

## ECON 346 - ECONOMICS OF TRANSITION AND DEVELOPMENT: CHINA

PROF. RUBINA VERMA

FALL 2016

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**Lecture:** Tuesdays and Thursdays, 10:00 a.m.-11:50 p.m.

**Location:** KAP 144

**Office Hours:** Fridays 3-5 p.m. and/or by appointment

**Office Location:** KAP 306F

**Email:** rubinave@usc.edu

**Teaching Assistant:** Yinan Liu

**Office Hours:** Wednesday 2-4 p.m.

**Office Location:** Room 337

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### Course Description

This course focuses on understanding the Chinese economy by looking at its history from early 12<sup>th</sup> century until the present day. The main focus is to understand the economic development and growth that China has witnessed historically and continues to do so until today. In this course, we will emphasize the features of the different economic system that prevailed in China from early on. Specifically, we will examine the economy during three different sub-periods i) before 1949 where we can observe some features of a market economy along with the seeds of socialism being sown ii) the period 1949-78 which is referred to as “The Big Push”, the socialism era and then iii) the systematic transition to the market economy which happened in 1978. Most part of the course will then focus on issues pertaining to Chinese growth after 1978. These are some of the popular issues with respect to China such as urbanization, income inequality, growth and structural change in China etc. A detailed description of the themes is given towards the end of the syllabus.

The textbook for this course is “The Chinese Economy: Transitions and Growth” by Barry Naughton. Reading the textbook is imperative in this course. While reading ahead is advised, one must definitely read after I finish lecturing on a topic. I will use slides during the lecture which will be available on blackboard.usc.edu but these slides should be used in conjunction with the textbook chapters in order to pass the course. I may also provide some supplementary material for some topics.

### Course Evaluation

Your final course grade will be decomposed as:

Student Attendance in Lecture	10 %
Midterm Exam	30 %
Class Participation and Student Presentations	20 %
Final Exam (Cumulative)	40 %

The midterm exam will be on October 18<sup>th</sup>, Tuesday in class. The final exam for this course is scheduled on December 13<sup>th</sup>, Tuesday 8-10 am.

### **Exam Makeup Policy**

The midterm and final exam can be made up only on the basis of a serious illness, not simply a note saying you consulted a doctor on the day of the exam.

### **Disabilities**

Students requesting academic accommodations based on a disability are required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP when adequate documentation is filed. Please be sure that this letter is delivered to me as early in the semester as possible and if possible before the first assignment is due to be submitted.

### **Academic Conduct**

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Section 11, Behavior Violating University Standards <https://scampus.usc.edu/1100-behavior-violating-university-standards-and-appropriate-sanctions/>. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, <http://policy.usc.edu/scientific-misconduct/>.

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the *Office of Equity and Diversity* <http://equity.usc.edu/> or to the *Department of Public Safety* <http://capsnet.usc.edu/department/department-public-safety/online-forms/contact-us>. This is important for the safety whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report, or can initiate the report on behalf of another person. *The Center for Women and Men* <http://www.usc.edu/student-affairs/cwm/> provides 24/7 confidential support, and the sexual assault resource center webpage [sarc@usc.edu](mailto:sarc@usc.edu) describes reporting options and other resources.

### **Support Systems**

A number of USC’s schools provide support for students who need help with scholarly writing. Check with your advisor or program staff to find out more. Students whose primary language is not English should check with the *American Language Institute* <http://dornsife.usc.edu/ali>, which sponsors courses and workshops specifically for international graduate students. *The Office of Disability Services and Programs* [http://sait.usc.edu/academicsupport/centerprograms/dsp/home\\_index.html](http://sait.usc.edu/academicsupport/centerprograms/dsp/home_index.html) provides certification for students with disabilities and helps arrange the relevant accommodations. If an officially declared emergency makes travel to campus infeasible, *USC Emergency Information* <http://emergency.usc.edu/> will provide safety and other updates, including ways in which instruction will be continued by means of blackboard, teleconferencing, and other technology.

## **Course Content**

The following topics will be discussed in class:

### **Part1 - Understanding the Chinese Economy: History and Evolution**

#### **Topic 1**

Introduction- The Geographical Setting (Chapter 1, Naughton)

Introductory Videos on the Chinese economy

<http://www.pbs.org/video/2094838287/>

<http://abcnews.go.com/WNT/video/stunning-economic-growth-china-12155618>

<http://abcnews.go.com/WNT/China/video/conversation-understanding-chinas-growth-12099396>

#### **Topic 2**

The Chinese Economy Before 1949 (Chapter 2, Naughton)

#### **Topic 3**

The Socialist Era - Big Push Industrialization, 1949-1978 (Chapter 3, Naughton)

Short Video on Mao's China- BBC 20<sup>th</sup> Century History File

[https://www.youtube.com/watch?v=TfJy\\_wduFy4](https://www.youtube.com/watch?v=TfJy_wduFy4)

