

The Chinese Economy

Ostasiatisches Institut der Universität Leipzig

WS 2011-12

Contact

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Course Description

This course will provide a comprehensive overview of the Chinese economy and China's role in the world economy. China's current economic challenges will be given particular attention. Topics that will be addressed include: the Chinese economy before 1949; the socialist era, 1949-1978; economic reform and market transition; the role of state enterprises; foreign investment; foreign trade; China's role in the East Asian trade-production network; the Chinese financial system; Chinese monetary and exchange rate policy; China's role in global imbalances; the internationalisation of the Yuan; and does China have a housing bubble?

Dates and venues

9 December 2011, 17:00-19:00 (Hörsaal 16, Hörsaalgebäude der Universität Leipzig)

10 December 2011, 9:00-17:00 (Schillerstraße 6, room S102)

11 December 2011, 9:00-17:00 (Schillerstraße 6, room S102)

Course registration

To register for the course, please send an e-mail to Ms. Johanna Wengorz (Johanna.Wengorz@googlemail.com) by 28 October 2011. In the registration e-mail, please list your three preferred choices for the presentation/essay topics (see below) stating your first choice, second choice and third choice. Upon registration, you will receive a password to sign up to the course site on <http://moodle.de/> where course material can be downloaded and where student presentations will be uploaded. Moodle will also be used for communication.

Organisational details

The course starts off with a public lecture in German language on "Chinas Rolle in Ostasien und der Weltwirtschaft" on 9 December (17:00-19:00). Attendance by course participants is mandatory. This will be followed by two full days on 10 and 11 December (9:00-17:00 each, with breaks). This part of the course will be held in English. Students will be awarded 5 bonus points for successful completion of this course.

Each student is required to give a 20-minutes presentation (followed by discussion in the course) and submit an essay of about 2,000 words length on the same topic. The presentations can be given in groups of 2-3 students if we have more course participants than topics. The final versions of the essays are due in February 2012 (exact deadline to be decided later). Plagiarism will be punished with a 5.0 (fail). Note that all essays will have to be handed in on www.turnitin.com where they will be screened for plagiarism.

TOPICS & SUGGESTED READING

A) Useful general reading

Naughton, Barry (2007): *The Chinese Economy*, 2nd Edition, MIT Press, Cambridge, MA.

Chow, Gregory C. (2007): *China's Economic Transformation*, 2nd Edition, Blackwell Publishing, Oxford et al.

Spence, Jonathan D. (1999): *The Search for Modern China*, 2nd Revised edition, W. W. Norton & Co., New York.

B) Suggested readings for essay and presentation topics

This is just a selection of articles and books that might be useful for presentation/essay preparations. Course participants presenting on a certain topic should have a look at all publications listed for their topic (depending on the size of the respective publication, of course not everything needs to be read) and are strongly encouraged to look for further references. Everyone else is encouraged to read the publications marked with an asterisk (*) for each topic.

The Chinese Economy Before 1949

*Naughton, Chapter 2

Richardson, Philip (1999): *Economic Change in China, c. 1800-1950*, Cambridge University Press, Cambridge.

The Socialist Era, 1949-1978: Big Push Industrialisation

*Naughton, Chapter 3

Chow, Chapter 2

Lardy, Nicholas R. (1987): "Economic Recovery and the First Five-Year Plan", in Roderick MacFarquhar and John K. Fairbank (eds.): *The Cambridge History of China*, Vol. 14, Part 1: *The People's Republic, Part 1: The Emergence of Revolutionary China 1949-1965*, Cambridge University Press, Cambridge, Chapter 3.

Lin, Justin Yifu, Fang Cai and Zhou Li (2003): *The China Miracle: Development Strategy and Economic Reform*, Revised Edition, Chinese University Press, Hong Kong.

Riskin, Carl (1987): *China's Political Economy: The Quest for Development since 1949*, Oxford University Press, Oxford.

Economic Reform and Market Transition, 1978-

*Naughton, Chapter 4

Chow, Chapter 2

Wu, Jinglian (2005): *Understanding and Interpreting Chinese Economic Reform*, Thomson, Singapore.

World Bank (1996): *World Development Report 1996 : From Plan to Market*, World Bank, Washington, DC (http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/1996/06/27/000009265_3961214181445/Rendered/PDF/multi0page.pdf).

