Instructor:

Professor Zhigang TAO  
Office: Room 1232, K. K. Leung Building  
Telephone: 3917-8223; Email: ztao@hku.hk

Course Description:

This course will examine how China has managed to reemerge as one of the largest economies in the world over the last forty years and discuss its integration into the global economy.

Programme Learning Outcomes (PLOs) for MEcon:

- PLO1. Understanding of fundamental theories and new development in economics  
- PLO2. Mastering of skills in analyzing economic data  
- PLO3. Demonstration of ability to apply economic knowledge and analytical skills to address policy and business problems  
- PLO4. Awareness of ethical concerns in economic issues  
- PLO5. Mastering of communication skills

Course Learning Outcomes:

<table>
<thead>
<tr>
<th>Course Learning Outcomes</th>
<th>Alignment with Program Learning Outcome (PLO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>– On completing the course, students will be able to:</td>
<td></td>
</tr>
<tr>
<td>1. Understand how China has managed to reemerge as one of the largest economies in the world over the past four decades</td>
<td>PLO1, 2, 3, 5</td>
</tr>
<tr>
<td>2. analyze the impact of China on global economy</td>
<td>PLO1, 2, 3, 4, 5</td>
</tr>
<tr>
<td>3. formulate policies conductive to China’s economic growth and its responsibility to the global economy</td>
<td>PLO1, 2, 3, 4, 5</td>
</tr>
</tbody>
</table>
Assessment: 100% course work

<table>
<thead>
<tr>
<th>Assessment method</th>
<th>Weight</th>
<th>Alignment with Course Learning Outcome (CLO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classroom participation</td>
<td>20%</td>
<td>CLO1,2,3</td>
</tr>
<tr>
<td>Two group presentations (one case, and the other reading materials)</td>
<td>40%</td>
<td>CLO1,2,3</td>
</tr>
<tr>
<td>Individual report</td>
<td>40%</td>
<td>CLO1,2,3</td>
</tr>
</tbody>
</table>

Standard for Assessment

<table>
<thead>
<tr>
<th>Final Grade</th>
<th>Proportion in Class</th>
<th>Descriptors</th>
</tr>
</thead>
<tbody>
<tr>
<td>A+, A, A-</td>
<td>15-35%</td>
<td>Very good, above average</td>
</tr>
<tr>
<td>B+, B, B-</td>
<td>40-50%</td>
<td>Good, average</td>
</tr>
<tr>
<td>C+, C, C-</td>
<td>Remainder of class</td>
<td>Acceptable, below average</td>
</tr>
<tr>
<td>D</td>
<td>Failure is absolute.</td>
<td>Poor</td>
</tr>
<tr>
<td>F</td>
<td>Therefore is no forced fails.</td>
<td>Failed</td>
</tr>
<tr>
<td>IN</td>
<td>Incomplete course</td>
<td>Work not completed by a specified date will be converted to a ‘fail’</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Grade</th>
<th>Descriptors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>A1: Write up for opening and individual cases (20%)</strong></td>
</tr>
<tr>
<td></td>
<td>A+, A, A- Precise identification of key questions, and excellent solution to all questions identified &amp; supported by rigorous analysis.</td>
</tr>
<tr>
<td></td>
<td>B+, B, B- Reasonably good in identification of key questions, solution proposed, and analysis provided</td>
</tr>
<tr>
<td></td>
<td>C+, C, C- Inadequacy in either identification of questions, or recommendations, or analysis</td>
</tr>
<tr>
<td></td>
<td>D Poor in either identification of questions, or recommendations, or analysis</td>
</tr>
<tr>
<td></td>
<td>F Did not submit or complete case write up</td>
</tr>
<tr>
<td></td>
<td><strong>A2: Group case analysis (20%)</strong></td>
</tr>
<tr>
<td></td>
<td>A+, A, A- Precise identification of key questions, and excellent solution to all questions identified &amp; supported by rigorous analysis.</td>
</tr>
<tr>
<td></td>
<td>B+, B, B- Reasonably good in identification of key questions, solution proposed, and analysis provided</td>
</tr>
<tr>
<td></td>
<td>C+, C, C- Inadequacy in either identification of questions, or recommendations, or analysis</td>
</tr>
<tr>
<td></td>
<td>D Poor in either identification of questions, or recommendations, or analysis</td>
</tr>
<tr>
<td></td>
<td>F Did not submit or complete group case analysis</td>
</tr>
<tr>
<td></td>
<td><strong>A3: Individual report (40%)</strong></td>
</tr>
<tr>
<td></td>
<td>A+, A, A- Precise identification of key questions, and excellent solution to all questions identified &amp; supported by rigorous analysis.</td>
</tr>
<tr>
<td></td>
<td>B+, B, B- Reasonably good in identification of key questions, solution proposed, and analysis provided</td>
</tr>
<tr>
<td></td>
<td>C+, C, C- Inadequacy in either identification of questions, or recommendations, or analysis</td>
</tr>
</tbody>
</table>
Plagiarism Declaration

All students completing this course should be aware that in submitting any assignment for this course, you agree to the following declaration:

“I certify that the coursework that I have submitted is entirely my own unaided work, and that I have read and complied with the School’s guidelines on plagiarism and referencing as set out in the School handbook.

