

### Course Form for PKU Summer School International 2026

<b>Course Title</b>	Development Economics and Its Practice in China
	发展经济学及其在中国的实践
<b>Instructor</b>	Professor Chengfang Liu
<b>First day of classes</b>	July 6
<b>Last day of classes</b>	July 17
<b>Course Credit</b>	3 credits
<b>Course Description</b>	
<b>Objective:</b>	
<p>This course will cover topics in development economics through the lens of China's experience. Although the main goal will be for students to gain an understanding of concepts in development economics, the course will cover these concepts with a focus on how they relate to the institutional changes and economic policies and that have shaped China's economic emergence as well as the country's current development challenges. We all understand that development economics is a broad field and impossible to be comprehensively cover within 50 hours. As such, this course will be a survey of selected topics most relevant to China. We will also cover some basic statistical measurement issues and impact evaluation methods important for understanding modern research in development economics. Materials will be covered at the undergraduate level.</p>	
<b>Pre-requisites /Target audience</b>	
None.	
<b>Proceeding of the Course</b>	
<p>Participation, including attending lectures, TA-led sessions and class fieldtrips, constitute an important component of this course. Attendance is mandatory. Students are expected to complete all required readings prior to lectures and to actively participate in class discussions.</p> <p>Absence without permission from the instructor will lead to deduction in scores for participation. Anyone who has a total of three times of absence without permission from the instructor would get a "Failure" in his/her final grade for this course.</p> <p>Students will take 3 quizzes mainly about readings and lectures. Scores for the 3 quizzes would count towards the final grade.</p>	
<b>Email:</b>	
<p>I will communicate with the class mainly by email. It is your responsibility to make sure you are receiving emails.</p>	

**Work Load and Grading:**

Students will be expected to do all of the required readings before class, come to all classes, participate in class discussions, give assigned presentations and complete problem sets. Any material covered is fair game for exams.

**Assignments (essay or other forms)**

There will be two group projects in this course. Group size can range from 2 to 5 members.

The first one is Field-based Exploration of the Economics of Migration in Beijing (or outside of Beijing). For this project, each group is required to find some migrant workers in the vicinity of Peking University campus, interview them to understand why would they choose to migrate from their hometowns in rural areas to urban cities. What are the costs and benefits of their migration? The deliverables for this group project include: a.) One beautiful set of slides; and b.) A well thought out, complete, logical, 18-minute presentation, followed by Q&A and class discussions.

The second group project is to economically explain an institution in China of your choosing by applying the “Behavioral and Material Determinants (BMD)” that we will cover in this course. The deliverables for this group project include: a.) One beautiful set of slides; b.) A well thought out, complete, logical, 18-minute presentation, followed by Q&A and class discussions; and c.) An essay based on your presentation, no more than 3,000 words. [Note: The word limit does not include the reference list.]

**List of Potential Topics for the 2<sup>nd</sup> group project:**

1. Why was there polygamy among rich merchant families in China?
2. Why were almost all marriages arranged in traditional China, but today many kids "marry for love"?
3. Why was there a net bride price in South China and a net dowry in North China?
4. What is the original reason for "Child Brides"?
5. Why was "Delayed Marriage" practiced in the Pearl River Delta?
6. Why were there no rural banks in rural China in the past?
7. Why are most traditional lending contracts among fellow villagers for zero interest rate? Are these loans really free?
8. What did landlords of past times rent out land under sharecropping contracts?
9. How could landlords hire labor for on farm work when in much of the rest of the world "there is no hired labor in agriculture"?
10. Why was there foot-binding? Why isn't there foot-binding any more?
11. Why did Triads (gangs) exist in old China? Why don't they exist today (like they did before)? Could they return in the future?
12. Why is it that Chinese families split their assets evenly among the sons and do not practice primogeniture?
13. Why did Chinese farmers during the 1970s and 1980s store so much of their

assets as stored grain and not as deposits in the bank?

