

Subject Code	AF5624
Subject Title	Political Economy of Policy Making in China
Credit Value	3
Level	5
Normal Duration	One Semester
Pre-requisite / Co-requisite/ Exclusion	Pre-requisite: The Chinese Economy (AF5620) Or Chinese Economy and Business Strategies (AF5625)
Role and Purposes	To enable students to understand the current state of development of Chinese business environment, this subject equips them with the basic skills of political economy analysis to identify the objectives and constraints that determine the stipulation and implementation of China's policies in various sectors of the economy. This subject deepens students' understanding of China's policy evolution in the post-reform period enabling them to <u>evaluate the policy outcomes regarding the developments in the Chinese business environment, and their impact on both domestic and foreign business organizations</u> (Program Outcome 1). The study of certain policy areas also enables students to <u>identify and analyse ethical issues related to doing business in China</u> (Program Outcome 2).
Subject Learning Outcomes	Upon completion of the subject, students will be able to: <ul style="list-style-type: none"> a. identify the various interest groups involved in the policy reforms in different sectors of the Chinese economy and evaluate how the interests they represent have shaped the policy reforms and affected their implementation; b. identify the major changes in the objectives of and constraints on China's policymakers in the course of economic development and analyze the subsequent policy adjustments; c. analyze the impacts of China's increasing globalization, especially after the accession to WTO, on the constraints governing China's formulation of reform policies and the pace of economic reform; and d. identify and analyze the ethical issues involved in the stipulation and implementation of certain policy areas.
Subject Synopsis/ Indicative Syllabus	<p>Economic policy in developing countries Competing policy objectives; interest groups involved in policy making; constraints on policymakers; contrasting economic policies; role of government in the economy</p> <p>Political economy of agricultural pricing policy Redistribution policy to facilitate heavy industrialization; incompatibility with food security objective; changes in China's agricultural pricing policy since the mid-1990s</p> <p>Political economy of trade policy Winners and losers of China's open-door policy; implications of China's export-oriented policies in general and for specific industries</p> <p>Political economy of China's financial and fiscal reforms The tie between China's SOE reform and financial reform; political economy factors obstructing the reform of China's banking sector and capital markets; impacts of fiscal decentralization on macroeconomic performance</p>

