

China's Modern Economy

Winter School @ Fudan SOE 2022

Course Code	ECON2170005		
Course Title	China's Modern Economy		
Credit	3	Credit Hours	48 credit hours (one credit hour is 45 minutes)
Course Objectives	<p>After you finish the course, you are supposed to</p> <ul style="list-style-type: none"> ● Understand the economic, political, social and cultural characteristics of China ● Tell the differences in economic development strategies adopted by China and other transitional/developing economies ● Be able to analyze the business culture of China ● Be aware of the obstacles and difficulties besetting the economic growth and their roots ● Be able to write effectively in essay exams and develop research topics related to this course for your future thesis 		
Course Description	<p>China is expected to outrun U.S. as the world's largest economy in the 21st century. It is regarded as one of the most disruptive events to the global order. For anyone who wants to be globally literate, a basic familiarity with this most dynamic and enormous economy is a must. What factors contribute to the rise of China? How to profit from this growing and huge market? How did/will the rise affect the rest of the world? What are the challenges threatening the sustainable development of China? This course is designed to answer above questions from multiple perspectives of economy, business, culture, and politics. We will first investigate the historical legacy and its impact on current economic development. Next, we will study the major economic players (governments, various types of firms and the financial market) and their interactions. Then, we investigate human capital development and technology progress, which are believed to be the keys to future growth. In the fourth part, we identify the challenges undercutting its economic performance with emphasize on the unbalanced economic development pattern. Finally, we look at how China interacts with the rest of the world.</p>		
Course Requirements:			
Prerequisites:			
<ul style="list-style-type: none"> ● Introductory micro- and macro-economics or above ● Basic Econometrics or above 			
Teaching Methods:			
<p>Online Lecture: Monday-Thursday, 6:00-9:30 PM. (Dec. 19, 2022- Jan. 5, 2023)</p> <p>The course includes 6 broadly defined topics covered important issues in understanding Chinese economy. Each module will be covered in one to three sessions. Each session consists four credit-hour lecture time (45 mins/credit hour). You will have two homework, one midterm-essay and one final-essay. The modules are as follows:</p> <ul style="list-style-type: none"> ● Module 1: The past (2 sessions) 			

- Module 2: The Government and other economic players (3 sessions)
- Module 3: Finance (1 session)
- Module 4: Education, Labor and Marriage (2 sessions)
- Module 5: Inequality and poverty reduction (1 session)
- Module 6: China, the World and the future (2 sessions)
- Final Exam (1 session)

Course Schedule

Module 1: The past (8 credit hours)

- 1.1 What makes China? Geography, History and Culture (Dec. 19)
- 1.2 The Recent History (Dec. 20)

Materials:

* Textbook: Naughton (Chapters 1-6)

1.1-1 Greif, A. and Tabellini, G., 2010. Cultural and institutional bifurcation: China and Europe compared. *The American economic review*, 100(2), pp.135-140.

1.1-2 Chen, T., Kung, J.K.S. and Ma, C., 2017. Long Live Keju! The Persistent Effects of China's Imperial Examination System, Working paper.

1.2-1 Kung, J.K.S. and Chen, S., 2011. The tragedy of the nomenklatura: Career incentives and political radicalism during China's Great Leap famine. *American Political Science Review*, 105(1), pp.27-45.

A quiz at the end of Session 1.2 (30 mins)

Module 2: The Government and other economic players (12 credit hours)

- 2.1 Almighty government! Political Incentives and a Government's Role in Economy (Dec. 21)
- 2.2 Firms (Dec. 22)
- 2.3 The Competitiveness of and Opportunities for firms (Dec. 26)

Materials

* Textbook: Naughton (Chapters 14-15)

2.1-1 Li, H. and Zhou, L.A., 2005. Political turnover and economic performance: the incentive role of personnel control in China. *Journal of public economics*, 89(9), pp.1743-1762.

2.1-2 Blanchard, O. and Shleifer, A., 2001. Federalism with and without political centralization: China versus Russia. *IMF staff papers*, 48(1), pp.171-179.

2.1-3 Chen, T. and Kung, J.S., 2016. Do land revenue windfalls create a political resource curse? Evidence from China. *Journal of Development Economics*, 123, pp.86-106.

2.2-1 Fan, J.P., Wong, T.J. and Zhang, T., 2007. Politically connected CEOs, corporate governance, and Post-IPO performance of China's newly partially privatized firms. *Journal of financial economics*, 84(2), pp.330-357.

2.2-2 Li, H., Meng, L., Wang, Q. and Zhou, L.A., 2008. Political connections, financing and firm performance: Evidence from Chinese private firms. *Journal of development economics*, 87(2), pp.283-299.

