ECO 3310 - ECONOMY OF CHINA

Instructor: Professor Y. Y. Kueh

Course Description
The course provides an interpretative survey of China emerging as a world economic power. From a global perspective, the phenomenal changes in the Chinese economy over the recent decades are highlighted against the background of the pre-reform era. Salient quantitative aspects of development (GNP growth and structural change, degree of industrialization and agricultural advances, and consumption and welfare implications for the Chinese populace) are examined in relation to the radical reform measures adopted since 1978. Major remaining institutional and policy issues encountered by the Chinese government in sustaining high-speed economic growth without instability will be discussed, together with the continuous pursuit of a full integration of the Chinese economy with the global system of free trade and investment flows.

Course Contents
1. Overview of China’s rising economic strength
   1-1. GNP size, and trends and sources of growth
   1-2. Per capita income and implications of strength
   1-3. International comparison
   1-4. Future growth potentials and constraints

2. The emergence of China as an industrial power
   2-1. Pace and pattern of industrialization
   2-2. Inequality amongst sectors and regional disparity
   2-3. A large but not a powerful industrial country
   2-4. The Maoist industrialization strategy in retrospect

3. Solving the historical food and agriculture problems
   3-1. The ‘grand agony’ and the ‘man-land’ problem
   3-2. The Chinese road to sustainable food security
   3-3. Can China feed herself by 2030?
   3-4. Rural diversification and the agriculture-industry dichotomy

4. How well do the Chinese populace live today?
   6-1. Income and income composition: urban-rural differentials
   6-2. Food consumption, Engel’s coefficient, and dietary improvements
   6-3. Housing, health care, and other social welfare provisions
   6-4. ‘Rising expectation’ and availability of consumer durables

5. Creating a market-oriented economic and industrial system
   7-1. Was Soviet-style central planning really necessary?
   7-2. The economics of agricultural and industrial reforms
   7-3. Transition to a market-based economic system with macroeconomic control
   7-4. Can China still be regarded as a socialist economy?

6. Selected current institutional and policy issues
   6-1. What is at stake with the state-owned enterprises (SOEs)?
   6-2. Banking and financial reforms
   6-3. Central-local fiscal relations
   6-4. Is political authoritarianism compatible with the market economy?
7. China integrating with the global economy
   7-1. Liberalizing trade and investment flows
   7-2. In search of a workable exchange rate regime
   7-3. Import deregulation and foreign exchange decontrol
   7-4. The emerging pattern of trade and capital flows

8. Related issues
   8-1. China’s WTO entry and what is at stake
   8-2. Renminbi convertibility and lessons from the Asian Financial Crisis
   8-3. Constraints to a more flexible exchange rate system
   8-4. Recurrent trade disputes with the United States

9. Impact on Hong Kong and the Asia Pacific
   9-1. Investment flows between Hong Kong and the Chinese Mainland
   9-2. Joint-venture export-oriented manufacturing and capacity expansion
   9-3. Hong Kong emerging as a service-based economy and international financial center
   9-4. China’s new industries and regional industrial realignment in the Asia Pacific

Course evaluation
   Class attendance and discussion 20%
   Mid-term examination 30%
   Final examination 50%

Major references


Sung, Yun Wing (2005), The Emergence of Greater China: The Economic Integration of Mainland China, Taiwan, and Hong Kong, New York and Basingstoke: Palgrave Macmillan.


Oxford: Oxford University (the Clarendon) Press.


Lectures notes and current information and statistics:
Lectures notes with detailed readings (including journal articles in English and Chinese) will be handed out for the individual lectures as the course proceeds. Students are also advised to consult the China Quarterly Update in the website of the country office of the World Bank and such similar sources as the London Financial Times, The Economists, and the Asian edition of The Wall Street Journal for current development in China. Other important sources for current information and statistics about China include www.chinaview.cn and www.stats.gov.cn.