

Syllabus

China in Global Economy

Lecturer: CHEN Shaofeng

Office: A303, SIS Building

Class mailbox: chinaglobaleco@gmail.com

(password: chinaglobal)

Introduction:

The central theme of this course is China's role in world economy. Revolving around that, there are three layers of objectives of this course. Firstly, it aims to help international students to understand the global economic structure, institutions and mechanisms where the Chinese economy is sitting; Secondly, it aims to help them to understand Chinese economic reform; Thirdly, emphasis of this course is the interaction between China and the rest of world in the economic front. Specifically, the course will cover some major issues of Chinese economy, such as urban-rural divide, SOE reform, financing issues, sustainable development, economic growth mode ect., the roadmap of China's reform and opening-up, China's interaction with the outside world in terms of trade, finance, investment, energy, and participation in international economic institutions, and the implications of Chinese economic reform on the global economy.

Course Objectives:

- a. To understand the roadmap of Chinese reform and the logic behind it;
- b. To understand the uniqueness of China's transition and its economic implications;
- c. To learn how China interacts with the world;
- d. To build the capability of studying Chinese economy.
- e. Upon completing this course, students are expected to get familiar with China model, China's economic interaction with the outside world, challenges the Chinese economy is facing, as well as the world economic system.

Requirements:

Students are required to

- a. complete the weekly compulsory readings before class;
- b. actively participate in class discussions and debates;
- c. present their assigned readings

Besides, students will be divided into different groups and each group will be responsible for the presentation or debate.

Evaluation:

Attendance: 15%

Presentation + Report: 15%

Book review: 20%

In-class group Debate: 10%

Final paper: 40%

Reference Books:

Students are required to finish the compulsory readings (those highlighted in **bold**) for each class, but it is their option whether to complete the *recommended* readings. No book purchase needed. All the compulsory readings will be available in the office.

Academic Integrity:

Taking this course implies that students and the instructor abide by a general norm of equal opportunity and academic integrity. Plagiarism will directly lead to the failure in this course. It is your responsibility to familiarize yourself with the definition of plagiarism.

Syllabus:

CLASS SCHEDULE
(Subject to adjustment)

Topic 1: China's Reform and Opening-up

Date: 9-4; 9-11;

【Questions】

- Why did China launch the reform and opening-up in 1978?
- How did China carry out reform and opening-up?
- What is notable about China's reform path?
- Why has China adopted a gradualism approach to economic reform?

【Readings, Websites or Video Clips】

Barry Naughton, *The Chinese Economy: Transitions and Growth* (The MIT Press, 2007), pp. 55-107.

Justin Yifu Lin, "Lessons of China's Transition from a Planned Economy to a Market Economy," Distinguished Lectures Series no. 16, Warsaw, 17 December 2004.

Jeffery Sachs and Wing Thye Woo, "Structural factors in the economic reforms of China, Eastern Europe, and the former Soviet Union," *Economic Policy*, Vol. 18, No. 1, 1994, pp. 102-145.

Leong H. Liew, "Gradualism in China's Economic Reform and the Role for a Strong Central State," *Journal of Economic Issues*, Vol. 29, No. 3 (Sep., 1995), pp. 883-895.

Debate 1 (week 2): A superpower's decline: Is America next?

Group Discussion: Market transition: a comparison between China and Russia

Topic 2: China's Urban-Rural Divide

Date: 9-18

【Questions】

- How has reform been carried out in the urban and rural areas?
- Why there is such a divide?
- How has the urban-rural divide affect the development of China?

【Readings, Websites or Video Clips】

Barry Naughton, *The Chinese Economy: Transitions and Growth* (The MIT Press, 2007), pp. 114-134; 295-325.

Sicular, Terry; Yue, Ximing; Gustafsson, Björn; Li, Shi, “The urban-rural income gap and inequality in China,” Research Paper, UNU-WIDER, United Nations University (UNU), No. 2006/135, ISBN 929190919X.

