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PSC 382.01: Chinese Reform

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PSC 382/MANS 395

Chinese Reform

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3:10-4:00 MWF, Mansfield Center Conference Room

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Course Description:

This course will examine a number of questions related to China's impressive reform movement, launched in 1978, in detail and from a Chinese perspective. The broad questions addressed in the class will include: What factors led to reform, and what strategies were employed? What goals did the leadership initially have for reform and how did they revise them over time? What are some of the key reforms implemented? And finally, what have been the results of reform, both positive and negative?

On a more specific level, the class will look at a broad range of topics:

The background to reform, including: 1) The social conditions leading to reform, including the economic crisis, political instability, and social discontent created by the Cultural Revolution; 2) Mao's death as a turning point. 3) The struggle between the supporters and opponents of the reform, and the outcome of the struggles.

We will then move on to discuss the difficulties and obstacles faced in the reform process, including ideological burdens, the political interests of the old generation of revolutionaries, and the economic interests of the workers in the state-owned factories.

The course will also examine the debates between radical and gradualist reformers and how they shaped both the evolving strategies behind reform process and some the signature reforms that shaped China's modernization. These include the Household Responsibility System in agriculture, the Shenzhen experiment, the opening of China's East Coast, reforms in state-owned enterprises, political reform, and reforms in education, health care and literature and art

While the course will introduce the extraordinary achievements of the reform, it will also examine several new problems caused by the reform, including the unbalanced development between the east coast and the interior of China and between its urban and rural areas, and the growing gap between the rich and the poor. We will then note how the latter problems have

helped spawn new arguments about the direction of reform and strategies taken by the new generation of political leaders in China.

What this course will help you to understand are:

- The background of China's epochal reform
- The strategies behind reform
- The methods employed in a number of key reforms
- Both the achievement of reform and some of its problems
- New strategies that are being taken by a new generation of Chinese political leaders

Required Readings:

Joseph C. H. Chai, *China: Transition to a Market Economy*, Oxford: Clarendon Press, 1997.

A number of handouts, as indicated below

Grading:

1. Class preparation, class participation, and attendance: 30%
2. Mid-term examination (essay exam): 30%
3. Final examination paper: 40% (ten-page analysis paper)

Essay Evaluation:

- | | |
|-------|--|
| 90-99 | Excellent. Develops a generally well-written, clear, and convincing argument that answers the question and refers well to readings. Omissions or inaccuracies are few and detract little from the overall quality of the argument. |
| 80-89 | Good. The argument is generally good and answers the question, but the answer is disorganized, unclear, inaccurate, or unsupported in several important respects -- OR --The argument is well-written, clear, and convincing but doesn't fully answer the question or refers to just a few readings. |
| 70-79 | Marginal. The answer has numerous shortcomings in organization, clarity, accuracy, or support -- OR -- The argument is fairly well-written, more or less clear, and somewhat convincingly but doesn't really answer the question AND refers to just one or two readings. |
| 60-69 | Completely unacceptable. The answer is very vague, completely wrong, has nothing to do with the question, and/or provides no evidence of reading. |

Class topics:

Part One: The Background and Preparations of the Reform in China

1. Background and Opportunity of the Reform

Readings:

- 1-1: Peter Nolan and Robert F. Ash, China's Economy on the Eve of Reform, *The China Quarterly*, No. 144, Special Issue: China's Transitional Economy (Dec., 1995), pp. 980-998.
- 1-2: Amaresh Bagchi, A Decade of Economic Reform in China: A Retrospect, *Economic and Political Weekly*, Vol. 24, No. 25 (Jun. 24, 1989), pp. 1407-1411+1413- 1415.
- 1-3: Roderick MacFarquhar, Deng Xiaoping's Reform Program in the Perspective of Chinese History, *Bulletin of the American Academy of Arts and Sciences*, Vol. 40, No. 6 (Mar., 1987), pp. 20-38.
- 1-4: Lowell Dittmer, China in 1981: Reform, Readjustment, Rectification, *Asian Survey*, Vol. 22, No. 1, A Survey of Asia in 1981: Part I (Jan., 1982), pp. 33-46.
- 1-5: Joseph C. H. Chai, *China, Transition to a Market Economy*, Oxford: Clarendon Press, 1997, Chapter 1.

2. Resistance and Controversy

Readings:

- 2-1: Thomas G. Rawski, Implications of China's Reform Experience, *The China Quarterly*, No. 144, Special Issue: China's Transitional Economy (Dec., 1995), pp. 1150-1173.
- 2-2: Michael Ng-Quinn, Deng Xiaoping's Political Reform and Political Order, *Asian Survey*, Vol. 22, No. 12 (Dec., 1982), pp. 1187-1205.
- 2-3: Suisheng Zhao, Deng Xiaoping's Southern Tour: Elite Politics in Post-Tiananmen China *Asian Survey*, Vol. 33, No. 8 (Aug., 1993), pp. 739-756.
- 2-4: David Bachman, Differing Visions of China's Post-Mao Economy: The Ideas of Chen Yun, Deng Xiaoping, and Zhao Ziyang, *Asian Survey*, Vol. 26, No. 3 (Mar., 1986), pp. 292-321.