14. Why is China a patriarchal society but some of the minority tribes in remote areas of Yunnan matriarchal?
15. Why are rotating credit associations in South China? What role do they fulfill? Why aren't they found in other parts of China?
16. Why are private entrepreneurs/self-employed thought of as backward institution in some countries, but is an engine of growth in rural China? Why do people work from themselves rather than get a wage earning job?
17. Why are their strong lineage groups in some villages in China and not in others? What might be the consequences of these groups for local governance?
18. Why would any loving parent ever send their daughter to be a prostitute?
19. Why would any loving parent ever send their son overseas as an illegal immigrant?
20. Why are "rural periodic markets" so prevalent in the past and now? Why don't people use Safeway or AM/PM stores? Will there be rural periodic markets in the future?
21. Why are there so many family businesses in China?
22. Why is there such dense clustering of industries in South China today?
23. And ... many ... many ... many ... more ...

#### Evaluation Details

- Participation: 25%;
- Quizzes: 15%;
- Group Project 1: 20%; and
- Group Project 2: 40% (20% for presentation, 20% for essay).

#### Text Books and Reading Materials

There are both required and optional readings for each class. Recommended Texts:

- Naughton, Barry. 2007. *The Chinese Economy: Transitions and Growth*. MIT Press. Somewhat dated, but still insightful text on economic transition in China.
- Banerjee, Abhijit Vinayak, Roland Benabou, and Dilip Mookherjee, eds. 2006. *Understanding Poverty*. Oxford University Press. Non-technical description of research themes in development economics.
- Debraj Ray. 1998. *Development Economics*. Princeton University Press. More technical text on topics in development.

#### Academic Integrity (If necessary)

Participation in this class commits the students and instructor to abide by a general norm of equal opportunity and academic integrity. It implies permission from students to submit their written work to services that check for plagiarism (such as Turnitin.com). It is

the students' responsibility to familiarize themselves with the definition of plagiarism. Any violations of the norm of academic integrity will be firmly dealt with in this course.

<b>CLASS SCHEDULE</b> (Subject to adjustment)	
<b>Session 1: <i>Course Introduction and Overview</i></b>	<b>Date: July 6, 2026</b>
<b>Outline:</b> <ul style="list-style-type: none"> <li>■ Brief self-introduction of the instructor and the TA</li> <li>■ Course syllabus</li> <li>■ Course introduction and overview</li> <li>■ Short survey</li> </ul>	
<b>Questions:</b> <ul style="list-style-type: none"> <li>■ What is development economics?</li> <li>■ How are we going to study development economics?</li> <li>■ What is development? How do we measure development?</li> <li>■ What does growth mean for poverty?</li> </ul>	
<b>Readings:</b> <b>Notes:</b> <ul style="list-style-type: none"> <li>● <i>Readings marked with a star (*) are required. The rest will be referred to in class, but they are optional – they are included mainly so you can use this list for your future reference.</i></li> <li>● <i>Required readings will be provided to you before class. Readings may change over the course of the semester.</i></li> </ul> <ol style="list-style-type: none"> <li>1. *Ravallion, Martin and Shaohua Chen. 2007. China's (uneven) progress against poverty. <i>Journal of Development Economics</i> 82: 1-42.</li> <li>2. *Chen, S., Ravallion, M., 2010. The Developing World is Poorer than We Thought, But No Less Successful in the Fight Against Poverty. <i>The Quarterly Journal of Economics</i> 125:1577–1625.</li> <li>3. *Amartya Sen. 1988. The Concept of Development. <i>Handbook of Development Economics</i> 1, 9-26.</li> <li>4. Video of Esther Duflo Lecture on Rethinking the Approach of Development Economics: <a href="http://mit.tv/z81Jno">http://mit.tv/z81Jno</a> (Watch from 56:40, though the entire panel is interesting)</li> <li>5. Abhijit Banerjee and Esther Duflo. 2006. The Economic Lives of the Poor. <i>Journal of Economic Perspectives</i> 21(1): 141-167.</li> <li>6. Banerjee, A.V., Duflo, E.. 2005. Growth Theory through the Lens of Development Economics. <i>Handbook of Economic Growth</i> 1:473–552.</li> <li>7. UN Human Development Measures Website: <a href="http://hdr.undp.org/en/data">http://hdr.undp.org/en/data</a></li> </ol>	

