

Chinese Economy

Department: School of Economics, Fudan University

Course Code			
Course Title	Chinese Economy		
Credit	4	Credit Hours	72
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>One of the most disruptive events to the global order in recent history is that U.S. surpassed U.K. as the world's largest economy in the last century. However, China is expected to outrun U.S. as the world's largest economy in the 21st century. For anyone who wants to be globally literate, a basic familiarity with this most dynamic and enormous economy is a must. This course is designed to answer the 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 and various types of firms) and their interactions. Then, we investigate financial markets. Finally, we look at how China interacts with the rest of the world.</p>		
Course Requirements:			
Prerequisites:			
Introductory micro- and macro-economics. Basic Econometrics.			
Teaching Methods:			
Lectures, video presentation, group discussion, company visit			

Instructors' Academic Background:

Prof. LI Dan received her PhD from Boston University in 2008. Her research fields include Economic History, Development Economics, and Urban Economics & Regional Science. She has published in the top journals in her related research fields including Economic History Review, Journal of International Money and Finance, World Development, The Review of Development Economics, etc. Her current research interests focus on the bond market development in Pre-war Republican China (1912-1937) and the unbalanced regional development in today's China.

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Members of Teaching Team

Name	Gender	Professional Title	Department	Responsibility
LI Dan	Female	Professor	School of Economics	Instructor

Course Schedule**Course Schedule and Study Materials:**

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

Module 1: The past

- 1.1** What makes China? Geography, History and Culture (Courses 1 & 2)
- 1.2** Money cannot talk! Command Economy and Lessons Learned (Course 3)

Materials:

1.1-1 Textbook, Chapters 1-2.

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

1.1-3 Chen, T., Kung, J.K.S. and Ma, C., 2017. Long Live Keju! The Persistent Effects of China's Imperial Examination System, Working paper.

1.1-4 Talhelm, T., Zhang, X., Oishi, S., Shimin, C., Duan, D., Lan, X. and Kitayama, S., 2014. Large-scale psychological differences within China explained by rice versus wheat agriculture. Science, 344(6184), pp.603-608.

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.

Module 2: Government and the other economic players

- 2.1 Almighty government! Political Incentives and a Government's Role in Economy (Classes 4&5)
- 2.2 State-owned Enterprises (Class 6)
- 2.3 **A Company visit to a SOE: A guided tour to Baosteel (Classes 7&8)**
- 2.4 Private Firms (Class 9)
- 2.5 Foreign companies: How to excel in Chinese Market! (Class 10)

Materials

2.1-1 Textbook, Chapter 3

2.1-2 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.

2.1-3 Blanchard, O. and Shleifer, A., 2001. Federalism with and without political centralization: China versus Russia. *IMF staff papers*, 48(1), pp.171-179.

2.1-4 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.

2.1-5 Video: Eric X. Li, A tale of two political systems

https://www.ted.com/talks/eric_x_li_a_tale_of_two_political_systems

2.2-2.5 Textbook, Chapter 4

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.

2.4-1 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.

2.5-1 Plafker, Ted, *Doing Business in China: How to Profit in the World's Fastest Growing Market*, Business Plus, 2008.

2.5-2 American China Chamber, *China Business Climate Survey*, 2017.

Homework 1 is assigned in Class 10

Module 3: Finance

- 3.1 Reform in financial industry (Classes 11&12)
- 3.2 Financial Market (Class 13)

Materials

3.1&3.2 Textbook, Chapter 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.

Homework 1 is due in Class 13.

Midterm Exam (Class 14)

Module 4: Education, Labor and Marriage

4.1 Population & education (Class 15)

4.2 Human capital crisis in the future (Prof Rozelle's work, Class 16)

4.3 Labor market, gender inequality and marriage market (Classes 17&18)

Materials

4.1&4.2 Textbook, Chapters 7-8.

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

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.

4.2-1 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.

4.3-1 Meng, X., 2012. Labor market outcomes and reforms in China. The Journal of Economic Perspectives, 26(4), pp.75-101.

4.3-2 Fincher, L.H., 2016. Leftover women: The resurgence of gender inequality in China. Zed Books Ltd.

4.3-3 Video: Sheryl Sandberg: Why we have too few women leaders
https://www.ted.com/playlists/486/ted_talks_by_strong_women_lead

Module 5: Unbalanced Growth and Inequality

5.1 Unbalanced regional development & its welfare implications (Classes 19&20)

5.2 Inequality and poverty reduction (Class 21)

Materials

5.1&5.2 Textbook, chapters 5&9

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

5.2-1 Voitchovsky, S., 2009. Inequality and economic growth. *The Oxford Handbook of Economic Inequality*, Oxford University Press, Oxford.

5.2-2 Ravallion, M., 2009. A comparative perspective on poverty reduction in Brazil, China and India.

Homework 2 is assigned in class 21!

Topics for Video project is assigned on the same day.

Module 6: China, the World and the future

6.1 FDI and trade (Class 22)

6.2 Global competition (Class 23)

6.3 China-US trade war by Prof. Chen Bo from Huazhong University of Science and Technology (Classes 24&25)

6.4 Where will China head for? (Class 26)

Materials

6.1 Textbook, Chapters 16&17

6.2-1 Several news on the Chinese firms' acquisition of foreign firms

6.2-2 Dollar, D., 2015. China's Rise as a Regional and Global Power. *Horizons*, (4).

6.2-3 Walter, A., 2011. Global economic governance after the crisis: The G2, the G20, and global imbalances. Bank of Korea.

6.2-4 Video: Kevin Rudd, Are China and the US doomed to conflict

https://www.ted.com/talks/kevin_rudd_are_china_and_the_us_doomed_to_conflict#t-1040471

6.3-1 Trade war, reading lists to be added later

6.4-1 Xi Jinping, Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a

New Era, a report delivered at the 19th National Congress of the Communist Party of China, 2017

6.4-2 Video: Dambisa Moyo, Is China the new idol for emerging economies?

https://www.ted.com/talks/dambisa_moyo_is_china_the_new_idol_for_emerging_economies#t-967553

Homework 2 is due in Class 26!

Video project exhibition and evaluation (Classes 27-29)

A review for the Final and the class (Class 30)

Preparation week for the final and tutorial sessions

Final Exam (Class 31)

Notes: The course schedule will be subject to some necessary changes, including holidays.

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

For the end of each module, there will be a discussion held to discuss all the materials that we have studied in the previous classes. I highly encourage every one of you participate in the discussion as much as possible. The involvement in the class will enhance your understanding in the contents that we have studied in the class.

I encourage students to attend my tutorial hours to discuss questions either on class material, problems on exams or related subject matter. This class requires a lot of work. Please, speak with me if you are having difficulties meeting the requirements for this course. Together we will work out a solution.

Grading & Evaluation:

Class Performance: 10%

Two Short-answer homework: 20%

One Video exhibition project: 20%

Midterm: 20%

Cover Modules 1-4, closed-book. If you miss the midterm, your final will carry a weight of 50% towards your course grade.

Final: 30%

Cumulative, closed-book

Notes:

1. Passing grade: 60.
2. There will be no make-up exam for the midterm.
3. Accommodation for Special Circumstances or Special Needs: If you have special needs because of a learning problem or other condition that requires special arrangements for tests or meeting assignments, please let me know as soon as possible.
4. Academic Conduct: The student is responsible for their own academic misconducts. Cases of suspected misconduct will be referred to the University Office; in addition, acts of plagiarism or cheating will be penalized with failing grades, or even more seriously, be expelled from school.

Teaching Materials & References:

Listed in the section on the course schedule.