

THE UNIVERSITY OF HONG KONG
FACULTY OF BUSINESS AND ECONOMICS

ECON2264 Political Economy of Development in China

GENERAL INFORMATION

Subclass A (1st semester):

Instructors: Dr. Chicheng Ma

Email: macc@hku.hk

Office: 932 K.K.Leung

Phone: 2859-1059

Consultation times: TBA

Tutor: TBA

Subclass B (2nd semester):

Instructors: Prof. James Kung

Email: jameskung@hku.hk/
jkskung@hku.hk

Office: 937 K.K.Leung

Phone: 3917-7764

Consultation times: TBA

Tutor: TBA

Pre-requisites: ECON1210 Introductory microeconomics and ECON1220 Introductory Macroeconomics (students with basic knowledge of econometrics or statistics will benefit more from this course)

Co-requisites: NA

Mutually exclusive: NA

Course Website: HKU Moodle

COURSE DESCRIPTION

This course is designed to provide a solid understanding of the political forces shaping the outcomes of China's economic development from the 14th century up until the present day. Topics covered include the fall of the last imperial dynasty, the communist revolution, property institutions under socialism, and not the least the institutional foundations and outcomes of economic reforms. To fully benefit from this course, students are expected to have acquired a solid background in applied econometrics.

COURSE OBJECTIVES

1. Acquisition and internalization of knowledge of economic development in China in the context of politics and institutions;
2. Investigate the effects of political institutions on political and economic outcomes;
3. Application and integration of knowledge in applied econometrics to understand China's development and reforms;
4. Analyze the complexities and challenges of China's rise and its implications in a scholarly manner.

FACULTY GOALS

Goal 1: Acquisition and internalization of knowledge of the programme discipline

Goal 2: Application and integration of knowledge from multiple disciplines

Goal 3: Inculcating professionalism

Goal 4: Developing a global outlook

Goal 5: Mastering communication skills

Goal 6: Cultivating leadership

COURSE LEARNING OUTCOMES

Course Learning Outcomes	Aligned Faculty Goals
CLO1 To acquire a general understanding of the development process in China from the perspective of economics and politics	Goal 1,2
CLO2 To develop the analytical skills crucial for understanding the salient issues confronting China over the past century	Goal 1,2,3,4,6
CLO3 To master communication skills required in scholarly and policy discussions	Goal 1,2,5

COURSE TEACHING AND LEARNING ACTIVITIES

Course Teaching and Learning Activities	Expected contact hour	Study Load (% of study)
T&L1. Lecture with class discussion	36	36%
T&L2. Pre-class reading and self-study	26	26%
T&L3. Assignments and presentation	26	26%
T&L4. Consultation	12	12%
Total	100	100%

Assessment Methods	Brief Description (Optional)	Weight	Aligned Course Learning Outcomes
Subclass A (1 st semester):			
A1. Class participation	Class attendance and effective discussion	10	COL1,2,3
A2. Referee report	Two referee reports	20	COL1,2
A3. Group project	Of no more than 3 students, submission of a short essay	20	COL1,2,
A4. Presentation	Presentation of group project	10	COL1,2,3
A5. Final examination	Closed-book examination	40	COL1,2
Total		100%	

Subclass B (2nd semester):

A1. Assignment	Four individual assignments	28	COL1,2,3
A2. Group project	Of no more than 3 students, submission of a short essay	20	COL1,2
A3. Presentation	Presentation of group project	12	COL1,2,
A4. Final examination	Closed-book examination	40	COL1,2,3
Total		100%	

STANDARDS FOR ASSESSMENT

Course Grade Descriptors

A+, A, A-	Excellent. Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesis.
B+, B, B-	Good. Strong evidence of the ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesis.
C+, C, C-	Pass. Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning such as describe and apply but not at high levels of learning such as evaluate and synthesis
D+, D	Poorly Pass. Evidence of basic familiarity with the subject.
F	Fail. Little evidence of basic familiarity with the subject.

Assessment Rubrics for Each Assessment (Please provide us the details in a separate file if the space here is not enough)

1. Class participation: 1) the attendance, and 2) the quality of discussions at class.
2. Assignments: 1) pertinence, clarity, and reasoning, 2) the depth of analysis, 3) originality/novelty of your own comments/critiques/extension (for review work), and 4) writing and layout.
3. Term paper: 1) the originality, pertinence, and clarity of the topic, 2) the clarity of framework and reasoning, 3) the suitability/reliability of data/materials and research methods, 4) the depth of analysis, and 5) writing and layout.
4. Presentation: all rubrics of term paper apply to the presentation. In addition, the grading of presentation is based on 1) the performance in the lecture and Q&A, and 2) the quality/layout of the PPT slides.

COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE

Subclass A (1st semester):

Topic 1. Chinese Economic Development in the Long Run

Topic 2. Confucianism

Topic 3. Human Capital

Topic 4. Autarky and Opening Up

Topic 5. Socialist Experiments

Topic 6. Transition

Subclass B (2nd semester):

Topic 1 Political Economy of Regime Change

Topic 2 Communist Revolution

Topic 3 Land Reform and Agricultural Collectivization

Topic 4 The Great Leap Famine

Topic 5 The Cultural Revolution

Topic 6 Institutional Foundations of Economic Reforms

Topic 7 Rents-seeking Behavior under “Regional Decentralized Competition”

REQUIRED/RECOMMENDED READINGS & ONLINE MATERIALS (e.g. journals, textbooks, website addresses etc.)

Subclass A (1st semester):

Topic 1. Chinese Economic Development in the Long Run

* Brandt, Loren, Debin Ma, and Thomas G. Rawski. 2014. “From Divergence to Convergence: Reevaluating the History behind China’s Economic Boom.” *Journal of Economic Literature*, 52 (1). (Focus on pp. 45-52, 59-63, and 79-112).

* Landes, David S. 2006. “Why Europe and the West? Why Not China?” *Journal of Economic Perspectives*, 20(2).

Lin, Justin Y. 2008. “The Needham Puzzle, the Weber question, and China’s Miracle: Long-term Performance since the Sung Dynasty.” *China Economic Journal*, 1(1).

Topic 2. Confucianism

* Weber, Max. 1922. *The Religion of China: Confucianism and Taoism*. New York: Free Press. (Chapters 4-6).

* Greif, Avner, and Guido Tabellini. 2017. “The Clan and the Corporation: Sustaining Cooperation in China and Europe.” *Journal of Comparative Economics*, 45.

* Tu, Wei-ming. 2008. “The Rise of Industrial East Asia: The Role of Confucian Values.” *Copenhagen Papers in East & Southeast Asian Studies*, 4(1).

Bol, Peter K. 2008. *Neo-Confucianism in History*. Cambridge, Mass.: Harvard University Asia Center. (Chapters 1-3, 5 and 6).

Elvin, Mark. 1984. “Why China Failed to Create an Endogenous Industrial Capitalism: A Critique of Max Weber’s Explanation.” *Theory and Society*, 13(3).

Yu, Yingshi. 1987. *Zhongguo jinshi zongjiao lunli yu shangren jingshen* (Chinese Religious Ethic and the Spirit of Merchants). Taipei: Lianjing chuban shiye gongsi.

Liang, Ming-Yih. 2010. “Confucianism and the East Asian Miracle.” *American Economic Journal: Macroeconomics*, 2(3).

Peng, Yusheng. 2004. “Kinship Networks and Entrepreneurship in China’s Transitional Economy.” *American Journal of Sociology*, 109(5).

Rozman, Gilbert. 2014. *The East Asian Region: Confucian Heritage and Its Modern Adaptation*. Princeton University Press. (Introduction and Chapter 4).

Topic 3. Human Capital

- * Lin, Justin Yifu. 1995. "The Needham Puzzle: Why the Industrial Revolution Did Not Originate in China." *Economic Development and Cultural Change*, 43(2).
- Bai, Ying, 2014. "Farewell to Confucianism: The Modernizing Effect of Dismantling China's Imperial Examination System." Working paper.
- Elman, Benjamin A. 2000. *A Cultural History of Civil Examinations in Late Imperial China*. Berkeley, CA: University of California Press. (Chapters 1, 3, 6, 9, and 10).
- Ho, Ping-ti, 1962. *The Ladder of Success in Imperial China*. New York: Columbia University Press. (Chapter 1 and 3).
- Chen, Ting, James Kung, and Chicheng Ma. 2016. "Long Live Keju! The Persistent Effects of China's Imperial Examination System." Working paper.
- Zhang, Junsen, Yaohui Zhao, Albert Park, and Xiaoqing Song. 2005. "Economic Returns to Schooling in Urban China, 1988 to 2001." *Journal of Comparative Economics*, 33(4).