<p><b>Afternoon session:</b></p> <ul style="list-style-type: none"> <li>■ Self-introduction and warm-up</li> <li>■ Form groups</li> <li>■ Watching video: “Poor Us-an animated history-Why Poverty ”</li> </ul>	
<p><b>Assignments for this session:</b></p> <ul style="list-style-type: none"> <li>■ Study the slides on poverty and inequality by yourself; and</li> <li>■ Finish the readings listed for the next session on the syllabus.</li> </ul>	
<p><b>Session 2: <i>Some Basic Growth Theory, Measurement Issues and Causality + Geography and development</i></b></p>	<p><b>Date:</b></p>
<p><b>Outline:</b></p> <ul style="list-style-type: none"> <li>■ Quick and gentle introduction to growth theory</li> <li>■ Overview of growth in China since 1978</li> <li>■ Instruction on the 1<sup>st</sup> group project</li> </ul>	
<p><b>Questions:</b></p> <ul style="list-style-type: none"> <li>■ What are the sources of growth? In the short run? In the long run?</li> <li>■ What are the sources of growth in China since 1978?</li> </ul>	
<p><b>Readings, Websites or Video Clips:</b></p> <ol style="list-style-type: none"> <li>1. * (Sections 6-8 not required) Rodrik, Dani. 2013. The Past, Present, and Future of Economic Growth. Global Citizen Foundation Working Paper 1.</li> <li>2. * (pp 112 to 117) Jonathan Temple. 1999. The New Growth Evidence. <i>Journal of Economic Literature</i> 37(1), 112-156.</li> <li>3. *(pp 407-413) Robert J. Barro. 1991. Economic Growth in a Cross Section of Countries. <i>Quarterly Journal of Economics</i> 106(2), 407-443.</li> <li>4. *(pp 180 to 182) Xavier X. Sala-I-Martin. 1997. I Just Ran Two Million Regressions. <i>American Economic Review</i> 87(2).</li> <li>5. * (technical bits not required) Chapter 4 of Peters, Michael, Alp Simsek, and Daron Acemoglu. 2009. <i>Solutions manual for introduction to modern economic growth</i>. Princeton University Press.</li> <li>6. Hoff, Karla, and Joseph Stiglitz. 2001. Modern economic theory and development. <i>Frontiers of Development Economics</i> 389-459.</li> </ol>	
<p><b>Afternoon session:</b></p> <ul style="list-style-type: none"> <li>■ Discussion: “Poverty and inequality”</li> <li>■ Watching video and discussions: “Guns, Germs and Steel-Parts I- III.”</li> </ul>	
<p><b>Assignments for this session:</b></p> <ul style="list-style-type: none"> <li>■ Finish the readings listed for the next session on the syllabus; and</li> <li>■ Finish watching video: “Guns, Germs and Steel-Part I- III.”</li> </ul>	

