

## COURSE CONTENT

<b>Course Coordinator</b>	Tan Kong Yam
<b>Course Code</b>	HE3603 / HE3033
<b>Course Title</b>	The Chinese Economy
<b>Pre-requisites</b>	HE1001 Microeconomics I/ HE1002 Macroeconomics I/ HE9091 Principles of Economics/ HE5091 Principles of Economics/ AB0901 Principles of Economics: A Singapore Perspective
<b>No of AUs</b>	3
<b>Contact Hours</b>	39 hours (3 hours of seminar per week)

### Course Aims

Since Deng Xiaoping's reforms in 1979, China has undergone remarkable domestic economic and social transformation. Its impact on the rest of the world has also been momentous and far-reaching. This course is designed to enhance your understanding of these crucial transformations by looking at both economic development and transitions as well analyzing future trends. We examine eleven topics that together provide a very comprehensive coverage of the Chinese economy.

### Intended Learning Outcomes (ILO)

By the end of this course, you (as a student) would be able to:

1. Describe the historical background and path of evolution of China's economic development.
2. Compare, contrast, and evaluate the strengths and weaknesses of China's economic reforms as well as analyze its future trends.
3. Apply the economic theories and empirical methods introduced in class to the analysis of economic phenomena related to China.

### Course Content

1. Overview of the Chinese Economy: A Long Term Perspective
2. Pre-reform Period: Socialist Economic System
3. Economic Reform and Growth Accounting
4. Rural Reform and State Owned Enterprises
5. Development of the Non-State Sector
6. Public Finance and Urbanization
7. Population, Labor, and Human Capital
8. Income Inequality and Poverty
9. Foreign Trade
10. Financial Sector Development and Reforms
11. Foreign Direct Investment

**Assessment (includes both continuous and summative assessment)**

1. Continuous Assessment	:	40%
2. Final Examination	:	<u>60%</u>
<b>Total</b>	:	<b><u>100%</u></b>

**Reading and References**

**Required Textbook**

Barry Naughton (2007), *The Chinese Economy: Transition and Growth*, MIT Press. (This is just a very basic text, useful for those with limited background knowledge on China)

**Supplementary Textbooks**

1. Loren Brandt & Thomas G. Rawski (2008), *China's Great Economic Transformation*, Cambridge University Press.
2. Lin, J.Y., F. Cai & Z. Li (2003), *The China Miracle: Development Strategy and Economic Reform*, Revised Edition, Chinese University Press.
3. Joseph Fan & Randall Morck ed. (2012), *Capitalizing China*, University of Chicago Press. Chapters are downloadable from [www.nber.org](http://www.nber.org).

**Course Instructors**

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**Planned Weekly Schedule (see above on lecture topics)**

<b>Teaching Week</b>	<b>Topic</b>	<b>Course LO</b>	<b>Readings/ Activities</b>
Week 1	Overview of the Chinese Economy: A Long Term Perspective	ILO 1	Barry Naughton (2007), Introduction and Chapter 1.  Wayne M. Morrison (2015) "China's Economic Rise: History, Trends, Challenges, and Implications for the United States" US Congressional Research Service.
Week 2	Pre-reform Period: Socialist Economic System	ILO 1	Barry Naughton (2007), Chapter 2-3.  Li, Wei and Dennis Tao Yang. 2005. "The Great Leap Forward: Anatomy of a Central Planning Disaster." <i>Journal of Political Economy</i> , 113: 840 – 877.  Lin, Justin Yifu. 1990. "Collectivization and China's Agricultural Crisis in 1959–1961." <i>Journal of Political Economy</i> , 98: 1228–52.  Zhu, Xiaodong " Understanding China's Growth: Past, Present, and Future" <i>Journal of Economic Perspectives</i> , Vol. 26, No. 4 (Fall 2012): 103-124
Week 3	Economic Reform and Growth Accounting	ILO2	Barry Naughton (2007), Chapter 4.

			<p>Yingyi Qian (2000) "The Process of China's Market Transition (1978-1998): The Evolutionary, Historical, and Comparative Perspectives," <i>Journal of Institutional and Theoretical Economics</i>, 156, pp. 151-171.</p> <p>Young, Alwyn. 2003. "Gold into Base Metals: Productivity Growth in the People's Republic of China during the Reform Period." <i>Journal of Political Economy</i>, 111 (Dec): 1220-1261.</p> <p>Young, Alwyn. 2001. "The Razor's Edge: Distortion and Incremental Reform in the People's Republic of China." <i>Quarterly Journal of Economics</i>, 115 (4), 1091-1035</p>
Week 4	Agriculture development and Rural Reform	ILO2	<p>Barry Naughton (2007), Chapter 10-13.</p> <p>Lin, Justin (1992) "Rural Reforms and Agricultural Growth in China," <i>American Economic Review</i>, 82, pp. 34-51.</p> <p>Jacoby, Hanan G., Guo Li, and Scott Rozelle. 2002. "Hazards of Expropriation: Tenure Insecurity and Investment in Rural</p>

