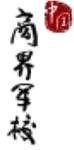




# PHBS

北京大学汇丰商学院



## Course Code

# Political Institutions and Economic Development 2023 Fourth Module

## Course Information

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### **Instructor: Xiao Ma**

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Office Hour: Monday, Thursday 12:30-13:30 pm, or by appointment

### **Teaching Assistant: Luo Baitang**

Phone: TBA

Email: luobaitang@stu.pku.edu.cn

Office Hour: By Appointment

### **Classes:**

Lectures: Monday & Thursday, 13:30-15:20 pm

Venue: PHBS Building, TBD

### **Course Website:**

If any.

## 1. Course Description

### 1.1 Context

Course overview:

This course is an elective course. It introduces basic theory and empirical findings on political economics and economic development. The course will also present several papers related to the Chinese economy, particularly about China's economic growth and its efficiency. As a miracle economy, China has witnessed a very fast GDP growth (around 10% annually) in the last three decades, after it transitioned to a market economy and started to open internationally. Several sources of the engines of the Chinese economy, such as the regional government competition, the massive physical and human capital accumulation, TFP growth, and increases in innovative activities, will be discussed in the class.

Prerequisites:

Mankiw, Gregory "Principle of Macroeconomics" 5th Edition

Advanced Macroeconomics (at least know development accounting)

### 1.2 Textbooks and Reading Materials

Class notes

Various papers downloadable.

## 2. Learning Outcomes

### 2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment (YES with details or NO)
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	No.
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	Yes, through group discussions
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, group discussion
	2.2. Students will be able to apply leadership theories and related skills.	N
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.	N
	3.2. Our students will practice ethics in the duration of the program.	Yes, strict discipline
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	Yes, global economy will be introduced.
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, fundamental macro-theories.
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Yes, macro-setting is basic.
	5.3. Our students will demonstrate competency in critical thinking.	Yes, one major goal of this course.

### 2.2 Course specific objectives

### 2.3 Assessment/Grading Details

Class Participation (20%): We will have some group discussions. Please put your name and student ID when submitting. The score ranges from 7-10 on a 1-10 scale, most of the time. Your scores will be curved that more weights will be put on higher scores. If someone does not show up, but his/her name appears on the sheet, the whole group will at most get a D for this course.

One presentation (40%): each student will have one 50-minute presentation. Depending on the total amount of students, the presentation can be done by one person or jointly by several students. I will give a list of papers that can be chosen from for presentations.

Referee report (40%): each student needs to write a referee report for a paper. I will give a list of papers that can be chosen from for referee reports. Referee reports shall be no longer than 5 pages.

Class discipline - read carefully. Violating each will deduct totally score by 5 points.

1, **no laptop use.**

2, entry and exits within class time should be quiet and non-distracting.

## **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. Topics, Teaching and Assessment Schedule**

**Teaching Schedule (T is short for teaching. \* denotes the paper I will cover in Class):**

### **T1. Basic Concepts on Political Institutions**

Daron Acemoglu's Course Notes on "Political Economy"

### **T2. The Impact of Institutions on Economic Growth**

Acemoglu, Daron, Simon Johnson, and James A. Robinson. 2001. "The Colonial Origins of Comparative Development: An Empirical Investigation." *American Economic Review*, 91 (5): 1369-1401.

Akcigit, Ufuk, Baslandze, Salomé, and Francesca Lotti. 2018. "Connecting to Power: Political Connections, Innovation, and Firm Dynamics". NBER Working Paper.

Glaeser, E. L., La Porta, R., Lopez-De-Silanes, F., and Shleifer, A. 2004. "Do Institutions Cause Growth?" *Journal of Economic Growth*, 9(3), 271–303.

Bai, Ying, and Ruixue Jia. 2021. "The Economic Consequences of Political Hierarchy: Evidence from Regime Changes in China, 1000-2000 C.E.." *The Review of Economics and Statistics*.

### **T2. Basic Model on Political Institutions and Economic Development**

Daron Acemoglu "Introduction to Modern Economic Growth", Chapters 22--23 on Political Institutions and Economic Development

Acemoglu, Daron, and James A. Robinson. 2006. "Economic Origins of Dictatorship and Democracy". New York: Cambridge Univ. Press.

STEG Course on "Political Institutions and Development", by Leonard Wantchekon

Mankiw, N. Gregory; Romer, David; Weil, David N. 1992. "A Contribution to the Empirics of Economic Growth". *The Quarterly Journal of Economics*. 107 (2): 407–437.

### **T3. Empirical Evidence on Conflict of Interest and Elite Capture**

Anderson, Siwan, Patrick Francois, and Ashok Kotwal. 2015. "Clientelism in Indian Villages." *American Economic Review*, 105 (6): 1780-1816.