<b>Session 3: <i>Geography and development</i></b>	<b>Date:</b>
<b>Outline:</b> <ul style="list-style-type: none"> <li>■ Geography and growth</li> <li>■ How Plate Tectonics Made China China?</li> </ul>	
<b>Questions:</b> <ul style="list-style-type: none"> <li>■ What is the role of geography in growth?</li> <li>■ How has geography shaped China?</li> <li>■ Why are some societies collectivist and others individualistic?</li> </ul>	
<b>Readings, Websites or Video Clips:</b> <ol style="list-style-type: none"> <li>1. *(pp 179-184) Gallup, J.L., Sachs, J.D., Mellinger, A.D., 1999. Geography and Economic Development. <i>International Regional Science Review</i> 22, 179–232.</li> <li>2. *Naughton Chapter 1: The Geographic Setting</li> <li>3. Mellinger, Andrew D., Jeffrey D. Sachs, and John L. Gallup. 1999. Climate, Water Navigability, and Economic Development. CID Working Paper No. 24.</li> <li>4. *(Intro Only) Nunn, Nathan, and Diego Puga. 2010. Ruggedness: The Blessing of Bad Geography in Africa. <i>Review of Economics and Statistics</i> 94 (1): 20–36.</li> <li>5. Sokoloff, Kenneth L., and Stanley L. Engerman. 2000. History Lessons: Institutions, Factors Endowments, and Paths of Development in the New World. <i>Journal of Economic Perspectives</i> 14 (3): 217–32.</li> <li>6. Talhelm, T., Zhang, X., Oishi, S., Shimin, C., Duan, D., Lan, X., Kitayama, S., 2014. Large-Scale Psychological Differences Within China Explained by Rice Versus Wheat Agriculture. <i>Science</i> 344, 603–608</li> <li>7. *<i>Understanding Poverty</i> Chapter 2: "Understanding Prosperity and Poverty: Geography, Institutions, and the Reversal of Fortune"</li> <li>8. Nunn, Nathan, and Nancy Qian. 2010. The Columbian Exchange: A History of Disease, Food, and Ideas. <i>Journal of Economic Perspectives</i> 24 (2): 163–88.</li> </ol>	
<b>Afternoon session:</b> <ul style="list-style-type: none"> <li>■ Seminar by Dr. Tatiana Prazeres (TBD)</li> <li>■ Watching video and discussions: “China A Century of Revolution 1911-1949” and “China A Century of Revolution 1949-1976”</li> </ul>	
<b>Assignments for this session:</b> <ul style="list-style-type: none"> <li>■ Finish the readings listed for the next session on the syllabus; and</li> <li>■ Finish watching video: “China A Century of Revolution 1911-1949” and “China A Century of Revolution 1949-1976”</li> </ul>	
<b>Session 4: <i>Institutions &amp; Why Didn't China</i></b>	<b>Date:</b>

***Industrialize Before the West?***

**Outline:**

- Institutions
- China versus Europe before 1500 AD / 1900
- Explanations of why China missed the Industrial Revolution

**Questions:**

- What is an institution?
- Why do institutions matter?
- Why was China one of the richest countries in the world in 1500 and far ahead of Europe, but by 1900 was one of the poorest nations in the world and had fallen far behind Europe and some of its European dominated colonies?

**Readings, Websites or Video Clips:**

1. \* Chapter 6 of Acemoglu, D., Johnson, S., Robinson, J.A.. 2005. Institutions as a Fundamental Cause of Long-Run Growth, *Handbook of Economic Growth* 385–472.
2. \*Engerman, Stanley L, and Kenneth L Sokoloff. 2005. Institutional and Non-Institutional Explanations of Economic Differences. *Handbook of New Institutional Economics* 639–65. Springer, Boston, MA.
3. \* (Introduction Only) Glaeser, Edward L., et al. 2004. Do institutions cause growth? *Journal of Economic Growth* 9(3): 271-303.
4. \*Lin, Yifu. 1995. The Needham Puzzle: Why the Industrial Revolution Did Not Originate in China, *Economic Development and Cultural Change* 43(2): 269-292.
5. Besley T. & M. Ghatak. 2010. Property rights and economic development. *Handbook of Development Economics* 5: 4525-4595
6. \* Landes, D. S. 2006. Why Europe and the West? Why Not China? *Journal of Economic Perspectives* 20(2): 3-22.
7. Acemoglu, Daron, Simon Johnson, and James Robinson. 2003. Disease and Development in Historical Perspective. *Journal of the European Economic Association* 1(2-3): 397-405.
8. North, D. C. 1990. *Institutions, institutional change, and economic performance*. Cambridge, Cambridge University Press.
9. Acemoglu, Daron, Simon Johnson and James A. Robinson .2001. The Colonial Origins of Comparative Development: An Empirical Investigation. *American Economic Review* 91:1369-1401.
10. Nunn, Nathan, and Nancy Qian. 2010. The Columbian Exchange: A History of Disease, Food, and Ideas. *Journal of Economic Perspectives* 24 (2): 163–88.
11. Rodrik, D., A. Subramanian and F. Trebbi. 2004. Institutions Rule: The Primacy of Institutions Over Geography and Integration in Economic Development. *Journal of Economic Growth* 9(2):131-165, 06.

