**DPI-450: The Political Economy of Transition in China**  
Spring Term 2016

Instructor: Tony Saich  
124 Mt. Auburn Street, Suite 200N, Rm. 214, 617-495-5713  
Anthony_Saich@harvard.edu  
Office Hours: Wednesdays 2:00 to 5:00 p.m. by appointment

Faculty Assistant: Jessica Eykholt  
124 Mt. Auburn Street, Suite 200N, Rm. 212, 617-496-0264  
Jessica_Eykholt@harvard.edu

**Course Assistants:**  
Iza Ding: Izading@gmail.com  
Kyle Jaros: Kyle_Jaros@hks.harvard.edu

Office hours: to be announced on the HKS Canvas course page

**Class Sessions:** —Tuesday and Thursday—11:45-13:05  
**Place:** Land Hall

**Course Content:** The course seeks to provide a comprehensive analysis of the transition challenges that China faces as it continues to move from a centrally planned economy and centralized political structure to adopting a greater reliance on market-based mechanisms while retaining the authoritarian polity. We shall focus on the changing role of the state and state-society relations under reform.

The first question to be addressed is a transition from what? The course begins with a critical evaluation of the development strategies pursued since 1949. The reform path has been shaped by certain legacies of the past.

The second question to be addressed is the institutional framework for policy-making in China. How is policy made and implemented? What is the role of the Party and governmental apparatus at the central and non-central levels? How have state-society relations changed during the reforms, has accountability improved, is a civil society emerging or is China moving toward a form of Asian corporatism?

Part three looks at current key policy challenges starting with the question of whether there is a Chinese model of development. Then, we look at the politics of urbanization, the restructuring of state enterprises, energy policy and key social challenges such as the provision of public goods and services and poverty alleviation.

Part Four looks at future challenges that China faces.
**Course Requirements:** There are two assignments required for this course.

The first assignment is a group exercise. Depending on the number of students in the class, we will form groups of six who will work on a policy problem. The output will have two forms. There will be a 20-minute briefing of which 10 minutes will be taken up by a power-point presentation. The remaining 10 minutes will be used for questions. In your briefing, you may use no more than six power-point slides. The group will also prepare a two-page memo (double-spaced) that summarizes and highlights the points made in the briefing. You are to give me the memo at the time of the briefing.

The second is an individually written six-page policy brief that outlines, analyzes and makes a policy recommendation for a particular problem. This may be a national problem or one within a specific industry, technical or geographic area. The policy brief should be addressed to the appropriate official. Further details of expectations will be given during the course. The group assignment will count for one-third of the grade and the individual memo two-thirds but Class participation will be taken into account when assessing the final grade for the course. The Kennedy School has established a recommended distribution for grading and this course will follow this decision. The recommended range for A is 10-15%; A- 20-25%; B+ 30-40%; B 20-25%; B- or lower 5-10%.

**The Group Policy Memo will be due either during the week of March 9 or during the week of March 24.**

**The Individual Policy Memo should be handed in at the end of the final class on April 28.**

**Academic Integrity:**
You are expected to adhere to the University policies on academic honesty and integrity as given in the *Student handbook*. Any violation of these policies will not be tolerated and are subject to severe sanctions up to and including expulsion from the university. Students are encouraged to work together but unless otherwise stated above, any work handed in must be that of the individual student alone. Students must observe HKS rules regarding the citation of sources. Any sentences or paragraphs taken verbatim from the writing (or interviews with) any other person or persons, or from your own writing that has been published elsewhere, must be placed in quotation marks and
their source must be clearly identified. Whenever you are drawing an important argument or insight from someone else, even if you reword it into your own words, a reference to the source is required.

**Course Materials**: Students should purchase *Tony Saich, Governance and Politics of China* (Palgrave, fourth edition, 2015) and read the relevant sections as background for the classes. All other course materials are online. Students can access these materials from the HKS Canvas site.
Course Overview:

Part One:  Introduction, Path Dependence and Pre-Reform Structures

Part Two:  Political Structures and Decision-Making

Part Three:  Policy Challenges: Urbanization, Economic and Social

Part Four:  Future Challenges
Course Schedule and Readings

Part One: Introduction, Path Dependence and Pre-Reform Structures

Session one (January 26): Introduction: Four Transitions and the Future Challenges

Introduction to the Course: Students should be prepared to introduce themselves, and discuss what they hope to get from the course. We shall outline the key challenges facing China’s new leaders that will be addressed in the course.

Read--Saich, Chapter One.

Session two (January 28): Echoes from the Past: Legacies from the Maoist Past

1) Saich, Chapter Two.

Questions to consider as you read:
What influenced the CCP’s initial policy choices after 1949?
Which groups or institutions were the main beneficiaries of China’s development strategy?
In what ways has reform in China been shaped and constrained by its existing political structures and historical legacies?

Session three (February 2): What Does President Xi Jinping Dream About?

4) Elizabeth C. Economy, “China’s Imperial President. Xi Jinping Tightens His Grip,” in Foreign Affairs, November/ December 2014.
6) Saich, Chapter 3

Questions to consider as you read:
What are the key challenges facing the new leadership?
How might vested interests shape the outcome of the reform proposals?
How imperial is Xi Jinping’s leadership style?
Part Two: Political Structures and Decision-Making

Session four (February 4): Fragmentary or Unitary Rule: Decision-Making in China


Questions to consider as you read:
How does policy get made in China?
Is there variation across different policy areas?
What are the rewards or penalties for political entrepreneurialism?

Session five (February 9): From Revolutionary to Ruling: The Changing Role of the Party

9) Saich, Chapter Four.


Questions to consider as you read:
How, if at all, has the CCP adapted to the changing socio-economic environment?
What explains the resilience of the CCP?
Who does the CCP represent?

