
CHINA IN THE WORLD: ECONOMY, TECHNOLOGY AND GEOPOLITICS

International MBA IMBA-EN SEP-2024 S-IBE

Area Economics

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IE University Teaching Award Winning Professor

Professor Shirley Yu has consistently won the IE University Academic Teaching Award for four years in a row.

C o u r s e L e c t u r e s

China: Economy, Technology and Geopolitics, IE Business School

Belt and Road Initiative: Vision and Geopolitics, Harvard Kennedy School

China-Africa Development, Firoz Lalji Institute for Africa, London School of Economics

A c a d e m i c A p p o i n t m e n t s

Senior Practitioner Fellow, Ash Center, Harvard Kennedy School, Harvard University;

Director, China Africa Initiative, the LSE;

Professor, IE Business School; National Defence University, Pakistan

**A c a d e m i c a n d P u b l i c
Speeches**

Harvard University; London School of Economics; Cambridge University; Oxford University; Stanford University; The Wilson Center; Kings College London; Asia Society; Chatham House

M e d i a c o m m e n t a t o r

CNN, BBC, Bloomberg, Al Jazeera

Academic Background

Ph.D., Chinese Political Economy, Peking University, China;

MA, Government, Harvard University

Davos World Economic Forum expert network expert on China, 5G, and geo-economics;

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SUBJECT DESCRIPTION

China's economic reform process proves to be a grand experiment, deviating from the liberal market capitalistic model. How did the Chinese economy transform from a closed economy, in over 40 years, through the phases of an export-led, investment-led, to now a consumption and innovation-led economy? After the 20th Chinese Communist Party Congress, how will "common prosperity" and an increasingly state-centric economy impact China's growth and opening?

China's drive for innovation in the 21st century brings profound global consequences. China has launched a number of global initiatives, from Made in China 2025, AI Vision 2030 to China Standards 2035. How do these technological ambitions change China's economic discourse and the global economy? As the US administrations impose sanctions on Chinese technology and invest massively in domestic industrial and technological development, how will the Chinese and American technological landscape reshape the 4th industrial revolution and technological globalization?

The rise of the Chinese economy and its technology will inevitably pose tremendous global challenges, both geopolitically and ideologically. As the US defines China as the most consequential adversary in the 21st century, China's global trade, investment, and technological export to the developing world expand at an exponential speed across ASEAN, Africa, and Latin America. Will the current G7 approach to outcompete China in the developing world in investment, lending, and technological diffusion be effective? How will the developing world be fundamentally impacted by the China-US competition?

This course will strive to frame and explain the underlying dynamics between the politics and economy of China within the domestic and contemporary world order. We will compare the differences in the fundamental tenets between the Chinese economic model and western liberal market capitalism. We will analyze the key milestones underpinning China's economic reform process, the advantages and disadvantages of the China model, and the evolution of the China model itself. We will gain insights into China's innovation landscape, from copycatting Silicon Valley to becoming an innovation powerhouse. We will debate the whole-of-state approach engaged in the Chinese technological model and how it competes with the West. And lastly, we will deliberate on the geopolitical implications of China's economic and technological rise and the global impact of the US-China comprehensive decoupling and geo-economic competition.

The course will be broken down into four sections.

In Section 1, we will examine the three stages of PRC's political economic evolution, within which China's political authoritarianism and economic liberalism seek to define its optimality. We will look at the domestic and international political and economic forces shaping China's economic transformation in the Xi Jinping era. We will take a special focus on the current US-China strategic competition in trade, investment, supply chain, and technology.

In Section 2, we will examine China's economic reform process through its long-term planning process from 1949-2025. We will examine the changing roles of players within the economy: the government, state-owned enterprises, and private enterprises. We will look at the structure of China's GDP by components: trade, fixed-asset investment, and consumption over time. We will debate the crucial differences and defining competition between the US-led liberal economic model and the China model in global technological competition, AI-led economy, and the changing roles of government in managing the economy.

In Section 3, We will examine China's innovation landscape. China started to embrace the internet era by simply copycatting Silicon Valley. From the Chinese copycats, indigenous innovators, such as Alibaba and Tencent, arose. Chinese tech firms subsequently created their parallel China tech universe. We will analyze the causes and advantages within China which have allowed these critical technologies to flourish. We will examine its current ambitions in the global AI arms race, global standards building, and the global digital future. We will debate the competitive strengths of China and the West in pushing toward the frontier of the 4th industrial revolution.