Part Two: Strategy Choices

3. Radicalism vs. Gradualism

Readings:

- 3-1: Yongnian Zheng, Political Incrementalism: Political Lessons from China's 20 Years of Reform, *Third World Quarterly*, Vol. 20, No. 6 (Dec., 1999), pp. 1157-1177.
- 3-2: Steven M. Goldstein, China in Transition: The Political Foundations of Incremental Reform, *The China Quarterly*, No. 144, Special Issue: China's Transitional Economy (Dec., 1995), pp. 1105-1131.
- 3-3: Gradualism in China's Economic Reform and the Role for a Strong Central State
Author(s): Leong H. Liew Source: *Journal of Economic Issues*, Vol. 29, No. 3 (Sep., 1995), pp. 883-895.
- 3-4: Jan S. Prybyla, Economic Reform of Socialism: The Dengist Course in China, *Annals of*

the American Academy of Political and Social Science, Vol. 507, Privatizing and Marketizing Socialism (Jan., 1990), pp. 113-122.

4. Dual-Track Approach

Readings:

4-1: Lawrence J. Lau, Yingyi Qian, Gérard Roland, Reform Without Losers: An Interpretation of China's Dual-Track Approach to Transition, *The Journal of Political Economy*, Vol. 108, No. 1 (Feb., 2000), pp. 120-143.

4-2: Louis Putterman, Dualism and Reform in China, *Economic Development and Cultural Change*, Vol. 40, No. 3 (Apr., 1992), pp. 467-493.

5. China's Special Economic Zones (SEZs)

Readings:

5-1: Sonoko Nishitaten, China's Special Economic Zones: Experimental Units for Economic Reform, *The International and Comparative Law Quarterly*, Vol. 32, No. 1 (Jan., 1983), pp. 175- 185.

Part Three: Steps of the Reform

6. The Start of the Reform: Reform in the Countryside

Readings:

6-1: Justin Yifu Lin, The Household Responsibility System in China's Agricultural Reform: A Theoretical and Empirical Study, *Economic Development and Cultural Change*, Vol. 36, No. 3, Supplement: Why Does Overcrowded, Resource-Poor East Asia Succeed: Lessons for the LDCs? (Apr., 1988), pp. S199- S224.

6-2: Justin Yifu Lin, The Household Responsibility System Reform in China: A Peasant's Institutional Choice, *American Journal of Agricultural Economics*, Vol. 69, No. 2 (May, 1987), pp. 410-415.

6-3: Y. Y. Kueh, The Economics of the "Second Land Reform" in China, *The China Quarterly*, No. 101 (Mar., 1985), pp. 122-131.

6-4: Andrew Watson, The Reform of Agricultural Marketing in China since 1978, *The China Quarterly*, No. 113 (Mar., 1988), pp. 1-28.

6-5: Kevin J. O'Brien, Implementing Political Reform in China's Villages, *The Australian Journal of Chinese Affairs*, No. 32 (Jul., 1994), pp. 33-59.

6-6: Kate Xiao Zhou and Lynn T. White III, Quiet Politics and Rural Enterprise in Reform China, *The Journal of Developing Areas*, Vol. 29, No. 4 (Jul., 1995), pp. 461-490.

6-7: Joseph C. H. Chai, *China, Transition to a Market Economy*, Oxford: Clarendon Press, 1997, Chapter 2.

7. The Reform of State-owned Enterprises and the Development of Non-State Sector

Readings:

7-1: Sukhan Jackson, Reform of State Enterprise Management in China, *The China Quarterly*, No. 107 (Sep., 1986), pp. 405-432.

7-2: Wu Zengxian, How Successful Has State-Owned Enterprise Reform Been in China? *Europe-Asia Studies*, Vol. 49, No. 7 (Nov., 1997), pp. 1237-1262.

7-3: Joseph C. H. Chai, *China, Transition to a Market Economy*, Oxford: Clarendon Press, 1997, Chapter 3, 4, 5 and 10.

MID-TERM EXAMINATION: prepare for exam

8. Deregulation of Prices and the Reform of Distribution Sector

Readings:

8-1: Thomas M. H. Chan, China's Price Reform in the Period of Economic Reform, *The Australian Journal of Chinese Affairs*, No. 18 (Jul., 1987), pp. 85-108.

8-2: Richard H. Holton and Terry Sicular, Economic Reform of the Distribution Sector in China, *The American Economic Review*, Vol. 81, No. 2, Papers and Proceedings of the Hundred and Third Annual Meeting of the American Economic Association (May, 1991), pp. 212-217.

