

# Inside the China Miracle

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## CHINA: OPPORTUNITIES AND CHALLENGES

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**Attached are two PDF files that you must read before the trip.**

[readings\Barrer China Private Sector Healthcare 4 May 09 Final.pdf](#)

[readings\The Value of China's Emerging Middle Class McKinsey and Co 2006.pdf](#)

**Course Description:** The study in China program is designed to encourage experiential learning regarding China's economic emergence and to understand Chinese perspectives regarding policy development, economic change, and trade strategies, and to interact with practitioners, academics, and policy specialists.

Assignments and Course grading structure:

1. Book Review (15%)
2. Analytical Policy Reflection (15%)
3. Research Paper: (50%)
4. Class participation: (20%)

### **1. Book Review**

A book review that comprehensively assesses the substance of the book in the broader context of current pressing issues arising from with China's growing role in international trade, commerce, the financial crisis, and/or participation in the political/diplomatic community of nations (depending on the emphasis of the book chosen). I seek your analysis of how well the author assesses China's role and place given what others are saying.

The Review should be no longer than 1500 words. An electronic version should be sent to the professor at [Robert.rogowsky@usitc.gov](mailto:Robert.rogowsky@usitc.gov) and a hard copy brought to China.

Choose 2 books or 1 book and a set of articles for your book review from the following:

### **Books:**

*China Inc How the Rise of the Next Superpower challenges America and the World* by Ted Fishman, 2005.

*China: The Balance Sheet What the World Needs to Know now about the Emerging Superpower.* Copyright 2006. The book is by the Center for Strategic And International Studies and the Institute for International Economics.

*China's Rise: Challenges and Opportunities: The China Balance Sheet Project*, Bergsten, C. Fred, Nicholas Lardy, Charles Freeman, and Derek J. Mitchell., 2008 [a joint, multiyear project of the Center for Strategic and International Studies and the Peterson Institute], <http://bookstore.petersoninstitute.org/book-store//4174.html>

*China: Fragile Superpower*, Susan Shirk, 2007, Oxford Press.

*China's Trapped Transition: The Limits of Developmental Autocracy.* Minxin Pei, 2006, Harvard University Press. [Pei is a leading critic of China's government, and the tone of his writing reflects his pessimism for China. Rather negative on China's prospects].

*China Shakes the World*, James Kynge, 2006, Houghton Mifflin Press.

### Background

China: Description of Selected Government Practice and Policies Affecting Decision Making in the Economy, USITC, 2007, at [http://www.usitc.gov/publications/abstract\\_3978.htm](http://www.usitc.gov/publications/abstract_3978.htm)

*The China Reader: The Reform Era*, 1999, Vintage Books [a good overview--short articles and documents covering all aspects of China's development in the 1980s and 90s].

The *China Business Review* website (<http://www.chinabusinessreview.com>) makes selected articles from each issue available online. The current issue is on the main page. For back issues, click on CBR archives (left side) and you can search for articles by topic--some will be available and others are for subscribers only, but you can buy individual issues on the website as well. Two excellent timely articles about US-China business/economic relations are available online from the Center for Strategic and International Studies:

<http://www.csis.org/china/econtrade/finance.cfm>. They are: "The US-China Trade Imbalance and Other Issues concerning Bilateral Economic Relations," by Pieter Bottelier and "A Matter of Business," by Robert Kapp (A longer version of this article appears in *China in the American Political Imagination*; see above under US-China Relations General)

**2. Research Paper** The paper assignment is to produce a critical essay on a crucial issue confronting China today as it globalizes (8 pages, 1.5 spacing). You may choose any topic relevant to your interests or program concentration. The paper is due by June 23, 2009. You will have time to work on the paper in China. Recommendation: Work on your paper before departure. This way you will be able to fully maximize the lectures. Then, while in China, you will be able to add to your paper as you collect additional information from the lectures.

