

Columbia University
Economics G4527y
Economic Organization and Development of China

Spring 2006
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Course Outline & Reading List

Readings. Readings for this course are taken from a variety of sources in the absence of a single good, up-to-date guide to China's contemporary development. Riskin, *China's Political Economy* (Oxford, 1987), which will be used earlier in the semester, is out of print but a photocopy will be available for purchase at the CU Bookstore. Several books will provide readings, all in the latter part of the course: Barry Naughton's *Growing out of the Plan: Chinese Economic Reform, 1978-1993* (Cambridge, 1995); Nicholas Lardy's *China's Unfinished Economic Revolution* (Brookings, 1998) and *Integrating China Into Global Economy* (Brookings, 2000); *The China Human Development Report* (Oxford for the United Nations Development Programme, 1999); A. R. Khan and C. Riskin, *Inequality and Poverty in China in the Age of Globalization* (Oxford, 2001);. These have been ordered at the CU Bookstore. They are recommended – not required – for purchase and will also be on reserve at Starr East Asian Library.

Additional readings are available on the course website at Courseworks.

Course Requirements. There are essentially two: a term paper and a final examination. Details to come.

Course Outline and Readings

* Items marked with an asterisk (*) are for reference, in case you want to do further reading on a topic. However most have not been included on the Courseworks website.

1. INTRODUCTION TO COURSE, CHARACTERISTICS OF MODERN CHINESE ECONOMIC HISTORY

Topics

- a. Economic geography
- b. Early development: the "high-level equilibrium trap"
- c. The question of imperialism

Readings

China's Political Economy (CPE), pp. 11-19

D.H. Perkins, "Introduction: The Persistence of the Past," in D.H.Perkins, ed., *China's Modern Economy in Historical Perspective*.

Justin Yifu Lin, "The Needham Puzzle: Why the industrial revolution did not originate in China," *Economic Development & Cultural Change*, 1995.

K. Pomerantz, "Beyond the East-West Binary: Resituating Development Paths in the Eighteenth-Century World, *JAS*, 61, 2, May 2002.

R. Dernberger, "The Role of the Foreigner in China's Economic Development," in Perkins, *China's Modern Economy*.

*Mark Elvin, *The Pattern of the Chinese Past*, Ch. 17.

*C. Riskin, "Surplus and Stagnation in Modern China," in Perkins, *China's Modern Economy*.

*A. Nathan, "Imperialism's Effects on China," *Bulletin of Concerned Asian Scholars*, 4, Dec. 1972.

*J. Esherick, "Harvard on China: The Apologetics of Imperialism," also in above issue of BCAS.

2. PRE-REVOLUTION ECONOMIC DEVELOPMENT

Topics

- a. 20th century industrialization
- b. The Republican period
- c. The rural economy of the 30s
- d. On the eve of Communist victory

Readings

CPE, pp. 19-34

T. Rawski, *Economic Growth in Pre-War China*, Ch. 1

J.L. Buck, *Land Utilization in China*, pp. vii-xvi, 1-23, 171-203, 267-88, 358-472.

3. THE "STALINIST" PERIOD: 1950-1957

Topics

- a. Rehabilitation
- b. New Democracy
- c. Land Reform
- d. The First Five-Year Plan
- e. Collectivization

Readings

CPE, Chs. 3-5.

Mark Selden, *The People's Republic of China: A Documentary History...*, Monthly Review Press, 1979, the following sections:

Mao Zedong, "The Present Situation and Our Tasks"(reading I,A.1)

"The People's Democratic Dictatorship," (reading I,A.2)

Report to the 2nd Plenum. . . (reading I,A.3)

"The Agrarian Reform Law of 1950" (reading I,B.6.B)

Mao, "On Agricultural Cooperation" (reading II,B.3)

Mao, "On the Ten Major Relationships" (reading II,A.6)

Kenneth Walker, *Food Grain Procurement and Consumption in China*, Chs. 2, 4.

Selden, "Cooperation and Conflict," in Selden & Lippit, eds., *The Transition to Socialism in China*.

*The First Five-Year Plan of the PRC, Beijing, Foreign Lang. Press.

*C. Howe, *Wage Patterns and Wage Policy in Modern China*.