Topic 4. Autarky and Opening Up

- * Spence, Jonathan. 1990. *The Search for Modern China*. New York: WW Norton & Company. (Chapters 2, 3, and 5).
- * Jia, Ruixue. 2014. "The Legacies of Forced Freedom: China's Treaty Ports." *Review of Economics and Statistics*, 96(4).
- * Bai, Ying and James Kung. 2015. "Diffusing Knowledge while Spreading God's Message: Protestantism and Economic Prosperity in China, 1840-1920." *Journal of the European Economic Association*, 13(4).
- Fairbank, John K. 1968. *The Chinese World Order: Traditional China's Foreign Relations*. Cambridge, MA: Harvard University Press. (Chapters 1, 2, 4, 13, and 14).
- Wang, Jin. 2013. "The Economic Impact of Special Economic Zones: Evidence from Chinese Municipalities." *Journal of Development Economics*, 101.
- Elman, Benjamin A. 2006. *A Cultural History of Modern Science in China*. Cambridge, Mass.: Harvard University Press. (Chapters 1, 4 and 5).

Topic 5. Socialist Experiments

- * Alesina, Alberto, and Nicola Fuchs-Schündeln. 2007. "Good-Bye Lenin (or Not?): The Effect of Communism on People's Preferences." *American Economic Review*, 97(4).
- * Li, Hongbin, Mark Rosenzweig, and Junsen Zhang. 2010. "Altruism, Favoritism, and Guilt in the Allocation of Family Resources: Sophie's Choice in Mao's Mass Send-Down Movement." *Journal of Political Economy*, 118 (1).
- * Lin, Justin Y. 1990. "Collectivization and China's Agricultural Crisis in 1959-1961." *Journal of Political Economy*, 98(6).
- Chen, Shuo, and Xiaohuan Lan. 2016. "There Will Be Killing: Collectivization and Death of Draft Animals." *American Economic Journal: Applied Economics*, forthcoming.
- Walder, Andrew G., and Songhua Hu. 2009. "Revolution, Reform, and Status Inheritance: Urban China, 1949-1996." *American Journal of Sociology*, 114 (5): 1395-1427.
- Zhou, Xueguang, and Liren Hou. 1999. "Children of the Cultural Revolution: The State and the Life Course in the People's Republic of China." *American Sociological Review*, 64.

Topic 6. Transition

- * Xu, Chenggang. 2011. "The Fundamental Institutions of China's Reforms and Development." *Journal of Economic Literature*, 49(4). (Sections 1, 2, 3, and 5).
- * Cai, Hongbin, Hanming Fang, and Lixin Xu. 2011. "Eat, Drink, Firms, Government: An Investigation of Corruption From Entertainment and Travel Costs of Chinese Firms." *Journal of Law and Economics*, 54(1).
- * Che, Jiahua, and Yingyi Qian. 1998. "Insecure Property Rights and Government Ownership of Firms." *Quarterly Journal of Economics*, 113.
- * Martinez Bravo, Monica, Gerard Padro i Miguel, Nancy Qian and Yang Yao. 2012. "Political Reform in China: Elections, Public Goods and the Income Distribution." Working paper.
- Feuerwerker, Albert. 1958. *China's Early Industrialization: Sheng Hsuan-huai (1844-1916) and Mandarin Enterprise*. Cambridge, Mass.: Harvard University Press. (Chapters 1 and 7).
- Kung, James K., and Chicheng Ma. 2016. "Friends with Benefits: How Political Connections Help Sustain Private Enterprise Growth in China." *Economica*, forthcoming.
- Lin, Justin Yifu, 1992. "Rural Reforms and Agricultural Growth in China." *American Economic Review*, 82(1).
- Tsai, Lily. 2007. "Solidary Groups, Informal Accountability, and Local Public Goods Provision in Rural China." *American Political Science Review*. 101(2).

Subclass B (2nd semester):

Topic 1 Political Economy of Regime Change

- Bai, Ying, and Ruixue, Jia. (2016). Elite Recruitment and Political Stability: The Impact of the Abolition of China's Civil Service Exam. *Econometrica*, 84(2):677-733.
- Kung, James and Yue, Alina Wang. (2019). Ideology and the 1911 Revolution. *Work in Progress*.
- Spence, Jonathan. (1990). *The Search for Modern China*. pp. 179-184, 204-210.

Topic 2 Communist Revolution

- Ting, Chen, and James Kung. (2019). The Rise of the Chinese Communist Party. *Work in Progress*.
- Johnson, Chalmers. (1962). *Peasant Nationalism and Communist Power: The Emergence of Revolutionary China, 1937-1945*, chapter 1. Stanford University Press.