In Section 4, we will examine China's rapidly changing social dynamics, from its shifting demographics and rising social inequality to China's changing economic objectives from pure GDP growth to sustainable development. We will debate future sustainable growth and examine the fundamental trends in the US and China on demographics, the environment, gender, and social inequality.

LEARNING OBJECTIVES

- Gain a pragmatic understanding of the evolution of China's modern political shifts and economic reform process.
- Identify and articulate the key milestones in China's economic reforms.
- Analyze the critical components of the Chinese technological development model and how it shapes the US-China tech competition.
- Understand China's current global economic and geopolitical ambitions.
- Develop a critical discourse on the comprehensive strategic US-China competition in economic growth, technology, and the developing world.

TEACHING METHODOLOGY

This course is aimed at offering a comparative perspective of China's development, as it compares with the West in terms of the economic model, political and business practices, tech and innovation landscape, and economic sustainability. We further bring the linear perspective into the contemporary global context, debating on the comprehensive strategic competition between the US-led West vs. China and how that competition redefines the global order in the 2020-2050 decades.

This course includes 14 Sessions covering the four categories as outlined above. In Session 15, a Final Exam will take place. The classes will be conducted with a Socratic approach. Students are expected to actively engage in classroom debates and group discussions.

AI-based tools are allowed to be used in the learning process. However, AI-based applications are not allowed to be used in the final exam.

Learning Activity	Weighting
Lectures	35.0 %
Discussions	20.0 %
Exercises in class, Asynchronous sessions, Field Work	15.0 %
Group work	20.0 %
Individual studying	10.0 %
TOTAL	100.0 %

AI POLICY

In this course, the use of generative artificial intelligence (GenAI) is allowed, with the goal of developing an informed critical perspective on potential uses and generated outputs.

However, be aware of the limits of GenAI in its current state of development:

·Don't take ChatGPT's or any GenAI's output at face value. Assume it is wrong unless you either know the answer or can cross-check it with another source. You are responsible for any errors or omissions. You will be able to validate the outputs of GenAI for topics you understand.

·AI is a tool, but one that you need to acknowledge using. Failure to do so is in violation of academic honesty policies. Acknowledging the use of AI will not impact your grade.

Suggested format to acknowledge the use of generative AI tools:

I acknowledge the use of [AI systems link] to [specify how you used generative AI]. The prompts used include [list of prompts]. The output of these prompts was used to [explain how you used the outputs in your work].

If you have chosen not to include any AI generated content in your assignment, the following disclosure is recommended:

No content generated by AI technologies has been used in this assignment.

PROGRAM

SECTION 1

China's Global Re-emergence: Can it Peacefully Coexist with the West?

Debate:

Was China's re-entry into the global economy a good idea?

SESSION 1 (LIVE IN-PERSON)

Sustainability Topics:

- Governance

The first 30 years, the second 30 years, and the Xi Jinping Era

- Communist Party factionalism
- The interplay between political stability and reform continuity
- The First 30 years: the Mao Era
- The Second 30 years: the Deng Era of Reform and Opening Up
- The Xi Jinping Era: Socialism with Chinese Characteristics for the New Era

Book Chapters: Saich, Tony (2018). Governance and Politics of China - Chapters 1 (the Impact of CCP Policy), 2 & 3 (See Bibliography)

Article: Xi Jinping's Speech for the 100th Anniversary of the CCP, 1 Jul 2021 (S-C)

Book Chapters: Jing Huang, Factionalism in Chinese Communist Politics - Pp.26-39 (CED) Article: Some Social Requisites of Democracy: Economic Development and Political Legitimacy (The American Political Science Review, Vol. 53, No. 1) (CED)

SESSION 2 (LIVE IN-PERSON)

Sustainability Topics:

- Governance
- Economic Development

China's Reform through its Five-Year Plans and Its Centenary Goals

- The Great Leap Forward, famine, and the Cultural Revolution
- Dual-track reform and transition from a planned economy to a market economy - The role of Hong Kong, Shanghai Pudong, and Shenzhen
- The 13th Five-Year Plan and the 14th Five-Year Plan
- Long Vision 2035 and China's two 100-year goals

Book Chapters: Naughton, Barry. (2018). The Chinese Economy: Adaptation and Growth - Chapters 3, 4, & 5 (See Bibliography)