			<p>China." <i>American Economic Review</i>, 92(5), 1420–47.</p> <p>Monica Martinez-Bravo, Gerard Padró-i-Miquel, Nancy Qian, and Yang Yao, 2011. "Do Local Elections in Non-Democracies Increase Accountability? Evidence from Rural China" NBER Working Paper 16948.</p>
Week 5	Development of the Non-State Sector	ILO 2	<p>Barry Naughton (2007), Chapter 12-13.</p> <p>Li, H. and S. Rozelle. 2004. "Insider privatization with a tail: the screening contract and performance of privatized firms in rural China." <i>Journal of Development Economics</i> 75 (2004): 1-26.</p> <p>Hsieh. C. and P. Klenow. 2009. "Misallocation and Manufacturing TFP in China and India." <i>Quarterly Journal of Economics</i>, 124(4): 1403-1448.</p>
Week 6	Public Finance and Urbanization	ILO 2 and 3	<p>Barry Naughton (2007), Chapter 18.</p> <p>Jin, Hehui, Yingyi Qian, and Barry R. Weingast. 2005. "Regional Decentralization and Fiscal Incentives: Federalism, Chinese Style." <i>Journal of</i></p>

			<p><i>Public Economics</i>, 89(9–10): 1719–42.</p> <p>Chenggang Xu. 2011. "The Fundamental Institutions of China's Reforms and Development." <i>Journal of Economic Literature</i>, 49 (4), 1076-1151.</p> <p>Au, C.C., and Vernon Henderson. 2006. "Are Chinese Cities Too Small," <i>Review of Economic Studies</i>, 73, 549-576</p>
Week 7	Population, Labor, and Human Capital	ILO 2 and 3	<p>Barry Naughton (2007), Chapter 7-8.</p> <p>Junsen Zhang and Mark Rosenzweig, 2009, "Do Population Control Policies Induce More Human Capital Investment? Twins, Birthweight, and China's 'One Child' Policy", <i>Review of Economic Studies</i>, 76(3): 1149-1174.</p>
<b>Recess Week</b>			
Week 8	Income Inequality and Poverty	ILO 2 and 3	<p>Barry Naughton (2007), Chapter 9.</p> <p>Piketty, Thomas and Nancy Qian, "Income Inequality and Progressive Income Taxation in China and India, 1986-2010," <i>American Economic Journal – Applied Economics</i> Vol. 1 No. 2, April 2009.</p>

			<p>Tan, Kong Yam, "China's 11th Five-Year Plan: A Critical Perspective" in <u>China's Surging Economy: Adjusting for More Balanced Development</u> edited by Wei Liu and John Wong, 2007</p>
Week 9	Foreign Trade	ILO 3	<p>Barry Naughton (2007), Chapter 16</p> <p>Robert Koopman, Zhi Wang, and Shang-Jin Wei. 2011. "How Much of Chinese Exports is Really Made In China? Assessing Domestic Value-Added When Processing Trade is Pervasive." NBER Working Paper No. 14109.</p> <p>Tan, Kong Yam "China and ASEAN: Competitive Industrialization through Foreign Direct Investment" in <u>The China Circle: Economics and Technology in the PRC, Taiwan, and Hong Kong</u> edited by Barry Naughton, Brooking Institution Press 1997.</p> <p><a href="https://books.google.com.sg/books?id=IVR-sKfKu-QC&amp;pg=PA111&amp;lpg=PA111&amp;dq=tan+kong+y">https://books.google.com.sg/books?id=IVR-sKfKu-QC&amp;pg=PA111&amp;lpg=PA111&amp;dq=tan+kong+y</a></p>

			<a href="https://www.google.com/search?q=asean+china+competition+naughton&amp;source=bl&amp;ots=R1cp7JtBSr&amp;sig=pfiqljez_laAReL71KR5k8_IYtg&amp;hl=en&amp;sa=X&amp;ved=0ahUKEwio14aXrorLAhWCKI4KHbSLB0kQ6AEIIDAC#v=onepage&amp;q=tan%20kong%20yam%20asean%20china%20competition%20naughton&amp;f=false">am+asean+china+competition+naughton&amp;source=bl&amp;ots=R1cp7JtBSr&amp;sig=pfiqljez_laAReL71KR5k8_IYtg&amp;hl=en&amp;sa=X&amp;ved=0ahUKEwio14aXrorLAhWCKI4KHbSLB0kQ6AEIIDAC#v=onepage&amp;q=tan%20kong%20yam%20asean%20china%20competition%20naughton&amp;f=false</a>
Week 10	Financial Sector Development and Reforms	ILO 3	Barry Naughton (2007): Chapter 19. “The Chinese Financial System: An Introduction and Overview” by Douglas J. Elliott and Kai Yan, John L. Thornton China Center at Brookings, 2013
Week 11	Foreign Direct Investment	ILO 3	Barry Naughton (2007), Chapter 17. Wei, S. and G. Boyreau-Debray, “Pitfalls of a State-dominated Financial System: The Case of China”, NBER Working Paper 11214, July 2005.
Week 12 and 13	Class Presentation by Students	ILO 1-3	