

Topics on Chinese Economy

Peking University Summer School International 2014

Monday 3:10 – 5:00 PM; Tuesday 3:10– 6:00 PM; Thursday 9:00 – 12:00 AM;
Room 315 of Natural Sciences Building (Li Jiao)

Instructor:

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COURSE OBJECTIVE

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 both an overview and special perspectives of the Chinese economy. 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.

FORMAT OF THE COURSE

The content of this course will be delivered through a mix of lectures and class discussions. Students' participation is strongly encouraged. Specifically, students are expected to present and discuss the assigned articles and current events in class.

REQUIRED TEXTBOOK:

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

SUPPLEMENTAL MATERIALS (OPTIONAL):

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

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

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

EVALUATION OF PERFORMANCE

1) Midterm Presentation: 40%

Each student is expected to give a presentation on a self-chosen topic closely related to the topic on “urban divide (division in cities, rather than the urban-rural divide!)”. Comparative perspectives are encouraged (i.e. you may but should not limit to, discuss the situation and problems of China, and you are encouraged to make a comparison between your country or city with China or the cities in China). Each presentation will be around 10 minutes. This presentation may be rearranged as a group work depends on the number of the students.

The midterm presentations will be graded upon the following:

- a) Relevance of the topic (20%)
- b) Structure (20%)
- c) Evidence (20%)
- d) Insight (30%)
- e) Performance of presenters (10%)

Reference for presentation:

- [1]. Barry Naughton, *The Chinese Economy: transitions and growth*, The MIT Press, 2007
- [2]. UNHABITAT. *The state of Asian cities 2010/2011*. 2010.
- [3]. UNHABITAT. *State of world’s cities 2010/2011*. 2010.
- [4]. *China National Human Development Report 2013. Sustainable and liveable cities: Toward Ecological Civilization*. UNDP China, Institute for urban and environmental studies and Chinese Academy of Social Sciences. 2013.

1) Final Term Paper: 60%

Upon completing the course, each student is expected to submit an essay on Chinese economy based on original research. The paper should be a formal analytical piece on a subject related to the materials covered in this course, such as China’s economic transition and future development, the rural-urban divide and urbanization, aging population and its implication, the one-child policy and its impact, the establishment of social security system, the China-US trade imbalance, the role of foreign direct investment (FDI), the RMB exchange rate policy, etc.

The essay should follow the structure of an academic paper with at least the following three parts: Introduction, Analysis and Conclusion. In the introduction part, you introduce the topic of your research and why the topic is of interest to a general audience. If other people have written about this topic (which is almost certainly the case), you should briefly summarize their main results and show how you are going to

discuss the same issue from a new perspective. In the analysis part, you carry out your analysis step by step. The analysis should be theoretical reasoning combined with empirical evidence involving the use of real data. If you are talking about some policy issues, you should also discuss the policy implications (or suggestions) of your results. Although no mathematical or statistical model is required for the paper, your analysis should show consistent logic and contain coherent arguments. You are encouraged to use tables or graphs to illustrate your points. In the conclusion, you summarize your results and point out the direction of future research. A complete list of referenced work should be included at the end of the paper. You may follow any commonly accepted formatting style for bibliography.

The expected length of the paper is 3,000 to 5,000 words. Your essay will be graded by the following criteria with a total of 60 points:

- a) Relevance and originality of the topic (10 points)
- b) Soundness of theoretical and (or) empirical evidence (15 points)
- c) Thoroughness of reasoning and analysis (15 points)
- d) Organization and format, including referencing & bibliography (10 points)
- e) Writing and presentation skills (10 points)

The final essay is due at 8:00 AM on August 1, 2014 (Beijing Time). You are required to submit the electronic version (in PDF format) to qin.econpku@gmail.com (note: this is the only email address you should send your essay to). Late submission will not be accepted.

