

# Post Keynesian Summer School Course Syllabus

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## Course Title

Trade, Capital Flows and Economic Development: China as a Case Study

## Course Description

Developing countries have made substantial efforts in the past two decades to integrate themselves into the world economy through trade and capital openings. However, following the neoliberal one-size-fits-all recipe, these countries encountered only stagnant growth and recurring financial crises. In this course, I intend to provide alternative views on the role of trade and capital flows in development. We will first challenge the neoliberal proposition of unconditional opening to trade and capital flows. We will then look into China's experience and practices as a case study to analyze how trade and capital flows affect development. This analysis highlights the limitations of market-driven integration. Finally, we will discuss related policy issues at the international and national levels.

## Course Outline

- I. Trade, Capital Flows and Economic Development: Two Views
  1. Free Trade and Capital Flows as Engines to Growth: the Conventional View
  2. The Role of Trade and External Financing in Development: An Non-Mainstream Alternative

### Reading:

UNCTAD. 2003. Development Strategies in a Globalizing World. UNCTAD/GDS/MDPB/Misc.15. Geneva: United Nations.

Kregel, Jan. 2004. External Financing for Development and International Financial Instability. G-24 Discussion Paper Series, No, 32, October 2004.

- II. China's Integration into the World Economy
  1. Trade *cum* FDI-Led Development Strategy
  2. Limitations of the "Shallow" Integration
  3. The Chinese Way of Capital Account Liberalization

### Reading:

Steinfeld, Edward S. 2004. China's Shallow Integration: Networked Production and the New Challenges for Late Industrialization, *World Development*, 32, 11: 1971-87.

- III. Policy Implications

### Suggested Reading

- Felix, David. 2005. Why International Capital Mobility Should be Curbed and How It Could be Done, in Gerald Epstein (ed.) *Financialization and the World Economy*, 384-408. Edward Elgar.
- Liang, Yan. 2007. China's Technological Emergence and Loss of U.S. Skilled Jobs: Missing Link Found? *Journal of Economic Issues*, 41: 339-408. Or Why are China's Exports Special? The Role of FDI, Regional Trade and Government Policies. Forthcoming in the *Chinese Economy*.
- Milberg, W. 2004. The Changing Structure of International Trade Linked To Global Production Systems: What Are the Policy Implications? *International Labor Review* 143 (1-2): 49-53.
- Ocampo, J.A., J.A. Kregel and S. Griffith-Jones. 2007. *International Finance and Development*. New York: United Nations.