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## TBC 2200 China in the World Economy: Han Dynasty to the Present

*Fall 2019*

**Instructor :** Frank Hawke  
**Time :** Thursday 19:00-21:45  
**Venue :** TBC Classroom 439  
**Email :** f.hawke@thebeijingcenter.org  
**Credit Hours:** 3.0

### *Course Description*

In order to understand China in the world economy, it is necessary to take an “in-out; then-now” approach. In other words, to understand how and why China was interacting with the world economy at any given time, it is important to know what was going on inside of China at that time. Similarly, in order to have a full appreciation for how and why China interacts with the world economy today, it is necessary to understand how it has done so in the past.

This course will examine China’s role in the world economy from two angles:

1. Historical: one can argue (and many do) that a world economy, and in fact a world history, did not exist until Vasco da Gama rounded the Cape of Good Hope in 1496 and, in the largest instance of cutting out the middleman ever recorded, opened a sea route between Europe and Asia. One can also argue that from 1496 until 1978, when Deng Xiaoping and the Communist Party initiated its “reform and opening up” policy, China, as a modern nation-state, did not play a willing and autonomous role in the world economy.

The course will examine China’s economic interactions with the outside world beginning with the Han Dynasty (206 BC – 220 AD) up to the present.



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From a political-economic perspective, if one phrase can sum up China in the modern period (post-1842), it is the phrase ‘catching up’. Beginning in the 19th century China began a long slide from being arguably the apotheosis of human civilization and the world’s largest economy to an economic basket case and a cultural backwater. In order to understand how China is catching up, and its impact, it helps to understand how and why China ‘fell behind’ in the first place.

This endeavor begs two questions of great historical significance: (A) ‘The Great Divergence’: why was it Europe, and more specifically England, that first broke out of the Malthusian trap and embarked on a path of modern economic growth, when it would seem that China much earlier had many of the precursors for that transformation? Why did Europe, often exploiting technology first developed in China, “discover” China and not the other way around? To what extent was Europe’s ‘Age of Discovery’ a reflection of other monumental trends taking place there that led to industrialization and the onset of modern economic growth that continues today? Why did it not happen in China? Would it have happened in China eventually? More important, how has this history shaped today’s China and its role in the world economy? (B) Between the Treaty of Nanking in 1842, which ushered in China’s modern era, and the onset of war in 1937, what role did foreign economic actors play in China? What was their economic legacy? What were their political and psychological legacies? How did Western economic imperialism during that period shape China’s post-’49 policies and performance?

Turning points: we will examine certain points in Chinese history—namely the early Ming decision to discontinue maritime activities, Qianlong’s response to King George III, and Mao Zedong’s population policy of the early 50s—and ask ‘what if’ questions regarding possible different outcomes.

2. Current: once China ‘opened up’ after 1978, its economy, relatively isolated before then, gradually became more closely linked with the world economy. Therefore, in order to



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understand China's role in the world economy today, one must understand the main elements of China's domestic economy and how they have affected China's external economic and political relations. We will examine how China has achieved its extraordinary growth and ask if it is molding itself to the global economy or if it is creating a competing model. We will ask if China's growth model is sustainable and to what extent China needs to "re-balance" its economy. We will then examine the challenges and opportunities presented by China's phenomenal emergence in Southeast Asia, Latin America and Africa. Finally, we will look at the U.S.-China economic relationship and the 'trade war'. We will address the so-called Thucydides Trap and ask if the U.S. and China are on the road to inevitable conflict. Students will read about the RMB and the implications of China's large foreign exchange reserves and holdings of U.S. government securities and the significance of China's accession to the WTO. The students will learn the basics of foreign exchange, national income accounting as it applies to cross-border flows, the components of GDP as well as absolute and comparative advantage.

### *Textbook & References*

Textbooks: students will be required to read portions of the following books, in addition to articles and hand-outs:

1. Naughton, Barry, *The Chinese Economy: Transitions and Growth*. The MIT Press, 2007
2. Fairbank, John King and Merle Goldman, *China: A New History*, Second Enlarged Edition, Belknap Press, 2006

The above two volumes should be in the library of anyone who is interested in China. The additional readings will be provided by TBC as a course reader.

Various journal papers, articles and other readings (see in the class schedule)

The non-textbook readings are provided in a course reader. I may send you additional readings from my email, which is TBA. Please ensure that your email settings do not screen out mail from this address. Please also ensure that I have the correct email address for you, and that your email address can receive sizeable attachments, as I will send to only one address for each student.

Students are responsible for the material presented in all mandatory readings, in addition to classroom presentations and discussions. Material in the readings will not necessarily be presented in class and material in class will not necessarily be reflected in the readings.



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Some of the articles I assign toward the end of the course may be different from those listed in this syllabus. That is because these sessions deal with current issues, and I may find more up-to-date material for you to read.

