



ECON360 China: Economic Giant

Summer Term

I. Course Description

This course is primarily intended to provide an informed perspective about the evolving process of *China's economic transition and development* during the past three decades. We will analyze Chinese economy from micro- and macro- economic perspectives, combining theoretical and empirical studies. Students are expected to,

- 1) understand *the path and historical background* of China's economic development;
- 2) compare and evaluate *the strengths and weakness* of China's reform policies and practices; and
- 3) apply *economic theories* to the analysis of political and economic phenomena related to China.

II. Evaluation

20% Attendance and class participation

Students must come to class having completed the required readings for the week and are prepared to engage in discussion. The **required** readings will be the basis of the lecture and class discussions, while the **recommended** readings are recommended for better understanding of topics covered in the course.

Class participation also includes participation in our weekly exercise called "Of what is this an instance" (OWITI). **Each Sunday**, starting from Early July (the exact date will be announced later), students will submit a newspaper clipping or articles about a current issue related to China. The professor will review all submissions and select one or two for distribution. You are expected to not only read the article that is circulated but also to consider how one can understand the event in terms of China's particular sociopolitical contexts. In other words, "Of what is this an instance?" is an in-class exercise similar to a short analytic paper. There are no "right" answers for each week's exercise: the purpose is to stimulate your mind, to encourage you to climb the ladder of abstraction, and to develop the habit of critical thinking. For this reason it is valuable practice for you, and a good reason to be prepared to discuss the newspaper clipping I provide.

20% *Group essay*

Students will be divided into groups of about four or five. We will conduct a preference identification process during our first class. Each group will write ONE essay based on the readings for the week they choose. Each student within this group will get the same score for this essay. In addition, this group will be expected to play a leading role in that week's discussions. The essay should be within 2200 words, about 6-7 pages in length and double spaced. The essay is due at the start of class each week. Late essays will be penalized unless with a justifiable reason and having notified the instructor in advance.

In this essay group members should strive to compare and criticize the readings, present the major theoretical debates and the contribution of the readings, as well as consider any interesting unanswered research questions that you think can extend the literature, i.e., the future fruitful avenues of research. The essay should convey a sense that you have read all the required readings; however, the essays should **NOT** only summarize the readings and should be written in such a way that can be easily accessible to the readers. A good essay should have a structure that can facilitate the readers to understand the argument. A model structure would include a clear introduction, summaries of different theories, followed by your critiques, comments, observations and suggestions, and a conclusion. Exceptional essays usually are composed around a core argument, which the whole essay serves to bring about.

20% *Company visit/field trip report*

Prior to a company visit/field trip, each student is required to do background research to understand the specific visit site and be prepared to write a field trip report that is analytical in nature. The trip report should be limited to 2-3 pages and double-spaced. The report is due at the beginning of class in the week after the visit/field trip.

40% *Individual term paper*

The final requirement of this class is a paper based on an original research project. The student is required to discover and delve into a particular area of interest over the course as part of the academic work. The instructor and teaching assistant can be available to help students refine their ideas and discuss the research progress. A complete research paper and an in-class presentation are due at the end of the semester.

About the research project: The research project is intended as a project that makes use of academic literature and secondary source materials (such as published research data and other readings). While these are very important components of any research project, your capstone project is more importantly intended to be one in which you take advantage of being in China. Your work will not only be interesting but you will learn a great deal by using the resources that you would not have access to at your home institution. Think of ways to incorporate interviews, participant observation, and other methods to inform your final paper and

presentation. In the end, we hope that you can develop this project as part of your senior thesis or a broader research project in the future.

Formatting: All papers should be double-spaced, with standard-sized font and margins. All papers should show the page numbers. Bibliography to the essays is not required but including it will not hurt. The final research paper should include a bibliography. All written assignments require both electronic and hard-copy submission. Emails of assignment should be directed to, and only to, economic.giant.shufe@gmail.com. The “Subject” of emails should be in one of the following formats,

- Last Name_First Name_OWITI
- Last Name_First Name_Individual Essay
- Last Name_First Name_Field Trip
- Group Eassy_Group#

Late Penalty: Late assignments will be penalized at a rate of 1/3 of a letter grade for every day an assignment is late, including weekends. For example a “B+” paper due on Thursday will receive a “B” grade if received on Friday, “B-” the second day, etc. I will not grant incompletes for final papers except for documented family or health emergencies.

Feedbacks on the course: If you have suggestions or comments about this course or how it should be taught but prefer not to be identified, you can drop an anonymous note in my mailbox in Phoenix Building in SHUFE, and I will strive to respond to your suggestions accordingly. Or, you can simply come to my office and speak with me directly, thanks.