*K. Walker, "Collectivization in Retrospect: The 'Socialist Hightide' of Autumn 1955-Spring 1956," *China Quarterly*, 26, April-June 1966.

*N. Lardy, ed., *Chinese Economic Planning*.

4. GREAT LEAP FORWARD, FAMINE AND RECOVERY, 1958-62

Topics

- a. Aims
- b. Characteristics and institutions
- c. Production, consumption and mortality statistics
- d. Causes
- f. Evaluation of GLF
- g. Economic debates of the early 60s

Readings

CPE, Ch. 6

Mao, Speech at Supreme State Conference, Talks at Chengdu, and On Uninterrupted Revolution, from Selden, III.

K. Walker, *Food Grain Procurement and Consumption in China*, Ch. 5.

Riskin, "Seven Questions about the Chinese Famine of 1959-61" (*China Econ Review*, 1999).

*Mao, speech at Chengchow, Selden, IV, A.1.

*Mao and Peng Teh-huai (Peng Dehuai), exchange at Lushan, Selden, IV.

*B. Ashton, K. Hill, A. Piazza and R. Zeitz, "Famine in China, 1958-61," *Population and Development Review*, 10, 4, December 1984, 613-45.

*Cyril Lin, "The Reinstatement of Economics in China Today," *China Quarterly*, 85, March 1981.

5. THE "CULTURAL REVOLUTION DECADE" AND THE ECONOMICS OF LATE MAOISM

Topics

- a. Immediate issues
- b. Coordination and allocation
- c. Income distribution

Readings

CPE, Chs. 8-10.

Mao, Critique of Soviet Economics, in Selden IV.A.

N. Lardy, *Economic Growth and Distribution in China*, Cambridge, 1978, Ch. 5

*Riskin, "Maoism and Motivation: Work Incentives in China," in Nee & Peck, eds., *China's Uninterrupted Revolution*.

*Tenth Plenum Resolution and Sixty Articles on Communes, Selden, IV, B3A-B.

*Sixteen Points on the Cultural Revolution, Selden, V, A.4.

*Selden, VI, 1.A through E (debate: "revolution" vs. "modernization").

6. ASSESSMENT AND REASSESSMENT OF THE MAOIST PERIOD

Topics

- a. Indictment of the inherited economy
- b. Causes: Planning failures vs. system failures
- c. Welfare: unheralded accomplishments and newly publicized failures.

Readings

CPE, Ch. 11.

Naughton, *Growing Out of the Plan*, Ch. 1: "The command economy and the China difference"

*M.K. Whyte, "Inequality and Stratification in China," *China Quarterly*, 64, December 1975.

*Wm. Parish, "Egalitarianism," *Problems of Communism*, Jan-Feb 1981.

7. REFORM: RURAL

Topics

- a. Initial goals of reform
- b. Decollectivization
- c. Township and village enterprises

d. Reform and rural economic performance

Readings

CPE, Ch. 12.

E. Perry and C. Wong, "Introduction" to their *Political Economy of Reform in Post-Mao China*.

Naughton, *Growing out of the Plan*, Ch. 4, "Growth of the non-state sector"

Alan de Brauw, Jikun Huang, Scott Rozelle, Linxiu Zhang, Yigang Zhang, "The Evolution of China's Rural Labor Markets during the Reforms" (on Courseworks website).

*W. A. Byrd and Lin Qinsong, *China's Rural Industry: Structure, Development and Reform*, Chs. 1, 7, 9.

*M. Weitzman and Xu Changgan, "Chinese Township Village Enterprises as Vaguely Defined Cooperatives" (photocopy)

*L. Putterman, "The Restoration of the Peasant Household as Farm Production Unit in China: Some Incentive Theoretic Analysis," in Perry & Wong.

*T. Sicular, "Rural Marketing and Exchange in the Wake of Recent Reforms," in Perry & Wong.

8. REFORM OF INDUSTRY AND PUBLIC FINANCE

Topics

- a. Objectives
- b. Methods: plan or market?
- c. Financial decentralization
- d. Privatization

Readings

CPE, Ch. 14.

Growing out of the Plan, Ch.3 ("State sector reforms, 1979-1983"); Ch. 5 ("Reformulation and debate: The turning point of 1984"); Ch. 6 ("The second phase of reform, 1984-1988")

Shahid Yusuf et al., *Privatizing China's State-owned Enterprises* (World Bank and Stanford U. Press, 2006), Chapter 2, "Reform in China, 1978-97."