I understand that the School may make use of plagiarism detection software and that my work may therefore be stored on a database which is accessible to other users of the same software.”

Students should be aware that, where plagiarism is suspected, a formal investigation may be carried out under the course offering School’s Student Disciplinary Procedure. This may result in penalties ranging from mark deduction to expulsion from the Programme.

Course schedule:

Sept 5 (Wed), 12 (Wed), 19 (Wed) (KK301), 20 (Thur), 26 (Wed), 27 (Thur); Oct 3 (Wed), 4 (Thur), 10 (Wed), 24 (Wed); Nov 21 (Wed) & 28 (Wed), 2018

Course content (with reading materials)

Topic 1: the re-emergence of the Chinese economy (from 1978 onward)

**Topic 2: How has China grown so fast in the last forty years? An overview**

1. Yingyi Qian, How reform worked in China? The transition from plan to market, 2018, MIT. Chapter 1

**Topic 3: Special economic zones**


**Topic 4: Price reform: reform without losers, and dual track**

1. Yingyi Qian, How reform worked in China? The transition from plan to market, 2018, MIT. Chapters 2 and 3

**Topic 5: Motivating local officials**

1. Yingyi Qian, How reform worked in China? The transition from plan to market, 2018, MIT. Chapter 9

**Topic 6: Agricultural reform**

2. Yingyi Qian, How reform worked in China? The transition from plan to market, 2018, MIT. Chapters 4 and 5
4. Danone V Wahaha (A): Who is Having the Last Laugh? (Isabella Chan; Jiangyong Lu; Zhigang Tao; Shangjin Wei), 2008, Asia Case Research Centre, The University of Hong Kong.

**Topic 7: reform of state-owned enterprises**

**Topic 8: Market economy with Chinese characteristics Role of state in the economy**

2. Julan Du, Yi Lu, Zhigang Tao, and Linhui Yu, the twin costs of state capitalism, working paper.

**Topic 9: private enterprises**

3. Julan DU, Yi LU, Zhigang Tao, and Yan Zhang, Getting back the level-playing field: China's State Capitalism and Corporate Social Responsibilities of its Private Enterprises, working paper.
4. Yahoo: Relationship Crisis with Alibaba in China (Zhigang Tao and Penelope Chan), 2012, Asia Case Research Centre, The University of Hong Kong.

**Topic 10: Institutional quality**


**Topic 11: multinational strategy in China**

Entry strategy:


Competitive Dynamics faced by foreign multinationals Regulations

1. THE GSK SCANDAL - WHEN QUESTIONABLE GLOBAL PRACTICES MET IMPERFET INSTITUTIONS IN EMERGING MARKETS (Zhigang Tao and W.H. Lo), 2014, Asia Case Research Centre, The University of Hong Kong.
2. TETRA PAK VERSUS GREATVIEW: THE BATTLE BEYOND CHINA (Zhigang Tao and Rebecca Chung), 2013, Asia Case Research Centre, The University of Hong Kong.
3. A SOUGHT-AFTER VISA FOR ENTERING CHINA'S ELECTRONIC PAYMENT MARKET AND STRATEGIES BEYOND (Zhigang Tao, Penelope Chan, and Elsha Yiu), 2014, Asia Case Research Centre, The University of Hong Kong.
4. 4 articles about the technology for market strategy used by China

**Topic 12: buying inputs from the world, or supplying inputs to the world**

1. BHP: Negotiating Iron Ore Prices With China (Ivan Png, Zhigang Tao, and Carola Ramon-Berjano), 2006, Asia Case Research Centre, The University of Hong Kong.
2. Rio Tinto: Takeover Fears and Price Negotiations with China (Ivan Png, Zhigang Tao, and Carola Ramon-Berjano), 2009, Asia Case Research Centre, The University of Hong Kong.
3. A set of articles about rare earth

Topic 13: Savings glut

2. Why are interest rates so low, part 3: the global savings glut, https://www.brookings.edu/blog/ben‐bernanke/2015/04/01/why-‐are-‐interest-‐rates-‐so-‐low-‐part-‐3-‐the-‐global-‐savings-‐glut/

Topic 14: Impacts on the American economy

3. David Autor, David Dorn, Gordon Hanson and Kaveh Majlesi, Importing Political Polarization? The Electoral Consequences of Rising Trade Exposure Working Paper, December 2017

Topic 15: trade war

2. Liza Jabbour, Zhigang Tao, Enrico Vanino, and Yan Zhang, The good, the bad and the ugly: Chinese imports, EU anti-dumping measures and firm performance, working paper.

Topic 16: China’s overseas investment
1. Five articles by Keith Bradsher
4. CHINA and LATIN AMERICA: Paths to overcoming the Middle-Income Trap, Daniel Lemus Delgado, Miguel A. Montoya B., Mauricio Cervantes Zepeda (Editors)