**Afternoon session:**

- Watching video and discussions: “China A Century of Revolution 1911-1949” and “China A Century of Revolution 1949-1976”

**Assignments for this session:**

- Finish the readings listed for the next session on the syllabus; and
- Finish watching video: “China A Century of Revolution 1911-1949” and “China A Century of Revolution 1949-1976”

**Session 5: *Labor Markets and Migration***

**Date:**

**Outline:**

- Labor markets and migration
- Economics of labor migration
- Evolvement of rural labor market in China over the past four decades

**Questions:**

- What is the process and the role of the labor in the rural economy in the modernization of an economy?
- What is the nature of labor markets in rural China?
- How has the rural labor market evolved over the past 4 decades?
- Why is migration important for China?
- With higher wages, can China move itself up the productivity ladder?
- Has China hit the Lewis turning point?
- Other than wages, why do people decide to migrate?

**Afternoon session:**

- Working on your first group project

**Readings, Websites or Video Clips:**

1. Michael Clemens. 2009. Think Again: Brain Drain”, *Foreign Policy*. [http://www.foreignpolicy.com/articles/2005/07/01/think\\_again\\_homeland\\_security](http://www.foreignpolicy.com/articles/2005/07/01/think_again_homeland_security).
2. Kristof, N. and S. WuDunn. 2000. “Two Cheers for Sweatshops,” *New York Times Magazine* 24: 6-7.
3. \*Chi, Wei, Richard Freeman, and Hongbin Li. 2012. Adjusting to Really Big Changes: The Labor Market in China, 1989–2009. *The Chinese Economy*. Palgrave Macmillan, London 93-113.
4. Li, Shi and Chunbing Xing. 2010. China’s Higher Education Expansion and its Labor Market Consequences. IZA DP No. 4974, Institute for the Study of Labor, Bonn
5. \*DeBrau, Alan, Linxiu Zhang, Chengfang Liu, Qiang Li, Scott Rozelle. 2008. Feminization of Agriculture in China? Myths Surrounding Women’s Participation in Farming. *China Quarterly* 194(6): 327-334.