### **3. Economic Indicators (as part of your participation grade)**

You will also be responsible for familiarizing yourself with the leading economic indicators for China. These can be found at the [economist.com](http://economist.com) (under markets and data and country briefings). Here you can find a country profile and forecast for China, including GDP, public debt, unemployment, etc.

The best way to keep informed of the all the important figures and events is to visit:

<http://english.peopledaily.com.cn/>

See World Bank website: <http://www.worldbank.org> Available online from the World Bank: China Country Assistance Strategy 2003 (This is technical and contains a lot of World Bank-speak.)

A good source of statistics on China's economy and US-China investment and trade: <http://www.uschina.org/china-statistics.html>, Documentary: *China in the Red*, Produced by Sue Williams (Frontline, 2003) [This film presents individual human stories behind the economic and social transformations taking place in China. It can be viewed <http://www.pbs.org/wgbh/pages/frontline/shows/red>]

## List of Possible Readings:

### Congressional Research Reports on China

[“US-China Trade Issues”](#) October 7, 2008.

[“China’s Currency: A Summary of the Economic Issues.”](#) November 20, 2008.

[China and the Global Financial Crisis](#) November 17, 2008

[“China’s Economic Conditions.”](#) September 16, 2008, CRS Report RL33534.

[“Comparing Global Influence: China’s and US Diplomacy, Foreign Aid, Trade, and Investment in the Developing World.”](#) August 15, 2008, CRS Report RL34620.

[“Why are Saving Rates of Urban Households in China Rising?”](#) Marcos Chamon and Eswar Prasad. Brookings Global Economy and Development Working Paper No. 31 December 2008.

Link, Perry. [“Corruption and Indignation: Windows into Popular Chinese Views on Right and Wrong.”](#) American Enterprise Institute: Tocqueville on China Project. February 2008.

[“Where the Chinese Miracle Vanishes into Thin Air.”](#) Economist Intel. Unit. April 9<sup>th</sup>, 2008.

Brad W. Setser. Council on Foreign Relations. [“Sovereign Wealth and Sovereign Power: The Strategic Consequences of American Indebtedness”](#) September 2008.

Financial Times Geoff Dyer and Richard McGregor. [“China’s Champions: Why State Ownership is No Longer Proving A Dead Hand.”](#) March 16, 2008.

Center for Strategic and International Studies. [“The Graying of the Middle Kingdom.”](#) April, 2004.

[“Can China’s Growth Trajectory be Sustained,”](#) P. Bottelier and G. Fosler, Conference Board 2007.

The McKinsey Quarterly Yasheng Huang. [“Private Ownership: The Real Source of China’s Economic Miracle.”](#) 2009, Number 1.

The McKinsey Quarterly, Jonathan R. Woetzel. [“Reassessing China’s State Owned Industries.”](#) July, 2008.

Henry M. Paulson Jr. From *Foreign Affairs* , September/October 2008. [“A Strategic Economic Engagement.”](#)

World Trade Organization. [China Trade Policy Review.](#) April 16, 2008.

Broda, Christian and John Romalis. University of Chicago and NBER. "[Inequality and Prices: Does China Benefit the Poor in America?](#)" March 6, 2008.

Zhi Wang, Robert Koopman, and Shang-jin Wei. April 2008, "[How Much of Chinese Exports Is Really Made in China? Assessing Foreign and Domestic Value-Added in Gross Exports](#)," USITC Working Paper.

Judith Dean, K.C. Fung, and Zhi Wang. September 2008, "[How Vertically Specialized is Chinese Trade?](#)" (Publication EC2008-09-D).USITC Working Paper.

## **ADDITIONAL CHINA READING LIST**

### **Economic/Ownership Reform in China**

\*\*Lardy, Nicholas. *China's Unfinished Economic Revolution*(Chap 2- The State Owned Enterprise Problem). Brookings 1998.