### *Learning Outcomes*

Upon completion of the course, students will:

1. [Learning outcome with action verbs from appropriate level(s) from Bloom's taxonomy]
2. [Learning outcome with action verbs from appropriate level(s) from Bloom's taxonomy]
3. [Learning outcome with action verbs from appropriate level(s) from Bloom's taxonomy]
4. [Learning outcome with action verbs from appropriate level(s) from Bloom's taxonomy]

*(Normally 3 to 5 outcomes are expected.)*

### *Grading Policy*

- Attendance and group discussion: 5%
- Simulation performance (team & individual): 15%
- Current affairs presentation: 20%
- Midterm: 25%
- Final: 35%

I do not grade on a curve, which means that, theoretically at least, the entire class can receive A's or the entire class can fail. The most important corollary of this, however, is that you are not competing with one another. With the exception of the weekly quizzes and the final, I encourage you to work together, discuss and collaborate.

Each student will (1) make one presentation during the semester on a China-related current event. The student will be responsible for collecting news items on the Chinese economy and external economic relations and will lead a class discussion for 25-30 minutes; (2) participate in a negotiation simulation. These requirements may change depending on the profile of the class.



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### *Attendance Policy*

Attendance is not optional, it is required. Attendance will be taken each session. If you are not able to attend class please advise me ahead of time, including the reason. If you cannot advise ahead of time, please advise afterward. Failure to attend does not excuse you from knowing the material and may affect the class participation portion of your grade

### *Academic Honesty Statement*

Please click the following link to see TBC academic integrity statement:

<https://thebeijingcenter.org/academic-integrity/>

### *Class Schedule*

#### **Session 1**

#### **September 12**

1. Survey/Course Introduction/Why do we care? /Introduction to the pre-reform section
2. Organize current events presentations
3. Distribute readings & study guides

#### **Session 2**

#### **September 19**

1. Pre-modern East Asian World Order: The Tribute System
2. Current events: Session 2

#### Mandatory reading

- 1) Great divergence reading:

Joseph M. Bryant, "The West and the Rest Revisited: Debating Capitalist Origins, European Colonialism, and the Advent of Modernity," Canadian Journal of Sociology, 31(4) 2006 (handout)

or

P.H.H. Vries, "Are Coal and Colonies Really Crucial? Kenneth Pomeranz and the Great Divergence" (handout)

- 2) Fairbank and Goldman, Ch. 2 ("The First Unification: Imperial Confucianism") & Ch. 3 ("Reunification in the Buddhist Age"), pp. 46-87 (textbook)

#### Recommended reading

- 1) Edward H. Schafer, The Golden Peaches of Samarkand, Ch. 1, "The Glory of T'ang", pp. 7-39 (handout)
- 2) David C. Kang, East Asia Before the West: Five Centuries of Trade and Tribute, Ch. 4, "Diplomacy: The Tribute System", pp. 54-81 (handout)



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### **Session 3**

**September 26**

1. Song: China as a Regional Equal
2. Video
3. Current events: Session 3

#### Mandatory reading

Fairbank and Goldman, Ch. 4 (“China’s Greatest Age: Northern and Southern Song”), pp. 88 – 107 (textbook)

#### Recommended reading

- 1) Shiba Yoshinobu, “Sung Foreign Trade: Its Scope and Organization”, in Morris Rossabi, ed., China Among Equals: The Middle Kingdom and Its Neighbors, 10th – 14th Centuries, pp. 89 – 115 (handout)
- 2) Wang Gungwu, “Merchants Without Empire: The Hokkien Sojourning Communities”, in James D. Tracy, ed., The Rise of Merchant Empires: Long Distance Trade in the Early Modern World, 1350-1750, pp. 400-22 (handout)

### **Session 4**

**October 10**

1. The Ming: The World Comes Knocking (flip the classroom)
2. Current events: Session 4

#### Mandatory reading

Lecture slides and discussion questions (handouts)

#### Recommended reading

- 1) Fairbank and Goldman, Ch. 5 (“The Paradox of Song China and Inner Asia”) & 6 (“Government in the Ming Dynasty”), pp. 108 – 141 (textbook)
- 2) David C. Kang, East Asia Before the West: Five Centuries of Trade and Tribute, Ch. 6, “Trade: International Economic Relations”, pp. 107-38 (handout)

### **Session 5**

**October 17**

1. Party Crashers – I: The Impact of Imperialism
2. Current events: Session 5

#### Mandatory reading

- 1) Fairbank and Goldman, Ch. 7 (“The Qing Success Story”), Ch. 8 (“The Paradox of Growth without Development”), part of Ch. 9 (“Frontier Unrest and the Opening of China”), pp. 143 – 197 (textbook)



