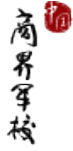




PHBS
北京大学汇丰商学院



Economics Elective Political Institutions & Economic Development Module 2, 2020-21

Course Information

Instructor: Professor XIAO Geng

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Office Hour: Monday 16:00-19:00; Thursday 16:00-19:00;

Teaching Assistant:

Phone:

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Classes:

Time: Monday and Thursday, 13:30-15:20

Venue: 319 PHBS Building

1. Course Description

1.1 Summary of Course Contents

This course examines political institutions and economic development, focusing particularly on the relations between the state and the market in the context of technological change, globalization, and the rapid modernization of China following its market-oriented reform and opening. It introduces basic concepts and analytical tools of new institutional economics for explaining the origin and evolution of the state and the market, as well as the political and geopolitical economy of public policy, globalization, US-China rivalry, and China's reform and opening. The course aims to help students to develop systemic and balanced perspectives on challenges of economic development at local, national, and global levels.

1.2 Readings

No required textbooks for this course. The following reading materials serve as the base and starting points for preparing class discussions, individual assignments, and group projects. Additional supplementary readings will be provided throughout the course when available and suitable.

More than 100 Articles by Andrew Sheng and Xiao Geng

- www.project-syndicate.org/columnist/geng-xiao

T1. New Institutional Economics

- Lars Werin, *Economic Behavior & Legal Institutions: An Introductory Survey*, World Scientific Publishing, 2003.
- Wolfgang Kasper and Manfred E. Streit, *Institutional Economics*, The Locke Institute and Edward Elgar, 1998.
- Ronald H. Coase, *The Firm, the Market, and the Law*, University of Chicago, 1988.
- Barzel, Yoram, *Economic Analysis of Property Rights*, Second Edition, Cambridge University Press, 1997.
- Hernando De Soto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*, Basic Books, 2000.
- Douglass C. North, *Institutions, Institutional Change, and Economic Performance*, Cambridge University Press, 1990.
- Douglass North, *Understanding the Process of Economic Change*, Princeton University Press, 2005.
- Elinor Ostrom, *Governing the Commons: The Evolution of Institutions for Collective Action*, 1990.
- Avner Greif, *Institutions and the Path to Modern Economy: Lessons from Medieval Trade*, Cambridge University Press, 2006.
- Mark Granovetter, *Society and Economy: Framework and Principles*, Harvard University Press, 2017.

T2. Origin and Evolution of the State

- Yoram Barzel, *A Theory of the State: Economic Rights, Legal Rights, and the Scope of the State*, Second Edition, Cambridge University Press, 1997.
- Francis Fukuyama, *The Origins of Political Order: From Prehuman Times to the French Revolution*, Farrar, Straus and Giroux, 2011.
- Francis Fukuyama, *Political Order and Political Decay: From Industrial Revolution to the Globalization of Democracy*, Farrar, Straus and Giroux, 2014.
- Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity and Poverty*, Profile Books, 2013.

T3. Political Economy of Globalization

- Jeffrey A. Frieden, David A. Lake, Kenneth A. Schultz, *World Politics: Interests, Interactions, Institutions*, Third Edition, W. W. Norton & Company, 2016.
- John Ravenhill, *Global Political Economy*, Fifth Edition, Oxford University Press, 2017.
- Jeffrey D. Sachs, *The Age of Globalization*, Columbia University Press, 2020.
- Dani Rodrik, *The Globalization Paradox: Democracy and the Future of the World Economy*, W. W. Norton & Company, 2011.
- Amitav Acharya, *Constructing Global Order: Agency and Change in World Politics*, Cambridge University, 2018.
- Mariana Mazzucato, *The value of everything: Making and Taking in the Global Economy*, PublicAffairs, 2018.