<http://www.econstor.eu/bitstream/10419/63438/1/521396301.pdf>

Dennis Tao Yang and Cai Fang, “The Political Economy of China’s Rural-Urban Divide,” Stanford University, November 18-20, 1999

<http://iple.cass.cn/upload/2012/06/d20120601171201684.pdf>

Student presentation 1 (week 3): Will China fall into the “Middle income trap”?

Topic 3:

China’s Enterprise Reform

Date: 9-25; 10-2

【Questions】

- How has China carried out its SOE reform?
- How shall we evaluate the SOEs’ performance?
- Can mixed ownership reform save Chinese SOEs?
- What are the problems?

【Readings, Websites or Video Clips】

Barry Naughton, *The Chinese Economy: Transitions and Growth* (The MIT Press, 2007), pp. 297-328.

Justin Yifu Lin, Fang Cai and Zhou Li, “Competition, Policy Burdens, and State-Owned Enterprise Reform,” *The American Economic Review*, Vol. 88, No. 2, May, 1998, pp. 422-427.

Sara Hsu, “China’s Changing State-Owned Enterprise Landscape,” *The Diplomat*, June 25, 2014.

Eve Cary, “Reforming China’s State-Owned Enterprises,” *The Diplomat*, June 19, 2013,

<http://thediplomat.com/2013/06/reforming-chinas-state-owned-enterprises/?allpages=yes>

CHEN Shaofeng, “Are Chinese Small and Medium Enterprises Victims of Institutional Pitfalls?” in Gungwu Wang, Zheng Yongnian, Yongnian Zheng (eds.), *China: Development and Governance*, London, Singapore and New York: World Scientific Press, 2012, pp. 237-245.

Xiao Geng, Xiuke Yang and Anna Janus, “ State-owned enterprises in China: Reform dynamics and impacts”, Ross Garnaut, Ligang Song and Wing Thye Woo (eds.) , *China’s New Place in a World in Crisis: Economic, Geopolitical and Environmental Dimensions*, Canberra: The Australian National University E Press, 2009, chapter 9.

“Why SOE Reform Cannot Be Avoided,”

<http://english.caixin.com/2013-06-20/100543615.html>

Tracy Yang, Jamus Jerome Lim, and Toshiki Kanamori, “ Strategies for the People’s Republic of China’s Small and Medium Enterprise Development within the National Innovation System,” ADB Institute Research Paper Series No. 73, November 2008, <http://www.adbi.org/files/2008.11.05.rp73.prc.strategies.national.innovation.system.pdf>

Student presentation 2 (week 4): Will China’s bank crisis lead to a financial meltdown?

Debate 2 (week 5):

Should China privatize all SOEs? (or: SOEs are more a solution than a problem for China’s economic growth?)

Topic 4:

China’s Sustainable Development

Date: 10-9

【Questions】

- How does China perceive and deal with energy security?
- Why has environmental pollution in China become so serious?
- What are the major drivers?
- Can China’s economic mode sustainable?

【Readings, Websites or Video Clips】

Barry Naughton, *The Chinese Economy: Transitions and Growth* (The MIT Press, 2007), pp. 487-502.

Damien Ma, “China's Search for A New Energy Strategy,” *Foreign Affairs*, June 4,

2013.

Jian Zhang, "China's Energy Security: Prospects, Challenges, and Opportunities," The Brookings Institution, Center for Northeast Asian Policy Studies,

http://www.brookings.edu/~media/research/files/papers/2011/7/china%20energy%20zhang/07_china_energy_zhang_paper.pdf

Jenny Lin, "China's Energy Security Dilemma",

http://project2049.net/documents/china_energy_dilemma_lin.pdf

Student presentation 3 (week 6): India's foreign energy pursuits and implications

Group Discussion: How can Beijing be more effective to tackle the heavy haze?

Topic 5:

China's Foreign Trade and Global Imbalance

Date: 10-16

【Questions】

- What is global imbalance?
- Why did it occur?
- What was the role of China in that process?

