HE3003: The Chinese Economy

Instructor: TAN Kong Yam

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Course Description

Since Deng Xiaoping’s reforms in 1979, China has undergone remarkable domestic economic and social transformation. Its impact on the rest of the world has also been momentous and far-reaching. This course is designed to enhance your understanding of these crucial transformations by looking at both economic development and transitions as well analyzing future trends. We examine about eleven topics that together provide a very comprehensive coverage of the Chinese economy.

I have been fortunately enough to participate in this process as the chief assistant to the late Dr Goh Keng Swee, the former Deputy Prime Minister of Singapore who was invited by Mr Deng Xiaoping to be his adviser from 1985-89. From 2002-2005, I was also a senior economist at the World Bank Office in Beijing, where I participated in the 11th Five Year Plan (2006-2010) with the State Council (Prime Minister Department) of China.

As China is a large, complex and rapidly evolving economy, apart from the materials in the textbooks, readings, the lecture ppts provide the crucial latest updates and development as well as assessment of future trends.

An important emphasis of the course is to help you develop critical thinking and rigorous analytical expertise, as well as your skills in presentation, writing, and collegial team work. Apart from the class lectures, you will need to read the required reading, submit and present one group research paper as well as complete the final exam.

Learning Outcome

Upon completion of the course, students will be able to:
1. Understand the historical background and path of evolution of China’s economic development.
2. Compare, contrast, and evaluate the strengths and weaknesses of China’s economic reforms as well as analyze its future trends.
3. Apply the economic theories and empirical methods introduced in class to the analysis of economic phenomena related to China.

**Required Textbook**

Barry Naughton (2007), *The Chinese Economy: Transition and Growth*, MIT Press. (This is just a very basic text, useful for those with limited background knowledge on China)

**Supplementary Textbooks**


**Reading Materials**

*Reading the required materials before classes is necessary* for your learning and final exam. Advanced readings are not required, but they are very helpful for a better understanding of the theoretical issues and will benefit you in your research and exam.

**Measurement of Learning Outcomes**

1. Students’ knowledge of China’s economic development and reform will be assessed by the final exam.

2. Students’ ability to apply economic theories and empirical methods in the study of China’s reforms will be measured by class presentation and research assignment.

**Course Assessment**

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<thead>
<tr>
<th>Class Presentation</th>
<th>20 points</th>
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<tbody>
<tr>
<td>Group Research Paper</td>
<td>20 points</td>
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<tr>
<td>Final Exam</td>
<td>60 points</td>
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Working on a group basis (about 5 students per group), each student of the group will present components of the research and key findings on a topic related to Chinese economy in class during the last two teaching weeks. This constitutes 20% of the course assessment. There are separate group and individual components to the grading.

Based on the same research for the class presentation, students are required to write a final research paper, 8-10 pages (not including, table, graph, and references; single space; letter size 11). This constitutes another 20% of the course assessment. The grading is for the whole group.

The final exam will be based on lectures and required readings. It is a closed book exam. This constitutes 60% of the course assessment on the individual basis.

**Academic Integrity**

Academic dishonesty is a serious offense that may result in suspension or expulsion from the university. All relevant university policies regarding academic integrity must be followed. Copying materials from others’ articles, without permission, as part of your research paper is a serious violation of academic integrity!

**Note:** changes, if any, to the syllabus will be announced in class.

**Course Outline**

**Lecture 1: Overview of the Chinese Economy: A Long Term Perspective**

**Required Reading:**
- Barry Naughton (2007), Introduction and Chapter 1.

**Advanced Readings:**
- Brandt and Rawski (2008), Chapter 1.

**Lecture 2: Pre-reform Period: Socialist Economic System**
Required Reading:


Lecture 3: Economic Reform and Growth Accounting

Required Reading:

Barry Naughton (2007), Chapter 4.


Advanced Readings:


Lecture 4: Rural Reform and State Owned Enterprises

Required Reading:


*Advanced Readings:*

Brandt and Rawski (2008), Chapter 13.


**Lecture 5: Development of the Non-State Sector**

*Required Reading:*


**Lecture 6: Public Finance and Urbanization**

*Required Reading:*

Barry Naughton (2007), Chapter 18.


*Advanced Readings:*

Lecture 7: Population, Labor, and Human Capital

Required Reading:
Barry Naughton (2007), Chapter 7-8.

Advanced Readings:
Brandt and Rawski (2008), Chapter 5-7.

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Lecture 8: Income Inequality and Poverty

Required Reading:
Barry Naughton (2007), Chapter 9.


Advanced Readings:
Brandt and Rawski (2008), Chapter 18.
The World Bank and Development Research Center of the State Council, China “China 2030: Building a Modern, Harmonious, and Creative Society” 2013, pp. 271-354
Lecture 9: Foreign Trade

Required Reading:
Barry Naughton (2007), Chapter 16


Tan, Kong Yam “China and ASEAN: Competitive Industrialization through Foreign Direct Investment” in The China Circle: Economics and Technology in the PRC, Taiwan, and Hong Kong edited by Barry Naughton, Brooking Institution Press 1997.

Advanced Readings:

World Bank and Development Research Center of the State Council, China “China 2030: Building a Modern, Harmonious, and Creative Society” 2013, pp. 361-414


Lecture 10: Financial Sector Development and Reforms

Required Reading:


Advanced Readings:

The World Bank and Development Research Center of the State Council, China “China 2030: Building a Modern, Harmonious, and Creative Society” 2013, pp. 77-154

**Lecture 11: Foreign Direct Investment**

**Required Reading:**

Barry Naughton (2007), Chapter 17.


**Advanced Readings:**

Brandt and Rawski (2008), Chapter 14.


**Lecture 12-13: Class Presentation by Students**