Article: Autocracy With Chinese Characteristic (Foreign Affairs) (CED)

Article: Resolution of the Central Committee of the Communist Party of China on the Major Achievements and Historical Experience of the Party over the Past Century (19th Central Committee of the Communist Party of China on November 11, 2021)

SESSION 3 (LIVE IN-PERSON)

Sustainability Topics:

- Governance

The Korean War, the Cold War, the Global Financial Crisis, and the Trade War: How the World Shapes China

- Korean War and Taiwan: China's national security priorities
- The Cold War: the US brought China into the global system
- Global Financial Crisis: China's global rise against the West
- Trade War: the new era of US-China strategic competition

Book Chapters: Saich, Tony (2018). Governance and Politics of China - Chapter 11 (See Bibliography)

Article: China's Response to the Global Crisis and the Lessons Learned (The Global Recession and China's Political Economy) (CED)

Article: China is using the trade war to defeat liberal thinkers (Financial Times) (CED)

Article: US Technological Competition with China: The Military, Industrial and Digital Network Dimensions (Asia-Pacific Review, 2019) (CED)

SECTION 2

China's Reform and the Divergence of the US-China Economic Models

Debate:

Is industrial policy essential in today's global competition?

SESSION 4 (LIVE IN-PERSON)

Sustainability Topics:

- Economic Development

The Three Horses of the Chinese Economy and How They Have Evolved

- From the world's largest trading nation to the world's largest creditor nation - The evolution of China's trade: from cheap labor to high-end manufacturing
- The investment-led economic growth model and urbanization
- The birth of the Chinese stock market
- What's next in China's reforms?

Book Chapters: Naughton, Barry (2018). The Chinese Economy: Adaptation and Growth - Chapter 7 (See Bibliography)

Book Chapters: Saich, Tony (2018). Governance and Politics of China - Chapter 9 (See Bibliography)

Book Chapters: Urban China: Toward Efficient, Inclusive, and Sustainable Urbanization - Pp. 3-31 (IE Library)

Book Chapters: Overholt, William H. (2018). China's Crisis of Success - Chapter 2 (See Bibliography)

Article: Frank J. Goodnow, Reform in China (The American Political Science Review, 9, no. 2 (1915): 209-224) (CED)

SESSION 5 (LIVE IN-PERSON)

Sustainability Topics:

- Economic Development

Changing Roles of Economic Actors: Relationship between the State and the Private

- Privatization, liberalization, and the re-nationalization of the Chinese economy
- The changing role of the government in the economy
- Mixed-ownership companies: creating a hybrid of state-owned and private companies - The generation of Chinese multinationals and the dilemma they face
- US vs. China: the whole-of-government approach and state capitalism

SESSION 6 (LIVE IN-PERSON)

Sustainability Topics:

- Economic Development

Turning Point: China's Changing Role in the Global Value Chain and Unfolding Deglobalization

- Low-end manufacturing to high-end manufacturing: fierce competition, quality, and branding - Moving supply chains out of China? An examination of foreign direct investments in China
- A rising 400 million middle class and the culture of consumption
- Ecommerce, social shopping, and live streaming
- The drive for self-reliance in the age of US-China Economic competition
- China's new drive to turn the world's factory into the world's market

Working Paper: From "Made in China" to "Innovated in China": Necessity, Prospect, and Challenges (National Bureau of Economic Research)

Article: China's Manufacturing Strategy: It hopes to keep its low-cost factories -- and lure new high-end ones (The Wall Street Journal) (CED)

Book Chapters: Naughton, Barry (2018). The Chinese Economy: Adaptation and Growth - Chapters 16 & 17, optional: 13 (See Bibliography)

Other / Complementary Documentation: China Consumer Report 2021 (McKinsey & Company)

SECTION 3

Copcats, Indigenous Innovations, and US-China Tech Rivalry

Debate:

Is the West going to decisively win the technological war with China?