\*\*Naughton, Barry. *Growing Out of the Plan* (Intro – China's Economic Reforms in Comparative Perspective). Cambridge University Press 1995.

### **China's Macro Story**

Kuijs, Louis. "How Will China's Saving-Investment Balance Evolve?" World Bank China Office Research Paper No. 5, 2006.

### **China & World Economy**

Lardy, Nicholas. *Integrating China in the Global Economy* (Chap 1-3). Brookings 2002.

Prasad, Eswar Prasad (ed.), *China's Growth and Integration into the World Economy*. Prospects and Challenges (Chap 2), IMF 2004.

\*\*Naughton, Barry. *The China Circle – Economics and Technology in the PRC, Taiwan and Hong Kong* (Chap 1-The Emergence of the China Circle). Brookings 1997.

### **China-US Economic Relations**

US Trade Representative: *US-China Trade Relations: Entering a New Phase of Greater Accountability and Enforcement. Top-To-Bottom Review*. USTR, February 2006.

Fred Bergsten, Bates Gill, Nicholas Lardy and Derek Mitchell, *China: The Balance Sheet. What the World Needs to Know Now About the Emerging Superpower* (Chaps 1, 4 and 6). IIE & CSIS, 2006.

## Others

Dunaway, Steven and Xiangming Li, "Estimating China's Equilibrium" Real Exchange Rate," IMF Working Paper, WP/05/202, October 2005.

Economist (The). How China runs the world economy. The Economist, 30 July 2005.

Garnaut, Ross, Ligang Song, Stoyan Tenev, and Yang Yao, "China's Ownership Transformation" (Chapters 1-3) in Process, Outcomes, Prospects. IFC, ANU and CCER 2005.

Gilboy, George. "The Myth Behind China's Miracle". Foreign Affairs Magazine, July/August 2004.

Goldstein, Morris. "Adjusting China's Exchange Rate Policies". IIE Working Paper. September 2004.

Husain, Athar. "Demographic Transition in China and its Implications". Conference paper 2002.

Jackson, Richard & Neil Howe, "The Graying of the Middle Kingdom". CSIS 2004.

Li, Hongbin and Scott Rozelle, "Privatizing Rural China: Insider Privatization, Innovative Contracts and the Performance of Township Enterprises". The China Quarterly. December 2003. No.176.

Ma, Jun Wenhui Zhu, and Alan Kwok, "China-Taiwan Economic Integration: Trends and Implications," Deutsche Bank, September 2002.

Maddison, Angus "Chinese Economic Performance in the Long Run." (Chap 2) OECD Development Centre, Paris 1998.

Riskin, Carl. "China's Political Economy. The Quest for Development since 1949." (Chaps 1-2). Oxford University Press, 1987.

Spence, Jonathan D.: The Search for Modern China. W.W. Norton & Company. New York 1990. (Library)

Tseng, Wanda and Harm Zebregs, "Foreign Direct Investment in China: Some Lessons for Other Countries," in Wanda Tseng and Markus Rodlauer (eds.), China: Competing in the Global Economy (Washington, DC: International Monetary Fund, 2003), pp. 68-88.

US-China Business Council: The China Effect: Assessing the Impact on the US Economy of Trade and Investment with China. A Report by Oxford Economics and The Signal Group. USCBC, January 2006.

US-China Business Council: US-China Trade in Context. USCBC 2006.

US Trade Representative: US-China Trade Relations: Entering a New Phase of Greater Accountability and Enforcement. Top-To-Bottom Review. USTR, February 2006.

US Trade Representative: 2005 Report to Congress on China's WTO Compliance. USTR, December 2005.

US Government Accountability Office (GAO), Report to Congress on China's alleged currency manipulation. (p 1-37) in, GAO report no. 05-351, April 2005

Wu, Jinglian, "Understanding and Interpreting Chinese Economic Reform" (Chap 4). Thomson South-Western 2005. (Library)