<p>6. *Liu, Chengfang, Ye Li, Shaoping Li, Renfu Luo, Linxiu Zhang, Scott Rozelle, Spencer Hagist, Jack Hou. 2019. The returns to education in rural China: Some new estimates. <i>Australian Journal of Agricultural and Resource Economics</i> 59: 1-20.</p> <p>7. *Zhang, Linxiu, Yongqing Dong, Chengfang Liu, Yunli Bai. 2018. Off-Farm Employment over the Past Four Decades in Rural China, <i>China Agricultural Economic Review</i> 10(2):190-214.</p> <p>8. Gollin, Douglas, 2014. The Lewis Model: A 60-Year Retrospective. <i>Journal of Economic Perspectives</i> 28 (3): 71–88.</p>	
<p><b>Assignments for this session (if any):</b></p> <ul style="list-style-type: none"> <li>■ Finish the readings listed for the next session on the syllabus; and</li> <li>■ Watching video: “China A Century of Revolution 1911-1949.”</li> </ul>	
<p><b>Sat and Sun., Weekends, Undertaking the Field-based Exploration of the Economics of Migration in Beijing</b></p>	
<p><b>First group project:</b>  <b>Presentation of the Field-based Exploration of the Economics of Migration in Beijing</b></p>	<p><b>Date:</b></p>
<p><b>Please be noted that the presentations will take place in both the morning and afternoon sessions of the day.</b></p> <p><b>Outline:</b></p> <p>Based on our field-based explorations over the past several days, in an 18-minute presentation, each group is supposed to answer the following three questions. There will be Q&amp;A after each presentation.</p> <ul style="list-style-type: none"> <li>■ Why would any one in their right mind decide to leave the pristine countryside and move to the city?</li> <li>■ Why have 288+ million individuals already done so?</li> <li>■ What are the costs and benefits of China’s current migration patterns?</li> <li>■ What is the impact of the COVID-19 on their employment and income, if any?</li> </ul> <p>Please note: Your score in this project = Base score + Bonus Points, where</p> <ul style="list-style-type: none"> <li>■ Base score will be the same for members in the same group [team efforts]</li> <li>■ Bonus points vary from person to person [individual efforts], which depend on: <ul style="list-style-type: none"> <li>◆ Your presentation skill;</li> <li>◆ The # of questions you answer about your own presentation; and</li> <li>◆ The # of questions you ask about the presentations of other groups.</li> </ul> </li> </ul>	
<p><b>Session 6: Agriculture, the Power of Incentives and Rural Reform</b></p>	<p><b>Date:</b></p>

**Outline:**

- “Behavioral and Material Determinants (BMD)” of Production Relations in Agriculture...and of Institutions
- Instruction on the 2<sup>nd</sup> group project: To economically explain an institution in China of your choosing by applying the BMD
- China 1911 to 1978
- The Role of Agriculture

**Questions:**

- Needham Puzzle II: Could China have grown in the first half of the 20th century?
- What is the role of agriculture in development?
- Why did Sub-Saharan Africa miss the green revolution?
- Why do banks tend to enter rural areas at a very late stage of development?
- Why did collectivization of agriculture fail in China?
- Why did rural reforms (the household responsibility system, HRS) work so well in China?
- Why do those in England practice primogeniture and those in China practice multi-geniture?
- Why was there polyandry in Tibet (and polygamy in West Africa)

**Afternoon session:**

- Preparing for the 2nd group project;
- Watching video and discussions: “China A Century of Revolution 1949-1976.”

**Readings, Websites or Video Clips:**

1. \*H. Binswanger and M. Rosenzweig. (Pp 503-517) “Behavioral and Material Determinants of Production Relations in Agriculture,” *Journal of Development Studies*. 22, 1986, pp. 503-37
2. \*Lin, Yifu. 1992. Rural reforms and agricultural growth in China. *American economic review* : 34-51..
3. \*Jacoby, Hanan G., Guo Li, and Scott Rozelle. 2002. Hazards of expropriation: tenure insecurity and investment in rural China. *American Economic Review* 92.5: 1420-1447.
4. Lin Yifu. Demystifying the Chinese Economy. 2013. *Australian Economic Review*. 46:259-268.
5. UP Chapter 8: “The Role of Agriculture in Development”
6. DE Chapters 11&12
7. Naughton Chapter 7: “The Socialist Era, 1949-1978: Big Push Industrialization and Policy Instability”
8. Eswaran, M. and Kotwal, A. 1986. Access to capital and agrarian production organization. *Economic Journal* 96(482):482–498.

**Assignments for this session:**

- Finish the readings listed for the next session on the syllabus;

**Session 7: *Population and Family Planning***

**Date:**

**Outline:**

- Population and economic growth
- Demographic Transition in China
- Family Fertility Decisions
- The One Child Policy & Consequences

**Questions:**

- Why has population never really been put back in check by natural disasters?
- How is family fertility target rate decided? In other words, what are the benefits and costs of kids?
- What are the consequences of the One-child policy in China?
- What is demographic dividend?
- What are the consequences of dependency ratios?

