentation to the class

Maximum 1000 words. (And 500 words = one page is OK/good.)

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.
   If a causal argument is involved, pay special attention to how the causality is shown to
   hold or not hold (“identification strategy”).
   If an empirical argument is involved, pay special attention to the dataset used and to the
   empirical testing.
   What’s the finding?
   Say why we should care about the paper.
   Can include contribution to the existing literature. (For example: First answer, better
   data, better identification strategy / causal test, contradictory findings, etc.)

(2) It provides a critique of these arguments. (For example: Data. Quality of descriptive or
   causal argument. Plausibility. Quality of idea, contribution.)

(3) It suggests how to improve the argument, or it suggests additional / new research starting
   from the text. (For example: more robustness checks, specific additional data, alternative
   identification strategies, additional/other variables. Suggestions must be realistic.)

Provide full bibliographic information of the text on which your précis is based, your name,
your student ID, the date when you present, and the course number at the top of the first page.

Fellow students are asked to read each précis before coming to class. Be prepared to make at
least one comment / raise one question / offer one thought beyond the précis/underlying text.

In your presentation to the class,
   you can but need not use powerpoint;
   speak freely (don’t read verbatim from notes);
   don’t mumble;
   face the audience;
   avoid clasping on to the desk, hanging yourself on the whiteboard, burrowing your hands
   in your pockets, committing one-legged balancing acts, etc.;
   either tell a good story, or structure your presentation;
   and make sure you get your major point(s) across.

Use standard formatting
   Font: Times New Roman
   Font size: 12 point
   Margin: 1 inch all around
   Spacing: single-line spacing
   Insert page number in footer
   Do not right-adjust text (only left-adjust)
   Add your name and student ID, as well as the bibliographic information for the text.
Term paper

Total length (excluding references, appendices, and footnotes/endnotes): max. 4000 words. This is a strict maximum. It must not be exceeded.

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), numerical or non-numerical (information, facts).

(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.

Keep it simple. Don’t try to do too much. Ask an interesting, straightforward question, and answer it.

If not obvious: all text that summarizes other literature must be properly referenced, and quotes must be explicit.
Make sure to include your name / student ID, the course code/title, and the date.Paginate (add page numbers in the footer). Double-spaced or 1.75 line spaced would be good, 1-inch margins, 12-point letter size, do not right-adjust. Submit electronically (only); please see section ‘requirements and grading’ at beginning of syllabus.

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.

Your term paper must be original work done for this course. It must not be on the same topic as any other past or concurrent work of yours. It is OK to write several term papers in the same field (for different courses or publishing outlets), but there must be no major overlap between what you submit in this course and your other work.

How your term paper is being evaluated

Your term paper must meet the word limit.

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?

Penalties for late submission

If you hand in late, I will grade your paper as if you handed it in on time, but the maximum number of points that you can get will be reduced as specified above near the beginning of this syllabus under “Miscellanea.”