2.2-3 Plafker, Ted, Doing Business in China: How to Profit in the World's Fastest Growing Market, Business Plus, 2008.

2.3-1 Schwab, K. (2018). The Global Competitiveness Report 2018. World Economic Forum. www.weforum.org/gcr.

2.3-2 Wang, Yuquan (2020). The Indispensable China: Seize New Opportunities in the Global Innovation Ecology (in Chinese). China CITIC Press.

A quiz at the end of Session 2.3 (30 mins)

Module 3: Finance (4 credit hours)

3.1 Banking industry and Equity Market (Dec. 27)

Materials

* Textbook: Naughton (Chapters 16-19)

3.1-1 Cull, Robert & Xu, Lixin Colin, 2003. "Who gets credit? The behavior of bureaucrats and state banks in allocating credit to Chinese state-owned enterprises," Journal of Development Economics, Elsevier, vol. 71(2), pages 533-559.

3.1-2 Zhang, J., Wang, L., & Wang, S. (2012). Financial development and economic growth: Recent evidence from China. Journal of Comparative Economics, 40(3), 393-412.

3.1-3 Lin, J. Y., Sun, X., & Wu, H. X. (2015). Banking structure and industrial growth: Evidence from China. Journal of banking & Finance, 58, 131-143.

A quiz at the end of Session 3.1 (15 mins)

Module 4: Education, Labor and Marriage (8 credit hours)

4.1 Population, education & Human capital crisis (Dec. 28)

4.2 Labor market, gender inequality and marriage market (Dec. 29)

Materials

*Textbook: Naughton (Chapters 8-10)

4.1-1 Video: 10 China's one-child policy facts, WatchMojo. Com, Nov 6, 2015, <https://www.youtube.com/watch?v=iOnEdIQAjfo>

4.1-2 Fong, V.L., 2002. China's One-Child Policy and the Empowerment of Urban Daughters. American Anthropologist, 104(4), pp.1098-1109.

4.1-3 Zeng, Y., & Hesketh, T. (2016). The effects of China's universal two-child policy. The Lancet, 388(10054), 1930-1938.

4.1-4 Li, H., Loyalka, P., Rozelle, S. and Wu, B., 2017. Human Capital and China's Future Growth. The Journal of Economic Perspectives, 31(1), pp.25-47.

4.2-1 Meng, X., 2012. Labor market outcomes and reforms in China. The Journal of Economic Perspectives, 26(4), pp.75-101.

4.2-2 Fincher, L.H., 2016. Leftover women: The resurgence of gender inequality in China. Zed Books Ltd.

4.2-3 Video: Sheryl Sandberg: Why we have too few women leaders
https://www.ted.com/playlists/486/ted_talks_by_strong_women_lead

A quiz at the end of Session 4.2 (30 mins)

Module 5: Inequality and poverty reduction (4 credit hours)

5.1 Inequality and poverty reduction (Jan. 2)

Materials

* Textbook: Naughton (Chapters 6, 11-13)

5.1-1 Kanbur, R. and Zhang, X., 2005. Fifty years of regional inequality in China: a journey through central planning, reform, and openness. *Review of Development Economics*, 9(1), pp.87-106.

5.1-2 Ho, C.Y. and Li, D., 2010. Spatial dependence and divergence across Chinese cities. *Review of Development Economics*, 14(2), pp.386-403.

5.1-3 UNDP, The China Human Development Report, 2013: Sustainable and Liveable Cities: Toward Ecological Civilization

5.1-4 Voitchovsky, S., 2009. Inequality and economic growth. *The Oxford Handbook of Economic Inequality*, Oxford University Press, Oxford.

5.1-5 Ravallion, M., 2009. A comparative perspective on poverty reduction in Brazil, China and India.

A quiz at the end of Session 5.1 (15 mins)

Module 6: China, the World and the future (12 credit hours)

6.1 **Invited Lecture 1:** The Prospect of China-US Trade Relationship Under Biden Administration and China's Liberalization Strategies, Prof. Chen Bo from Huazhong University of Science and Technology (Jan. 3)

6.2 Where will China head for? (Jan. 4, 2 credit hour lecture + 2 credit hour class discussion and review for the whole semester)

Final Exam- Open Book (Jan. 5)

The design of class discussion or exercise, practice, experience and so on:

Class participation is highly recommended. Students are encouraged to share their thoughts or current works in class.

Grading & Evaluation:

Passing grade is 60

- Class Performance 15%
- Five Quizzes 40%
- Final Exam: 45%

Teaching Materials & References:

Textbook:

Naughton, Barry, *The Chinese Economy: Adaptation and Growth*, 2nd Edition, MIT Press, 2018.