The Role of State Enterprises

*Chow, Chapter 15

*Xiao Geng, Xiuke Yang and Anna Janus (2009): “State-owned Enterprises in China: Reform Dynamics and Impacts”, in: Ross Garnaut, Ligang Song and Wing Thye Woo (eds.): *China’s New Place in a World in Crisis. Economic, Geopolitical and Environmental Dimensions*, ANU E Press, Canberra, pp. 155-78
(http://epress.anu.edu.au/china_new_place/pdf/whole_book.pdf).

Naughton, Chapter 13

Foreign Investment

*Naughton, Chapter 17

*Chow, Chapter 18

Chen, Chunlai (2009): “Inflow of Foreign Direct Investment”, in: Ross Garnaut, Ligang Song and Wing Thye Woo (eds.): *China’s New Place in a World in Crisis. Economic, Geopolitical and Environmental Dimensions*, ANU E Press, Canberra, pp. 325-347
(http://epress.anu.edu.au/china_new_place/pdf/whole_book.pdf).

Foreign Trade

*Naughton, Chapter 16

Chow, Chapter 17

Cheung, Yin-Wong , Menzie D. Chinn and XingWang Qian (2011): “Are Chinese Trade Flows Different?”, Paper prepared for the Fourth Journal of International Money and Finance Conference at the Santa Cruz Center for International Economics, 18 September
(<http://www.ssc.wisc.edu/~mchinn/CCQ.pdf>).

China’s Role in the East Asian Trade-production Network

*Haddad, Mona (2007): “Trade Integration in East Asia : The Role of China and Production Networks”, Policy Research Working Paper No. 4160, World Bank, Washington, DC
(http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2007/03/06/000016406_20070306101249/Rendered/PDF/wps4160.pdf).

Athukorala, Prema-chandra (2010): “Production Networks and Trade Patterns in East Asia: Regionalization or Globalization?”, Working Papers on Regional Economic Integration No. 56, Asian Development Bank, Manila (<http://www.adb.org/documents/papers/regional-economic-integration/WP56-Trade-Patterns-East-Asia.pdf>).

Xing, Yuqing and Neal Detert (2010): “How the iPhone Widens the United States Trade Deficit with the Peoples Republic of China”, Working Paper No. 257, Asian Development

Bank Institute, Tokyo
(<http://www.adbi.org/files/2010.12.14.wp257.iphone.widens.us.trade.deficit.prc.pdf>).

The Chinese Financial System

*Allen, Franklin, Jun “QJ” Qian, Chenying Zhang and Mengxin Zhao (2010): “China’s Financial System: Opportunities and Challenges”, Revised version of a paper presented at the NBER Conference on “Capitalizing China”
(https://www2.bc.edu/~qianju/AQZZ_NBERChapter_27Aug10.pdf).

Naughton, Chapter 19

Huang, Yasheng, Tony Saich and Edward Steinfield (eds., 2005): *Financial Sector Reform in China*, Harvard University Asia Center, Harvard University, Cambridge, MA
(<http://www.fas.harvard.edu/~asiactr/publications/pdfs/Huang%20et%20al.pdf>).

Deutsche Bank Research (2004): “China’s Financial Sector: Institutional Framework and Main Challenges”, China Special,
(http://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD000000000072461.PDF).

Chinese Monetary and Exchange Rate Policy

*Reade, J. James and Ulrich Volz (2010): “Chinese Monetary Policy and the Dollar Peg”, School of Business & Economics Discussion Paper 2010/35, Freie Universität Berlin, Berlin
(<http://ideas.repec.org/p/zbw/fubsbe/201035.html>).

*Schnabl, Gunther (2011): “The Role of the Chinese Dollar Peg for Macroeconomic Stability in China and the World Economy”, Global Financial Markets Working Paper Series 13-2010, Friedrich-Schiller-University Jena, (<http://ideas.repec.org/p/hlj/hljwrp/13-2010.html>).

Shu, Chang and Brian Ng (2010): “Monetary Stance and Policy Objectives in China: A Narrative Approach”, China Economic Issues 1/10, Hong Kong Monetary Authority, Hong Kong (http://www.hkma.gov.hk/media/eng/publication-and-research/research/china-economic-issues/CEI_201001.pdf).

Yi, G. (2008): “The Monetary Policy Transmission Mechanism in China”, in: BIS (ed.): *Transmission Mechanisms for Monetary Policy in Emerging Market Economies*, BIS Papers 35, Bank for International Settlements, Basel, 179-182
(<http://www.bis.org/publ/bppdf/bispap35.pdf>).

