

China in Global Economy (tentative)

Instructor: CHEN Shaofeng

Introduction:

This course aims to help international students to understand Chinese economy in the era of globalization and the interaction between China and the rest of world. The major theme focuses on the process of China's reform and open-door policy, how China interacts with the outside world in trade, finance, investment, energy, reform of international economic institutions and so on, and the implications of Chinese economic reform on the global economy.

Course Objectives:

- a. To understand the roadmap of Chinese reform and the logic behind it;
- b. To understand the uniqueness of China's transition and its economic implications;
- c. To learn how China interacts with the world;
- d. To build the capability of studying Chinese economy.

Requirements:

Students are required to

- a. complete the weekly compulsory readings before class;
- b. actively participate in class discussions;
- c. present their assigned readings

Besides, students will be divided into different groups and each group will be responsible for the case study every week. Team leaders will be selected and each team is required to present their group research work.

Evaluation:

Attendance: 10%

In-class group discussion and presentation: 10%

Individual presentations: 15%

Paper review: 25%

Final paper: 40%

Reference Books:

Barry Naughton, *The Chinese Economy: Transitions and Growth* (The MIT Press, 2007) .

Barry Eichengreen (eds), *China, Asia, and the New World Economy*, Oxford University Press, 2008.

Schedule:

Lecture 1: The Roadmap of China's Reforms and Opening-up

What is notable about China's reform path? Why has China adopted a gradualism approach to

economic reform?

Readings:

1. Barry Naughton, pp. 55-107

Lecture 2: The Logic of China's Market Transition

Why China's market reform succeeded? Is China relevant to other transitional economies?
What is distinctive about China's reform path?

Case study: market transition: a comparison between China and Russia

Readings:

1. John McMillan and Barry Naughton, "How to reform a planned economy: lessons from China," *Oxford Review of Economic Policy*, Vol. 8, No. 1, 1993.
2. Jeffery Sachs and Wing Thye Woo, "Structural factors in the economic reforms of China, Eastern Europe, and the former Soviet Union," *Economic Policy*, Vol. 18, No. 1, 1994, pp. 102-145.
3. Robert H. Wade, "What Strategies Are Viable for Developing Countries Today? The World Trade Organization and the Shrinking of 'Development Space.' ", *Review of International Political Economy*, vol. 10, no. 4, November 2003, pp. 621-44.

Lecture 3: China's Urban-Rural Divide

How has reform been carried out in the urban and rural areas? Why there is such a divide?
How has the urban-rural divide affect the development of China?

Case study: China's three rural problems

Readings:

1. Barry Naughton, pp. 114-134; 295-325
2. Jikun Huang and Scott Rozelle, "Agricultural development and policy before and after China's WTO accession," in Chunlai Chen and Ron Duncan (eds), *Agriculture and Food Security in China: What effect WTO accession and regional trade arrangements?* Canberra: ANU E Press and Asia Pacific Press, The Australian National University, 2008, pp. 27-54.

Lecture 4: China's Sustainable Development

What is China's energy balance? How serious is the environmental pollution in China? Can China's economic mode sustainable?

Case study: China and global climate talks

Readings:

1. Jason Zunsheng Yin David Forre, "Elasticity of Energy Demand and Challenges for China's Energy Industry," *China & World Economy*, No.4, 2006.
2. Barry Naughton, pp. 487-502

Lecture 5: China and World Trade System

China's foreign trade policy and reform; China's rise as a trading power; Why did China join GATT/WTO? What role has China played in the world trade system?

Case study: China's interests and position in the Doha Round Negotiation

Readings:

1. Barry Eichengreen, pp. 145-167
2. Barry Naughton, pp. 377-398
3. Scott Kennedy, "China's Porous Protectionism: The changing political economy of trade policy," *Political Science Quarterly*, 2005, Vol. 120, No. 3, pp. 407-432.

Lecture 6: China and Global Financial Order

Chinese foreign exchange regime; the rise of China's financial power in the global financial system; reform of global financial order and China.

Case study: Chinese yuan's "going out"

Readings:

1. PAUL DAVIDSON, "The future of the international financial system." *Journal of Post Keynesian Economics* / Summer 2004, Vol. 26, No. 4 591.
2. Gregory Chin & Eric Helleiner. "China as a Creditor: A Rising Financial Power?" *Journal of International Affairs*, Fall 2008.
3. "Understanding China's New Sovereign Wealth Fund," *NBR Analysis*, Vol. 19, No. 1, July 2008.