	<p>Impacts of external factors (esp. WTO accession in late 2001 and the global financial crisis in 2008 and 2012) on China's policymaking</p> <p>Removal of political obstacles to further market-oriented reforms; sectoral distribution of costs and benefits of further integration with the global economy; development in the political-economic interrelations between China and other countries</p> <p>Study of policymaking in selective areas</p> <p>Application of political economy analysis to selective policies such as environmental and resource conservation, social security, industrial and food safety, measures to rebalance domestic and external demands, etc.</p>																																														
<p>Teaching/Learning Methodology</p>	<p>Each three-hour session comprises lecture and seminar. Lectures focus on the introduction and explanation of key political economy concepts and theories. Seminars provide students with the opportunity to apply the theories to the analysis of real-life issues in China's policy making. Students are required to participate actively in discussions and group work in class and do projects on the topics assigned. Policy topics covered may differ from year to year to include the most current issues.</p>																																														
<p>Assessment Methods in Alignment with Intended Learning Outcomes</p>	<table border="1" data-bbox="443 835 1433 1512"> <thead> <tr> <th rowspan="2">Specific assessment methods/tasks</th> <th rowspan="2">% weighting</th> <th colspan="4">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th>a</th> <th>b</th> <th>c</th> <th>d</th> </tr> </thead> <tbody> <tr> <td>1. Attendance & participation in open discussions</td> <td>8</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> </tr> <tr> <td>2. Contribution to group discussions & class work</td> <td>12</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> </tr> <tr> <td>3. Project presentation and report</td> <td>20</td> <td>√</td> <td>√</td> <td></td> <td>√</td> </tr> <tr> <td>4. Mid-term test</td> <td>10</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> </tr> <tr> <td>5. Final examination</td> <td>50</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> </tr> <tr> <td>Total</td> <td>100 %</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:</p> <ol style="list-style-type: none"> 1. These activities are to deepen students' understanding through their active participation in discussions of issues introduced in the same lecture and their commenting on other students' presentations on specific policy areas. 2. Four to five in-class assignments will be done in small groups of 3 to 4 students on the analysis of the crucial elements (e.g. objectives, constraints, interest groups, and outcomes) of certain policy areas introduced in the same lecture. 3. Each student will do a project on a specific policy area, or do part of a project on a wider policy area with two or three other students. They are required to apply all the basic political-economy framework of analysis in the project. They have to present their major findings in class and submit a written report. 	Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)				a	b	c	d	1. Attendance & participation in open discussions	8	√	√	√	√	2. Contribution to group discussions & class work	12	√	√	√	√	3. Project presentation and report	20	√	√		√	4. Mid-term test	10	√	√	√	√	5. Final examination	50	√	√	√	√	Total	100 %				
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	<p>4. There will be a two-hour open-book mid-term test and a three-hour closed-book final examination to assess students' understanding of the basic concepts of political-economy analysis and their ability to apply the framework to some case studies of current policy issues.</p> <p>Note: To pass this subject, students are required to obtain Grade D or above in BOTH the Continuous Assessment and Examination components. In addition, the specific requirements on individual assessment components discussed above may be adjusted based on the pedagogical needs of subject lecturers.</p>	
Student Study Effort Expected	Class contact:	
	<ul style="list-style-type: none"> ▪ Lectures / Seminars 	39 Hrs.
	Other student study effort:	
	<ul style="list-style-type: none"> ▪ Reading of study materials and preparation for project presentation and report 	78 Hrs.
	Total student study effort	117 Hrs.
Reading List and References	<p>Recommended Textbook</p> <p>Brandt, Loren and Thomas G. Rawski (eds.), 2008, <i>China's Great Economic Transformation</i>, New York: Cambridge University Press.</p> <p>References</p> <p><i>(The following books and journal articles will be used selectively depending on the policy areas covered in the lectures.)</i></p> <p>Baldwin, Robert E., 1996, "The Political Economy of Trade Policy: Integrating the Perspectives of Economists and Political Scientists" in Feenstra, Robert C., Gene M. Grossman and Douglas A. Irwin (eds.) <i>The Political Economy of Trade Policy: Papers in Honor of Jagdish Bhagwati</i>, Cambridge: MIT Press: 147-173.</p> <p>Brandt, Loren and Thomas G. Rawski (eds.), 2008, <i>China's Great Economic Transformation</i>, New York: Cambridge University Press.</p> <p>Gale, Fred, 2013, "Growth and Evolution in China's Agricultural Support Policies," A Report from the Economic Research Service, United States Department of Agriculture (<i>ERR-153</i>).</p> <p>Hope, Nicholas C., Dennis Tao Yang, and Mu Yang Li (eds.), 2003, <i>How Far Across the River: Chinese Policy Reform at the Millennium</i>, California: Stanford University Press.</p> <p>Huang, Yasheng, 2010, Debating China's Economic Growth: The Beijing Consensus or The Washington Consensus, <i>Academy of Management Perspectives</i>, 24(2), 31-47.</p> <p>Joseph, William A. (ed.), 2014, <i>Politics in China: An Introduction</i>, 2nd Edition, New York: Oxford University Press.</p> <p>Krugman, Paul, 1994, The Myth of Asia's Miracle, <i>Foreign Affairs</i>, 73 (6), 62-79.</p> <p>Lardy, Nicholas R., 2012, <i>Sustaining China's Economic Growth After The Global Financial Crisis</i>, Peterson Institute for International Economics.</p> <p>Lardy, Nicholas R., 2014, <i>Markets over Mao: The Rise of Private Business in China</i>, Peterson Institute for International Economics.</p> <p>Liao, Wei and Sampawende J.-A. Tapsoba, 2014, "China's Monetary Policy and Interest Rate Liberalization: Lessons from International Experiences," Working Paper WP/14/75, International Monetary Fund.</p>	

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Relevant articles in *The Economist*, *South China Morning Post*, *Wall Street Journal*, and Chinese newspapers