



CIEE in Shanghai, China

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| Course name: | China's Economic Reforms |
| Course number: | EAST 3002 SBLC / ECON 3002 SBLC |
| Programs offering course: | Summer Business and Culture Session II |
| Language of instruction: | English |
| U.S. Semester Credits: | 3 semester/4.5 quarter hours |
| Contact Hours: | 45 |
| Term: | Summer 2019 |

Course Description

This course introduces students to both domestic and international aspects of China's economy. It explores the political, social, and cultural forces that are shaping China's modernization and how the country's businesses interact with the world marketplace. The course also provides students with the knowledge of processes of reforms in different economic aspects in China and tries to help students to understand the characteristics of Chinese economy.

Learning Objectives

In this course, students are expected to learn the macro and micro economic characteristics of Chinese economy, to understand the economic mechanism in the so called "Socialist Market Economy," and to gain a better understanding of the achievements and challenges that China is facing in its further economic reform and modernization. By the end of the semester, students are expected to analyze the Chinese economy using practical methods appropriate to China's actual current economic situation.

Course Prerequisites

One semester of macroeconomics

Methods of Instruction

Lectures together with student questions and answers will be the main method of instructions. There will also be group discussions following the introduction of important aspects of the course in class. There will also be a fieldtrip during the term.

Assessment and Final Grade

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| 1. Class Participation: | 15% |
| 2. Midterm Exam: | 20% |
| 3. PPT outline of oral presentation | 15% |
| 4. In class oral Presentation: | 20% |
| 5. Research Paper: | 30% |

Overdue work may be counted down by the professor.

Course Requirements

Reading



Total required readings are 600 pages, and average 50 pages per week. Each student should finish weekly reading assignments in advance of class. All required readings will be provided in a course reader, and will include all works listed in the below bibliography.

Writing assignments

A research paper is due toward the end of the semester analyzing a topic we discussed in class. The paper should be approximately 3,000 words and is due by the end of Class Thirteen. All written assignments should be formatted with double line spacing and typed using a 12-point font and include proper footnotes and bibliography of works cited.

Midterm exam

There will be an in-class midterm exam. The exam will be mainly short answer essay questions and will take place in Class Seven. Specific instructions about the exam will be announced before Class Five.

Oral presentation

Each student will be asked at least once to make an oral presentation to talk on specific topic discussed in the class or his/her intended paper topic in the class. So the students should be prepared to make such presentation after Class Eight.

Attendance and Class Participation

Participation

Students are expected to:

- be on time for class and attendance all class sessions.
- be active in class, participate and contribute to the class discussions;
- read assigned chapters and readings BEFORE coming to class on the day that they are assigned so that they are prepared to discuss the material in class;
- attend all the lectures, discussions, and presentations.

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.

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 An Overview of Chinese Economy

This lecture discusses the main achievements that have been made during reform process and current problems and challenges Chinese economy is facing and gives students a general view of Chinese Economy.

Reading requirements: Yeh, 11-54. He, 1-18

1.2 Rural Reform and Agricultural Development in China

This lecture mainly discusses the pioneer reform in rural area in China and giving students basic knowledge of commune system before reform and analyzing how the contract responsibility system changed rural area and agriculture in China.

Reading requirements: Ash, 55-87; Chen, 15-31; Lin: 34-51.

1.3 State-Owned Enterprise Reform

This lecture discusses Chinese state owned enterprises' role in Chinese economy before and after reform measures have been introduced. It will also talk about current situation of state owed enterprises and the need of further reforms in the future.

Reading requirements: Gao and Chi, 37-80; Tenev and Zhang, 1-30; Ling and Yau, 52-65; Lardy (d), 1-2.

Week 2

2.1 Private Enterprises Development in China

This lecture mainly discussed the path of Chinese private enterprise grew in the reform process and why it is important to develop private enterprises for the Chinese economy.

Reading requirements: International Financial Corporation, 1-34; Wang, 109 -119; Lardy (c), 1-20

2.2 China's Financial System Reform

This lecture discusses how a simple and unified banking system under plan economy develop into a modern sophisticated financial system in China.

Reading requirements: Allen et al, 1-70; He, 10-26. Syed and shi, 1-2.

Midterm Exam

2.3 Financial System Opening and Capital Account Liberalization

This lecture discusses controversial issue of Chinese financial service industry opening and financial market opening and tries to let the students understand Chinese gradual opening method in this area.

Reading requirements: Lardy (b), 1-25.

Week 3

3.1 **China's Foreign Trade Reform and Development**

This lecture mainly discusses the monopoly and state controlled foreign trade system before reform and how this was replaced by free market based foreign trade system.

Reading requirements: Lardy (a), 217-246; Li: 54-70.

Begin oral presentations this week

3.2 **Continuing Oral presentation and class discussion**

3.3 **China's Foreign Investment and Opening Policy**

This lecture mainly discusses the evolution of opening policy and foreign direct investment role in the Chinese economic development.

Reading requirements: Kuen, 159-216; Fujikawa and Watanabe, 56-67.

Week 4

4.1 **Taxation Reform and Government Expenditure**

This lecture discusses the evolution of Chinese tax system in the past 60 years the change of government fiscal policy during the reform period.

Reading requirements: Background material 1-11; Yang, 1-9; Tao and Qin, 19-23

4.2 **Disparity of income Distribution and Social Security Problem**

This lecture mainly discusses inequality issue in China and how this was related with reform and how to cure the widening gap between rich and poor.

Reading requirements: Shi et al, 40-50; Wu and Perloff, 1-24; Jiang and Li: 38-53. Dollar, 1-34.

4.3 **Energy Security and Food Security in China**

This lecture discusses two controversial issues of energy supply and food supply in China as China speeding up industrialization and has limited land and crude oil reserve.

