Course Syllabus JSIS 484 Wi 2019

Political Economy of China

Course Description and Objectives:

The past few decades have seen China increasingly rising as a political as well as economic superpower. Some economists have predicted China to surpass the United States as the world’s largest economy sometime over the next 50 years. Given its unique scale, China’s global footprint is already considerable. To become an active participant in today’s world requires a basic understanding of the county and the broader Asia-Pacific region.

The course is organized into two broad segments: 1) The history of China and the Chinese Economic Miracle since 1978; 2) contemporary issues. This first part will only capture the key periods and turning points in historical China, which is necessary for understanding how historical institutions continue to shape the economy today. The course’s primary focus will be on the Chinese economic takeoff since 1978 and contemporary issues, with an emphasis on political economy and cross-country comparisons.
The evaluation of the course will depend on class participation, an in-class presentation of a starred paper, a midterm exam, and a final exam or a final project.

Assessment and Logistics

Grading:
30% Midterm exam
40% Final exam or final project
15% In-class presentation of a starred paper (20-min)
15% Homework and class participation

Homework assignments:
Each week I will post homework assignments on Canvas related to the reading assignments. Students should bring their typewritten answers to class and hand them in at the end of the class. The assignments will not be graded, but will be part of the participation grades. We will also discuss the questions in class and similar questions will appear on the exams.

Exams:
There will be two exams, each covering approximately one-half of the course materials. The exams will be in class, closed-book, and take approximately one hour and a half. Exam one will be held in session 10, covering material from sessions 1 to 9. The final exam will be held during the final exam week, covering material from sessions 11 to 19. The dates of the exams are listed below in the Course Outline Table. Please make sure you can attend the exams as they cannot be re-scheduled and no alternative test could be offered.

The midterm exam is required for everyone, while the final exam is optional. Students could choose between taking the final exam or writing a final paper. The paper must be on a contemporary economic issue of China. Students who want to write the final paper must decide about their topic and obtain the instructor’s consent no later than week 3. Those who fail to do so will be taking the final exam by default. The final paper could either take the form of a literature review or a research proposal. There is no page limits. Students that choose to write the final paper should also prepare for a 10 to 15-minute in class presentation on the last day of the class. The final essay should be emailed to the instructor electronically no later than the last day of class. Hard copies are appreciated.
Honor Code:
Any cases of cheating on tests (which includes allowing others to copy your work) or plagiarism will be referred to the University Disciplinary Committee. All of your homework answers must be in your own words, with citations from the reading materials highlighted appropriately. Here is a link to information about expected student conduct and plagiarism: https://depts.washington.edu/grading/pdf/AcademicResponsibility.pdf
All students taking this class automatically give the instructor consent to check their work for plagiarism. This class does not tolerate plagiarism. You will fail the class if your work is not your own.

Course Outline
The schedule is subject to change. Changes made after the school starts will be announced in class and on Canvas.

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<td>Introduction</td>
<td>Course overview</td>
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<td>2</td>
<td>The Origin of Institutions</td>
<td>The origin of the Chinese civilization; geography and economic endowments; the transition from feudal system to centralized bureaucracy;</td>
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<td>3</td>
<td>The Great Divergence</td>
<td>The Han dynasty and government interventions in private sectors; the great divergence; from divergence to convergence</td>
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<td>The Chinese Economic Reforms (1)</td>
<td>Early communist China; The Economic Reform of 1979; the three stages of reforms; household responsibility system; SOE restructuring; WTO and the rise of export;</td>
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<td>The Chinese Economic Reforms (2)</td>
<td>Reform since 2000s; market approach vs. ownership approach; evaluating policies; student presentations</td>
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<td>Growth Theory</td>
<td>The Solow Growth Model; The source of growth of Chinese economy; Overview of China’s economic growth; China compared to other East Asian countries; global regional comparisons</td>
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<td>The Political Incentives of Growth (1): Federalism</td>
<td>Federalism vs. Centralization; policy experimentation;</td>
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<td>The Political Incentives of Growth (2): The Bureaucracy</td>
<td>Motivating bureaucrats; promotional incentives and GDP growth;</td>
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<td>Industrial Policies and the Role of Government</td>
<td>The East Asian developmental model; evolution of industrial policies in China; investment in infrastructure; the state sector and SOEs</td>
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Part Two: Contemporary Issues

12 Human Capital
   - The “demographic dividend”; health and education; characteristics of the internal labor market; problem of an aging population

13 Social Welfare, Inequality, Corruption
   - Social welfare in China; the urban-rural inequality; the issue of corruption; urbanization; the Hukou system; the problem of an aging population; environmental issues; sustainable growth

14 International Trade I
   - The benefits of trade; trends in international trade; trade integration of the East Asia region

15 International Trade II
   - China and world trade governance; WTO; US-China trade war

16 The Domestic Financial Market
   - Composition of the financial market; the capital market; the banking system and private sector; financial repression; financial reforms; basics of financial crisis

17 International Finance
   - Exchange rate and foreign reserve; China’s reform towards global financial integration; RMB as a global reserve currency

18 Innovation
   - Innovation in developing countries; intellectual property right protection in China; Made in China 2025

19 Predicting China’s Growth
   - The Chinese real estate; the fiscal expansion since 2008; the slow-down of the economy; the issue of government debt; the need for structure change

20 Student presentation for final paper

Reading List:

This is a tentative reading list. Final version of the reading list will be provided on Canvas in the first week of class. Papers under “Required Reading” are to be discussed in class, and students are expected to read them before each class. Papers under “Additional Reading” are not required but are recommended for further research on the relevant topics. Papers marked with a * are available for student presentation.

Journal articles are available online through the UW Library E-Journal collection or by clicking the links provided in this syllabus. There are two required books for the class:

Both of the books are accessible electronically through the UW library using your UW NetID. Physical copies of the books are also available for purchase online. Additional readings will be available on Canvas.

Part I: Historical Backgrounds and The Chinese Economic Miracle

1. Introduction and Course Overview

2. The Origin of Institutions
   Required Reading:

3. The Great Divergence
   Required Reading:

4. The Chinese Economic Reforms (1)
   Required Reading:

5. The Chinese Economic Reforms (2)
   Required Reading:
6. Growth Theory

Additional Reading:

7. Political Incentives of Growth (1): Federalism

Required Reading:

8. Political Incentives of Growth (2): Bureaucratic Control

Required Reading:

9. Industrial Policies and the Role of Government

Required Reading:
Chapter 4: Urbanization and Infrastructure, part II, page 83-86.
Chapter 5: The Enterprise System.

Additional Reading:

10. Midterm Exam

Part II: Contemporary Issues

11. Human Capital

Required Reading:
Chapter 9: Demographics and the Labor Market.


12. Social Welfare and Inequality

Required Reading:
Chapter 11: the social compact – inequality and corruption.
Chapter 4: urbanization and infrastructure, part I, page 67-83.

*Chan, Kam Wing. "Children of migrants in China in the twenty-first century: trends, living arrangements, age-gender structure, and geography".

Additional Reading:


13. International Trade I

**Required Reading:**

**Additional Reading:**


14. International Trade II

**Required Reading:**


**Additional Reading:**


15. The Domestic Financial Market

**Required Reading:**


**Additional Reading:**


### 16. International Finance

**Required Reading:**


**Additional Reading:**


### 17. Innovation

**Required Reading:**

18. Predicting China’s Growth

**Required Reading:**


Chapter 12: changing the growth model.


National Bureau of Economic Research.

**Additional Reading**


Bloomberg News, China's Next Debt Bomb Is an Aging Population,