**Afternoon session: Lecture on The Middle income trap and inequality**

- Human capital inequality and the middle income trap;
- What is the nature of China's human capital?

**Questions:**

- What is one of the fundamental difference between graduates and those that are trapped in the middle income trap?
- Will China get caught in the “middle income trap”?
- Can China continue to go? If yes, what will be the major sources?
- What will China's inequality be like in the coming years (when growth slows)?
- What is the nature of China's human capital?
- What is the source of low levels of human capital?

**Readings, Websites or Video Clips:**

1. \*Gary Becker and Gregg Lewis .1973. On the interaction between the Quantity and Quality of Children. *Journal of Political Economy* 81(2).
2. \*Michael Kremer.1993. Population Growth and Technological Change: 1,000,000 B.C. to 1990. *Quarterly Journal of Economics* 108(3): 681-716.
3. \**Understanding Poverty* Chapter 9: “Fertility and Income”
4. *Understanding Poverty* Chapter 10: “Fertility in Developing Countries”
5. Naughton Chapter 7: Population Growth and the One-Child Policy
6. Nancy Qian.2008. Missing Women and the Price of Tea in China: The Effect of Sex-Specific Income on Sex Imbalance. *Quarterly Journal of Economics* 123(3):

1251-1285.

7. Qin, Xuezheng, Castiel Chen Zhuang, and Rudai Yang. 2017. Does the one-child policy improve children's human capital in urban China? A regression discontinuity design. *Journal of Comparative Economics* 45 (2): 287-303.
8. Whyte, Martin King, Wang Feng, and Yong Cai. 2015. Challenging myths about China's one-child policy. *The China Journal* 74: 144-159.
9. Zhang, Junsen. 2017. The evolution of China's one-child policy and its effects on family outcomes. *Journal of Economic Perspectives* 31(1): 141-60.
10. \*Heckman, James J. and Junjian Y. 2014. Human Capital, Economic Growth, and Inequality in China", in *The Oxford Companion to the Economics of China*, 10/2014, Oxford University Press. Also as NBER Working Paper No. 18100
11. \* Dollar, David. 2007. Poverty, Inequality and Social Disparities During China's Economic Reform. World Bank Policy Research Working Paper 4253
12. \* Persson, T. and G. Tabellini. 1994. Is Inequality Harmful for Growth. *American Economic Review* 84(3):600-621
13. \* Banerjee, A. and E. Duflo. 2003. Inequality and Growth: What Can the Data Say? *Journal of Economic Growth* 8(3): 267-99.
14. \*Zhang, Linxiu, Hongmei Yi, Renfu Luo, Chengfang Liu, Scott Rozelle. 2013. The Human Capital Roots of the Middle Income Trap: The Case of China. *Agricultural Economics* 44(2013): 151-162.
15. Rozelle, Scott and Natalie Johnson, 2019. *China's Invisible Crisis: How a Growing Urban-Rural Divide Could Sink the World's Second-Largest Economy*. Hachette UK.

**Assignments for this session:**

- Please finish the readings listed for the next session on the syllabus.

**Session 9: Human capital: Education, Nutrition and Health**

**Date:**

**Outline:**

- Benefits, demand and supply, quantity and quality
- Examples of searching for solutions to build up human capital in rural China
- Watch Video "Dreams to Fulfill".

**Questions:**

- What are the benefits/returns of human capital?
- What do the levels of private and social returns imply about 1) How much human capital people decide to get and 2) Who should pay for it?
- What affects an individual's decision of how much human capital to get?
- Is there anything we could do to improve the access and quality of education/nutrition/health in rural China?

**Afternoon session:**

Preparation for the 2nd group project.

