



**FUDA ECCD370 China's Economic Development: 1978 to the Present –  
and Beyond**

**The Alliance for Global Education Contemporary Society and Language**

**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**

**Class Discussion & Activities: 20%**

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.

### **Reading reports: 20%**

Students are required to do assigned reading and to write a total of 10 reports of readings throughout the whole course (roughly, one report every week). Drawing on course readings, the topic title of these reports is open to the students and the length of each report should be no less than one page of A4 (double spaced).

### **Project presentation report: 20%**

Students are required to do all assigned readings and to present one paper using PowerPoint. Students are free to choose the paper he or she wants to present among the papers on the reading list with an asterisk.

### **Final Paper: 40%**

Apart from reading reports, students are also required to submit a final paper of 2000-3000 words and should be properly formatted and double spaced. The final paper requires a full bibliography and is due the last week of the semester. Again topic for the final paper topic is open to students.

Grading of the final paper will be comprised of the following components:

- Project proposal (10%) due on **Thursday, November 12**, including project topic, problem statement and research methodology.
- Individual project proposal meetings on **Thursday, November 19**.
- PowerPoint presentation (15%) is required to give in **Week 14 (Thursday, December 17)**
- Final paper of 2,000-3,000 words, plus citations and full bibliography (15%) due on **Saturday, December 19**.

### **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.

Standards of your term-end paper: You could use Times New Roman, 10 pounds and double-space in this 5-page paper.

### **Topic Coverage and Readings:**

#### **1<sup>st</sup> Week:**

#### **Introduction of this course;**

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

·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.

·Chamon, Marcos and Eswar Prasad, "Why are Saving Rates of Urban Household in China Rising?", NBER Working Paper 14546, December 2008.

·Bai, Chong-En, Chang-Tai Hsieh and Yingyi Qian, "The Return to Capital in China," *Brookings Papers on Economic Activity*, 2006(2).

#### ***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 Shanghai Stock Exchange**

#### **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**

#### **Thursday, December 17: Final Paper Roundtable**

#### ***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 be adjustment based on students' backgrounds.***