

Government 1288
China's Economic Development
Tues-Thurs 12:00-1:15 pm
Deknatel Hall, Fogg Art Museum
Spring 2020 Syllabus v.2.0

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How has China achieved high economic growth rates for more than 40 years? Have the post-Mao economic reforms created a market economy, or a new form of state capitalism? To answer these questions, this interdisciplinary social science course will explore the causes and consequences of China's market reforms, placing the Chinese experience in comparative perspective. The focus of this course will be on reform policies: seeking to understand how and why different reforms have been adopted in China, to analyze their impact, and to seek lessons for reform in other countries.

Reading:

Most of the reading is available through the course website and will be on reserve in the Fung Library. In addition, students should purchase:

Barry Naughton, *The Chinese Economy*, 2nd ed. MIT Press, 2018.

Assignments:

In addition to participation in class discussion and debates, students will have a midterm exam and write two papers over the course of the semester. The topic of these papers will be decided by each student in consultation with the instructors. The first paper (3-5 pgs) will be a research proposal. The second paper will be either a research paper or a policy memo on this topic (12-15 pgs).

Grades:

Class Participation & Debates:	20%
Midterm Exam:	15%
Research Proposal:	15%
Final Paper:	50%

Course Policies:

We encourage collaboration on research and writing: open collaboration that credits our collaborators for their ideas and contributions to our work. Any violations of the Honor Code will be referred to the Honor Council. Late assignments without an extension will be penalized 1/3 of a grade for each day they are late.

SEMESTER SCHEDULE:

Tuesday Jan 28: Overview of the Course

- o Barry Naughton, *The Chinese Economy*, Ch. 1 Introduction
- o Economic and Trade Agreement between the USA and PRC: Phase One

Thursday Jan 30: Theories of Economic Development

- o Barry Naughton, *The Chinese Economy*, Ch. 7 Growth and Structural Change
- o Dani Rodrik, *One Economics, Many Recipes*, Ch. 1 Fifty Years of Growth

Part 1: Foundations: How have China's market reforms transformed communism? How did China achieve rapid economic growth?

THE MAO ERA:

Tuesday Feb. 4: China's Command Economy

- o Barry Naughton, *The Chinese Economy*, Ch. 4 The Socialist Era
- o Yuezhi Zhao, *Media, Market, and Democracy in China*, Ch. 1 Party Journalism in China: Theory and Practice, pp 14-33

Thursday Feb 6: How did the command economy actually work?

- o Janos Kornai, *The Socialist System: The Political Economy of Communism*, (Oxford University Press, 2003). Ch. 12 Shortage and Inflation: The Causes
- o Philip Thai, "Old Menace in New China: Coastal Smuggling, Illicit Markets, and Symbiotic Economies in the Early People's Republic. *Modern Asian Studies*, 51(5), (2017): 1561-1597.

CHINA'S POST-MAO MARKET REFORMS:

Tuesday Feb 11: Market Liberalization 1978-93

- o Barry Naughton, *The Chinese Economy*, Ch. 5 Market Transition (esp. 5.1-5.4), and Ch. 11 Rural Organization (esp. 11.1-11.3)
- o Daniel Kelliher, *Peasant Power in China*, (Yale University Press, 1992). Ch. 3 The Creation of Family Farms

Thursday Feb 13: Structural Reform: 1994-2003

- o Barry Naughton, *The Chinese Economy*, Ch. 5, esp. 5.5-5.6, and Ch. 14
- o Ching Kwan Lee, *Against the Law: Labor Protest in China's Rustbelt and Sunbelt*, Ch. 3 The Unmaking of Mao's Working Class

Tuesday Feb 18: The Global Financial Crisis & Debt: 2004- present

- o Barry Naughton, *The Chinese Economy*, Ch. 5, esp. 5.7-5.8 and Ch. 18
- o Jeremy Wallace, "Juking the Stats: Authoritarian Information Problems in China" *British Journal of Political Science* 46 (2014): 11-29.

CHINESE POLITICS TODAY:

Thursday Feb 20: The Politics of Policy Making

- o Sebastian Heilmann. *Red Swan: How Unorthodox Policymaking Facilitated China's Rise*, (Chinese University of Hong Kong Press, 2018) Ch. 3 Policy Experimentation
- o Yuen Yuen Ang, *How China Escaped the Poverty Trap*, Cornell University Press, 2016.) Ch. 4 Franchising the Bureaucracy

Tuesday, Feb 25: The Alliance Between Capital & the CCP

- o Bruce Dickson, *Wealth into Power: The Communist Party's Embrace of China's Private Sector*, (Cambridge University Press, 2008). Ch. 3 Co-opting Capitalists & Ch. 4 Bridges and Branches
- o Anne Marie Brady, "Talking Up the Market: Economic Propaganda in Contemporary China" pp. 36-55 in Brady, ed. *China's Thought Management*, (Routledge, 2012)

Thursday Feb 27: MIDTERM EXAM

Part 2: China's Economy Today: How is the Chinese government managing globalization to achieve growth? Are these strategies sustainable?