Session six and seven (February 11 and 16): The Mountains are High and the Emperor is Far Away: Provincial China

We shall start this session with discussion of a simple exercise designed to get you thinking about provincial level politics.

Questions to consider as you read:
Which factors are the most important in terms of influencing provincial level politics?
What are the consequences of fiscal decentralization?
What mechanisms does the center retain to influence policy at the local levels?

Sessions eight and nine (February 18 and 23): Fused Power or a Force for Change: Local Government

We shall start the first of these two sessions with a couple of simple cases about township government. The pieces by Saich and Zhang provide background for this discussion. Oi looks at how reforms impacted on local government.


Questions to consider as you read:
In what ways do local officials influence policy choices?
How does reform empower local bureaucrats in the policy process?
What are the primary incentives governing the behavior of local officials?
What is the nature of the local state in China?
Session ten (March 1): State-Society Relations


Session eleven (March 3): Getting Things Done: Two Cases

This session will review two different cases of NGO activity in China to develop a discussion about varying modes of operation. The two cases will be available on the course website.

24) “Grassroots NGOs’ Response to the 2008 Wenchuan Earthquake”.

25) “Green Han River: An NGO Combats Water Pollution in China”.


Session twelve (March 8): Getting Things Done

This will be a guest lecture by Iza Ding on environmental policy.


Part Three: Policy Challenges: Urbanization, Economic and Social

Session thirteen (March 10): Beijing or Washington Consensus: Is there a China Model?
30) Huang, Yasheng, “Rethinking the Beijing Consensus” in Asia Policy, No. 11, January 2011, pp. 1-26.

Questions to consider as you read:
What are the distinctive features of the Beijing Consensus?
Can China’s development serve as a model to others?

Session fourteen (March 22): Metropolis or Small Town China: The Politics of Urbanization

Questions to consider as you read:
What is the optimum size for Chinese cities?
How sustainable is the current model of urban development?
What are the major constraints on China’s urbanization?

Session fifteen: (March 24): In a fragmented state: China’s multilevel urban governance
This session examines how China’s multtier state manages (or mismanages) urban and regional development. We look at the confusing ways that policymaking and administrative responsibilities are divided among different state actors—and the practical consequences of bureaucratic fragmentation for urban development and governance. This will be a guest lecture by Kyle Jaros.

Questions to consider as you read:
What steps has Beijing taken in recent years to better coordinate urban development policies and how successful have such steps been?
What practical consequences does China’s fragmented policymaking structure have?
What are the pros and cons of “horizontal” versus “vertical” coordination of policymaking?

Session sixteen: (March 29): The politics of city-region development: Comparing cases from Guangdong, Jiangsu, and Shaanxi

Since the turn of the century, China’s policymakers have increasingly focused on multi-city agglomerations as platforms for urban development and governance. We look at cases from coastal and inland China to better understand the nature and implications of such city-region strategies and to explore how such approaches vary across regional contexts. Guest lecture by Kyle Jaros.


Questions to consider as you read:
-How do urban development and governance challenges differ across coastal and inland China?
-What have been the most/least successful aspects of city-region development in these cases?
-What modifications should be made to such strategies going forward to improve their results

Session seventeen (March 31): Bringing Cities to the Farmers: Urbanization in the Countryside


Questions to consider as you read:
How important were the township and village enterprises for rural growth?
How successful has urbanization in the countryside been?

39) Saich, Chapter Ten.


**Questions to consider as you read:**
*Why have social costs been high in transitions from planned to more market oriented economies?*
*Is it desirable to consider social equity in development strategy?*
*Can high-level growth alone resolve social service provision?*

Sessions nineteen and twenty (April 7 and 12): Are the Poor Always with us?: Inequality and Poverty

We shall include in these two sessions a discussion of a case on microfinance in China and then broaden the discussion to microfinance in China more broadly and to poverty alleviation strategy in general.


**Questions to consider as you read:**
*How successful have microfinance experiments been in China?*
*What kind of role, if any, should the state play in poverty alleviation?*
*What are the main drivers of poverty and inequality in China?*
*Do increasing levels of inequality matter? If so, in what ways?*

Session twenty-one (April 14): Women’s Health in Yunnan

After discussing rural healthcare problems, we shall discuss a case of an NGO trying to start a reproductive health program in Yunnan and then discuss the actual outcome.


Questions to consider as you read:
How can better equity be brought to healthcare provision?
What factors cause the inequality of service provision between urban and rural China?
Part Four: Future Challenges and Their Global Consequences

Session twenty-two (April 19): The US-China Relationship

Questions to consider as you read:

*What are the main challenges in the US-China relationship?*
*How might mutual interests be better pursued?*
*Has the relationship reached a tipping point as suggested by Lampton?*

Session twenty-three (April 21) China’s Energy Governance
Guest speaker Prof. Edward A. Cunningham will lead a discussion relating to China’s energy governance and state/firm relations.

Questions to consider as you read:

*How feasible are reforms in China’s energy sector?*
*What is the role of corporate reform?*

Session twenty-four (April 26) US-China Trade and Climate Change: The Case of Solar
Guest speaker Prof. Edward A. Cunningham will again lead a discussion, this time relating to US-China relations, trade, and the implications for climate change.
53) “National Solar Jobs Consensus”, Solar Foundation, January 2015:

Questions to consider as you read:

How effective are trade tariffs in achieving political and economic goals?
How will trade barriers affect climate mitigation efforts?

Session twenty-five (April 28) Three Scenarios in Search of a Chinese Reality


56) Fallows, James, Arab Spring, Chinese Winter” in *Atlantic Magazine*, September, 2011


Questions to consider as you read:

What are the possible resources for a potential democratic breakthrough in China and what are the major constraints?
What are the consequences if China does not democratize?