T4. China's Reform and Opening

- Steven N. S. Cheung, Will China go 'capitalist'? an economic analysis of property rights and institutional change, Institute of Economic Affairs, 1986.
- Steven N. S. Cheung, The Economic System of China, China CITIC Press, 2009.
- Y. Z. Cao, Y. Y. Qian and B. R. Weingast, From federalism, Chinese style to privatization, Chinese style, Economics of Transition 7(1): 103-131, 1999.
- Yukon Huang, Cracking the China Conundrum: Why Conventional Economic Wisdom Is Wrong, Oxford University Press, 2017.
- McKinsey & Company, China and the World: Inside the dynamics of a changing relationship, 2019.
- McKinsey & Company, Understanding Chinese Consumers: Growth Engine of the World, 2020.
- Xiao Geng, Zhang Yansheng, Law Cheung-Kwok and Dominc Meager, China's Evolving Growth Model: The Foshan Story, Fung Global Institute and Amazon Digital Publishing, 2015.

G1. Dynamics of the Chinese Political System

- Sebastian Heilmann, editor, China's Political System, Rowman & Littlefield, 2017.
- Tony Saich, Governance and Politics of China, Palgrave MacMillan, 2004.
- Daniel A. Bell, The China Model: Political Meritocracy and the Limits of Democracy, Princeton University Press, 2015.
- Yan Xuetong, Ancient Chinese Thought, Modern Chinese Power, Princeton University Press, 2011.
- Jennifer Rudolph and Michael Szonyi, editors, The China Questions: Critical Insights into A Rising Power, Harvard University Press, 2018.
- David Kennedy and Joseph E. Stiglitz, Law and Economics with Chinese Characteristics: Institutions for Promoting Development in the Twenty-First Century, Oxford University Press, 2013.

G2. Dynamics of the American Political System

- Raghuram Rajan and Luigi Zingales, Saving capitalism from the capitalists: unleashing the power of financial markets to create wealth and spread opportunity, Crown Business, 2003.
- Gordon Tullock, Arthur Seldon, and Gordon L. Brady, Government Failure: A Primer in Public Choice, CATO Institute, 2002.
- Roger LeRoy Miller, Daniel K. Benjamin, Douglass C. North, The Economics of Public Issues, Nineteenth Edition, Pearson, 2016.
- Joseph E. Stiglitz, People, Power, and Profits: Progressive Capitalism for an Age of Discontent, W.W.Norton & Company; 2019.

G3. Evolving Role of the State and Market

- David Harvey, A Brief History of Neoliberalism, Oxford University Press, 2005.
- Daniel Yergin and Joseph Stanislaw, The Commanding Heights: Battle for the World Economy, A Touchstone Book, 2002.
- Robert Skidelsky, Money and Government: The past and future of economics, Yale University Press, 2018.

G4. Inequality and Inclusive Growth

- Thomas Piketty, Capital in the Twenty-First Century, Harvard University Press, 2014.
- Roberto Mangabeira Unger, The Knowledge Economy, Verso, 2019.
- Joseph E. Stiglitz, Globalization and its Discontents Revisited: Anti-Globalization in the Era of Trump, W. W. Norton & Company,
- Jean Tirole, Economics for the Common Good, Princeton University Press, 2017.

G5. Political Economy of Disruptive Technology

- George Gilder, Knowledge and Power: The Information Theory of Capitalism and How It Is Revolutionizing our World, Regnery Publishing, 2013.
- Ash Carter, Shaping Disruptive Technological Change for Public Good, Harvard Kennedy School, 2018.

G6. Political Economy of the Global Value Chains

- World Development Report, Trading for Development in the Age of Global Value Chains, World Bank, 2020.
- MGI, Globalization in Transition: The Future of Trade and Value Chains, McKinsey, 2019.

G7. Political Economy of the Global Financial System

- Barry Eichengreen, Globalizing Capital: A History of the International Monetary System, Third Edition, Princeton University Press, 2019.

G8. Political Economy of Sustainable Development

- Jeffrey D. Sachs, The Age of Sustainable Development, Columbia University Press, 2015.

G9. Geopolitical Economy of US-China Relations

- Richard Haass, The World: A Brief Introduction, Penguin Press, 2020.
- Robert B. Zoellick, America in the World: A History of U.S. Diplomacy and Foreign Policy, Twelve, 2020.
- Graham Allison, Destined for War: Can America and China Escape Thucydides's Trap? Houghton Mifflin Harcourt, 2017.
- Noah Feldman, Cool War: The Future of Global Competition, Random House, 2013.
- Kishore Mahbubani, Has China Won?: The Chinese Challenge to American Primacy, PublicAffairs, 2020.
- Ryan Hass, Ryan McElveen, and Robert D. Williams, The Future of US Policy towards China: Recommendations for the Biden Administration, Brookings, 2020.