Lisa Keister and Jin Lu, "The Transformation Continues: The Status of Chinese State-Owned Enterprises at the Start of the Millennium," National Bureau of Asian Research, posted on Courseworks website.

World Bank, *China: National Development and Sub-National Finance*, World Bank Report No. 22951-CHA, Chs. 1, 2, 8, and as much as 3-5 as you have time for.

*Gary Jefferson et al., "Ownership, Performance, and Innovation in China's Large and Medium-size

Industrial Enterprise Sector,” posted on Courseworks website.

*Hongbin Li and Scott Rozelle, “Rural China: Insider Privatization, Innovative Contracts, and the Performance of Township Enterprises”

9. REFORM OF CHINA'S FOREIGN ECONOMIC POLICY

Topics

- a. Objectives of the "Open Door"
- b. Foreign investment: hopes and results
- c. The impact of WTO accession

Readings

J. Chai, "The Open Door Policy, II" in course packet.

N. Lardy, *Integrating China into the Global Economy*, Chs. 1-4.

D. Bhattasali et al, “Impact and Policy Implications of WTO Accession,” World Bank, posted on Courseworks web site.

He Qinglian on effects of China’s entry into WTO, posted on Courseworks web site.

W. B. Abnett and R. B. Cassidy, “China’s WTO Accession: The Road to Implementation,” NBR report, posted on Courseworks web site.

UNDP, *Macroeconomics of Poverty Reduction: The Case of China*, Ch. 5 (“External Sector Policy Dimensions”)

*D. Lampton et al., *The Emergence of 'Greater China': Implications for the United States*, National Committee on U.S.-China Policy, 1992.

10. ASSESSMENT OF REFORM, I: ECONOMIC PROBLEMS AND PROSPECTS

Topics

- a. Big Bang vs. gradualism
- b. Financial and banking problems
- c. Economic outlook under WTO

Readings

Growing out of the Plan, Ch. 7 ("Rapid growth and macroeconomic imbalance"); Ch. 8 ("The post-Tiananmen cycle of retrenchment & reform"); Ch. 9 (Conclusion: Lessons and limitations of Chinese reform")

Alan de Brauw, Jikun Huang, and Scott Rozelle, “Sequencing and the Success of Gradualism: Empirical Evidence from China’s Agricultural Reform,” on Courseworks website.

Lardy, *China's Unfinished Economic Revolution*, Chs. 1, 2, and 5.

Brad Setser, "The Chinese Conundrum: External financial strength, Domestic financial weakness"

Yusuf, et al., *Privatizing China's SOEs*, Chs. 1,6.

World Bank, Quarterly Update on Chinese Economy, August 2005.

*Ajit Singh, "The Stock Market in a Socialist Economy," in Nolan and Dong, *The Future of the Chinese Economy*.

11. ASSESMENT OF REFORM, II: REFORM AND SOCIAL DEVELOPMENT

Topics:

- a. Income distribution
- b. Poverty and the safety net
- c. Unemployment and the floating population
- e. Education and health

Readings

ADB, *Country Econ Review: The PRC*, pp. 18-22 on social security reform.

World Bank, *China, Promoting Growth with Equity* (2003)

Khan, "Growth, Inequality and Poverty in China," ILO, 2004.

World Bank, *China: National Development and Sub-National Finance*, World Bank Report No. 22951-CHA, Chs. 6 (education) and 7 (health services).

Yuanli Liu, "Reforming Urban Health Care," posted on Courseworks web site.

C. Riskin, "Has China Reached the Top of the Kuznets Curve?"

C. Wong, "Can the Retreat from Equality be Reversed?"

*UNDP, *The China Human Development Report*, Oxford Univ. Press, 1999.

*Riskin, Zhao and Li, "Equality in Retreat: Highlights of the Findings", Introduction to *China's Retreat from Equality*, ed. C. Riskin, Zhao Renwei & Li Shi (M.E. Sharpe, 2001).

*World Bank, *Old Age Security: Pension Reform in China*, monograph in support of *China 2020*, Washington, D.C., World Bank, 1997. (Also available on Courseworks web site.)