

Economics 2169.10

Syllabus

Fall, 2020

Instructor: Professor Joseph Pelzman

Email: jpelz@gwu.edu

Phone: 202-994-7108

Office: Monroe 319

Virtual Office Hours: By Appointment

Course Description

Economics 2169 will introduce you to the economy of the People's Republic of China (PRC) and its role and impact on the world economy. The PRC's current economic challenges will be given particular attention.

The topics covered this semester include:

- (1) the PRC during the communist era, pre 1979.
- (2) economic reform and market transition.
- (3) the role of state enterprises.
- (4) foreign investment.
- (5) foreign trade.
- (6) PRC's role in the East Asian trade-production network.
- (7) the PRC financial system.
- (8) PRC monetary and exchange rate policy. and
- (9) PRC's role in global financial market imbalances.

Given that this Fall semester classes will be online using BB Collaborator Ultra it will be more difficult to run this class like a seminar, with active participation on your part, but we will try. You must read the material prior to coming to class. I suggest that you bring your laptops to class to take notes. If you are looking for a course in which only the Professor talks and you listen, then perhaps this is not the course for you. On the other hand, if you are looking for a course in which we tackle some difficult questions that have great bearing on today's international economy, then we may have a mutually acceptable solution. Finally, if you have found that economics, both Marxist and neo-classical, is not your cup of tea you may want to reconsider taking this course.

Learning Goals

By the end of this course, you will be able to:

- Explain how an agrarian economy can progress in 70 years to become the 2nd most powerful economy.
- Explain the economic rationale for collective welfare maximization versus the neo-classical welfare function of the individual.
- Explain the series of failed development programs of the old PRC leaders.
- Explain the role of MFN, the WTO and 'State Sponsored Capitalism' as the drivers of the current economic development of the PRC.

Prerequisites

Academic

This course is designed for undergraduates. The academic prerequisite for this course is successful completion of Principles of Microeconomics and Macroeconomics. It is also highly recommended that students have successfully passed other courses in the department. e.g. development economics and international economics.

Technological

As a learner in an online course, you need to ensure you have the required technology and skills to fully participate. Please consult the [GW Online website](#) for further information.

You should be able to:

- Use a personal computer and its peripherals.
- Download and install any software needed for the course.
- Use email and other communication tools with attachments.
- Access your GW email for university-related communications (see [Office of the Registrar website](#)).
- Use word processing and other productivity software to submit assignments.
- Use web conferencing tools to collaborate with other course participants.
- Use your computer to upload documents, recordings, and images.
- Seek technology help by contacting [GW Information Technology](#) (202-994-4948) or ithelp@gwu.edu.

If you have any problems with the software in this course, please reference the Technology Help link in the left navigation menu in our course on Blackboard.

Textbooks & Materials

The reading material assigned for this class is quite large, spanning both Marxist and Neo-Classical thinking. All the articles have been uploaded to BB. I use material from the two texts assigned along with the articles. Since I refer to different GATT/WTO Articles during lectures please make sure to upload the relevant document from the WTO onto your laptops prior to class.

The list of textbooks that I have ordered includes:

Pelzman, Joseph. *Spillover Effects of China Going Global*, (2016). World Scientific Press. (Hereinafter Pelzman)

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

You can find the textbook at the GW Bookstore or other online retailers.

Credit Hour Policy

During the fall 2020 semester, this course will meet at the regularly scheduled time of 7:10PM to 9:40PM on Monday via Blackboard Collaborate Ultra and will include the minimum 37.5 hours/credit for the semester in instruction.

The credit model used at GWU is based on a 15-week semester: 14 weeks of instruction and one week of examination/assessment. It assumes a traditional learning experience in which students will be expected to receive 50 minutes of instruction (seat) time and spend a minimum of 100 minutes of independent learning (reading, completing assignments, solving homework problems, totaling 37.5 hours per credit over the semester. For more information see Assignment of Credit Hour Policy at provost.gwu.edu/policies-procedures-and-guidelines

Methods of Instruction and Assessment

There will be three exams, one covering the pre-1979 developments in the PRC; the second exam will cover the post 1979 reforms and the third exam will cover the spillover effects of the PRC post MFN status and entry into the WTO. Each of those exams is worth 33.3% of your grade. All exams are essay exams that will be uploaded to BB. You will have 24 hours to complete the exams and return the completed exams via email in PDF form to me [jpelz@gwu.edu].

