Economics 435/2738
Economic Development of China

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Office Hours: Monday, 2:30 – 4 PM

Economics 435/2738 is a half-year course that examines the economic development of China. Although much of our attention will be directed towards an assessment of the post-1978 economic reforms in China, we will take a longer perspective on the growth process, and consider both the Chinese economic system between 1949-1978, as well as the pre-1949 economy.

Despite the size of the class--I anticipate 25-30 students—I hope to run this class like a seminar, with active participation on your part. If you are looking for a course in which only the professor talks and you listen, then perhaps this isn't the course for you. On the other hand, if you are look for a course in which you (we) tackle some difficult, but topical questions that have great bearing on today's international economy, then perhaps this will be to your liking.

Each week there will be a set of readings and questions that will serve as the basis for the following weeks’ lecture/seminar. The readings will be extensive and will require a significant input on your part. On average, anticipate roughly 75-100 pages of reading a week. Most of these readings you will be able to download from the course website on Blackboard.

There is no required text, but there are two books that will serve as good references, and from which readings will be taken:


Reflecting my desire to run this course like a seminar, your participation in class will serve as part of the basis for evaluation (10%). There will also be two papers, each 12-15 pages, which you will be required to do. One of these will be on a topic that I select, and the other will be in groups (of 3) and in the form of brief of the current and future impact of China’s development on the economies and welfare of the rest of the world. More details will be provided later, but the first of these will be due in early November and the second at the end of the term. There will also be comprehensive final worth 50% of your mark. Based on past experience, in order to do well on this exam you will have to be familiar with the readings assigned over the course of the semester.
Part I: Background Reading: Economic Growth and Institutions (1/12)


Part II: Historical Background of China

1. The Great Divergence? (1/19)


Benjamin Elman, *On Their Own Terms: Science in China, 1550-1900*.


Tuan-Hwee Sng, “Size and Dynastic Decline: The Principal-Agent Problem in Late Imperial China”, mimeo, 2010.

2. Late-19th and Early 20th Century China (1/26)

Shannon Brown, ”The Ewo Filature: A Study in the Transfer of Technology to China in the 19th Century,” *Technology and Culture*, pp. 550-568


Debin Ma, “Why Japan, not China, was the First to Develop in East Asia: Lessons from Sericulture, 1850-1937,” *Economic Development and Cultural Change*, pp. 369-94.


**Part III: The Era of Economic Planning**

1. **Basic Readings:** (2/2)


2. **Industry/State Sector** (2/2)

   Barry Naughton, *Growing out of the Plan*, chapter 1.


3. **Rural Sector** (2/9)


4. **Assessment of Pre-1979 Developments** (2/9)


Part III: Economic Reform in China

What motivated economic reform? How do you go about reforming an economy? What has been the nature of the reforms in key sectors of the economy, e.g. rural, urban, international? What impact have the reforms had on productivity, income distribution, and economic structure? What can we expect out of the Chinese economy in the third millennium?

1. Economic Reform: Theories and Strategies (2/16)

Gerard Roland, Transition and Economics, Chapter 1.


2: The Onset of Economic Reform and the Big Picture (2/16)

Harry Harding, China's Second Revolution: Reform After Mao, chapter 5.


3. Reform of the Rural Sector

a. Agriculture (3/1)


Jean Oi, State and Peasant in Contemporary China, chapter 9.


b. Rural Industry and the Rise and Fall of TVEs (3/1)


Susan Whiting, Power and Wealth in Rural China, chapter 4.

4. Enterprise Reform and the Development of Industrial Capabilities (3/8)


Yasheng Huang, Selling China.

Lardy, China’s Unfinished Revolution, Chapter 2.

Barry Naughton, Growing Out of the Plan, chapters 3 and 6.


Edward Steinfeld, Forging Reform in China, chapter 4.

Loren Brandt, Thomas Rawski and John Sutton, “China’s Industrial Development” in Brandt and Rawski.


5. Foreign Trade Sector Reform, WTO and the Yuan (3/15)

Key Questions: How important is the world economy to China? How important is China to the world economy? What impact have foreign trade reforms had on the rest of the economy?
Lee Branstetter and Nicholas Lardy, “China’s Embrace of Globalization”, in Brandt and Rawski.


Nicholas Lardy, *China’s Unfinished Revolution*, chapters 3-4.


7. Economic Growth (3/29)


Changtai Hsieh and Peter Klenow, “Misallocation and Manufacturing TFP in China and India”, *Quarterly


Marcos Chamon and Eswar Prasad, “Why are the Savings Rates of Urban Households Rising?” American Economic Review.

8. Labor Markets, Migration, Inequality and Poverty (4/5)