8-3: Joseph C. H. Chai, *China, Transition to a Market Economy*, Oxford: Clarendon Press, 1997, Chapter 6.

9. Learning the Indirect Way of Macro-Regulation

Readings:

9-1: Xu Yi-Chong, Deepening and Widening the Economic Reform in China: From Enterprise Reform to Macroeconomic Stability, *The Journal of Developing Areas*, Vol. 30, No. 3 (Apr., 1996), pp. 361-384.

9-2: Loren Brandt and Ziaodong Zhu, Redistribution in a Decentralized Economy: Growth and Inflation in China Under Reform, *The Journal of Political Economy*, Vol. 108, No. 2 (Apr., 2000), pp. 422-439.

9-3: Carsten A. Holz, Contractionary Investment Policies in China 1988/89: Accounting for the Implementation Difficulties and Successes, *The China Quarterly*, No. 160 (Dec., 1999), pp. 881-918.

9-4: Joseph C. H. Chai, *China, Transition to a Market Economy*, Oxford: Clarendon Press, 1997, Chapter 7.

10. Fiscal Reform

Readings:

10-1: Shaoguang Wang, China's 1994 Fiscal Reform: An Initial Assessment, *Asian Survey*, Vol. 37, No. 9 (Sep., 1997), pp. 801-817.

10-2: Pak K. Lee, Into the Trap of Strengthening State Capacity: China's Tax-Assignment Reform, *The China Quarterly*, No. 164 (Dec., 2000), pp. 1007-1024.

11. Open Door Policy: Trade Liberalization and Foreign Direct Investment

Readings:

11-1 Joseph C. H. Chai, *China, Transition to a Market Economy*, Clarendon Press, Oxford 1997, Chapter 8 and 9.

11-2: Friedrich W. Y. Wu, From Self-Reliance to Interdependence?: Developmental Strategy

and Foreign Economic Policy in Post-Mao China, *Modern China*, Vol. 7, No. 4 (Oct., 1981), pp. 445-482.

11-3: Y. Y. Kueh, Growth Imperatives, Economic Recentralization, and China's Open-Door Policy, *The Australian Journal of Chinese Affairs*, No. 24 (Jul., 1990), pp. 93-119.

12. Social Security Reform

Readings:

12-1: Russell Smyth, Labor-Market and Social-Welfare Reform in the State-Owned Sector in China, *The Journal of Developing Areas*, Vol. 33, No. 2 (Winter, 1999), pp. 223-244.

12-2: Mark W. Frazier, China's Pension Reform and Its Discontents, *The China Journal*, No. 51 (Jan., 2004), pp. 97-114.

12-3: Stephen Pudney and Limin Wang, Housing Reform in Urban China: Efficiency, Distribution and the Implications for Social Security, *Economica*, New Series, Vol. 62, No. 246 (May, 1995), pp. 141-159.

13. Political and Administrative Reform

Readings:

13-1: Stephen K. Ma, Reform Corruption: A Discussion on China's Current Development, *Pacific Affairs*, Vol. 62, No. 1 (Spring, 1989), pp. 40-52.

13-2: John P. Burns, China's Governance: Political Reform in a Turbulent Environment, *The China Quarterly*, No. 119, Special Issue: The People's Republic of China after 40 Years (Sep., 1989), pp. 481-518.

13-3: John P. Burns, Civil Service Reform in Contemporary China, *The Australian Journal of Chinese Affairs*, No. 18 (Jul., 1987), pp. 47-83.

13-4: John P. Burns, The People's Republic of China at 50: National Political Reform, *The China Quarterly*, No. 159, Special Issue: The People's Republic of China after 50 Years (Sep., 1999), pp. 580-594.

13-5: Gordon White, Democratization and Economic Reform in China, *The Australian Journal of Chinese Affairs*, No. 31 (Jan., 1994), pp. 73-92.

Part Four: Achievements, Problems and New Strategy

14. Achievements and Problems of the Reform

Readings:

14-1: Abigail R. Jahiel, The Contradictory Impact of Reform on Environmental Protection in China, *The China Quarterly*, No. 149 (Mar., 1997), pp. 81-103.

14-2: Long Gen Ying, China's Changing Regional Disparities during the Reform Period, *Economic Geography*, Vol. 75, No. 1 (Jan., 1999), pp. 59-70.

14-3: Azizur Rahman Khan, Keith Griffin, Carl Riskin, Income Distribution in Urban China during the Period of Economic Reform and Globalization, *The American Economic Review*, Vol. 89, No. 2, Papers and Proceedings of the One Hundred Eleventh Annual Meeting of the American Economic Association (May, 1999), pp. 296-300.

14-4: Joseph C. H. Chai, *China, Transition to a Market Economy*, Oxford: Clarendon Press, 1997, Chapter 11.