Topic 3 Land Reform and Agricultural Collectivization

- Chen, S., & Lan, X.H. (2016). There will be killing: collectivization and death of draft animals. *American Economic Journal: Applied Economics* 9: 4: 58-77.
- Lin, J. Y. (1990). "Collectivization and China's Agricultural Crisis in 1959-1961", *Journal of Political Economy*, 98 (December): 1228-1252.
- Kung, J. K. S., & Putterman, L. (1997). China's Collectivisation Puzzle: A New Resolution. *The Journal of Development Studies*, 33(6), 741-763.
- Kung, J. K. S. (2008). The Political Economy of Land Reform in China's "Newly Liberated Areas": Evidence from Wuxi County. *The China Quarterly*, 195, 675-690.
- Kung, J. K. S., Wu, X., & Wu, Y. (2012). Inequality of land tenure and revolutionary outcome: An economic analysis of China's land reform of 1946–1952. *Explorations in Economic History*, 49(4), 482-497.
- Shue, V. (1980). *Peasant China in Transition*. Berkeley: University of California Press, pp. 41-66, 82-96, 144-153, 163-183, 300-308.
- Hinton, William (1966). *Fanshen*, chapters 13 and 15.

Topic 4 The Great Leap Famine

- Kung, James K., & Shuo Chen. (2011). The Tragedy of the Nomenklatura: Career incentives and Political Radicalism during China's Great Leap famine. *American Political Science Review*, 105(01), 27-45.
- Kung, James K., & Justin, Y. Lin. (2003). The Causes of China's Great Leap Famine, 1959–1961. *Economic Development and Cultural Change*, 52(1), 51-73.
- Becker, J. (1996). *Hungry Ghosts: China's Secret Famine*, chapters. 5-7. London: John Murray.

Topic 5 The Cultural Revolution (readings to be expanded)

- Walder, Andrew, and James Y. Chu. (2019). *Pathways to Violent Insurgency: China's Factional Warfare of 1967-1968*. Working Paper, Stanford University.

Topic 6 Institutional Foundations of Economic Reforms

- Chai, J. C. H. (1997). *China: Transition to a Market Economy*, pp. 11-15. Oxford: Clarendon Press.
- Ting, Chen, and James Kung. (2019). *Why China? The Rise of A Merchant Class and the Emergence of Meritocracy*. Working Paper, University of Hong Kong.
- Li, Hongbin, and Li-An Zhou. (2005).
- Vogel, Ezra. *Deng Xiaoping and the Transformation of China*, chapter 15 (especially pp. communist 435-449). Harvard University Press.
- Xu, Chenggang. (2011). The Fundamental Institutions of China's Reforms and Development. *Journal of Economic Literature* 49(4): 1076-1151 (only pp. 1098-1107).

Topic 7 Rents-seeking Behavior under "Regional Decentralized Competition"

- Chen, Ting, and James K. Kung. (2016). Do land revenue windfalls create a political resource curse? Evidence from China. *Journal of Development Economics* 123, 86-106.
- Chen, Ting and Kung, James K. (2019). Busting the "Princelings": The Campaign against Corruption in China's Primary Land Market." *Forthcoming, The Quarterly Journal of Economics*, 134(1): 185-226.
- Kung, James K., Xu, C., & Zhou, F. (2013). From industrialization to urbanization: the social consequences of changing fiscal incentives on local governments' behavior". In David Kennedy and Joseph E. Stiglitz (eds), *Law and Economic Development with Chinese Characteristics: Institutions for the Twenty-First Century*. New York: Oxford University Press.

- conducting mid-term survey in addition to SETL around the end of the semester
- Online response via Moodle site
- Others: _____ (please specify)

COURSE POLICY (e.g. plagiarism, academic honesty, attendance, etc.)

- The University Regulations on academic dishonesty will be strictly enforced! Please check the University Statement on plagiarism on the web: <http://www.hku.hk/plagiarism/>
- Academic dishonesty is behavior in which a deliberately fraudulent misrepresentation is employed in an attempt to gain undeserved intellectual credit, either for oneself or for another. It includes, but is not necessarily limited to, the following type of case:
 - Plagiarism - The representation of someone else's ideas as if they are one's own. Where the arguments, data, designs, etc., of someone else are being used in a paper, report, oral presentation, or similar academic project, this fact must be made explicitly clear by citing the appropriate references. The references must fully indicate the extent to which any parts of the project are not one's own work. Paraphrasing of someone else's ideas is still using someone else's ideas, and must be acknowledged.
 - Unauthorized Collaboration on Out-of-Class Projects - The representation of work as solely one's own when in fact it is the result of a joint effort. Where a candidate for a degree or other award uses the work of another person or persons without due acknowledgement:
 - The relevant Board of Examiners may impose a penalty in relation to the seriousness of the offence;
 - The relevant Board of Examiners may report the candidate to the Senate, where there is prima facie evidence of an intention to deceive and where sanctions beyond those in University Statement on plagiarism might be invoked.

ADDITIONAL COURSE INFORMATION (e.g. e-learning platforms & materials, penalty for late assignments, etc.)

NA