

Course Form for PKU Summer School International 2018

Course Title	Introduction to Chinese Economy
	中国经济导论
Teacher	JI Xi
First day of classes	July 2, 2018
Last day of classes	July 13, 2018
Course Credit	3 credits
Course Description	
Objective:	
<p>China's fast economic growth has generated great interest among media, scholars and ordinary people around the world. The aim of this course is to provide students with an overview of the Chinese economy and the detailed understanding of China's economic transition. The topics covered include an introduction of the Chinese economic history, its market oriented transitional process and its implications on economic growth, the urban-rural divide and the reforms of the two sectors, population policy and the related labor market issues, poverty and inequality, fiscal and financial reforms, international trade and foreign investment, etc. Upon completion of the course, students are expected to be familiar with China's economic system, its current economic reforms, and the challenges that the country faces in the twenty-first century.</p>	
Pre-requisites /Target audience	
A university-level introductory course in Economics (e.g. Principles of Economics).	
Proceeding of the Course	
<p>The course will be delivered through a mix of lectures, student presentations, debates and field trip. Students' participation is strongly encouraged. Specifically, students are expected to discuss the assigned reading materials and current events in class.</p>	
Assignments (paper or other forms)	
<p>Reading assignment will be given for each lecture, and students will be requested to write a term paper on a topic related to the Chinese economy.</p>	
Evaluation Details	

Midterm Presentation: 20%

Midterm debate: 15%

Field Trip: 15%

Final Term Paper: 50%

Text Books and Reading Materials

Naughton, Barry, 2007, *The Chinese Economy: Transitions and Growth*, 2nd edition, MIT Press, Cambridge.

Brandt, Loren and Rawski, Thomas G., 2008, *China's Great Economic Transformation*, Cambridge University Press, Cambridge.

Wu, Jinglian, 2005, *Understanding and Interpreting Chinese Economic Reform*, Thomson South-Western, Singapore.

Chow, Gregory C., 2007, *China's Economic Transformation*, 2nd edition, Blackwell Publishing, Oxford

Academic Integrity (If necessary)

Plagiarism is strictly prohibited in this course. Plagiarism is defined as presenting others' work as one's own. Any ideas or materials taken from another source must be fully acknowledged, unless the information is common knowledge. Any evidence of plagiarism will lead to zero credit to your work submitted and will be reported to university authorities.

CLASS SCHEDULE

(Subject to adjustment)

Session 1: **An overview of the Chinese Economy**

Date:

【Description of the Session】

In this session, the lecture will give the students an overview of the Chinese Economy, covering the geographical information, population, GDP and growth, demand structure, the industrial structure of China, the geographic structure of the Chinese economy, the labor force, the ownership structure of China, international payments, money supply, and etc.

Field trip: Discuss with the relevant departments of the National Development and Reform Commission in China.

【Questions】

None

【Readings, Websites or Video Clips】

Chapter 1 of Naughton (2007)

Brandt, Loren and Rawski, Thomas G., 2008, *China's Great Economic Transformation*,

Cambridge University Press, Cambridge.

【Assignments for this session (if any)】

None

Session 2: **The reform and transition of Chinese economy: process and strategy**

Date:

【Description of the Session】

In the more than 60 years since the founding of the People's Republic of China (PRC) in 1949, China has undergone an unusual and tumultuous development process, passing through revolution, socialism, and Maoist radicalism, and then gradualist economic transition and rapid economic growth.

It is now clear that the Chinese approach of incremental reform and steady economic progress has succeeded in practice. Following an approach that has been called "crossing the river by groping for stepping-stones," China has evolved from one of the world's most isolated socialist states to a powerhouse of the global economy.

While there have been undeniable stresses and strains associated with this transformation, perhaps the most remarkable fact is that this enormous distance has been traveled with relatively little large-scale conflict and relatively lower social costs than other transitional economies.

This lecture will focus on the whole process and the strategies of the reform and transition of Chinese Economy.

【Questions】

Please give your opinion on market fundamentalism.

【Readings, Websites or Video Clips】

Chapter 4 of Naughton (2007).

Wu, Jinglian, 2005, *Understanding and Interpreting Chinese Economic Reform*, Thomson South-Western, Singapore.

Chow, Gregory C., 2007, *China's Economic Transformation*, 2nd edition, Blackwell Publishing, Oxford

Brandt, Loren and Rawski, Thomas G., 2008, *China's Great Economic Transformation*, Cambridge University Press, Cambridge.