Based on past experience, in order to do well in my course, you will have to read **at the minimum** the two texts assigned and be familiar with the extended other readings

assigned. I have no expectation that you will have to reproduce the mathematical arguments.

Readings and Lecture List

The dates to the right represent the dates when the material will be discussed in class. I reserve the right to revise this schedule if we need more time for a particular section. Some of the readings are math centric. **Do not panic. Math is a language like Chinese. Practice will make you proficient.**

Introduction

8/31

I expect that all of you have read these texts in prior courses. If not, I strongly suggest that you read these as soon as possible. The PRC, despite what you read in the newspapers, is NOT a democracy. It is the perfect example of State Sponsored Capitalism. **The State here is the Communist Party, or as I refer to it is the unconstrained Leviathan.**

Marx, Karl, [edited by Frederick Engels] ***Capital: Volume I***, Random House.

Marx, Karl and Frederick Engels, ***The Manifesto of the Communist Party***.

Orwell, George, ***Animal Farm***.

Orwell, George, ***Nineteen Eighty-Four***.

Hobbes's ***Leviathan***

World Bank, China 2030: ***Building a Modern, Harmonious, and Creative High-Income Society***.

Xu, Chenggang, "The Fundamental Institutions of China's Reform and Development," ***Journal of Economic Literature***, Vol. 49, No. 4 (DECEMBER 2011), pp. 1076-1151. Section 1.

Zhu, Xiaodong (2012), "Understanding China's Growth: Past, Present, and Future," ***The Journal of Economic Perspectives***, Vol. 26, No. 4, Fall 2012.

Note that Sept 7 is Labor Day – No classes;

Note that Sept. 28 is the Yom Kippur – Jewish Holiday. No classes;

These classes will be made up using the University calendar for make-up dates.

The PRC – Pre 1979

9/14 – 10/12

Acemoglu, Daron, Simon Johnson and James Robinson, “Institutions as a Fundamental Cause of Long-run Growth,” *Handbook of Economic Growth*, Vol 1, Chapter 6.

CIA, *The Chinese Cultural Revolution*, (25, May, 1967).

Naughton Chapters. 1, 2, and 3.

Joint Economic Committee, Congress of the USA, *China: A Reassessment of the Economy*, “Part I- Policy Assessments and Performance” 1975. pp. 20-145.

Marx, Karl, [edited by Frederick Engels] *Capital: Volume I*, Random House.

Exam Number 1**10/19**

The PRC – Post 1979 Reforms

10/26 – 11/16

Brandt, Loren, Debin Ma and Thomas G. Rawski. “From Divergence to Convergence: Reevaluating the History Behind China's Economic Boom,” *Journal of Economic Literature*, Vol. 52, No. 1 (MARCH 2014), pp. 45-123.

Fan, Simon and Xiangdong Wei. “The Law of One Price: Evidence from the Transitional Economy of China,” *The Review of Economics and Statistics*, Vol. 88, No. 4 (Nov., 2006), pp. 682-697.

Jin, Hehui, Yingyi Qian and Barry R. Weingast, “Regional Decentralization and Fiscal Incentives: Federalism, Chinese style,” *Journal of Public Economics*, 89 (2005) 1719 – 1742.

Joint Economic Committee, Congress of the USA, *China Under the Four Modernizations*, Part 1 – Setting, (August 1982), pp. 303 – 610.

Joint Economic Committee, Congress of the USA, *China's Economy Looks Toward the Year 2000, Volume I: The Four Modernizations*, Part 1 – Setting, (May 1986), pp. 1-146.

Lau, Lawrence J., Yingyi Qian and Gerard Roland, “Reform Without Losers: An Interpretation of China's Dual-Track Approach to Transition,” *Journal of Political Economy*, Vol. 108, No. 1 (February 2000), pp. 120-143.

