

Tentative Syllabus
IR 280 Political Economy of China

March 11, 2015

Office Hours:

My office is *Harkness 109D* (Wallis Institute of Political Economy). My office hours are *Monday 4:00pm-6:00pm* or other time by appointment. I will be delighted to discuss any issues or questions that arise from lectures, precept, or the readings; to discuss potential ideas or challenges that you may have with your written work; or, just to have a conversation about political economy, political science or economics.

If you are unable to see me during my office hours and would like to schedule an appointment, please send me an *email (gdongchen@gmail.com)* in which you propose three different times that you can meet during the week. I will respond with the preferred time. Please make every effort to attend office hours, and only schedule an appointment, separately, if your timetable will not allow you to attend the Thursday slot.

It is important that you do not wait until the last minute to contact me with urgent questions or problems.

Assessment:

Midterm Exam — 20% of the grade. The midterm is scheduled for Thursday March 5 from 11:05 am to 12:20 pm (in class).

Final Exam/Project — 40% of the grade.

Homework assignments — 30% of the grade. These assignments will be a mix of short (1-2 page) essays and problem sets.

Class participation — 10% of the grade.

Homework assignment and Late Papers Policy

Over the course of the semester, you will be assigned homework which is due on specified dates, unless stated otherwise. Late homework will be subject to an automatic deduction of one half of the grade that would have been awarded had the work been handed in by the deadline. Work submitted more than 24 hours after the deadline will receive no credit.

The nature of the homework assignments will vary; some will require a written response to the week's readings and others will be in the form of problems that you must solve. In all cases, I ask that you present your answers with a care for legibility and clarity.

Course Materials

We will extensively use and read several academic research papers or parts of books. Some items are posted on Blackboard under Course Materials. The Blackboard web site of the course is available only to students registered for the course.

Strategies for Effective Reading

Whenever you read any scholarly work in social science, you should ask the following questions:

- (1) What thesis does the author advance?
- (2) Does the author provide a clear definition of key terms, and is this definition applied consistently throughout the argument?
- (3) What assumptions are required for the author's inference to be successful? Does the author make explicit note of these assumptions and discuss their appropriateness in the given context?
- (4) Does the author bring empirical evidence to bear on her argument? Is this evidence appropriate for the given theoretical argument?

When reading more technical material, you do not need to absorb every detail of any game-theoretic or econometric models that you encounter. Nonetheless, I strongly recommend that you do your best to follow the broad argument; I will always be on hand in office hours to fill in the gaps.

Tentative Course Outline

We do not intend to provide a comprehensive list of all the important academic papers about China's political economy. Instead, the following papers/books are selected for the purpose of facilitating the lectures of the course.

1. Introduction: A Brief History of Market Transition (1978-1998)

Barry Naughton (2007)* Chapter 4

Yingyi Qian (2000) "The Process of China's Market Transition (1978-1998): The Evolutionary, Historical, and Comparative Perspectives."

Franklin, Allen, Jun Qian, and Meijun Qian. "Law, finance, and economic growth in China." *Journal of financial economics* 77.1 (2005): 57-116.

Perkins, Dwight H. and Thomas G. Rawski (2008), "Forecasting China's Economic Growth to 2025," in Loren Brandt and Thomas Rawski (eds.), *China's Great Economic Transformation*, Cambridge University Press, 2008.

Shirk, Susan L. (1993), *The Political Logic of Economic Reform in China*, Berkeley: University of California Press, 1993. Ch.3-4.

Huang, Yasheng (1996), "Central-local relations in China during the reform era: the economic and institutional dimensions," *World Development*, Vol. 24, No. 4 (1996).

2. Institutional Foundations : Formal Institutions

(Feb 3, 5)

Xu, Chenggang, * "The Fundamental Institutions of China's Reforms and Development," *The Journal of Economic Literature*, 2011, 49:4, 1076-1151.

Cai, Hongbin and Daniel Treisman, 2006 * "Did Government Decentralization Cause China's Economic Miracle." *World Politics*, 58:505-535

Landry, Pierre F. 2008 "Decentralized authoritarianism in China." *New York: Cambridge University Press*

Montinola, Gabriella, Yingyi Qian, Barry R. Weingast, "Federalism, Chinese Style: The Political Basis for Economic Success in China," *World Politics*, October 1995, 48(1), pp.50-81.

