

**Syllabus for ECONOMIC DEVELOPMENT OF MAINLAND CHINA  
2005 IMCS Autumn Course  
National Chengchi University, Taipei**

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**Instructor**

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Classroom: Room 270104, North Wing, General Building.

Meeting Time: Wednesday, 6:30pm~9:10pm

**Class Description**

Since 1978, China has adopted the economic strategy of open to outside and reforms to inside and China's remarkable economic growth has attracted most economists' attention. Therefore, more and more economists have shed light on issues of China's economy. Undoubtedly, China Economy has become one of the popular economics fields. This course thus aims to introduce the development and characteristics of China's economy after his economic reforms starting in 1978. In addition, this course will try to help those who are interested in China's economy to further understand the trend and future development of China's economy and capture the primary issues, theories, and methodologies as conducting research regarding China's economy. It is even more important for people in Taiwan to understand China's economy due to the special relationship between Taiwan and China.

**Class Outline**

As mentioned before, the primary purpose of this course is to introduce and analyze China's economy posterior to economic reforms. First, the results and process of China's economic development after reforms will be introduced. Then this course will discuss and analyze selected topics of China's economy, such as agriculture reforms, state and non-state enterprises, foreign trade, foreign direct investment, population policy, labor market reforms, economic fluctuation, regional development, and prospect of future economy.

### Class Schedule

Date	Tentative Topics
9/14	Introduction to this Course
9/21	Introduction to China Economy
9/28	Chinese Economy in the Historical Prospective and Neoclassical Growth Models
10/5	Economic Reforms up to Mid-1990s
10/12	Result of the Economic Reforms
10/19	Agricultural Reforms and Development
10/26	Reforms of State-owned Enterprises and Emergence of Non-state Firms
<b>11/2</b>	<b>Midterm</b>
11/9	Comparative Advantage and International Trade
11/16	China's Capital Inflow
11/23	China's Capital Outflow
11/30	Population and Population Policy
12/7	Regional Disparity
12/14	Fiscal Policy, Decentralization
12/21	Economic Fluctuation
12/28	The Prospect of China's Economy
<b>1/4</b>	<b>Final</b>

### Ways of Teaching

Lecture and discussion will be the primary ways of teaching in this class. However, students might need to have presentations in the class. Topics of presentation will be assigned by the instructor.

### Grading Policy

The 70% of the course grade will be based on midterm and final exams, which will be taken on November 2 and January 4, respectively.

A 5-people-group term paper will account for 20% of the course grade.

The remaining 10% will be determined by class attendance.

### Recommended preparation

You will be expected to apply basic economic analysis to problems in individual choice, market equilibrium, and national economic policies and to develop an understanding of the institutional framework in which market operates.

## Required Books and Readings

### The required texts are as follows:

Chow, Gregory C. (2002), *China's Economic Transformation*. Malden, Mass.: Blackwell Publishers.

Lin, Justin Yifu, Fang Cai, and Zhou Li (2003), *The China Miracle: Development Strategy and Economic Reform*. Hong Kong: The Chinese University Press.

### Readings

#### 1. Introduction to China Economy

Lin, Justin Yifu, Fang Cai, and Zhou Li. *The China Miracle*, Chapter 1. (Primary Reading)

Otsuka, Keijiro. *Industrial Reform in China: Past Performance and Future Prospects*, Chapter 1.

Chow, Gregory. *China's Economic Transformation*, Introduction.

Hope, Nicholas, Dennis Tao Yang, and Mu Yang Li. *How Far Across the River?* Chapter 1.

#### 2. Chinese Economy in the Historical Prospective and Neoclassical Growth Models

Lin, Justin Yifu (1995), "The Needham Puzzle: Why the Industrial Revolution Did Not Originate in China," *Economic Development and Cultural Change*, 43(2), 269-292. (Primary Reading)

High Level Equilibrium Trap

Solow, Robert M. (1956), "A Contribution to the Theory of Economic Growth," *Quarterly Journal of Economics*, 70, 65-94.

Chow, Gregory. *China's Economic Transformation*, Chapter 1.

#### 3. Economic Reforms up to 1990s

Lin, Justin Yifu, Fang Cai, and Zhou Li. *The China Miracle*, Chapter 5. (Primary Reading)

Chow, Gregory. *China's Economic Transformation*, Chapter 3.

Hope, Nicholas, Dennis Tao Yang, and Mu Yang Li. *How Far Across the River?* Chapter 2.

#### **4. Result of the Economic Reforms**

Lin, Justin Yifu, Fang Cai, and Zhou Li. *The China Miracle*, Chapter 6. (Primary Reading)

Krugman, Pual (1994), "The Myth of Asia's Miracle," *Foreign Affairs*, 73, 62-78.

Chow, Gregory. *China's Economic Transformation*, Chapter 5.

#### **5. Agricultural Reforms and Development**

Lin, Justin Yifu (1992), "Rural Reforms and Agricultural Growth in China," *American Economic Review*, 82, 34-51. (Primary Reading)

Johnson, D. Gale (2000), "Agricultural Adjustment in China: Problems and Prospects," *Population and Development Review*, 26(2), 319-34. (Primary Reading)

#### **6. Reforms of State-owned Enterprises and Emergence of Non-state Firms**

Gregory Chow. *China's Economic Transformation*, Chapter 15 & 16. (Primary Reading)

Choe, Chongwoo and Xiangkang Yin (2000), "Contract Management responsibility System and Profit Incentives in China's State-Owned Enterprises," *China Economic Review*, 11, 98-112.

Otsuka, Keijiro. *Industrial Reform in China: Past Performance and Future Prospects*, Chapter 8.