**Readings, Websites or Video Clips:**

1. Hanushek, E.A., Woessmann, L.. 2007. The Role of Education Quality for Economic Growth (SSRN Scholarly Paper No. ID 960379). *Social Science Research Network*, Rochester, NY.
2. \* Li, Hongbin, Pak Wai Liu, and Junsen Zhang. 2012. Estimating returns to education using twins in urban China. *Journal of Development Economics* 97(2): 494-504.
3. \*Glewwe, P. 2002. Schools and skills in developing countries: Education policies and socioeconomic outcomes. *Journal of Economic Literature* 40(2):436–482
4. \* Liu, Chengfang, Linxiu Zhang, Renfu Luo, Scott Rozelle, Brian Sharbono, Jennifer Adams, Yaojiang Shi, Ai Yue, Hongbin Li, Xiaobing Wang, Thomas Glauben. 2011. Early Commitment on Financial Aid and College Decision Making of Poor Students: Evidence from a Randomized Evaluation in Rural China, *Economics of Education Review* 30: 627–640.
5. \* Yi, Hongmei, Yingquan Song, Chengfang Liu, Xiaoting Huang, Linxiu Zhang, Yunli Bai, Baoping Ren, Yaojiang Shi, Prashant Loyalka, James Chu, Scott Rozelle. 2015. Giving Kids a Head Start: The Impact and Mechanisms of Early Commitment of Financial Aid on Poor Students in Rural China. *Journal of Development Economics* 113: 1-15.
6. Li, Hongbin, Prashant Loyalka, Scott Rozelle, and Binzhen Wu. 2017. Human capital and China's future growth. *Journal of Economic Perspectives* 31(1): 25-48.
7. \* Alsan, Marcella, David E. Bloom, and David Canning. 2006. The effect of population health on foreign direct investment inflows to low-and middle-income countries. *World Development* 34 (4): 613-630.
8. Dupas, P., 2011. Health Behavior in Developing Countries. *Annual Review of Economics* 3: 425–449.
9. \*Miguel, E. and Kremer, M. 2004. Worms: Identifying impacts on education and health in the presence of treatment externalities. *Econometrica* 72(1):159–217.
10. \* Liu, Chengfang, Louise Lu, Linxiu Zhang, Renfu Luo, Sean Sylvia, Alexis Medina, Scott Rozelle, Darvin Scott Smith, Yingdan Chen, and Tingjun Zhu. 2017. Effect of Deworming on Indices of Health, Cognition, and Education among Schoolchildren in Rural China: A Cluster-Randomized Controlled Trial. *American Journal of Tropical Medicine and Hygiene* 96(6): 1478-1489.
11. \*Strauss, J. and Thomas, D. 1998. Health, nutrition, and economic development. *Journal of Economic Literature* 36(2):766–817.
12. Zhang, Xin, Xi Chen, and Xiaobo Zhang, 2018. “The Impact of Exposure to Air Pollution on Cognitive Performance,” *Proceedings of National Academy of Science* 115(37): 9193-9197.

**Assignments for this session:**

- Finish the readings listed for the next session on the syllabus.

**Second group project:**

**Presentations: To economically explain an institution in China of your choosing by applying**

**Date:**

<b>the BMD Instructions on the final essay</b>	
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Please be noted that the presentations will take place in both the morning and afternoon sessions of the day.

**Outline:**

As we do in the first group project, each group has 18 minutes for presentation, followed by Q&A.

Please note: Your score in this project = Base score + Bonus Points, where

- Base score will be the same for members in the same group [team efforts]
- Bonus points vary from person to person [individual efforts], which depend on:
  - ◆ Your presentation skill;
  - ◆ The # of questions you answer about your own presentation; and
  - ◆ The # of questions you ask about the presentations of other groups.

**FINAL PROJECT: a course paper**

Each group is supposed to jointly turn in ONE essay based on your presentation for the 2<sup>nd</sup> group project which has taken into account comments and suggestions that you have collected during the presentation. No more than 3,000 words [Note: The word limit does not include the reference list.]