Li, Hongbin and Lian Zhou, “Political Turnover and Economic Performance: The Incentive Role of Personnel Control in China,” *Journal of Public Economics*, 89 (2005) 1743 – 1762.

Maskin, Eric, Yingyi Qian, and Chenggang Xu, "Incentives, Information, and Organizational Form." *Review of Economic Studies*, April 2000, 67(2), pp. 359-78.

Naughton Chapter. 4.

Qian, Yingyi, and Chenggang Xu, "Why China's Economic Reform Differ: The M-form Hierarchy and Entry/Expansion of the Non-state Sector." *Economics of Transition*, June 1993, 1(2), pp. 135-170.

Qian, Yingyi, Gerard Roland and Chenggang Xu, "Coordination and Experimentation in M-Form and U-Form Organizations," *Journal of Political Economy*, Vol. 114, No. 2 (April 2006), pp. 366-402.

World Bank, *World Development Report 1996: From Plan to Market*.

Xu, Chenggang, "The Fundamental Institutions of China's Reform and Development," *Journal of Economic Literature*, 2011. Section 4 and 5.

Exam Number 2

11/30

The PRC – The Spillover Effects

12/7 – 12/14

Pelzman, Chapters 1, 2, 3, 4, 5, 6, 7 and 8.

Fan, Simon. "Increasing Returns, Product Quality and International Trade," *Economica, New Series*, Vol. 72, No. 285 (Feb., 2005), pp. 151-169.

Harris, Richard G., Peter E. Robertson and Jessica Y. Xu. "The International Effects of China's Growth, Trade and Education Booms," *The World Economy* (2011), pp.703-1725.

Islam, Sadequl. "The Impact of China-ASEAN Free Trade Agreement on Textiles and Clothing Sectors of Asian Regions," in M. Parvizi Amineh (ed.) *State, Society and International Relations in Asia*. Amsterdam University Press. (2010)

Lardy, Nicholas R. "China, the World Economy, and U.S. Policy" in *Integrating China into the Global Economy*. Brookings Institution Press. (2002).

Levchenko, Andrei A. "Institutional Quality and International Trade," *The Review of Economic Studies*, Vol. 74, No. 3 (Jul., 2007), pp. 791-819.

Potter, Pitman B. "China and the International Legal System: Challenges of Participation," *The China Quarterly*, No. 191, ***China's Legal System: New Developments, New Challenges*** (Sep., 2007), pp. 699-715.

Brautigam, Deborah. "China's Foreign Aid in Africa: What Do We Know?" in Robert I. Rotberg (ed.) ***China into Africa Book Subtitle: Trade, Aid, and Influence***. Brookings Institution Press, World Peace Foundation. (2008).

Lin, Teh-chang. "The Donor Versus the Recipient Approach: A Theoretical Exploration of Aid Distribution Patterns in Taipei and Beijing," ***Asian Perspective***, Vol. 24, No. 2 (2000), pp. 153-171.

van Dijk, Meine Pieter. "Introduction: Objectives of and Instruments for China's New Presence in Africa," in Meine Pieter van Dijk (ed.) ***The New Presence of China in Africa***. Amsterdam University Press. (2009)

Buckley, Peter J., Adam R. Cross, Hui Tan, Liu Xin and Hinrich Voss. "Historic and Emergent Trends in Chinese Outward Direct Investment," ***Management International Review***, Vol. 48, No. 6 (2008), pp. 715-747.

Cui, Lin and Fuming Jiang. "State Ownership Effect on Firms' FDI Ownership Decisions Under Institutional Pressure: A Study of Chinese Outward-Investing Firms," ***Journal of International Business Studies***, Vol. 43, No. 3 (April 2012), pp. 264-284.

Hong, Eunsuk and Laixiang Sun. "Dynamics of Internationalization and Outward Investment: Chinese Corporations' Strategies," ***The China Quarterly***, No. 187 (Sep., 2006), pp. 610-634.

