Bachelor of Arts Program in Economics (EBA)

Faculty of Economics, Chulalongkorn University

**2952317 Chinese Economy and Politics**

**Summer 2013**

Professor: Dr. Jonathan E. Leightner

Office hours: Tuesdays and Thursdays 8am-8:45am.

Objectives:

1. To better understand China – what is China, what has made China what it is, and what is China likely to become.
2. To understand and be able to use key models. These models can be used to analyze a wide range of issues, countries, and time periods. However, we will be most interested in applying the models to China after 1949. These models can be divided into two types:
   1. Marxian and Socialist models (including models of surplus value, exploitation, alienation, planning).
   2. Market models (we will especially emphasize using the supply and demand model to analyze issues like government planning, incentives, trade, market structures, growth, unemployment, fixed and flexible exchange rates, foreign capital inflows, health care etc).
3. To think critically about key questions around which people organize social, economic, and political systems. Furthermore to understand how and why the Chinese government has answered these questions differently at different times. These questions include
   1. What are the purposes of government, how best can it meet those purposes, and what should be done when different purposes conflict?
   2. What does property ownership mean, and who should own property?
   3. What are the advantages and disadvantages of different incentive mechanisms?
   4. What are the advantages and disadvantages of trade and what trade and exchange rate policies are best?
   5. What are “human rights”, “citizen rights”, and “market rights”? Which kinds of allocation decisions should be made on the basis of human rights, which on the basis of citizen rights, and which on the basis of market rights? Why?

Note: the tools of analysis and the methods of analytical thought taught in this class will be useful in many subsequent courses.

Readings:

Readings will come from Naughton textbook, supplemented with handouts. The assigned readings in the Naughton textbook are listed on the attached schedule. The dates by which handouts must be read will be announced in class. Total reading assignments will be kept under 75 pages per class period (on average less than 40 pages per class).

The lectures will not repeat what is in the Naughton textbook. Instead, the lectures will highlight and develop key issues brought up by Naughton. Specifically, the lectures will be constructed to meet the objectives of the course listed above. It will be important to both read the textbook and come to lectures. The lectures and the textbook are compliments, not substitutes for each other.

Textbook:

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

Exams:

Exams will be given on June and July . Exams will focus on the objectives of the course (see above).

The midterm exam will be limited to two hours and the final to three hours. The text book may not be used during the exam. The midterm exam will count 30% of the grade and the final 60% of the grade.

Cheating:

Students caught cheating will be given an “F” in the course. Their cheating will also be reported to the EBA office which will result in the student being suspended for two semesters.

Attendance:

Chulalongkorn requires that students attend at least 80% of class meetings in order to take the last exam. I will make a seating chart on the second day of class. I will use this seating chart to take attendance every class. Be sure to sit in the same seat every day. If a student arrives late, it is their responsibility to contact me right after class to ensure that they are marked present. Three tardies count as one absence. If a student disrupts class, then I will assign them a new seat where they are less likely to be disruptive. The student must sit in the new seat for the remainder of the semester (unless I move them a second time).

The seating chart also will be used to record what students do to contribute to or distract from the course’s objectives. Anything that the student does to contribute to meeting the objectives of the course (like asking good questions, answering the professor’s questions, attending class sessions, and arriving for class on time) will positively affect the student’s participation grade. Anything that the student does that distracts from meeting the course’s objectives (like talking to other students, missing class sessions, and arriving tardy) will negatively affect the student’s participation grade. Attendance and participation will count 10% of the student’s final grade. In extreme cases, attendance grades may become negative numbers (and thereby damage a student’s grade by more than 10%).

Grade:

90-100 = A, 80-89 = B, 70-79 = C

Attendance and participation: 10%

Midterm exam: 30%.

Final exam: 60%.

Tentative Schedule:

Date Topic in Class Chapters to read Number

in Naughton text of pages

June 4: Introduction

a. Syllabus and class organization

b. Marxian and Market Models.

Geography and Pre-Mao China chap. 1-2 37

June 7, 11: China under Mao chap. 3. 29

June 14: Overview of China after Mao chap. 4-6 74

June 18: Population, labor, income distribution chap. 7-9 67

June 21: The rural economy chap. 10-12 63

June : Midterm Exam

June 28: The urban economy chap. 13-14 51

July 2: International Trade chap. 16 23

July 5: The exchange rate

July 9: Foreign Investment chap. 17 23

July 12 The Macro economy chap. 18 20

July 16: The Financial system chap. 19 34

July : Final Exam