Zhu, Tian (1998), "A Theory of Contract and Ownership Choice in Public Enterprises Under Reformed Socialism: The Case of China's TVEs," *China Economic Review*, 9, 59-72.

#### **7. Comparative Advantage and International Trade**

Lin, Justin Yifu, Fang Cai, and Zhou Li. *The China Miracle*, Chapter 4. (Primary Reading)

Yu, Qiao (1998), "Capital Investment, International Trade and Economic Growth in China: Evidence in the 1980-90s," *China Economic Review*, 9, 73-84.

Gregory Chow. *China's Economic Transformation*, Chapter 17.

Cai, Fang and Justin Yifu Lin. *Chinese Economy*, Chapter 9, 281-289.

Irwin, Douglas A. and Marko Tervio (2002), "Does Trade Raise Income? Evidence from the Twentieth Century," *Journal of International Economics*, 58(1), 1-18

## 8. Foreign Investment

Gregory Chow. *China's Economic Transformation*, Chapter 18. (Primary Reading)

Cheng, Leonard K. and Yum K. Kwan (2000), "What Are the Determinants of the Location of Foreign Direct Investment? The Chinese Experience," *Journal of International Economics*, 51 (2000), 379-400. (Primary Reading)

Huang, Jr-Tsung, An-Pang Kao, Tzu-Ying Yu (2004), "An Analysis on the Unequal Distribution of Foreign Investment among Regions in China."(in Chinese with English Abstract), *Mainland China Studies* (Taipei), 47(2), 33-56. (TSSCI).

Otsuka, Keijiro. *Industrial Reform in China: Past Performance and Future Prospects*, Chapter 5.

Lucas, Robert E. (1990), "Why Doesn't Capital Flow from Rich to Poor Countries?" *American Economic Review*, 80, 92-96.

Shan, Jordan (2002), "A VAR Approach to the Economies of FDI in China," *Applied Economics*, 34(7), 885-93.

Huang, Jr-Tsung (2004), "Spillover from Taiwan, Hong Kong, and Macau Investment and from Other Foreign Investment in Chinese Industries." *Contemporary Economic Policy*, 22(1), 13-25.

## 9. Population and Population Policy

Gregory Chow. *China's Economic Transformation*. Chapter 11. (Primary Reading)

McElroy, Marjorie and Dennis Tao Yang (2000), "Carrots and Sticks: Fertility Effects of China's Population Policies," *American Economic Review*, 90, 389-392. (Primary Reading)

Johnson, D. Gale (1999), "Population and Economic Development," *China Economic Review*, 10, 1-16.

Merli, M. Giovanna and Adrian E. Raftery (2000), "Are Births Underreported in Rural China? Manipulation of Statistical Records in Response to China's Population Policies," *Demography*, 37(1), 109-26.

Schultz, T Paul and Zeng Yi (1999), "The Impact of Institutional Reform from 1979 through 1987 on Fertility in Rural China," *China Economic Review*, 10(2), 141-160.

## 10. Regional Disparity

Gregory Chow. *China's Economic Transformation*. Chapter 10. (Primary Reading)

Jian, Tianlun, Jeffrey D. Sachs, and Andrew M. Warner (1996), "Trends in Regional Inequality in China," *China Economic Review*, 7, 1-21. [\(Primary Reading\)](#)

Huang, Jr-Tsung, Chun-Chien Kuo, and An-Pang Kao (2003), "The Inequality of Regional Economic Development in China between 1991 and 2001." *Journal of Chinese Economic and Business Studies*, 1(3), 273-285.

Otsuka, Keijiro. *Industrial Reform in China: Past Performance and Future Prospects*, Chapter 9.

Barro, Robert J. (1991), "Economic Growth in a Gross Section of Countries," *Quarterly Journal of Economics*, 106, 407-443.

Barro, Robert J. and Xavier Sala-i-Martin (1992), "Convergence," *Journal of Political Economy*, 100, 223-251.

## **11. Fiscal Policy, Decentralization and Economic Fluctuation**

Gregory Chow. *China's Economic Transformation*. Chapter 6. [\(Primary Reading\)](#)

Lin, Justin Yifu and Zhiqiang Liu (2000), "Fiscal Decentralization and Economic Growth in China," *Economic Development and Cultural Change*, 49(1), 1-21. [\(Primary Reading\)](#)

Knight, John and Li Shi (1999), "Fiscal Decentralization: Incentives, Redistribution and Reform in China," *Oxford Development Studies*, 27(1), 5-32. [\(Primary Reading\)](#)

Lin, Justin Yifu, Fang Cai, and Zhou Li. *The China Miracle*, Chapter 7.

Brandt, Loren and Xiaodong Zhu (2000), "Redistribution in a Decentralized Economy: Growth and Inflation in China Under Reform," *Journal of Political Economy*, 108, 422-439.

Zhang, Tao and Heng-fu Zou (1998), "Fiscal Decentralization, Public Spending, and Economic Growth in China," *Journal of Public Economics*, 67(2), 221-240.

Zhao, X B and L Zhang (1999), "Decentralization Reforms and Regionalism in China: A Review," *International Regional Science Review*, 22(3), 251-81.

Ping, Xin Qiao (2000), "The Evolution of Chinese Fiscal Decentralization and the Impacts of Tax Reform in 1994." *Hitotsubashi Journal of Economics*, 41(2), 179-191.

## **12. The Prospect of China's Economy**

Gregory Chow. *China's Economic Transformation*. Chapter 4. [\(Primary Reading\)](#)

Lin, Justin Yifu, Fang Cai, and Zhou Li. *The China Miracle*, Chapter 8. (Primary Reading)