

**CENTRE FOR EAST ASIAN STUDIES
SCHOOL OF INTERNATIONAL STUDIES-II**

EA 601
CHINESE ECONOMIC PATTERNS & DEVELOPMENT
Monsoon 2016
M.Phil
3 Credits

Course Instructor:Dr.Raviprasad Narayanan

Course description:

Since 1949 the People's Republic of China has gone through several stages of economic transformation and emerged as the world's second largest economy. This economic transformation is largely considered an epochal event in economic history. For more than three decades the 'socialist model' country has been transforming itself into a 'socialist market economy' with the state playing a crucial role as central planner, regulator and mentor to the economy. What have been the 'drivers' of this exponential growth?

EA 601 describes the phases of China's economic modernisation outlining themes and issues determining the trajectory of economic reforms.

Course Objectives:

Critically examine and appraise China's pattern of economic development in a systematic manner.

Thoroughly analyse and detail the emergence of China as an economic powerhouse since 1949.

Equip course participants with necessary tools that aid research proposals reflecting reasoned thinking, methodological rigor and critical analysis.

Course content:

The lectures in this course will focus on the following themes that are briefly outlined.

- *Introduction to China's economy*

An introduction to the course, its structure and content with an overview of China's economy.

Evaluation of the course / expectations and research ethics

- *Historical background*

Lost in debates of China's economic success is what was the state of the Chinese economy before 1949. A brief historical background on China's economy before the revolution prepares the ground for understanding the impetus for change.

- *The First Decade: 1949-1960*

Revolutionary fervour spilled over by expressing itself in economic terms. How did China's economy fare during this exceptional and traumatic decade?

- *The Second Decade: 1960 – 1970*

China's economic struggles continued onto its second decade with economic targets conflated with political ideals. How did the economy persevere during the second decade?

- *The Third Decade: 1970-1980*

Economic stasis aside, this decade marked China's entry onto the world stage after a hiatus. What was the impact on China's economy of two decades of central planning and the beginnings of an enlarged economic engagement with the rest of the world.

- *Four modernizations*

In many ways the turning point of China's economic fortunes was the Four Modernisations. What were the processes and policies that revolved around this totem?

- *The Reform period: 1980 onwards*

Reforms in China came about in exceptional circumstances and how has the economy steered itself since 1980.

- *Reform debates*

China's economic reforms had their fair share of internal debates until one view prevailed. What were the competing views over reform?

- *Special Economic Zones*

The opening of China's economy was in phases and stages in policy and geographical terms. How was this initiated and implemented?

- *Township and Village Enterprises*

The bedrock of China's manufacturing stems from the TVEs that diffused production of goods and accessed capital from the banking network to expand in tune with market demands.

- *State Owned Enterprise Reform*

State Owned Enterprises were and are significant players in the Chinese economy and have gone through several phases of reform. How and why the SOE's play a role in China's economy is an illustration of China's economic story.

- *Foreign Trade*

As the world's largest trading nation, China has emerged as a central actor in foreign trade globally. This feature has many inter-linkages and departures needing elucidation.

- *China and the WTO*

China joined the WTO in 2001 after a protracted negotiating process. What were the processes involved and the commitments made?

- *China's Economic Bureaucracies*

If China's economic success has its monitors and planners, the vast economic bureaucracies are in many ways responsible for laying out agenda's and outlining goals. Who are these economic planners and regulators?

- *China's Financial System*

China's banks are the world's largest and its economy possesses a financial system diverse enough to attract global attention. Alternately, China's financial system is seen as a beneficiary of the reform process and a representative of a stasis that currently prevails owing to reducing annual growth rates.

- *Economic Reform and its Consequences*

Economic reform in China has had its share of social and environmental costs. How has China addressed these issues?

Instruction Method:

This course weaves an eclectic mix of readings, lectures, assignments, and presentations.

Evaluation:

Registered students must write a term paper as part of the evaluation in this course. The term paper needs to be submitted two weeks before the end-term examinations and has to be presented in class. It carries 25 percent of course grade. The length of the paper should not exceed 10 pages (3500 - 4000 words).

A critical book review on China's Economy carries 15 percent of the course grade. The critical book review has to be submitted before 31 October 2016 and presented in class.

Class participation and attendance carries 10 percent of the graded weightage.

The final exam / end term will comprise 50 percent of the course grade.

Suggested Readings:

White Papers:

China's Peaceful Development, White Paper, Information Office of the State Council of the People's Republic of China, 2011.

China's Foreign Trade, White Paper, Information Office of the State Council of the People's Republic of China, 2011.

China's Peaceful Development Road, White Paper, Information Office of the State Council of the People's Republic of China, 2005.

China's Employment Situation and Policies, White Paper, Information Office of the State Council of the People's Republic of China, 2004.

The Grain Issue in China, White Paper, Information Office of the State Council of the People's Republic of China, 1996.

Intellectual Property Protection in China, White Paper, Information Office of the State Council of the People's Republic of China, 1994.

Books

Angus Maddison, *Chinese Economic Performance in the Long Run, 960-2030 AD*, Paris: OECD, 2007.

Alexander Eckstein, *China's Economic Revolution*, Cambridge: Cambridge University Press, 1977.

Barry Naughton, *Growing Out of the Plan: Chinese Economic Reform, 1978-1993*, New York: Cambridge University Press, 1995.

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

Bruce Dickson, *Red Capitalists in China: The Party, Private Entrepreneurs, and Prospects for Political Change*, Cambridge: Cambridge University Press, 2003.