Burgess, Robin, Remi Jedwab, Edward Miguel, Ameet Morjaria, and Gerard Padró i Miquel. 2015. "The Value of Democracy: Evidence from Road Building in Kenya." *American Economic Review*, 105 (6): 1817-51.

Boehm, Johannes and Ezra Oberfield. 2020. "Misallocation in the Market for Inputs: Enforcement and the Organization of Production." *The Quarterly Journal of Economics*, Volume 135, Issue 4.

Fisman, Raymond. 2001. "Estimating the Value of Political Connections." *American Economic Review*, 91 (4): 1095-1102.

Xu, Guo. 2018. "The Costs of Patronage: Evidence from the British Empire." *American Economic Review*, 108 (11): 3170-98.

### **T4. Weak States**

Daron Acemoglu's Course Notes on "Political Economy"

### **T5. Chinese Economy**

Bai, Chong-En, Chang-Tai Hsieh, and Yingyi Qian. 2006. "The Return to Capital in China." NBER Working Paper 2006.

Brandt, Loren, Johannes Van Biesebroeck, Luhang Wang, and Yifan Zhang. 2017. "WTO Accession and Performance of Chinese Manufacturing Firms." *American Economic Review*, 107 (9): 2784-2820.

Brandt, Loren, Van Biesebroeck, Johannes, and Yifan Zhang. 2012. "Creative Accounting or Creative Destruction: Firm Level Productivity Growth in Chinese Manufacturing", *Journal of Development Economics* 97 (2) (2012), 339–351.

Chen, Yi, Ziyang Fan, Xiaomin Gu, and Li-An Zhou. 2020. "Arrival of Young Talent: The Send-Down Movement and Rural Education in China." *American Economic Review*, 110 (11): 3393-3430.

Chen, Zhao, Zhikuo Liu, Juan Carlos Suárez Serrato, and Daniel Yi Xu. 2021. "Notching R&D Investment with Corporate Income Tax Cuts in China." *American Economic Review*, 111 (7): 2065-2100.

Fisman, Raymond, and Shang-Jin Wei. 2004. "Tax Rates and Tax Evasion: Evidence from 'Missing Imports' in China." *Journal of Political Economy* 112 (2004): 471-96.

\*Hsieh, Chang-Tai and Klenow, Peter. 2009. "Misallocation and Manufacturing TFP in China and India." *The Quarterly Journal of Economics*, Volume 124, Issue 4, November 2009, Pages 1403–1448.

Hsieh, Chang-Tai and Song, Michael. 2015. "Grasp the Large, Let Go of the Small: The Transformation of the State Sector in China." *Brookings Papers on Economic Activity*.

König, M., Storesletten, K., Song, Z. and Zilibotti, F. 2018. "From Imitation to Innovation: What is All that Chinese R&D Going". Working Paper.

Nancy, Qian. 2008. "Missing Women and the Price of Tea in China: The Effect of Sex-Specific Earnings on Sex Imbalance." *The Quarterly Journal of Economics*, Vol. 123, No. 3 (Aug., 2008), pp. 1251-1285

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

Tombe, Trevor, and Xiaodong Zhu. 2019. "Trade, Migration, and Productivity: A Quantitative Analysis of China." *American Economic Review*, 109 (5): 1843-72.

Wei, Shang-Jin, and Robert Feenstra. *China's Growing Role in World Trade*. Chicago, IL: University of Chicago Press, March 2010.

\*Wei, Shang-Jin, Zhuan Xie, and Xiaobo Zhang. 2017. "From "Made in China" to "Innovated in China": Necessity, Prospect, and Challenges." *Journal of Economic Perspectives*, 31 (1): 49-70.

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

Zhu, Xiaodong. 2012. "Understanding China's Growth: Past, Present, and Future." *Journal of Economic Perspectives*, 26 (4): 103-24.

A lot more...

### **Tentative Detailed Schedule (may change depending on actual time spent)**

Apr 24, 2023	Syllabus and Introduction
Apr 27	Basic concepts about political institutions
May 8	Why institutions matter: Acemoglu, Johnson and Robinson (2001), Bai and Jia (2020)
May 11	Basic growth model about role of political institutions
May 15	Some empirical findings about role of political institutions and its outcomes
May 17	Weak states
May 22	China's political system
May 25	Empirical evidence on regional government competition
May 29	Corporate-government relationship
June 1	Monitoring and public participation
June 5	China's development (as a review)
June 8	SOE reforms
June 12	China's R&D tax incentives
June 15	Misallocation of resources
June 19	Internal migration and trade
June 26	WTO accession and tariff reductions
June 28	Student presentations
June 29	Student presentations

## **4. Miscellaneous**