

### ***ECON4940 Seminar 3***

This seminar focuses on a comparative assessment of the China-India economic development stories. Six exercises are given below. Each can be chosen by 1-3 students. 15 minutes are allotted for each presentation to the seminar.

#### **Exercise 1**

According to some commentators e.g. Young (2003) China's economic growth is largely the result of rapid capital accumulation and favorable demographics. Others e.g. Bosworth and Collins (2006) find a much larger role for total factor productivity (TFP). What could explain this discrepancy? Which view do you think better reflects reality, and why?

#### **Exercise 2**

In the excerpt from the Economist (Jan 25<sup>th</sup> 2007) entitled "Reading the tea leaves" that was distributed in class, India's TFP was stated to be much lower in agriculture and industry, but much higher in services than in China. Explain these findings. What should India do to raise TFP in agriculture? What should China do to raise TFP in services?

#### **Exercise 3**

De Long (2001) claims that Nehru's policies were not disastrous for India's economic development, as many claim. Is he right? Many claim that Mao's policies were disastrous. Are they entirely correct?

#### **Exercise 4**

A large part of an individual's welfare is associated with consumption, and how much effort it takes to achieve it. In your opinion is individual welfare higher in China or in India? Please try and back your views with some statistics.

#### **Exercise 5**

China's industrial sector is much bigger and generally more productive than India's. What explains this outcome? What should India do to grow a bigger industrial sector?

#### **Exercise 6**

Looking at the experiences of China and India what lessons would you draw for other countries wanting to develop?

**References:** In addition to the items on the reading list please consult any other sources on the web as needed. The two items mentioned above are

Bosworth, Barry and Susan M. Collins (2006) "Accounting for Growth: Comparing China and India" (see also Economist article)

Young, Alwyn, (2003) "Gold into Base metal: Productivity Growth in the People's Republic of China during reform" *Journal of Political Economy* 111, no. 6: 1220-1261-