Morck, Randall, Bernard Yeung and Minyuan Zhao. "Perspectives on China's Outward Foreign Direct Investment," ***Journal of International Business Studies***, Vol. 39, No. 3 (Apr. - May, 2008), pp. 337-350.

Wang, Mark Yaolin. "The Motivations behind China's Government-Initiated Industrial Investments Overseas," ***Pacific Affairs***, Vol. 75, No. 2 (Summer, 2002), pp. 187-206.

Third Exam

12/19

Methods of Instruction

- **Lectures:** Lectures will be provided live via Blackboard Collaborate Ultra and will be recorded.

Methods of Assessment

Three Exams: There will be three essay exams on BB.

- Exam 1 will be on 10/19 covering the pre 1979 period.
- Exam 2 will be on 11/30 covering the post 1979 reforms.
- Exam 3 will be on 12/19 covering the spillover effects of the PRC entering the WTO.

Instructor Response Time

I will respond to emails within 24 hours on weekdays and on the next business day over weekends and holidays.

I will return assignments within one week.

Academic Integrity

This course will comply with [the University's Code of Student Conduct](#). The Code of Academic Integrity defines academic dishonesty as "cheating of any kind, including misrepresenting one's work, taking credit for work of others without crediting them and without appropriate authorization, and the fabrication of information." Common examples of academic dishonesty include cheating, fabrication, plagiarism, falsification, forgery of University academic documents, and facilitating academic dishonesty by others.

Consult GW's [Academic Dishonesty Prevention resource](#) for further information and support.

Grading

This course uses the following grading schema.

Assignment Type	Percent of Final Grade
Three Exams	100%

The grading scale below determines your final letter grade.

- 93 - 100 = A
- 90 - 92 = A-
- 87 - 89 = B+

- 83 - 86 = B
- 80 - 82 = B-
- 77 - 79 = C+
- 73 - 76 = C
- 70 - 72 = C-
- 67 - 69 = D+
- 63 - 66 = D
- 60 - 62 = D-
- Less than 60 = F

Late Work

In general, late work will not be accepted. The only exception is for unusual circumstances such as students' illness (with doctor's note) or other emergencies such as death in the family.

Incomplete Grades

Undergraduate students

Incomplete grades may be given to undergraduate students only if for reasons beyond the student's control (such as medical or family emergencies) s/he is unable to complete the final work of the course. Faculty should not assign an Incomplete grade if not asked by the student.

A contract must be signed by the instructor and the student and filed in the department office. A copy should be submitted to the Academic Advising office in Phillips 107. A student has up to a calendar year to finish the coursework for the class, and when completed a grade change form must be submitted to the Academic Advising office to update the grade.

For further policy and contract information for undergraduate students, please consult with your advisor and also visit the website for [Columbian College of Arts and Sciences Academic Advising](#).

Policies

The following are university- and course-related policies that all course participants should read and understand. Please contact me if you have any questions.

Differences in Time Zone

All the times in this Blackboard course correspond to U.S. Eastern Time zone (e.g., Washington, DC). It is your responsibility to convert these times to the time zone of your location so you can meet this course's deadlines.

Inclement Weather

Please note that online courses at the George Washington University will continue to be held even when the University is closed for inclement weather.

Disability Support Services and Accessibility

Any student who may need an accommodation based on the impact of a disability should contact the [Office of Disability Support Services](#) (DSS) to inquire about the documentation necessary to establish eligibility, and to coordinate a plan of reasonable and appropriate accommodations. DSS is located in Rome Hall, Suite 102. For additional information, please call DSS at 202-994-8250, or consult <https://disabilitysupport.gwu.edu>.

For information about how the course technology is accessible to all learners, see the following resources:

- [Blackboard accessibility policy](#)
- [Kaltura \(video platform\) accessibility policy](#)
- [Microsoft Office accessibility policy](#)
- [Adobe accessibility policy](#)

Religious Observances

In accordance with University policy, students should notify faculty during the first week of the semester of their intention to be absent from class on the day(s) of religious observance. Please consult [the university policy on religious holiday observance](#) for further information.

