



SHAN ECCH370 China: Economic Giant

The Alliance for Global Education International Business Program,

Fall 2009

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Course Description

China's post-Maoist economy has gained rapid growth since 1978 when it embarked on economic reforms and opening up policies initiated by Mr. Deng Xiao-ping, and because of its size, dynamic growth, and continuing reform policies, China has clearly become a major participant in the world economy. Students outside China are thus advised to understand what has happened to China's internal and external economic development in the last three decades. This course is thus designed to provide students with a general picture of China's economic reforms, opening up, and development since the end of 1970s, and to introduce students of a better understanding of many of the elements of China's emergence and its potential role in the world economy.

The format of the course includes lectures, discussions of assigned readings, and some field trips. Field trips are arranged to encourage students to observe the marketization process of Chinese agricultural and industrial economy as well as the changing pattern of development.

Students are required to read weekly the assigned articles and recommended portion or pages of books relating to the lectures. All the readings are in English. There is no formal prerequisite for this course, and there are no technical tools used in the instruction of this course.

Assessment

Attendance and participation in lectures, discussions, and field trips throughout the course are mandatory. Students are required to report to the instructor of this course of the reasons of failure to attend classes.

Group Discussion Leadership (20%) and Discussion Papers (10%)

Students will be divided into small groups to lead discussions on course-related topics and based on the readings. Both discussion leadership and engagement in discussion questions provide the basis for this portion of your grade. Furthermore, each student is required to write a one-page reflection paper on the group's discussion topic due at the beginning of class.

Hypertext Comments: 20%

A hypertext comment is a 2-3 page double-spaced critical, analytical comment in reaction to a specific article, op-ed piece or editorial in reputable news sources. As part of this course you are expected to keep up with current economic news by reading, for example, *The South China Morning Post*, *Asian Wall Street Journal*, and the *China Daily*. The *China Daily* is available in the Alliance office each day. From your newspaper readings on current economic issues, op-ed pieces and editorials, you are required to write two hypertext comments on topics of your choice, due **Wednesday, September 23** and **Wednesday, November 18**.

Company Visit/Field Trip Report: 10%

Prior to a company visit/field trip each student is required to do background research to understand the specific visited and prepare to write a 2-3 page, double-spaced field trip report that is analytical in nature.

Capstone Project: 40%

In Capstone Project, students will be instructed to delve into a particular area of interest over the course of the semester as part of their academic work. The instructor of the course will help students refine their ideas and plans fitting to the course.

The Capstone Project is intended as a research project that makes use of more than academic readings and secondary source materials (such as published research data and other findings). While these are potentially very important components of any research project and should be part of your project here, your Capstone Project is more importantly intended to be a one in which you take advantage of being in China. Your work will not only be more interesting but you will learn a great deal by using the resources that you would not have access to at your home university. Think of ways to incorporate interviews, participant observation, surveys and other methods to inform your final paper and presentation. In the end, we hope that you can develop this project as part of a senior thesis or broader research project in the future.

Grading of the Capstone Project will be comprised of the following components:

- Project proposal (10%) due on **Wednesday, October 14**, including project topic, problem statement and research methodology.
- Individual project proposal meetings on **Wednesday, October 21**.
- PowerPoint presentation (15%) is due on **Wednesday, December 10**.
- Final paper of 3,000 words, plus citations and full bibliography (15%) due on **Friday, December 18**.

Grading Scale

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%	
D-	60-62%	Unsatisfactory Performance
F	Below 60%	Failure of the course

About Plagiarism: Plagiarism is using others' ideas and words without clearly acknowledging the source of that information. To avoid plagiarism, you must give credit whenever you use another person's idea, opinion, or theory; any facts, statistics, graphs, drawings—any pieces of information—that are not common knowledge; quotations of another person's actual spoken or written words; or paraphrase of another person's spoken or written words.

Topic Coverage and Readings:

Introduction of this course

Topic 1. Outline of Chinese Economy: from 1978 to the present.

·Qian Yingyi and Jinglian Wu, China's Transition to a Market Economy: How Far across the River? in Nicholas C. Hope, Dennis Tao Yang, and Mu Yang Li, editors, *How Far Across the River: Chinese Policy Reform at the Millennium*, Stanford University Press, 2003, pp. 31-63.

·Justin Lin, "The Needham Puzzle: Why the Industrial Revolution Did Not Originate in China," *Economic Development and Cultural Change*, 43:2, January 1995, pp. 269-292.

·Carol H. Shiue and Wolfgang Keller, "Markets in China and Europe on the Eve of the Industrial Revolution," *American Economic Review*, 97(4): 1189-1216, September 2007.

Topic 2. Rural Economy in China

·Justin Yifu Lin, "Rural Reforms and Agricultural Growth in China," *American Economic Review*, 82(1):34-51, March 1992.

