



## **CIEE Global Institute – Shanghai**

<b>Course name:</b>	China's Macroeconomic Impact
<b>Course number:</b>	BUSI 3002 SBLC / ECON 3001 SBLC
<b>Programs offering course:</b>	Shanghai Accelerated Chinese Language, Shanghai Business, Language and Culture, Shanghai China in a Global Context
<b>Language of instruction:</b>	English
<b>U.S. Semester Credits:</b>	3 semester/4.5 quarter hours
<b>Contact Hours:</b>	45
<b>Term:</b>	Spring 2020

### **Course Description**

Since 1978, when China initiated economic reforms and opening up policies, the Chinese economy has been one of the fastest growing and most exciting economies in the world. China is now the world's second largest economy, and the biggest exporter in commodities. On the other hand, China is also the world's No.1 energy importer, raw material consumer and CO<sub>2</sub> emitter. The income gap in China is getting wider and wider. The financial system is still unstable. What is the impact of China's rise on the global economy? How will other countries react to China's economic emergence? This course is designed to provide students with the knowledge of what has happened to China and its impact on the global economy over the last three decades. The course will offer in-depth discussions of Chinese macroeconomic development, industrial structure, trade patterns, economic imbalance, and its impact on the rest of the world economy, particularly on Asia, the Latin America, and Africa.

### **Learning Objectives**

By completing this course, students will:

- Develop a deep understanding of China's economic development after the economic reform and how China transformed from one of the poorest countries to the second largest economy in the world.
- Develop a better understanding of Chinese economic structure, challenges and the future directions of Chinese economy.
- Develop a critical understanding on the economic relationship between China and the world economy.
- Specifically, have a better understanding of China-US trade relationship.

### **Course Prerequisites**

Previous basic knowledge of Microeconomics and Macroeconomics.

### **Methods of Instruction**

The format of the course includes lectures, discussions of assigned readings, and student presentations. There will also be some field trips to one or two Chinese big companies and guest lectures by one or two experts.



## **Assessment and Final Grade**

1. Class Participation:	20%
2. Midterm exam:	25%
3. Field trip Assignments	10%
4. (Group) presentation:	25%
5. Final paper:	20%

## **Course Requirements**

### **Readings**

Students are required to read the assigned articles and recommended book chapters before the lectures. Students are also encouraged to go online to learn more about the issues raised during the class and to prepare for their presentations.

### **Presentation**

Students are required to give a group presentation on their research work about China's economic relationship with one of China's major economic partners. The work should show team effort and should be about 15-minute long. Students are required to send their PPT document to the instructor the day before the presentation.

### **Final Paper**

The paper should be a Word document of 2000 words in length and 1.5 spaced. Papers that are too long or too short will be marked down. The paper must include proper references, bibliography and citations. The deadline for the paper is the last day of week 14. Works submitted after the deadline will incur a penalty of 5% off the grade for the assignment for each weekday late.

### **Participation**

Students are expected to be on time for class and attendance all the lectures, discussions, and presentations; be active in class, participate and contribute to the class discussions.

### **Attendance**

Attendance in all area studies courses will be taken by the instructor of record or CIEE staff within the first fifteen minutes of each class. Students arriving after enrollment is taken should speak to the instructor after class, but may be marked absent at the discretion of the instructor. Students are expected to arrive prepared for each class and to remain for the entire class period. Arriving late to class or leaving class early may affect your final grade and is considered very disrespectful in Chinese culture.

### **Field trip assignments**

There will be 2 field trips through the semester. Students are required to attend both of field trips. Students are required to write a reflection or a short essay on each of the field trip.

### **Excused Absences**



Absences may be excused in the event of a medical necessity or family emergency. In such cases, you may request an Excused Absence Form from the Program Coordinator in the CIEE Study Center office. First submit the form to the instructor of record for her or his approval and signature, prior to returning the completed and signed form, together with a note from the attending physician or other supporting documentation, to the Program Coordinator for approval by the Academic Director. A copy of an approved Excused Absence Form will be returned to the instructor by the Program Coordinator. Course instructors are not authorized to independently excuse any absence.

## **Weekly Schedule**

### **Week 1**

#### 1.1 China's Economic Development: An Overview

This lecture is to: a) Give a brief explain of what and how China reformed the economy since 1978. Students will discuss and compare China's economic system before and after the reform. b) Give an overview of what is current Chinese economic situation.

#### Readings

- Maddison, 2012, Chapter 4
- Bergsten, et al., 2008, Chapter 1.

### **Week 2**

#### 2.1 Chinese Economic structure

This class will discuss Chinese economic structure, and how China's economy was affected in the global financial crisis. Students will explore the balances between consumption, investment and export, and as well as the relationship between manufactures and services.

#### Readings:

- Wei and Zhang, 2009.
- Rawski, 2001

### **Week 3**

#### 3.1 Chinese economic Challenges

Students will explore and discuss the critical issues and most important challenges China faces in the next 10-20 years. Income disparities, demographic challenges, environment and energy issues, etc, are all be discussed in the class.

#### Readings:



- Shimek and Wen, 2008.
- Kirby, 2011.