Li, Hongbin and Li-An Zhou, 2005. "Political Turnover and Economic Performance: The Incentive Role of Personal Control in China." *Journal of Public Economics*, 89(9-10), pp. 1743-1762.

Qian, Yingyi and Chenggang Xu, "The M-form Hierarchy and China's Economic Reform," *European Economic Review*, April, 1993. pp.541-548.

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

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

3. Regional Competition: the Facts!

(Feb 10, 12)

Guo, Gang. * "China's Local Political Budget Cycles." *American Journal of Political Science* 53.3 (2009): 621-632.

Pan, Jennifer. * "Measuring the Goals and Incentives of Local Chinese Officials." *Harvard University, Department of Government, Working Paper* (2013).

Jia, Ruixue, Masayuki Kudamatsu, and David Seim. "Complementary roles of connections and performance in political selection in China." *Journal of the European Economic Association*, forthcoming

Persson, Petra and Ekaterina Zhuravskaya, "The Limits of Career Concerns in Federalism: Evidence from China." working paper

Lv, Xiaobo and Pierre Landry, Show Me the Money: Interjurisdiction Political Competition and Fiscal Extraction in China." *American Political Science Review*, 108(3): 706 - 722.

Kung, James Kai-sing, and Shuo Chen. "The tragedy of the Nomenklatura: Career incentives and political radicalism during China's great leap famine." *American Political Science Review* 105.01 (2011): 27-45.

4. Economic Structure, Investment and Macro-economy

(Feb 17, 19,24)

Loren Brandt, Chang-Tai Hsieh and Xiaodong Zhu, 2008 * "[Growth and Structural Transformation in China](#)," in Loren Brandt and Thomas Rawski ed. *China's Great Economic Transformation*, pp. 569-632, Cambridge University Press, 2008.

Song, Zheng, Kjetil Storesletten and Fabrizio Zilibotti * "Growing like China." *American Economic Review*, 101(1): 196-233, February 2011

Bai, Chong-En, Chang-tai Hsieh and Yingyi Qian, * "The Return to Capital in China", *Brookings Papers on Economic Activity*, 2006, No.2, pp. 61-101.

Bai, Chong-En, Jianguo Lu, Zhigang Tao, "How Does Privatization Work in China?" *Journal of Comparative Economics*, September 2009, 37(3), pp. 453-470.

Song, Zheng, Chang-Tai Hsieh, "Grasp the Large, Let Go of the Small: The Transformation of the State Sector in China." working paper

5. The Puzzle of High Saving Rate

(Feb 26)

Wei, Shang-Jin, and Xiaobo Zhang. * *The competitive saving motive: Evidence from rising sex ratios and savings rates in China*. No. w15093. National Bureau of Economic Research, 2009.

March 3 Review and preparation for Midterm

March 5 Midterm

6. Under the Dome: Discussion of Chai's Video and Environmental Protection

(March 17, 19)

Lorentzen, Peter, Pierre Landry, and John Yasuda. * "Undermining authoritarian innovation: the power of China's industrial giants." *The Journal of Politics* 76.01 (2014): 182-194.

Chen, Yuyu, Avraham Ebenstein, Michael Greenstone, and Hongbin Li. * "Evidence on the impact of sustained exposure to air pollution on life expectancy from China's Huai River policy." *Proceedings of the National Academy of Sciences* 110, no. 32 (2013): 12936-12941.

Kahn, Matthew E.; Li, Pei and Zhao, Daxuan. "Water Pollution Progress at Borders: The Role of Changes in China's Political Promotion Incentives." *AEJ: Economic Policy* (forthcoming)

7. Housing and Urbanization

(March 24)

Cai, Hongbin, J. Vernon Henderson, and Qinghua Zhang. * "China's land market auctions: evidence of corruption." *The RAND journal of economics* 44.3 (2013): 488-521.

Kung, James Kai-sing, and Ting Chen. *The Mystery of Authoritarian Growth: Land Revenue and the Career Concerns of China's Local Leaders.* working paper, HKUST, 2013.