III. Grading Scale

Alliance students will receive letter grades from each course. It will also show in their transcript. Alliance programs utilize a standard grading policy well accepted by most US institutions.

A+	97-100%	
A	93-96%	
A-	90-92%	Excellent performance
B+	87-89%	
B	83-86%	
B-	80-82%	Good performance
C+	77-79%	
C	73-76%	
C-	70-72%	Acceptable performance
D+	67-69%	
D	63-66%	Unsatisfactory performance
D-	60-62%	
F	Below 60%	Failure of the course

IV. Texts

Required Books

- Naughton, Barry. 2007. *The Chinese Economy: Transitions and Growth*. The MIT Press. (Hereafter Naughton)
- Edward Steinfeld, *Playing Our Game: Why China's Rise Doesn't Threaten the West* (Hereafter, Steinfeld).
- Brandt, Loren and Thomas G. Rawski. 2008. *China's Great Economic Transformation*. Cambridge University Press. (Hereafter B-R)

Recommended Readings

- Gittings, John. 2006. *The Changing Face of China: From Mao to Market*. Oxford and New York: Oxford University Press.
- Guthrie, Doug. 2009. *China and Globalization: The Social, Economic and Political Transformation of Chinese Society*. Revised Edition. New York: Routledge.
- Shirk, Susan. 1993. *The Political Logic of Economic Reform in China*. University of California Press.
- Maddison, Angus. 2007. *Chinese Economic Performance in the Long Run. Second Edition, Revised and Updated. 960-2030AD*. Development Centre: OECD.

V. Weekly Readings

Meeting 1: Introduction

Required:

Naughton, Introduction

Naughton, Chapter 1: The Geographical Setting.

Meeting 2: Ancient and Socialist China

Required:

Naughton, Chapter 2: The Chinese Economy Before 1949.

Naughton, Chapter 3: The Socialist Era, 1949-1978: Big Push Industrialization and Policy Instability.

Meeting 3: China's Market Transition

Required:

Naughton, Chapter 4: Market Transition: Strategy and Process.

Meeting 4: China's Economic Growth

Required:

Naughton, Chapter 6: Growth and Structural Change.

Naughton, Chapter 8: Labor and Human Capital.

Meeting 5: Sources of China's Economic Boom, Part One

Required:

Naughton, Chapter 12: Rural Industrialization: Township and Village Enterprises.

Naughton, Chapter 13: Industry: Ownership and Governance.

Meeting 6: Sources of China's Economic Boom, Part Two

Required:

Naughton, Chapter 15: Technology Policy and the Knowledge-based Economy.
Steinfeld, Chapter 4: Taking Industry Global

Meeting 7: China and International Trade

Required:

Naughton, Chapter 16: International Trade.

B-R, Chapter 16: China's Embrace of Globalization.

Suggested:

Naughton, Chapter 17: Foreign Investment.

Meeting 8: Fiscal System

Required:

Naughton, Chapter 18: Macroeconomic Trends and Cycles.

B-R, Chapter 12: China's Fiscal System: A Work in Progress.

Reform.

Meeting 9: Banking and Finance

Required:

Naughton, Chapter 19: Financial System.

B-R, Chapter 14: China's Financial System: Past, Present, and Future.

Meeting 10: Income Distribution

Required:

Naughton, Chapter 9: Living Standards: Incomes, Inequality, and Poverty.

B-R, Chapter 18: Income Inequality during China's Economic Transition.

Meeting 11: Market Segmentation and Polarization

Required:

Chapter 54 and 61 of McKinsey Quarterly, Nov. 3, 2013

Meeting 12: Urbanization Process

Required:

Chapter 32, 55 of McKinsey Quarterly, Nov. 3, 2013

Meeting 13: Pricing and Logistics System

Required:

Chapter 11, 22 of McKinsey Quarterly, Nov.3, 2013

Meeting 14: Sustainability and Future for Green Supply Chain

Required:

Chapter 8, 94,109, McKinsey Quarterly, Nov. 3, 2013

Meeting 15: Several Case Examples: Huawei and Lenovo

Required:

1. "The Lenovo Dual Model", H. Chen and C. Tong, L. Bai, Harvard Business Review (China), Jan, 2009
2. "Alliance-based Network View on Chinese Firms' Catching-up: case study of Huawei Technologies Co. Ltd", Y. Zhang, working paper series, 2010

Meeting 16: Final presentations