·Jiahua Che and Yingyi Qian, "Institutional Environment, Community Government, and Corporate Governance: Understanding China's Township-Village Enterprises," *Journal of Law, Economics, and Organization*, 14(1): 1-23, April 1998.

Topic 3. Stated-Owned Sectors and Privatization

·Groves, Theodore, Barry Naughton, Yongmiao Hong, and John McMillan, "Autonomy and Incentives in Chinese State Enterprises," *Quarterly Journal of Economics*, 109(1): 183-209, February 1994.

·Chong-En Bai, Qiao Liu, Joe Lu, Frank M. Song, and Junxi Zhang, "Corporate Governance and Market Valuation in China," *Journal of Comparative Economics*, 32: 599-616, 2004.

Topic 4. The Policy of Opening-up and FDI

·Anderson, Jonathan, "Is China Export-Led?" UBS Investment Research: Asian Focus, 27 September 2007.

·Frankel, Jeffrey, "On the Renminbi: the Choice Between Adjustment Under a Fixed Exchange Rate and Adjustment Under a Flexible Rate," NBER Working Paper 11274, April 2005.

·Schott, Peter K., "The Relative Sophistication of Chinese Exports," NBER Working Paper 12173, April 2006.

·Yin-Wong Cheung, Menzie D. Chinn and Eiji Fujii, "China's Current Account and Exchange rate," NBER Working Paper 14673, January 2009

Topic 5. Banking System and Stock Market

·Franklin Allen, Jun Qian and Meijun Qian, 2005, China's Financial System Past, Present, and Future, <http://fic.wharton.upenn.edu/fic/papers/05/0517.pdf>

·Fernald, John and John H. Rogers, "Puzzles in the Chinese Stock Market," *Review of Economics and Statistics*, 84(3): 416-432, August 2002.

·Qian, Yingyi, 1994, Financial System Reform in China Lessons from Japan's Main Bank System, In Masahiko Aoki and Hugh Patrick (eds.), *The Japanese Main Bank System: Its Relevance for Developing and Transforming Economies*, Oxford University Press, pp.552-591.

Field Trip to Financial Institution/Market

Topic 6. Regional Difference and Inequality

·Benjamin, Dwayne, Brandt, Loren, Giles, John, "The evolution of income inequality in rural China," *Economic Development and Cultural Change*, 53(4): 796-824. 2005.

·Henderson, J. Vernon and Chun-Chung Au, "Are Chinese Cities Too Small?" *Review of Economic Studies*, forthcoming.

·Ravallion, Martin and Shaohua Chen, "China's (Uneven) Progress Against Poverty," *Journal of Development Economics*, 82(1): 1-42, January 2007.

·Loren Brandt and Zhu Xiaodong, "Redistribution in a Decentralizing Economy: Growth and Inflation in Chinese Under Reform," *Journal of Political Economy*, 108(2): 422-439, April 2000.

Topic 7. Population and Labor Market

·Dennis Tao Yang, "Determinants of schooling returns during transition: Evidence from Chinese cities," *Journal of Comparative Economics*, 33(2): 244-264, June 2005.

·Zhao, Yaohui, "Labor Migration and Earnings Differences: The Case of Rural China," *Economic Development and Cultural Change*, 47:767-782, July 1999.

Topic 8. Issues of Environment and Energy in China

·Peter Sheehan and Fiona Sun, Emissions and Economic Development: must China Choose? In Ligang Song and Wing Thye Woo (eds.), *China's Dilemma Economic Growth, the Environment and Climate Change*, ANU E Press and Asia Pacific Press, pp.392-414, 2008.

·Ross Garnaut, Frank Jotzo and Stephen Howes, China's rapid emissions growth and global climate change policy, In Ligang Song and Wing Thye Woo (eds.), *China's Dilemma Economic Growth, the Environment and Climate Change*, ANU E Press and Asia Pacific Press, pp.170-190, 2008.

Topic 9. The Future of Chinese Economy: Implication and Prospects

·L. Alan Winters and Shahid Yusuf eds., *Dancing with Giants: China, India, and the Global Economy* (Chapter One), World Bank and Institute of Policy Studies, 2007.

·Hans Fehr, Sabine Jokisch, Laurence J. Kotlikoff, "Will China Eat Our Lunch or Take Us Out to Dinner? Simulating the Transition Paths of the U.S., EU, Japan, and China," *NBER Working Paper No. 11668*, October 2005.

Topic 10. Business Etiquette in China

Capstone Presentations

Additional Reading Materials:

The Chinese Economy: Transitions and Growth, by Barry Naughton, MIT, 2007

China's Economic Transformation, by Gregory C. Chow, Blackwell Publishing, 2002.

Note: Above schedule and contents may be subject to adjustment based on students' backgrounds.