Carl Riskin, *The Political Economy of China*, Oxford: Oxford University Press, 1987

Elizabeth Economy, *The River Runs Black: The Environmental Challenge to China's Future* (Cornell University Press, 2004)

Jonathan Spence, *The Search for Modern China*, New York: WW Norton, 2001

Joseph C.H. Chai, *An Economic History of Modern China*, Cheltenham: Edward Elgar, 2011.

Justin Yifu Lin, *Demystifying the Chinese Economy*, Cambridge: Cambridge University Press, 2011.

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

Nicholas Lardy, *China's Unfinished Economic Revolution*, New York: Brookings, 1998

Peter Moody, *Conservative Thought in Contemporary China* (Plymouth: Lexington Books, 2007)

Yasheng Huang, *Capitalism With Chinese Characteristics: Entrepreneurship and the State*, Cambridge University Press, 2008.

Articles

Carl Riskin, "Inequality. Overcoming the Great Divide" in Joseph Fewsmith (ed.) *China Today, China Tomorrow* (Lanham: Rowman & Littlefield, 2010), pp. 91-107.

Chenggang Xu "The Fundamental Institutions of China's Reforms and Development." *Journal of Economic Literature*, 49 (4), 2011, pp. 1076-1151.

Chun Lin, "The Socialist Market Economy: Step Forward or Backward for China?" *Science & Society* (New York), Vol.73, No.2, April 2009, pp.228-234.

Elizabeth C. Economy, "The Great Leap Backward?", *Foreign Affairs* (September/October 2007): pp 38-59.

Geng, X., Yang, X. and Janus, A., 2009. "State-owned Enterprises in China: Reform Dynamics and Impacts," in Garnaut, R., Song, L. & Woo, W. (ed.), *China's New Place in a World in Crisis: Economic, Geopolitical and Environmental Dimensions*, Australian National University E Press, Canberra, Australia. □

Huang, Yasheng. "One country, two systems: Foreign-invested enterprises and domestic firms in China." *China Economic Review* 14.4 (2003): 404-416.

Jin, Hehui, Yingyi Qian, and Barry R. Weingast. 2005. "Regional Decentralization and Fiscal Incentives: Federalism, Chinese Style." *Journal of Public Economics*, 89(9– 10): 1719–42.

Joseph Fewsmith, "The political and social implications of China's accession to the WTO." *The China Quarterly* 167 (2001): 573-591.

Joshua Cooper Ramo, *The Beijing Consensus* (London: Foreign Policy Centre, 2004). □

Joseph Fewsmith, "The political and social implications of China's accession to the WTO." *The China Quarterly* 167 (2001): 573-591.

Loren Brandt, D. Ma, and Thomas Rawski, 2014. "From Divergence to Convergence: Re-evaluating the History behind China's Economic Boom," *Journal of Economic Literature*, 52(1): 45-123. □

Lynette H. Ong, "State-Led Urbanization in China: Skyscrapers, Land Revenue and "Concentrated Villages"." *The China Quarterly* 217 (2014): 162-179.

McNally, Christopher A. "The political economic logic of RMB internationalization: A study in Sino-capitalism." *International Politics* Vol. 52 No.6 (2015): 704-723.

Peter Ho. "Who Owns China's Land? Property Rights and Deliberate Institutional Ambiguity," in *The China Quarterly*, 2001, No. 166, pp. 394-421. □

Pearson, Margaret M. "The business of governing business in China: institutions and norms of the emerging regulatory state." *World Politics* Vol. 57, No.2 (2005): 296-322.

Peter T.Y. Cheung, "Introduction: Provincial Leadership and Economic Reform in Post-Mao China" in Cheung, Chung and Li (eds.), *Provincial Strategies of Economic Reform in Post-Mao China. Leadership, Politics and Implementation* (Armonk, NY: M.E. Sharpe, 1998), pp. 3-46. □

Sebastian Heilmann, "Policy experimentation in China's Economic Rise" in *Studies in Comparative International Development*, vol. 43, No. 1, 2008, pp. 1-26. □

Sebastian Heilmann, and Oliver Melton. "The Reinvention of Development Planning in China, 1993-2012." *Modern China* Vol.39, August 2013. Pp. 580-628 □

Steven Goldstein, "China in Transition: The Political Foundations of Incremental Reform" *The China Quarterly* no. 144 (1995): 1105-1131.

Yingyi Qian and Jinglian Wu (2003) "China's Transition to a Market Economy: How Far across the River?" in Nicholas C. Hope, Dennis Tao Yang, and Mu Yang Li, ed., *How Far Across the River: Chinese Policy Reform at the Millennium*, Stanford University Press, pp. 31-63.

Yasheng Huang, "How Did China Take Off?" *Journal of Economic Perspectives*, Vol.26, No.4, Fall 2012, pp/147-70.

Zhang Le-Yin, "Chinese Central-Provincial Fiscal Relationships, Budgetary Decline and the Impact of the 1994 Fiscal Reform: An Evaluation." in *The China Quarterly* March 1999, No. 157, pp. 115-141. □

Zhang, D., and Freestone, O., "China's Unfinished State-owned Enterprise Reforms,"

Economic Roundup, 2013 (2): pp. 79-102. □

Online sources:

Ministry of Commerce - english.mofcom.gov.cn

National Bureau of Statistics - www.stats.gov.cn

National Development and Reform Commission - en.ndrc.gov.cn

People's Bank of China - www.pbc.gov.cn

China Banking Regulatory Commission – www.cbrc.gov.cn

Xinhua News Agency - www.xinhua.org

China Daily - www.chinadaily.com.cn

World Trade Organization - www.wto.org

Caixin Online – english.caixin.com

The Economist Intelligence Unit – www.eiu.com

World Bank – data.worldbank.org/country/china