SESSION 7 (LIVE IN-PERSON)

Sustainability Topics:

- Governance
- Economic Development

Silicon Valley vs. China: The Birth of China's Internet Era

- Baidu, TaoBao & Weibo: the Silicon Valley Copcats
- China's Great Firewall
- BAT: Why Amazon & eBay cannot succeed in China

Individual Presentation

Book Chapters: Lee, Kai-Fu (2018). AI Superpowers: China, Silicon Valley, and the New World Order - Chapters 2 & 3 (See Bibliography)

Article: Relationship-based e-commerce: theory and evidence from China (Info Systems J (2008) 18, 331–356) (CED)

SESSION 8 (LIVE IN-PERSON)

Sustainability Topics:

- Governance
- Economic Development

Rise of China's Indigenous Tech Innovators and US-China Technological Decoupling

- Tencent and Alibaba: from building products to building ecosystems - Create a super app that the Chinese can live in all day
- Huawei: Learn from the American model and become better.
- Xiaomi: Chinese smartphone expands globally, on thin margins.
- Bytedance and TikTok: a new generation of innovation that succeeds globally
- Livestream as a business model in 2020
- TikTok's trouble in the US and the technological decoupling in the name of national security

Article: WeChat - A Chinese Cyber-Culture Phenomenon (Modern Management Review) (CED)

Article: Feeding frenzy: Alibaba and Tencent have become China's most formidable investors (The Economist) (CED)

Article: Why TikTok owner ByteDance is no Huawei for Beijing (Financial Times) (CED)

Book Chapters: Shirley Ze Yu, Huawei Goes Global - Chapter 5. All Under Huawei: China's New Vision for a Tech-Sinica (CED)

SESSION 9 (LIVE IN-PERSON)

Sustainability Topics:

- Governance
- Economic Development

Future US-China Technology: Surveillance, EVs, Chips, and Tech Ecosystems

- China's fintech rise: Alipay, Wechat Pay, and sovereign digital currency - China's next blue ocean: Data, AI and Industrial IoT
- The state of China's tech universe: Tech giants and their ecosystems
- China's EV Rise
- The core areas of the US-China tech competition and each's core strengths.
- Book Chapters: Lee, Kai-Fu (2018). AI Superpowers: China, Silicon Valley, and the New World Order - Chapters 4 & 5 (See Bibliography)
- Article: Understanding China's Fintech Sector: Development, Impacts and Risks (University of Nottingham)
- Article: China may seek to raise yuan's stature via a digital avatar (S&P Global)
- Article: How China's big tech companies upset Beijing (Financial Times) (CED)
- Other / Complementary Documentation: Video. China's Unicorn (YouTube) Article: China eyes \$16bn boost for tech sector with Nasdaq-style board (Financial Times)

SESSION 10 (LIVE IN-PERSON)

Sustainability Topics:

- Governance
- Economic Development

China's Tech Ambitions through 2035 and What it Means to the World

- Belt and Road Initiative
- Made in China 2025
- AI Vision 2030
- China Standards 2035
- Long Vision 2035 & China's Two 100-Year Plans
 - Article: The Belt and Road Initiative: Modernity, Geopolitics, and the Developing Global Order (Asian Affairs)
 - Article: Building a world manufacturing power — Premier and 'Made in China 2025' strategy (english.gov.cn)
 - Other / Complementary Documentation: Horizon Advisory - China Standards 2035
 - Article: Biden Administration Clamps Down on China's Access to Chip Technology (The New York Times)

SECTION 4

Seeking Sustainable Growth: China's Perils and the West's Reliance on China

Debate:

How can the West and China still work together in the coming decade?

SESSION 11 (LIVE IN-PERSON)

Sustainability Topics:

- Social Challenge

Demographic Crisis: A Society That Is Old Before It Is Rich

- Family control policies: how changing demographics shape China
- From labor premium to the world's largest middle class: the changing role of China's labor force - China turbocharges into an aged society. What does this mean for global competitiveness?

Book Chapters: Naughton, Barry (2018). The Chinese Economy: Adaptation and Growth - Chapters 8 & 9 (See Bibliography)

Article: Demographic change and long-term growth in China: Past developments and the future challenge of aging (Review of Development Economics) (CED)

Book Chapters: Saich, Tony. (2018). Governance and Politics of China - Chapter 10 (See Bibliography)

SESSION 12 (LIVE IN-PERSON)

Sustainability Topics:

- Social Challenge

Rising Inequality and Carbon Neutrality by 2060

- Income inequality in China, the urban/rural divide, and the digital inclusion
- The high savings rate, social healthcare and welfare system, and coping with an aging society - China's carbon neutral policy by 2060 and its roadmap
- The new trillion-dollar industries emerging from China's environmental drive
- China's leadership in the NEV industry, solar, wind, and hydrogen energies

