

ECON162. REVIEW QUESTIONS

Introduction.

1. How can one characterize briefly the evolution of the Chinese economy since 1978? And the evolution of the Chinese political system?
2. How well has China integrated itself in the world economy? How has the share of China's exports in world exports evolved?
3. What are the major trends identified by Maddison in terms of the relative economic sizes of various countries and regions since the early nineteenth century? What economic processes are behind those trends?
4. Where does China stand in the world in terms of fight against corruption? How has China evolved from that point of view in the last 20 years?
5. In terms of international measures of institutions, how does China measure relative to the outside world? Name three of these measures and comment on China's place w.r.t. those measures?

Geographical background

1. What are the main ideas of Jared Diamond on the geographical advantages of Eurasia over other continents?
2. What are the main patterns of the distribution of population across the Chinese territory?
3. What are the main macro-regions in China and what are their main geographical characteristics?
4. What are the characteristics of the three main rivers in China and their economic role?
5. What are the reasons the Chinese economy been traditionally been more inward-looking? How does this relate in particular to the geography of the coastal areas?
6. How large is China's total area relative to other countries? How large is China's arable area relative to other countries?

Historical background

1. What are elements of continuity between ancient China and communist China? Give some similarities and some differences.
2. Give some main elements of Confucianist philosophy and how it relates to China's history since the Shang dynasty.
3. Why is Confucianism a collectivist philosophy?
4. What is legalist doctrine? When was it introduced and what is its relation to Confucianism?
5. What elements of Confucianism and legalism are present in Communist China? In what form?

6. Historically, how developed was the Chinese economy relative to Europe throughout history? Why the shifts observed?
7. How were Treaty ports established in China? What was their legacy in 1949?
8. What were the main characteristics of China's interaction with foreign countries between roughly 1850 and 1950?
9. What effects did the Japanese invasion have on the economy of Northeast China?

History of Central Planning

1. What were the characteristics of the Chinese economic strategy when central planning was introduced?
2. What were the main patterns of growth (income, investment, consumption, structural change) during China's central planning period?
3. Compare China's development strategy under central planning with that of Taiwan?
4. Did Taiwan's economic strategy play a role in China's reform process after 1978? Why? How?
5. What is balanced growth strategy of development? What are the pros and cons?
6. What is unbalanced growth strategy of development? What are the pros and cons?
7. How would you characterize China's economic development under central planning? Was it closer to balanced or unbalanced growth strategy?
8. What is the distinction between strategies of economic development based on import substitution versus export promotion? Give examples of countries choosing one or the other? Which of those two strategies characterized China under central planning?
9. What are the fundamental features of the economic and political system under socialism? Why are they fundamental for the system?
10. What is the difference between the role of the Communist Party and of the government under central planning?
11. What do we mean by non state property in the context of China's central planning?
12. How does resource allocation work under central planning?
13. What is the role of prices under central planning?
14. What is a material balance? How was it used in the context of central planning?
15. How did managers respond to incentives under central planning? Give some examples?
16. What was the specificity of Mao's thinking of the economy? How did this influence economic policy?
17. What were the main differences between the Soviet and the Chinese model of central planning? Which of these differences were due to different levels of development and which were due to policy choices?
18. What were the economic characteristics of the Great Leap forward? What were its consequences?
19. Cite a historical parallel to the Great Leap forward? What were the commonalities between the two famines?
20. China's central planning was based on the territorial principle and Soviet central planning was based on sectoral central planning. Explain these differences and their economic effects under central planning and under market transition.

21. What were the obstacles for peasants to come and live under illegal conditions under socialism?

A picture of the reform process

1. What are the main differences between gradualist and big bang strategies in the transition to the market economy? What was China's strategy? Explain.
2. How has the official CCP view of the role of the market economy evolved since 1978? What were the main milestones and when?
3. Why did China choose a gradualist transition to the market economy?
4. Why did the introduction of the Household Responsibility system in Chinese agriculture lead to a rapid increase in production? How strong were the incentives created?
5. Why did the household responsibility system lead to the growth of township village enterprises? Explain.
6. How did fiscal decentralization in China help the reform process? Explain the incentives it created for local leaders.
7. Why did the reform process start in the countryside and only later in urban environments and in industry?
8. What is dual-track liberalization? Explain the incentive and allocative effects.
9. Explain dual-track liberalization using a simple supply-demand framework.
10. Why was dual-track liberalization introduced in China and not in Eastern Europe?
11. What are the common features of the household responsibility system and dual-track liberalization?
12. What were the characteristics of the first special economic zones established in China? What was their purpose? What was their relation to the rest of the Chinese economy?
13. What were the main differences between the first phase of reforms (1980) and the second phase (1990s)?