#### **Week 4**

##### 4.1 Field trip to fake market: Shanghai Huasheng market

Huasheng market is officially called Huasheng souvenir and gifts market. It is one of the main attractions of Shanghai among the tourists, particularly foreigners. There are a lot of interesting items in the market, but it is also famous of its fake brands and fake products. Ironically it is just next to Shanghai Science and Technology Museum!

##### Readings

- Woollacott and Hufbauer, 2012. Chapter 4.

#### **Week 5**

##### 5.1 China's Financial system: banking system and the Capital Market

Introducing and explain Chinese banking system. How it was transformed from a mono-banking system to a modern banking system? How is it different from the western banking system. Why it is profitable?

##### Readings

- Turner, Tan and Sadeghian, 2012.
- Elliot and Yan, 2013

#### **The short essay on the field trip to fake market is Due**

#### **Week 6**

##### 6.1 Midterm examination

The midterm examination covers all the topics and issues related to Chinese macroeconomic development.

#### **Week 7**

##### 7.1 China-Asian Economic relationships: trade, FDI and integration

This class will discuss China's role in Asian economic network. Topics like Flying geese model, Asian economic integration, Asia production network are covered. We will also



compare the Japanese up and down in last few decades with what China is experiencing nowadays.

Readings

- Xing, 2009

## Week 8

### 8.1 Second filed trip to Baosteel

Baosteel is the largest steel manufacture in China and the second largest in the world. It has been built in Shanghai where no raw materials are available, as a result most of the inputs are from abroad. It is interesting for foreign students to understand how this state owned enterprises operating in China and experience how steel are made in their workshop.

Readings:

- Introduction to Baosteel, from company website.

## Week 9

### 9.1 China-US trade relationship and on-going trade war

China is the world's largest export and US is the world's largest importer. This makes Sino-US trade relationship is the most important bilateral trade relationship in the world. With the ongoing trade war, it is even more interesting the understand the issues between the two countries.

Readings

- Morrison, 2017.
- Fergussen, et al, 2013.

- **The short essay on China's steel industry and trade conflict is Due**

## Week 10

### 10.1 China's investment and China-LAC Economic relationship: **Guest speaker**

Latin America and Carribeans are historically toward United States. The region's trade and investment are mostly topped by US and EU, But recently China has emerged to the top 3 trade partner for most of LAC countries. China's economic influence has grown enormously. This class discusses the trade and investment of China in LAC.

Readings



- Latin American Regional Profile from World Bank, 2017
- Gransow, 2015.

## **Week 11**

### 11.1 China-Africa economic relationship

Similar to China-Latin America relationship, historically Africa countries are mostly toward Europe and the United States. But recently China has emerged to the top 3 trade partner for most of Africa countries. This class will discuss the China-Africa three-dimension relationships.

#### Readings

- Renard, 2011.
- Thrall, 2015.

- **Final Paper due**

## **Week 12**

### 12.1 China and Global Energy, Raw Materials market

#### Description

China's high economic growth put a enormous pressure on the countries resource and energy supply, as well as on its environment. While becoming the world's largest trader, China is now also the largest importer for energy and raw materials. China is also the largest emitter of CO<sub>2</sub> and SO<sub>2</sub>. These issues are not avoidable when talking about economic development.

#### Readings

- Bergsten, et al., 2009. Chapter 7.

### 12.2 Team presentation

## **Course Materials**

### ***Readings***

Bergsten, Fred et al. *"China's Rise: Challenge and opportunities"*, Peterson Institute for International Economics, 2009.

Elliot, Douglas, and Yan, Kai. *"China's Financial System: introduction and overview"*. Brooking China Center paper series, 2013.

- Fergusse, Ian F et al. *TPP and Issues for Congress*. Congress Research service 7-7500, 2013.
- Gransow, Bettina. Chinese Infrastructure Investment in Latin America-An Assessment of Strategies, Actors and Risks. *Chinese political Science*, Vol.20, Issue 3, 2015. pp 267-28
- Kirby, Jason. "China's coming collapse", Canadian Business magazine, March, 2011.
- Maddison, Angus. "Chinese Economic Performance in the Long Run". Chapter 3 and Chapter 4, OECD Publishing, 2012.
- Morrison, Wayne M. *China- U.S. trade issues*, Congress Research Service. RL33536, 2017.
- Renard, Mary Francoise. *China's Trade and FDI in Africa*. Africa Development Bank Research Paper Series, No.126, 2011.
- Rawski, Thomas G." What's *Happening to China's GDP Statistics?*", China Economic Review symposium on Chinese statistics, issue 12.4, 2001.
- Shimek, Luke M. and Wen, Yi. "Why do Chinese people save so much?", International Economic trend. Federal reserve bank working paper, 2008.
- Turner, Grant, Tan, Nicholas Tan and Sadeghian, Dena. "Chinese banking system", by reserve bank of Australia, 2012.
- Thrall, Lloyd. "Chinese Presence and Behavior in Africa", in China's expanding African relationship, Chapter 3. RAND Corporation 21-70, 2015.
- Wei, ShangJin and Zhang, Xiaobo Zhang. "The Competitive Saving Motive: Evidence from Rising Sex Ratios and Savings Rates in China", NBER Working Paper, 2009.
- Woollacott, Jared and Hufbauer, Gary. *China US trade dispute*, Springer, 2012.
- Xing, Li. East Asian Regional Integration: From Japan-led "Flying-geese" to China-centered "Bamboo Capitalism", 2009.