- Book Chapters: Naughton, Barry (2018). The Chinese Economy: Adaptation and Growth - Chapters 10 & 21 (See Bibliography)

Book Chapters: China's New Sources of Economic Growth - Chapter 17. Policies and

Measures to Transform China into a Low-carbon Economy (JSTOR)

- Article: Can Innovation Agglomeration Reduce Carbon Emissions? Evidence from China (International Journal of Environmental Research and Public Health) (CED)

Book Chapters: Overholt, William H. (2018). China's Crisis of Success - Section "Environment" (See Bibliography)

SESSION 13 (LIVE IN-PERSON)

Sustainability Topics:

- Social Challenge

The Drawbacks of a Digital World

- China's facial recognition technology and social credit system
- Fintech, microfinance, and the massive data accumulation
- AI's rise and its implications for ethics, employment, and future productivity - A point of no return: Digital and AI post-Covid

Case study

China's mass surveillance technology and its impacts on society and global security

Book Chapters: Lee, Kai-Fu (2018). AI Superpowers: China, Silicon Valley, and the New World Order - Chapters 6, 8 & 9 (See Bibliography)

Other / Complementary Documentation: Video. China's Facial Recognition and Smart City (YouTube)

SESSION 14 (LIVE IN-PERSON)

Sustainability Topics:

- Social Challenge

World by 2050, and China's Role in It

- China's digital rise changes the global development model.
- The global chip war and tech bifurcation
- China's industrial supply chains in the emerging world
- Where does Europe's future lie?
- If China becomes the largest economy in the world, how will the world be different?

Book Chapters: Saich, Tony (2018). Governance and Politics of China - Chapter 11 (See Bibliography)

Article: Competition Without Catastrophe: How America Can Both Challenge and Coexist With China (Foreign Affairs) (CED)

Book Chapters: Kissinger, Henry. On China (See Bibliography)

Other / Complementary Documentation: Video. Jack Ma and Elon Musk debate in Shanghai (YouTube)

Book Chapters: Pillsbury, Michael. The Hundred-year Marathon: China's Secret Strategy Strategy to Replace America - Chapters 9 & 11 (See Bibliography)

SESSION 15 (LIVE IN-PERSON)

Final Exam

EVALUATION CRITERIA

FAILING GRADE AND REASSESSMENT

When students receive a Fail in a course, they have the opportunity to present themselves for reassessment in order to earn the necessary credits toward graduation.

The reassessment of students should be scheduled between 5 and 10 working days after the review session takes place.

Grades for the reassessment are limited to a Low Pass and Fail.

Both the initial Fail as well as the grade of the reassessment remain on the transcript. For the purpose of calculating the GPA however, only the grade of the reassessment is to be considered. Students receiving a failing grade in the reassessment of a course will not be able to continue in the program.

criteria	percentage	Learning Objectives	Comments
Group Work	30 %		
Individual presentation	25 %		
Final Exam	25 %		
class attendance and participation	20 %		

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BIBLIOGRAPHY

Compulsory

- Saich, Tony. (2018). *Governance and Politics of China*. London: Macmillan Education, Limited. ISBN. London: Macmillan Education, Limited.. ISBN 9781137445278 (Printed)

- Naughton, Barry. (2018). *The Chinese Economy: Adaptation and Growth*. Cambridge, Massachusetts: The MIT Press.. ISBN 9780262534796 (Printed)

- Lee, Kai-Fu. (2018). *AI Superpowers: China, Silicon Valley, and the New World Order*. Boston: Houghton Mifflin Harcourt Publishing Comp. ISBN 9780358105589 (Printed)

- Pillsbury, Michael. *The Hundred-year Marathon: China's Secret Strategy Strategy to Replace America*. New York: Henry Holt and Co.. ISBN 9781627790109 (Printed)

Recommended

- Overholt, William H. (2018). *China's Crisis of Success*. Cambridge: Cambridge University Press. ISBN 9781108431996 (Printed)

- Kissinger, Henry. *On China*. East Rutherford: Penguin Publishing Group. ISBN 9781594202711 (Digital)

BEHAVIOR RULES

Please, check the University's Code of Conduct [here](#). The Program Director may provide further indications.

ATTENDANCE POLICY

Please, check the University's Attendance Policy [here](#). The Program Director may provide further indications.

ETHICAL POLICY

Please, check the University's Ethics Code [here](#). The Program Director may provide further indications.