Acceptable Use Policy for Computing Systems and Services

All members of the George Washington University must read and comply with the [Acceptable Use Policy](#) when accessing and using computing systems and services, including email and Blackboard. Please read the [Acceptable Use Policy](#) to familiarize yourself with how GW systems are to be used ethically.

Sharing of Course Content

Unauthorized downloading, distributing, or sharing of any part of a recorded lecture or course materials, as well as using provided information for purposes other than the student's own learning may be deemed a violation of GW's Student Conduct Code.

Use of Student Work (FERPA)

The professor will use academic work that you complete during this semester for educational purposes in this course during this semester. Your registration and continued enrollment constitute your consent.

Copyright Policy Statement

Copyright Restriction: Materials used in connection with this course may be subject to copyright protection under Title 17 of the United States Code. Under certain Fair Use circumstances specified by law, copies may be made for private study, scholarship, or research. Electronic copies should not be shared with unauthorized users. If a user fails to comply with Fair Use restrictions, he/she may be liable for copyright infringement. For more information, see the [GW Copyright Policy](#) and [Fair Use guidelines](#).

Emergency Preparedness and Response

The University has asked all faculty to inform students of these procedures, prepared by the [GW Office of Public Safety and Emergency Management](#) in collaboration with the Office of the Executive Vice President for Academic Affairs.

To Report an Emergency or Suspicious Activity

Call the University Police Department at 202-994-6111 (Foggy Bottom) or 202-242-6111 (Mount Vernon).

Shelter in Place - General Guidance

Although it is unlikely that we will ever need to shelter in place, it is helpful to know what to do just in case. No matter where you are, the basic steps of shelter in place will generally remain the same.

- If you are inside, stay where you are unless the building you are in is affected. If it is affected, you should evacuate. If you are outdoors, proceed into the closest building or follow instructions from emergency personnel on the scene.
- Locate an interior room to shelter inside. If possible, it should be above ground level and have the fewest number of windows. If sheltering in a room with windows, move away from the windows. If there is a large group of people inside a particular building, several rooms may be necessary.
- Shut and lock all windows (for a tighter seal) and close exterior doors.

- Turn off air conditioners, heaters, and fans. Close vents to ventilation systems as you are able. (University staff will turn off ventilation systems as quickly as possible).
- Make a list of the people with you and ask someone to call the list in to UPD so they know where you are sheltering and who is with you. If only students are present, one of the students should call in the list.
- Await further instructions. If possible, visit GW Campus Advisories for incident updates or call the GW Information Line 202-994-5050.
- Make yourself comfortable and look after one other. You will get word as soon as it is safe to come out.

Evacuation

An evacuation will be considered if the building we are in is affected or we must move to a location of greater safety. We will always evacuate if the fire alarm sounds. In the event of an evacuation, please gather your personal belongings quickly (purse, keys, GWorld card, etc.) and proceed to the nearest exit. Every classroom has a map at the door designating both the shortest egress and an alternate egress. Anyone who is physically unable to walk down the stairs should wait in the stairwell, behind the closed doors. Firemen will check the stairwells upon entering the building.

Once you have evacuated the building, proceed to our primary rendezvous location: the courtyard area between the GW Hospital and Ross Hall. In the event that this location is unavailable, we will meet on the ground level of the Visitors Parking Garage (I Street entrance, at 22nd Street). From our rendezvous location, we will await instructions to re-enter the School.

Alert DC

Alert DC provides free notification by e-mail or text message during an emergency. Visit [GW Campus Advisories](#) for a link and instructions on how to sign up for alerts pertaining to GW. If you receive an Alert DC notification during class, you are encouraged to share the information immediately.

GW Alert

GW Alert provides popup notification to desktop and laptop computers during an emergency. In the event that we receive an alert to the computer in our classroom, we will follow the instructions given. You are also encouraged to download this application to your personal computer. Visit [GW Campus Advisories](#) to learn how.

Additional Information

Additional information about emergency preparedness and response at GW or the University's operating status can be found on [GW Campus Advisories](#) or by calling the GW Information Line at 202-994-5050.