【Assignments for this session (if any)】

None

Session 3: **Dualistic economy: challenges and strategies**

Date:

<p>【Description of the Session】</p> <p>Dualistic economy has been widely recognized as a fundamental feature of the Chinese economy now. Although some urban–rural gap is inevitable in a developing economy, the urban-rural gap in China is unusually large. In addition, due to the utterly unique trajectory of China’s urbanization, the gaps within cities widely exist in China.</p> <p>This session we will focus on the challenges and strategies after Chinese economic transition, and discuss two parts of the divisions, one is the urban-rural division, and the other is the gap within the city range.</p>	
<p>【Questions】</p> <p>None</p>	
<p>【Readings, Websites or Video Clips】</p> <p>Chapter 5 of Naughton (2007). UNHABITAT.The state of Asian cities 2010/2011. 2010. UNHABITAT.State of world’s cities 2010/2011. 2010.</p>	
<p>【Assignments for this session (if any)】</p> <p>Reading assignments for the midterm presentation.</p>	
Session 4: Midterm Presentation	Date:
<p>【Description of the Session】</p> <p>The whole class will be divided into some groups, each having 5-6 members. Each group is expected to give a presentation on a self-chosen topic closely related to “transition” or “urban divide”. Comparative Perspectives are encouraged. Each presentation will be 20-25 minutes long.</p>	
<p>【Questions】</p> <p>None.</p>	
<p>【Readings, Websites or Video Clips】</p> <p>World Bank (1996): From Plan to Market: World Development Report 1996. Oxford University Press. Barry Naughton, The Chinese Economy: transitions and growth, The MIT Press, 2007 Brandt, L. and T. G. Rawski, China's Great Economic Transformation, Cambridge University Press, 2008. Wu, Jinglian. Understanding and interpreting Chinese economic reform.</p>	

Thomson/South-Western, 2005.

Chow, Gregory C., China's economic transformation. Blackwell Publishers, 2007

UNHABITAT.The state of Asian cities 2010/2011. 2010.

UNHABITAT.State of world's cities 2010/2011. 2010.

【Assignments for this session (if any)】

None

Session 5: **The quality of growth and poverty reduction in China**

Date:

【Description of the Session】

In this session, we will focus on the Chinese economic growth, especially on the quality of its growth, and discuss the achievements and the challenges during the poverty alleviation process in China. The lecture will cover the following contents,

1. Growth
2. How reliable are these data?
3. Explaining China's growth
4. structural change
 - Structural change: common patterns
 - Structural change in China: labor
 - Structural change in China: GDP
5. Poverty Reduction
6. Problem remained: Inequality

Field trip: Discuss with the relevant departments of the International Poverty Reduction Center in China

【Questions】

None

【Readings, Websites or Video Clips】

Chapter 6 and 9 of Naughton (2007).

Brandt, Loren and Rawski, Thomas G., 2008, *China's Great Economic Transformation*, Cambridge University Press, Cambridge.

【Assignments for this session (if any)】

Reading assignments for the debate.

Session 6: **Lecture on Demographic transition and Student**

Date:

Debate	
<p>【Description of the Session】</p> <p>The demographic transition in China is an un-normal process. It is the results of socioeconomic development and implementation of a rigid family-planning program, which have made the transition not only the world’s largest, but also the world’s fastest.</p> <p>One content of this session is a student debate on the population policy in China. Before the debate, a lecture on demographic transition in China will be delivered, to present some basic concepts and theories on demographic transition, and to give a detailed introduction on the demographic transition and the population policy in China.</p>	
<p>【Questions】</p>	
<p>【Readings, Websites or Video Clips】</p> <p>Zhao, Zhongwei, 2007, <i>Transition and challenge: China's population at the beginning of the 21st century</i>, Oxford University Press, New York.</p> <p>Scharping Thomas, 2003. <i>Birth control in China, 1949-2000: population policy and demographic development</i>. Routledge Curzon, New York.</p> <p>Greenhalgh Susan, 2008, <i>Just one child: science and policy in Deng's China</i>, University of California Press, Berkeley.</p> <p>Barry Naughton, <i>The Chinese Economy: transitions and growth</i>, The MIT Press, 2007</p> <p>Brandt, L. and T. G. Rawski, <i>China's Great Economic Transformation</i>, Cambridge University Press, 2008.</p>	
<p>【Assignments for this session (if any)】</p> <p>None</p>	
Session 7: <i>Title:</i> Rural reform and agricultural growth	Date:
<p>【Description of the Session】</p> <p>In this session, we will focus on the reforms of China’s rural sector. An overview of China’s agricultural tradition is followed by a discussion of the three major waves of land reforms after 1949, with special attention paid to the household responsibility system (HRS) after 1978 and the reforms of land trading systems after 2008. We will also look at the issues of the migrant worker population and the topic of Lewis turning point.</p> <p>Field trip: Visit to Zheng Ge Zhuang</p>	
<p>【Questions】</p> <p>None</p>	