【Readings, Websites or Video Clips】

Chinn M.D. (2013), "Global Imbalances". In: Gerard Caprio (ed.) The Evidence and Impact of Financial Globalization, Vol. 3, pp. 67-79. Oxford: Elsevier Inc.

Yu Yongding, "Global Imbalances: China's Perspective," Paper prepared for international conference on Global Imbalances, Organized by IIE Washington, 8 February 2007.

Steven Dunaway, Global Imbalances and the Financial Crisis, Council Special Report No. 44, Council on Foreign Relations Press, March 2009.

Claudio Borio and Piti Disyatat, "Global imbalances and the financial crisis: Link or no link," Bank for International Settlements (BIS) Working Papers No. 346, May 2011, <http://www.bis.org/publ/work346.pdf>

Martin Feldstein, "Resolving the Global Imbalance: The Dollar and the U.S. Saving Rate," Journal of economic perspectives 22(3): 113-125.

Andrew Walter, "Global economic governance after the crisis: The G2, the G20, and global imbalances,"

<http://personal.lse.ac.uk/wyattwal/images/Globaleconomicgovernanceafterthecrisis.pdf>

Student presentation 4 (week 7): Are BRICS countries losing their market lure?

Group Discussion: Why are Apple products like iPhones sold at a higher price in China than the US although they are manufactured in China?

Topic 6:
China and economic regionalization in East Asia

Date: 10-23;
10-30

【Questions】

- What progress has East Asia made in economic regionalization?
- What are the major arrangements?
- What role has China played?
- And how do the US and Japan see China's regional influence?

【Readings, Websites or Video Clips】

Françoise Nicolas, "East Asian Regional Economic Integration: A Post-Crisis Update," Ifri Center for Asian Studies, Asiatic Visions 43, September 2011.

C. Fred Bergsten, "Chapter 9 China and Economic Integration in East Asia: Implications for the United States,"

http://csis.org/files/media/csis/pubs/090212_09china_and_economic.pdf

Li, Xing, "East Asian Regional Integration: From Japan-led "Flying-geese" to China-centred "Bamboo Capitalism". (pp. 1-23). Aalborg: CCIS - Center for Comparative Integration Studies, 2007, http://vbn.aau.dk/files/13003157/CCIS_wp_no.3

Student presentation 5 (week 8): China-ASEAN FTA: Progress, Problems and Prospects?

Student presentation 6 (week 9): Will Abeconomics be able to succeed in reinvigorating the Japanese economy?

Group Discussion: TPP vs TTIP: Impact on China

Topic 7: China Model	Date: 11-6; 11-13
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【Questions】

- How to explain China’s economic success?
- What is Chinese model?
- Is Beijing consensus a substitute of Washington consensus?
- What challenges is Chinese economy facing?

【Readings, Websites or Video Clips】

Joshua Cooper Ramo, "The Beijing Consensus", The Foreign Policy Centre, May 2004.
time.dufe.edu.cn/wencong/washingtonconsensus/beijingconsensusen.pdf

Yang Yao, “The End of the Beijing Consensus,” *Foreign Affairs*, February 2, 2010.
<http://www.foreignaffairs.com/articles/65947/the-end-of-the-beijing-consensus>

SHAUN BRESLIN, “The ‘China model’ and the global crisis: from Friedrich List to a Chinese mode of governance?” *International Affairs* 87:6 (2011) 1323–1343.

Rowan Callick, “The China Model,” *The American*, November/December 2007,
<http://www.american.com/archive/2007/november-december-magazine-contents/the-china-model>

Economist Debate: China Model, <http://www.economist.com/debate/overview/179>

Student presentation 7 (week 11): Will China become the Japan of the 1980s?

Group Discussion: Will Beijing Consensus defy Washington Consensus?

Debate 3 (week 10): The China Model can/cannot be duplicated in other developing countries?