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- 2) Angus Maddison, Chinese Economic Performance in the Long Run, 960-2030 AD, pp. 43 – 58, “Economic Decline and External Humiliation, 1820 – 1949” (handout)
- 3) Julia Lovell, The Opium War, Chs. 18 & 19 (handout)
- 4) Rhoads Murphey, “The Treaty Ports and China’s Modernization: What Went Wrong?”, excerpts (handout)

### **Session 6**

**October 24**

The Great Divergence: A Divergence of Views

#### Mandatory reading

David B. Buck, “Was It Pluck or Luck that Made the West Grow Rich?” (handout)

### **Session 7**

**October 31**

1. Party Crashers – II: The Impact of Imperialism
2. Current events: Session 7

#### Mandatory reading

- 1) Fairbank and Goldman, part of Ch. 9 (“Frontier Unrest and the Opening of China”), Ch. 10 (“Rebellion and Restoration”), Ch. 11 (“Early Modernization and the Decline of Qing Power”), pp. 197 – 234 (textbook)
- 2) Frank Dikotter, Mao’s Great Famine, Chs. 10, 14, 15, 37 + Epilogue (handout)
- 3) Naughton, part of Ch. 2 (“The Chinese Economy before 1949”) & Ch. 3 (“The Socialist Era: 1949-1978”) pp. 50 – 83 (textbook)

### **Session 8**

**November 7**

1. Party Crashers – III: The Impact of Imperialism
2. Current events: session 8

#### Mandatory reading

- 1) Naughton, Ch. 4 (“Market Transition: Strategy and Process”), pp. 85-110
- 2) ‘Focus on China’: selections from Thomas A. Pugel, International Economics, pp. 56-57; 78-79; 170; 336-337 (handout)
- 3) Power Point presentation on Dumping and Countervailing Duties (handout)
- 4) Simulation case and model

### **Session 9**

**November 12**

1. Economic Reform and the Development of International Imbalances – I
2. Current events: session 9



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Mandatory Reading

- 1) Arthur Kroeber, China's Economy: What Everyone Needs to Know, ch. 12, "Changing the Growth Model"
- 2) Thomas Fingar, The New Great Game: China and South and Central Asia in the Era of Reform, ch. 1, "China and South and Central Asia in the Era of Reform and Opening", pp. 1-15

Recommended reading

Naughton, The Chinese Economy, Ch. 16 ("International Trade") & Ch. 17 ("Foreign Investment"), pp. 375 - 423 (textbook)

**Session 10**

**November 14**

1. Economic Reform and the Development of International Imbalances – II
2. Current events: session 10
3. Distribute simulation case and introduce valuation model

Mandatory Reading

- 1) National Bureau of Asian Research, "A Concise Guide to the Belt and Road Initiative", April 11, 2019
- 2) 'Trade War' background:  
Congressional Research Service (handouts):  
"China's Rise.....", June 2019 (skim)  
"U.S.-China Relations", August 2019  
"U.S.-China Trade Issues", June 2019

Recommended reading

- 1) Congressional Research Service, "China's Engagement with Latin America and the Caribbean", April 2019 (handout)
- 2) Thomas Fingar, The New Great Game: China and South and Central Asia in the Era of Reform, ch. 9, "China as a Balancer in South Asia: An Economic Perspective with Special reference to Sri Lanka", by Saman Kelegama

**Session 11**

**November 21**

1. Economic Reform and the Development of International Imbalances – III
2. Current events: Session 11
3. Review simulation valuation model

Mandatory reading

- 1) Deborah Brautigam, "U.S. Politicians Get China in Africa All Wrong", April 2018 (handout)





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- 2) Arthur Kroeber, China's Economy: What Everyone Needs to Know, ch. 13, "Conclusion: China and the World" (handout)
- 3) Graham Allison, "The Thucydides Trap: Are the U.S. and China Headed for War?"

### **Session 12**

**November 28**

Negotiation session 1

#### Mandatory reading

- 1) Goldman Sachs, "Walled In: China's Great Dilemma", January 2016 (handout)
- 2) 'Trade War': taking sides  
Open Letter to President Trump  
Steve Bannon, "We're in an Economic War with China"  
National Bureau of Asian Research, "Answering China's Economic Challenge"  
Yao Yang, "The Malice Behind The 'Let's Cut Ties Between the US and China' Theory", August 2019

### **Session 13**

**Dec. 7**

1. Economic Reform and the Development of International Imbalances – IV
2. Negotiation session 2

#### Mandatory reading

Eswar S. Prasad, Gaining Currency: The Rise of the Renminbi, Ch. 9, "Rising Global Influence"

### **Session 14**

**Dec. 13**

1. Economic Reform and the Development of International Imbalances –
2. Negotiation session 3
3. Wrap-up
4. Distribute take-home final exam; to be submitted electronically no later than midnight December 21. (subject to change)