Reading requirements: Kambara, 217-246; He and Qin: 93-104; Mao, 105-111.

(Handing in the research paper)

Research paper due in the Friday of this week (last day of handing in the final paper)

Course Materials

Readings

Instructor developed course reader.

Allen, Franklin et al. "China's Financial System: Past, Present and Future."

<<http://www.fimr.org/upload/community/20060421162350un.pdf>>

Ash, Robert F. "Agricultural Development in China Since 1978." In *The Chinese Economy Under Deng Xiaoping*, edited by Robert F. Ash and Y.Y. Kuen. Oxford: Clarendon Press, 1996.

- Chen, Aimin. "Urbanization: The Chinese Way." *China and World Economy* 1 (2005): 15-31.
China Tax System reform, 1-11 (background reading material provided by Xu Mingqi).
- Dollar, David. "Poverty, Inequality and Social Disparities during China's Economic Reform",
World Bank working paper, April 2007.
- Fujikawa, Kiyoshi Takatoshi Watanabe. "Productivity Growth in the Chinese Economy by
Industry and the Role of Foreign Capital." *China & World Economy* 5 (2005): 56-67.
- Gao, Shangquan and Chi Fulin, eds. *Reforming China's State-owned Enterprises*. Beijing: Foreign
Languages Press, 1997.
- He, Fan. "China's Economic Reform: Success, Problems and Challenges", *RCIF Working Paper*, No.
0701, Nov. 19, 2007.
- He, Fan and Donghai Qin. "China's Energy Strategy in the Twenty-first Century." *China & World
Economy* 2 (2006): 93-104.
- He, Liping. "Evolution of Financial Institutions in Post-1978 China: Interaction between the State
and Market." *China & World Economy* 6 (2005): 10-26.
- International Financial Corporation. *China's Emerging private Enterprises: Prospects for the New
Century*, International Finance Corporation, 2000. <<http://www.ifc.org/publications/>>.
- Jiang, Xiaojuan and Hui Li. "Smaller Real Regional Income Gap than Nominal Income Gap: A
Price-Adjusted Study." *China & World Economy* 3 (2006): 38-53.
- Kambara, Tatsu. "The Energy Situation in China." In *The Chinese Economy Under Deng Xiaoping*,
edited by Robert F. Ash and Y.Y. Kuen. Oxford: Clarendon Press, 1996.
- Kuen, Y.Y. "Foreign Investment and Economic Change in China." In *The Chinese Economy Under
Deng Xiaoping*, edited by Robert F. Ash and Y.Y. Kuen. Oxford: Clarendon Press, 1996.
- Lardy(a), Nicholas R. "Chinese Foreign Trade." In *The Chinese Economy Under Deng Xiaoping*,
edited by Robert F. Ash and Y.Y. Kuen. Oxford: Clarendon Press, 1996.
- Lardy(b), Nicholas R. "When Will China's Financial System Meet China's Needs?" Paper prepared
for Conference on Policy Reform in China, Center for Research on Economic Development
and Policy Reform. Stanford University, Stanford, CA, November 18-20, 1999 (Revised
February 2000). <<http://www.brookings.org/views/papers/lardy/19991118.htm>>.
- Li, Yuefen. "Trade Balance: Numbers Can be Deceiving." *China & World Economy* 3 (2006): 54-
70.
- Lin, Justin Yifu. "Rural Reforms and Agricultural Growth in China." *American Economic Review*
(March 1992): 34-51.
- Ling, Teresa and Jot Yau. "China's State Share Reform and Exchange Traded Funds." *China &
World Economy* 6 (2005): 52-65.
- Liu, Ligang and Shaoqiang Chen. "Should Chinese Local Governments be Allowed to Issue
Bonds?" *China & World Economy* 1 (2005): 47-64.
- Mao, Yu Shi. "There is no Food Crisis in China." *China & World Economy* 1 (2006): 105-111.
- OECD: *Reforming State Asset Management and Improving Corporate Governance: the Two
Challenges of Chinese Enterprise Reform, document*,
<http://www.oecd.org/document/32/0,2340,en_2649_33735_35340704_1_1_1_1,00.html>.
- Shi, Li et al. "Empirical Analysis of Wealth Distribution Disparity of Chinese Residents and Its
Changes." *China & World Economy* 6 (2005): 40-50.
- Syed, Murtaza and Xiaoling Shi "Why China Needs Financial Reform", *Business China*, November
8, 2011. <<http://en.21cbh.com/HTML/2011-11-8/50MjU3XzlxMTE5OA.html>: 1-2>

- Tao, Ran and Ping Qin. "How Has Rural Tax Reform Affected Farmers and Local Governance in China?" *China & World Economy* 3 (2007): 19 – 32.
- Tenev, Stoyan, and Chunlin Zhang. "Corporate Governance and Enterprise Reform in China." Washington: World Bank/IFC, 2002.
<http://www.ifc.org/publications/pubs/corp_gov/frontmatter.pdf>.
- Wang, Zhikai. "The Growth of China's Private Sector: A Case Study of Zhejiang Province." *China & World Economy* 3 (2006): 109-119.
- Wu, Ximing, and Jeffrey M. Perloff. "China's Income Distribution, 1985-2001." *Institute of Industrial Relations Working Paper Series* 117-05. University of California, Berkeley.
<<http://www.iir.berkeley.edu/research/>>.
- Yang, Zhi-gang. "Further Reform of China's Fiscal System." *China & World Economy* 1 (2001): 1-9. < <http://www.iwep.org.cn>>.
- Yeh, K. C. "Macroeconomic Issues in China in the 1990s." In *The Chinese Economy Under Deng Xiaoping*, edited by Robert F. Ash and Y.Y. Kuen. Oxford: Clarendon Press, 1996.