Lecture 7: Chinese Firms' Goes Global

What are the motivations behind China's going global? What is the rationale? What is the impact of China's status as a world factory on its going global strategy? Do Chinese firms go against international norms in their venturing abroad?

Case study: China in Africa and implications to the World

Readings:

1. Peter J Buckley et al, "The determinants of Chinese outward foreign direct investment," *Journal of International Business Studies*, Vol. 38, No. 4, July 2007, pp. 499-518.
2. Yongjin Zhang, "China Goes Global", April 2005, London: Foreign Policy Centre, <http://fpc.org.uk/publications/china-goes-global>

Lecture 8: China and economic regionalization in East Asia

What progress has East Asia made in economic regionalization? What are the mechanisms? What role has China played? And how the US and Japan see China's regional influence?

Case study: prospect of Trans-Pacific Partnership Agreement (TPP) and impact on China

Readings:

Barry Eichengreen, pp. 51-110; 168-197

Lecture 9: Bilateral Ties between China and the US/India

What are the economic relations between China and the US, as well as between China and India? How do the economic relations affect their political and security relations? How they interact with each other? What are the prospects of the above relations?

Case study: Sino-Japanese relationship

Readings:

1. Neil C. Hughes, "A Trade War with China?" *Foreign Affairs*, July/August 2005. <http://www.foreignaffairs.com/articles/60825/neil-c-hughes/a-trade-war-with-china>
2. "Avoiding a U.S.-China Trade Showdown," Council on Foreign Relations, October 22, 2009. interview with Stephen S. Roach, Chairman, Morgan Stanley Asia
3. T. N. Srinivasan, "China and India: Economic Performance, Competition and Cooperation: An Update," www.econ.yale.edu/.../C&I%20Economic%20Performance%20Update.pdf
4. D.S. Rajan, "India-China Relations: An Indian Perspective," *Observer*, issue 473, June 14, 2010. http://www.eeo.com.cn/ens/Observer/opinion_analysis/2010/06/29/174073.shtml

Lecture 10: China and International Institutions

What are China's policies toward international economic institutions including WTO, World Bank, IMF, IEA?

Case study: China and G20

Readings:

1. Lai-Ha Chan, "Rethinking global governance: a China model in the making?" *Contemporary Politics*, Vol. 14, Issue 1 March 2008 , pp.3 -19.
2. Nitsan Chorev, Sarah Babb, "The Crisis of Neoliberalism and the Future of International Institutions: A Comparison of the IMF and the WTO," *Theory and Society*, Vol. 38, No. 5 (Sep., 2009), pp. 459-484

Lecture 11: China, global financial crisis and global economic imbalance

How does the global financial crisis affect China? How does China cope with the economic meltdown? What role has China played in causing global economic imbalance? Can China bail out the world?

Case study: China-US currency dispute

Readings:

1. Shaun Breslin, "Power and production: rethinking China's global economic role", *Review of International Studies* (2005), 31, 735–753.
2. Roya Wolverson, "Confronting the China-U.S. Economic Imbalance," Council on Foreign Relations, October 19, 2010.
http://www.cfr.org/publication/20758/confronting_the_chinaus_economic_imbalance.html
3. William H. Overholt, "China in the Global Financial Crisis: Rising Influence, Rising Challenges," *The Washington Quarterly*, Jan. 2010, Vol. 33, No.1, pp. 21-34.
www.twq.com/10january/docs/10jan_overholt.pdf

Lecture 12: China Model and Tasks Ahead for China

How to explain China's economic success? What is Chinese model? Decoupling or recoupling?

Readings:

1. Joshua Cooper Ramo, "The Beijing Consensus", The Foreign Policy Centre, May 2004.
time.dufe.edu.cn/wencong/washingtonconsensus/beijingconsensusen.pdf
2. Yang Yao, "The End of the Beijing Consensus," *Foreign Affairs*, February 2, 2010.
<http://www.foreignaffairs.com/articles/65947/the-end-of-the-beijing-consensus>
3. Amol Agrawal. "Decoupling or recoupling?" IDBI Economic Research, Jan.8, 2008.