【Readings, Websites or Video Clips】	
<p>Chapter 10-12 of Naughton (2007)</p> <p>Lin, J. Y., 1992. “Rural Reform and Agricultural Growth in China,” <i>American Economic Review</i>, 82(1): 34-51.</p> <p>Deng, H., Huang, J., Xu, Z. and Rozelle, S., 2010. “Policy Support and Emerging Farmer Professional Cooperatives in Rural China,” <i>China Economic Review</i>, 21(4): 495–507.</p>	
【Assignments for this session (if any)】	
None	
Session 8: <i>Title:</i> Reform of the industrial sector	Date:
【Description of the Session】	
<p>In this session, we will focus on the reforms of China’s industrial sector. A background introduction of China’s State-owned Enterprises (SOE) is followed by a discussion on the strategies and paths of the SOE reforms. Special attention is paid to the historical and current problems within China’s SOE sector from the theoretical perspective of corporate governance. In addition, we will conduct a case study on China’s reform and restructuring efforts of the steel industry.</p>	
【Questions】	
None	
【Readings, Websites or Video Clips】	
<p>Reading assignments:</p> <p>Chapter 13-15 of Naughton (2007)</p> <p>Geng, X., Yang, X. and Janus, A., 2009. “State-Owned Enterprises in China: Reform Dynamics and Impacts,” in Garnaut, R., Song, L. and Woo, W. T. (ed.), <i>China’s New Place in a World in Crisis: Economic, Geopolitical and Environmental Dimensions</i>, Australian National University E Press, Canberra, Australia.</p> <p>Sun, P., 2007. “Is the State-led Industrial Restructuring Effective in Transition China? Evidence from the Steel Sector,” <i>Cambridge Journal of Economics</i>, 31(4): 601–624.</p>	
【Assignments for this session (if any)】	
None	
Session 9: <i>Title:</i> Fiscal and financial reforms	Date:

【Description of the Session】

In this session, we will elaborate on China's fiscal and financial reforms. The first part of the lecture focuses on the 1994 fiscal reforms in China, which redefined the central-local fiscal relationship between the governments. The second part of the lecture discusses China's financial system, with emphasis paid to the issues of financial deepening and financial broadening. We will also discuss the current challenges and future reform directions in China's fiscal and financial sectors.

Field trip: Visit to Bank of China

【Questions】

None

【Readings, Websites or Video Clips】

Chapter 18 and 19 of Naughton (2007)

Wong, C., 2000. "Central-local Relations Revisited: the 1994 Tax Sharing Reform and Public Expenditure Management in China". *China Perspectives*, No.31, September - October, July 2000.

Berger, A., Hasan, I. and Zhou, M., 2009. "Bank Ownership and Efficiency in China: What Will Happen in the World's Largest Nation." *Journal of Banking & Finance*, 33: 113-130.

【Assignments for this session (if any)】

None

Session 10: *Title:* Opening to International trade

Date:

【Description of the Session】

In this session, we will focus on China's foreign trade sector, which is one of the major driving forces of China's legendary economic growth. An overview of China's export and import structure is followed by a detailed introduction to the strategies and paths of China's foreign trade reforms. Special attention is paid to the gradualist approach of trade liberalization and the new challenges faced by China's trading sector in the post-WTO era. Empirical evidence will be analyzed in conjunction with economic theories that provide insights on China's trading policies.

【Questions】

None

【Readings, Websites or Video Clips】

Chapter 16 of Naughton (2007)

Amiti, M. and Freund, C., 2010. "The Anatomy of China's Export Growth," in Feenstra, R. C. and Wei, S. J. (ed.), *China's Growing Role in World Trade*, University of Chicago Press, Chicago, IL.

Feenstra, R. C. and Hong, C., 2010. "China's Exports and Employment," in Feenstra, R. C. and Wei, S. J. (ed.), *China's Growing Role in World Trade*, University of Chicago Press, Chicago, IL.

【Assignments for this session (if any)】

None

Session 11: *Title:* Foreign direct investment (FDI)

Date:

【Description of the Session】 (purpose, requirements, class and presentations scheduling, etc.)

In this session, we will discuss China's inward and outward foreign direct investment (FDI). A general introduction of China's FDI inflows is followed by a detailed discussion on the process, causes and consequences of the FDI reforms. We will then discuss China's outward FDI efforts (the "go global" strategy), its motivation and the current challenges.

【Questions】

None

【Readings, Websites or Video Clips】

Chapter 17 of Naughton (2007)

Chen, C., 2009. "Inflow of Foreign Direct Investment," in Garnaut, R., Song, L. and Woo, W. T. (ed.), *China's New Place in a World in Crisis: Economic, Geopolitical and Environmental Dimensions*, Australian National University E Press, Canberra, Australia.

Morck, R., Yeung, B. and Zhao, M., 2008. "Perspectives on China's Outward Foreign Direct Investment". *Journal of International Business Studies*, 39: 337-350.

【Assignments for this session (if any)】

None

Session 12: *Title:* Final term paper presentations

Date:

【Description of the Session】 (purpose, requirements, class and presentations scheduling, etc.)

This session is reserved for student term paper presentations. 4-5 students will have the

opportunity to present their term papers in front of the class, which will be based on their original research on Chinese economy (students are free to choose their research topics). The sign-up of the presentation is voluntary and on a first-come, first-served basis. Up to 5 bonus points will be awarded to the presenting students.

【Questions】

None

【Readings, Websites or Video Clips】

The use of PowerPoint slides and multimedia resources is highly encouraged for the student presentations.

【Assignments for this session (if any)】

None