



# **ECCD370 China's Economic Development: 1978 to the Present—and Beyond**

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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 designed to provide students with a general picture of China's economic reforms, opening up, and development since the end of the 1970s, and to help students gain an understanding of the most significant 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 at least one field trip. Field trips are arranged to encourage students to observe the marketization process of Chinese agricultural and industrial economy as well as the changing patterns of development.

Students are required to read on a weekly basis the assigned articles and recommended book chapters relating to the lectures. All the readings are in English and they are selectively compiled by the instructor.

## **Assessment**

### **Attendance and Class Participation: 10%**

Attendance and participation in lectures, discussions, and field trips throughout the course are mandatory. Students are required to notify the instructor in advance of class if they are going to be absent.

### **Group Discussion Leadership (10%) and Discussion Papers (10%)**

Students will be divided into groups of three or four and group members will take turns leading discussions on assigned topics 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 two of the discussion topics out of the first six reading/discussion topics in the reading list provided in this syllabus (a total of two papers). Each reflection paper is **due at the beginning of class after the previous week's discussion on the topic.**



### **Hypertext Comments: 15%**

A hypertext comment is a 2-3 page double-spaced critical and 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 Post*, *Asian Wall Street Journal*, and/or the *Shanghai Daily*. From your newspaper readings on current economic issues, Op-Ed pieces and editorials, you are required to write **one** hypertext comment on a topic of your choice, **due at the beginning of class on Thursday, March 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 site and prepare to write a 2-3 page, double-spaced field trip report that is analytical in nature. The report is **due at the beginning of class the week after the visit/field trip**.

### **Midterm Paper: 15%**

The midterm paper will be **due March 18**. (Content of midterm paper to be discussed.)

### **Final Paper and Presentation: 30%**

Apart from reading reports, students are also required to submit a properly formatted, double-spaced final paper of 2,000-3,000 words. The final paper requires a full bibliography and is due the last week of the semester. Students will decide their topics.

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

- Project proposal (5%) due on Thursday, March 11, including project topic, problem statement and research methodology
- Individual project proposal meeting on Thursday, March 18
- PowerPoint presentation (10%) in Week 14 (Thursday, April 22)
- Final paper of 2,000-3,000 words, plus citations and full bibliography (15%)

**Note: All writing assignments are to be typed and printed using Times New Roman font, size 12, with one-inch margins.**

**About Plagiarism:** Plagiarism is using others' ideas and words without clearly acknowledging the source of that information. To avoid plagiarism, you must give credit (cite sources) 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 must be indicated with quotation marks.



## Grading Scale

A+	99-100%	
A	95-98%	
A-	90-94%	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+	65-69%	Unsatisfactory Performance
D	63-64%	
F	Below 60%	Failure of the course

## Topic Coverage and Readings

### **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.

### **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 Thyee 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 Thyee 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**

#### **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.***