#### **Topic 4**

Market Transition: Strategy and Process (Chapter 4, Naughton)

#### **Topic 5**

The Urban-Rural Divide (Chapter 5, Naughton)

### **Part 2 - Growth and Development**

#### **Topic 6**

Growth and Structural Change (Chapter 6, Naughton)

Growth Accounting (Instructor's Notes)

"[Growth and Structural Transformation in China](#)," (Loren Brandt, Chang-tai Hsieh, and Xiaodong Zhu) in Loren Brandt and Thomas Rawski, editors, *China's Great Economic Transformation*, Cambridge University Press, 2008

#### **Topic 7**

Population Growth and the One-Child Family (Chapter 7, Naughton)

#### **Topic 8**

Labor and Human Capital (Chapter 8, Naughton)

#### **Topic 9**

Living Standards: Incomes, Inequality, and Poverty (Chapter 9, Naughton)

### **Part 3 - China and the Rest of the World**

#### **Topic 10**

International Trade (Chapter 16, Naughton)

#### **Topic 11**

Foreign Investment (Chapter 17, Naughton)

#### **Topic 12**

Special Features of Doing Business in China (Instructor's Notes and handouts)

### **Class Participation and Student Presentations**

Your class participation is an important part of your course grade and is primarily made up of two components. The first component is student presentations which will be made according to a pre-determined schedule. The second component consists of short written summaries that each student will submit on the basis of what she/he learns after the presentation.

### **Part 1- Student Presentation Topics**

There will be two presentations in each class. Presentations will be made in groups of two or four. During a presentation both (or all four) students must talk and present. The presentation will be evaluated on the basis of content and presentation skills. Content for the presentation could be from magazine or newspaper articles, journal articles, policy briefings, book chapters, reports and these can be collected from the internet or from a physical source. The references must be clearly cited in the presentation. Each presentation should be for about 40 minutes. I will evaluate your presentation skills as well as the ability to engage audiences.

Before the date of your scheduled presentation, each group should discuss with me a rough format of what they will present. Also, please email me your slides **before** the day of the presentation.

Presentation topics and schedule are:

1. September 6<sup>th</sup>, Tuesday: Discussion of features of economic systems under capitalism versus socialism and communism - One group will focus on capitalism while the other will focus on socialism. You must provide specific examples of success and failures by discussing the experiences of individual countries.
2. September 15<sup>th</sup>, Thursday: Economic Reforms and Liberalization in Korea, India, Russia and Poland. Each group will focus on two countries and try and contrast their experience with that of China.
3. September 22<sup>nd</sup>, Thursday: Current and Persistent problems faced by Rural and Urban China: One group will focus on problems of Rural China and the other group on Urban China. Contrast the Chinese experience with any one country of your choice.
4. October 4<sup>th</sup>, Tuesday: Growth, Structural Change and discussion of the current economic problems/challenges. Each group will focus of any two countries from a) U.K. b) U.S. c)

- Japan d) Korea. How are the growth experiences of these countries similar to/different from China?
5. October 11<sup>th</sup>, Tuesday: Mortality, Fertility and demographic transition experiences of two countries. One country should be from the developed world, the other should be from a developing world. Pick up interesting candidates to talk about the demographic challenges.
  6. October 27<sup>th</sup>, Thursday- Important Issues in China (I)
    - a. Discussion of rising middle class/consumerism in China.
    - b. Discussion of the health care system and related reforms in China.
  7. November 3<sup>rd</sup>, Thursday - Trade and China
    - a. China's entry into the WTO and its current role in the organization.
    - b. Chinese trade and its impact on the rest of the world.
  8. November 10<sup>th</sup>, Thursday - Special Economic Zones in China  
Each group will focus on any two SEZs in China and examine policies that attract foreign direct investment into China. One can also talk about an interesting case of a company which was established in the SEZ and its experience/challenges.
  9. November 17<sup>th</sup>, Thursday- Important Issues in China (II)
    - a. Antidumping and other trade disputes of China.
    - b. Environmental problems in China
  10. November 22<sup>nd</sup>, Tuesday- Important Issues in China (III)
    - a. Gender and Human capital in China.
    - b. Role of Banks and Financial Regulation in China
  11. November 29<sup>th</sup>, Tuesday- Summarizing Recent trends in China by looking at the World Development Report on China (World Bank)- Latest report from the World Bank – **One group of four students**
  12. December 1<sup>st</sup>, Thursday- Summarizing Recent trends in China by looking at the Regional Economic Outlooks on China (IMF) - **One group of four students.**

## **Part 2 – Written Summaries**

For the rest of the class - when a group is presenting, I expect you to take down small notes as towards the end of the lectures, after the presentations are made, each student has to write a summary or a response to a short question that I will ask you before the presentation starts. Your written responses will be graded and form an important input in determining your class participation grade.