FINANCE:

Tuesday Mar 3: Financial Reform

- o Barry Naughton, *The Chinese Economy*, Ch. 19
- o Kellee Tsai, "When Shadow Banking Can be Productive: Financing Small and Medium Enterprises in China" *Journal of Development Studies* 53:12 (2017): 2005-2028.
- o Dinny McMahon, *China's Great Wall of Debt*, Houghton Mifflin, 2018. Ch. 5 The Island of Misfit Toys

Thursday Mar 5: Urban Development

- o Barry Naughton, *The Chinese Economy*, Ch. 6
- o Christian Sorace and William Hurst, "China's Phantom Urbanization and the Pathology of Ghost Cities" *Journal of Contemporary Asia* 46:2 (2016): 304-322.

TRANSITION: Gov 1288 2.0

Tuesday Mar 10: The Covid-19 Epidemic Arrives on Campus

Thursday Mar 12: Class Cancelled

Spring Break (Sort of...)

Monday, March 23 Discussion Sections:

- o How is everyone? Where is everyone?
- o Our new plan for the semester

INDUSTRIAL POLICY:

Tuesday March 24: Industrial Policy: China's Automobile Industry

- o Eric Thun, *Changing Lanes in China* (Cambridge: Cambridge University Press, 2006). Ch. 7 Global Integration and the Challenge of Upgrading
- o Yasheng Huang, *Capitalism with Chinese Characteristics: Entrepreneurship and the State*, (Cambridge University Press, 2008). Ch. 4 What's Wrong with Shanghai?

Thursday March 26: Creating Hi-tech Industries: Green Energy

- o Naughton, Ch. 15
- o Kelly Sims Gallagher, *The Globalization of Green Energy Technology: Lessons from China*, (MIT Press, 2014). Ch. 3 & Ch. 7

Monday, March 30 Discussion Sections: The Pros & Cons of Industrial Policy

GLOBALIZATION:

Tuesday March 31: Trade: WTO and Global Production Chains (Prof. Mark Wu will be our guest)

- o Barry Naughton, *The Chinese Economy*, Ch. 16
- o Mark Wu, "The China Inc. Challenge to Global Governance" *Harvard International Law Journal* (2016): 261-324. (esp. 261 -308)
- o Optional Documentary: American Factory (2019) (Netflix)

Thursday April 2: Investment: From FDI to Belt & Road

- o Barry Naughton, *The Chinese Economy*, Ch.17
- o Baogang He, "The Domestic Politics of the Belt and Road Initiative and its Implications" *Journal of Contemporary China* (2018): 1-16.
- o Maximilian Mayer, "China's Historical Statecraft and the Return of History" *International Affairs* (2018): 1217-1235.

FRIDAY APRIL 3: FINAL ASSIGNMENT PROPOSAL DUE

Monday, April 6 Discussion Sections: China's Globalization Strategy: Will it work?

Part 3: Consequences of Growth: What are the consequences of rapid growth? How does the Chinese government resolve problems with market failures? Are these solutions working? Are they creating a new form of capitalism?

INEQUALITY AND POVERTY:

Tuesday Apr. 7 Inequality: Is welfare reform closing the gap?

- o Barry Naughton, *The Chinese Economy*, Ch.10 Living Standards and Inequality
- o Gao Qin et al. "Social policy and income inequality during the Hu-Wen era: A progressive legacy?" *The China Quarterly*, 237 (2019): 82-107.

Thursday Apr. 9: Poverty: Can it be eliminated? Are campaigns effective?

- o Nara Dillon, "What Can We Learn from China about Poverty?" in Rudolph and Szonyi, eds. *The China Questions* (Harvard University Press, 2018).
- o Josh Freedman, "The End of Poverty in China: A Tale of Two Villages" *World Policy Journal* 34:2 (2017): 115-121.
- o Hanyu Zhao, "The Politics of Poverty Alleviation in Rural China: Xi Jinping's War on Poverty," working paper, 2018.

Monday, April 13 Discussion Sections: Are poverty and inequality inevitable?

A THIRD REVOLUTION?

Tuesday Apr. 14: Farmers: Are Chinese farmers being left behind?

- o Barry Naughton, *The Chinese Economy*, Ch. 12
- o Yongshun Cai, "Managing Group Interests in China" *Political Studies Quarterly* 129:1 (2014): 107-131.

Thursday Apr 16: Workers: Are Chinese workers getting ahead?

- o Barry Naughton, *The Chinese Economy*, Ch. 9 Labor and Human Capital
- o Diana Fu, "Disguised Collective Action in China" *Comparative Political Studies* 50:4 (2017): 499-527.

Monday, April 22 Discussion Sections: Does development benefit ordinary people?

REFORMING CAPITALISM?

Tuesday Apr 21 Pollution: Is environmental regulation working?

- o Barry Naughton, *The Chinese Economy*, Ch. 21
- o Zhang Xuehua, "Implementation of Pollution Control Targets in China" *China Quarterly* 231 (2017): 749-744.

Thursday Apr 23: Corruption: Can it be controlled?

- o Melanie Manion, "Taking China's Anticorruption Campaign Seriously" *Economic and Political Studies* (2016): 3-18.
- o Minxin Pei, "How Not to Fight Corruption: Lessons from China" *Daedalus* (2018): 216-230.
- o Jie Gao, "Bypassing the Lying Mouths: How Does the CCP Tackle Information Distortion at Local Levels?" *China Quarterly* 228 (Dec. 2016): 950-969.

Monday, April 27 Discussion Sections: Can China cope with the unintended consequences of its development strategy?

Tuesday April 28: TBD Poster Session? Student Conference?

Thursday, May 14: Final Papers Due