2) Bonus Points for Class Participation:

In each lecture session, the instructor will invite a student to give an in-class presentation of the assigned article in the reading list, which should summarize the article's main findings and the presenter's own comments. During the last day of the course, 5-6 students will have the opportunity to present their term papers in front of the class. Up to 5 bonus points will be awarded to those who volunteer to give the above presentations. The length of each presentation should be limited to 20-25 minutes with no more than 15 PowerPoint slides. The assignment of presentation is on a first-come, first-served basis. To sign up for a reading list or term paper presentation, please email Dr. Xuezheng Qin at qin.econpku@gmail.com with your name and title of presentation. You may only sign up for one presentation.

Specially, in session 5, there will be a 30-minute debate / discussion on China's One Child Policy and its recent modification. You should be prepared in advance, and bonus points will be given for active participation.

SPECIAL NOTES

- 1) A basic requirement of this course is to attend the weekly lectures on time. Absence without prior notice is allowed only in case of sickness. In such a case, however, a written explanation (with your signature) should be submitted

afterwards. If you have to miss a lecture for other reasons, a written application is required before the lecture. Absence without notice for reasons other than sickness will result in a reduction of your final grades by 5% for each offence.

- 2) 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. Specifically, students must give credit to the originality of others and acknowledge an indebtedness whenever: (1) directly quoting another person's actual words, whether oral or written; (2) using another person's ideas, opinions, or theories; (3) paraphrasing the words, ideas, opinions, or theories of others, whether oral or written; (4) borrowing facts, statistics, or illustrative material; or (5) offering materials assembled or collected by others in the form of projects or collections without acknowledgment. Any evidence of plagiarism will lead to zero credit to your work submitted and you may fail the course for serious offense.

COURSE OUTLINE AND READING ASSIGNMENT

Session 1: Overview and Historical Background of Chinese Economy

Lin, J. Y., 1990. "Collectivization and China's Agricultural Crisis in 1959-1961," *Journal of Political Economy*, 98(6): 1228-52.

Session 2: China's Economic Transition: A General Discussion

Lin, J. Y. and Rosenblatt D., 2012. "Shifting Patterns of Economic Growth and Rethinking Development," *Journal of Economic Policy Reform*, 15(3): 171-194.

Session 3: Economic Growth and Structural Change

Nabar, M. and Yan, K., 2013. "Sector-Level Productivity, Structural Change, and Rebalancing in China." *IMF Working Paper*, WP/13/240.

Session 4: The Dualistic Economy: Urbanization and the Urban-Rural Divide

Chapter 5 of Naughton (2007).

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

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

China National Human Development Report 2013. Sustainable and liveable cities: Toward Ecological Civilization. UNDP China, Institute for urban and environmental studies and Chinese Academy of Social Sciences. 2013.

Session 5: Demographic Transition/The Quality of Growth and Poverty Reduction in China

Zhao, Zhongwei, 2007, Transition and challenge: China's population at the beginning of the 21st century, Oxford University Press, New York.

Scharping Thomas, 2003. Birth control in China, 1949-2000: population policy and

demographic development. Routledge Curzon, New York.

Greenhalgh Susan, 2008, *Just one child: science and policy in Deng's China*, University of California Press, Berkeley.

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.

Chapter 6 and 9 of Naughton (2007).

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

Session 6: Midterm Presentation

Session 7: Rural Reform and Agricultural Growth

Deng, H., Huang, J., Xu, Z. and Rozelle, S., 2010. "Policy Support and Emerging Farmer Professional Cooperatives in Rural China," *China Economic Review*, 21(4): 495–507.

Session 8: Reform of State-owned Enterprises (SOE) and Industrial Transition

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.), *China's New Place in a World in Crisis: Economic, Geopolitical and Environmental Dimensions*, Australian National University E Press, Canberra, Australia.

Session 9: Reform of Fiscal and Financial Systems

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.

Session 10: Opening Up to International Trade

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.

Session 11: Inflow of Foreign Direct Investment (FDI)

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.

Session 12: Student Presentation of Term Papers