China’s Role in Global Imbalances

*Corden, W. Max (2009): “China’s Exchange Rate Policy, its Current Account Surplus, and the Global Imbalances”, in: Ross Garnaut, Ligang Song and Wing Thye Woo (eds.): *China’s New Place in a World in Crisis. Economic, Geopolitical and Environmental Dimensions*, ANU E Press, Canberra, pp. 103-19
(http://epress.anu.edu.au/china_new_place/pdf/whole_book.pdf).

*IMF (2011): “People’s Republic of China: Spillover Report for the 2011 Article IV”, International Monetary Fund, Washington, DC
(<http://www.imf.org/external/pubs/ft/scr/2011/cr11193.pdf>).

*Bernanke, Ben (2007): “Global Imbalances: Recent Developments and Prospects”, Bundesbank Lecture, Berlin, September 11, 2007 (<http://www.federalreserve.gov/newsevents/speech/bernanke20070911a.htm>).

Dunaway, Steven (2009): Global Imbalances and the Financial Crisis, Council Special Report No. 44, Council on Foreign Relations, Washington, DC and New York.

Bracke, Thierry, Matthieu Bussière, Michael Fidora, Roland Straub (2010): “A Framework for Assessing Global Imbalances”, *The World Economy*, Vol. 33 (9), pp. 1140-74.

Xing, Yuqing and Neal Detert (2010): “How the iPhone Widens the United States Trade Deficit with the People’s Republic of China”, Working Paper No. 257, Asian Development Bank Institute, Tokyo (<http://www.adbi.org/files/2010.12.14.wp257.iphone.widens.us.trade.deficit.prc.pdf>).

The Internationalisation of the Yuan

*Dobson, Wendy and Paul R. Masson (2009): “Will the Renminbi Become a World Currency?”, *China Economic Review*, Vol. 20 (1): 124-35 (<http://www.rotman.utoronto.ca/userfiles/faculty/dobson/files/File/RMB%20as%20world%20currency.pdf>).

*Wu, Friedrich, Rongfang Pan and Di Wang (2010): “Renminbi’s Potential to Become a Global Currency”, *China & World Economy*, Vol. 18 (1), 63-81.

Zhou Xiaochuan (2009): “Reform the International Monetary System”, People’s Bank of China, Beijing (<http://www.pbc.gov.cn/english/detail.asp?col=6500&ID=178>).

Subramanian, Arvind (2011): *Eclipse. Living in the Shadow of China’s Economic Dominance*, Peterson Institute for International Economics, Washington, DC.

Thimann, Christian (2009): “Global Roles of Currencies”, ECB Working Paper No. 1031, European Central Bank, Frankfurt am Main (<http://www.ecb.int/pub/pdf/scpwps/ecbwp1031.pdf>).

Cohen, Benjamin J. (2000): “Life at the Top: International Currencies in the Twenty-first Century”, Essays in International Economics No. 221, Princeton University, Princeton, NJ (http://www.princeton.edu/~ies/IES_Essays/E221.pdf).

Does China have a Housing Bubble?

*Ahuja, Ashvin, Lillian Cheung, Gaofeng Han, Nathan Porter and Wenlang Zhang (2010): “Are House Prices Rising too Fast in China?”, IMF Working Paper No. 10/274, International Monetary Fund, Washington, DC (<http://www.imf.org/external/pubs/ft/wp/2010/wp10274.pdf>).

Ito, Takatoshi (2010): “China’s Property Bubble”, VoxEU, 15 April (<http://www.voxeu.org/index.php?q=node/4885>).

IMF (2010): “China: Property Bubble in the Making?”, *IMF Survey Magazine*, December 10 (<http://www.imf.org/external/pubs/ft/survey/so/2010/int121010a.htm>).

Peng, Wensheng, Dickson C. Tam, and Matthew S. Yiu (2008): “Property Market and the Macroeconomy of Mainland China: A Cross Regional Study”, *Pacific Economic Review*, Vol. 13, 240-258.

Duan, Zhong-dong, Zeng, Ling-hua, Huang, Ze-xian (2007): “An Empirical Study of Price Fluctuation of Real Estate Industry and Banking Credit Increase”, *Finance Forum*, Issue 2, 40-5.