Fang, Hanming, Quanlin Gu, and Li-An Zhou. *The Gradients of Power: Evidence from the Chinese Housing Market.* No. w20317. National Bureau of Economic Research, 2014.

Bai, Chong-En, Qi Li, and Min Ouyang. "Property taxes and home prices: A tale of two cities." *Journal of Econometrics* 180.1 (2014): 1-15.

8. China' investment in Africa (March 26)

9. Return to Education, Income Inequality, Redistribution and Public Opinion (March 31)

Xing, Chunbing, and Shi Li. "Residual wage inequality in urban China, 1995–2007." *China Economic Review* 23.2 (2012): 205-222.

Ge, Suqin, and Dennis Tao Yang. "Changes in China's wage structure." *Journal of the European Economic Association* 12.2 (2014): 300-336.

Lü, Xiaobo. "Equality of Educational Opportunity and Attitudes toward Income Inequality: Evidence from China." *Quarterly Journal of Political Science* 8.3 (2013): 271-303.

Huang, Haifeng. "International Knowledge and Domestic Evaluations in a Changing Society: The Case of China." *American Political Science Review* (2015).

10. Rural Economy and Governance (April 2)

Lin, Justin Yifu. "Collectivization and China's agricultural crisis in 1959-1961." *Journal of Political Economy* (1990): 1228-1252.

Lin, Justin Yifu. "Rural reforms and agricultural growth in China." *The American economic review* (1992): 34-51.

Xu, Yiqing, and Yang Yao. "Informal Institutions, Collective Action, and Public Investment in Rural China." *American Political Science Review* (2014) forthcoming

Martinez-Bravo, Monica, Gerard Padró i Miquel, Nancy Qian, and Yang Yao. "Elections in China." (2014).

Meng, Xin, Nancy Qian, and Pierre Yared. "The Institutional Causes of Famine in China, 1959-61." *NBER Working Paper* 16361 (2014).

11. Social Mobility and Civil Service Exam System

(April 7)

Jia, Ruixue, and Ying Bai, "Elite Recruitment and Political Stability: The Impact of the Abolition of China's Civil Service Exam System." working paper

Jia, Ruixue, and Xiaohuan Lan, "Capitalism for the Children: Entrepreneurs with Cadre Parents Under Big Government." working paper

12. Anti Corruption and Some Development Economics

(April 9)

Gerard Roland, 2013, * Development Economics

13. Business and Politics

(April 14)

Li, Hongbin, Lingsheng Meng, Qian Wang and Li-an Zhou, "Political Connections, Financing and Firm Performance: Evidence from Chinese Private Entrepreneurs," *Journal of Development Economics* 87, 2008, pp. 283-299.

Truex, Rory. "The returns to office in a "Rubber Stamp" parliament." *American Political Science Review* (2013): 1-17.

14. Media Openness and Information Manipulation

(April 16)

Shirk, Susan L., ed. *Changing media, changing China*. Oxford University Press, 2010.

King, Gary, Jennifer Pan, and Margaret E. Roberts. "How censorship in China allows government criticism but silences collective expression." *American Political Science Review* 107.02 (2013): 326-343.

Lorentzen, Peter. "China's Strategic Censorship." *American Journal of Political Science* 58.2 (2014): 402-414.

Lorentzen, Peter, and Suzanne Scoggins. Forthcoming 2015. "Understanding China's Rising Rights Consciousness." *The China Quarterly*.

Chen, Jidong, and Yiqing Xu. "Authoritarian Governance with Public Communication." (2014).

Chen, Jidong, and Yiqing Xu. "Information Disclosure and Reform in Authoritarian Governance." (2014).

15. Authoritarian Responsiveness and Governance

(April 21)

Distelhorst, Greg, and Yue Hou. 2014 "Ingroup bias in official behavior: A national field experiment in China." *Quarterly Journal of Political Science*: 203-230.

Chen, Jidong, Jennifer Pan, and Yiqing Xu. 2015 "Sources of Authoritarian Responsiveness: A Field Experiment in China."

April 23 Review and preparation for the final

April 28 Final Exam