2. Learning Outcomes

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment (1) to (5)
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	Yes, see (4) and (5)
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	Yes, see (4)
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	Yes, see (4)
	2.2. Students will be able to apply leadership theories and related skills.	Yes, see (4)
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	Yes, see (1) and (4)
	3.2. Our students will practice ethics in the duration of the program.	Yes, see (1) and (4)
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	Yes, see the list of readings and course summary
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Yes, the first part of the course will review theories
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Yes, see (4) and (5)
	5.3. Our students will demonstrate competency in critical thinking.	Yes, see (5)

2.2 Course specific objectives

- (A) Master basic concepts and tools of new institutional economics and political economy theories.
- (B) Use new institutional economics and political economy theories to examine the relations between the state and the market and geopolitical issues.
- (C) Explain the political economy of public policy making, globalization, international relations and China's reform and opening.
- (D) Explain the impacts of institutions and institutional changes on the speed and quality of economic development.

2.3 Assessment/Grading Details

(1)	Participation	10%
(2)	Midterm test	20%
(3)	Individual project	20%
(4)	Group project	25%
(5)	Final essay	25%

Total	100%
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2.4 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

3.1 Topics

- **T1. New Institutional Economics**
- **T2. Origin and Evolution of the State**
- **T3. Political Economy of Globalization**
- **T4. China's Reform and Opening**
- **G1. Dynamics of the Chinese Political System**
- **G2. Dynamics of the American Political System**
- **G3. The Evolving Roles of the State and the Market**
- **G4. Political Economy of Inequality and Inclusive Growth**
- **G5. Political Economy of Disruptive Technology**
- **G6. Political Economy of Global Value Chains**
- **G7. Political Economy of Global Financial System**
- **G8. Political Economy of Sustainable development**
- **G9. Political Economy of US-China Relations**

3.2 Assignments

Schedule:

- Individual assignment due on class 7.
- Group project due on class 9.
- Midterm test of one and a half hour (time to be scheduled in the later part of the course).
- Final essay topics will be announced on class 16 and due one week after class 18 (the last class).

Details:

- **Participation (10%):** students are encouraged to participate in classroom discussions by asking relevant questions and providing quality comments.
- **Midterm test (20%):** students are required to take a midterm test of one and a half hour with multiple-choices and true/false/explain type questions.
- **Individual assignment (20%):** Each student is required to do an individual literature review assignment for contribution to the group project. The contents of the literature review should be relevant to the topic of the group project. The review should be organized into a set of PPT slides of not more than 30 pages, summarizing key points and presenting key supporting data and evidences.
- **The group project (25%):** The group project is to deliver a quality PPT of no more than 30 slides on an assigned topic, which will be shared with all classmates and will be discussed at the later part of the course. Below are some guidelines:
 - The group should work together to identify a few most relevant and important questions to be debated on a selected topic, taking advantage of the learning from the early part of the course.
 - For each group project, some specific books and papers should be identified as anchoring literatures.
 - For systemic and critical thinking, it is important to present alternative perspectives, including perspectives that challenge the existing ones in the literature or those that are not yet addressed in the literature.
 - Alternative answers to the questions need to be supported by well presented data, evidences, or stylized facts with sources.
 - Students in the same group will receive the same grade unless an individual member of the group fail to make significant contribution. In that case, other members of the group should inform teacher or TA before submitting the PPT.
- **Final essay (25%):** the topics for the final essay will be announced at class 16 and students can choose one from a short list of topics. The final essay should be around 2000 words, excluding cover page, references and graphs. The objective is to produce a quality op-ed style article with systemic and critical thinking and new insights, taking advantage of the learning from lectures, discussions, and group work in this course. When you submit your essay, please include one cover page with the following information:
 - Your name, student number, course title, essay title.
 - Key questions and key conclusions of your essay.
 - Key statistics, evidences, or stylized facts supporting the conclusions.
 - Key new contributions or new insights from you.

The End.