

## **CHES2108 Innovation, Catch-up and China's Development**

**Spring 2021**

**Instructor:** Prof. Li Chen ([lichen@cuhk.edu.hk](mailto:lichen@cuhk.edu.hk))

**Lecture/Tutorial:** Tuesday 2:30 - 5:15, Online Teaching.

**TA:** TBC; **Office Hours:** by appointment

**Office:** Room1108, 11/F, Yasumoto International Academic Park, CUHK

### **Course Description**

This course examines China's innovation and development in the broader context of how the later-comer firms and countries catch up with the forerunning firms and countries. Catch-up phenomenon will be studied at the three levels of country, sector and firms. It will situate China's cases in a theoretical and comparative lens. Among others, the covered topics include: historical origin of the east Asian miracle; the role of the state vs. market in economic catch-up; industrial policy; technological capability building; role of the business groups in catch-up; the causes and consequences of the economic crisis, economic reform for catch-up, and transition from planned to market economies; China's industrial and innovation policies in various sectors.

### **Learning outcomes**

By the end of the semester, students should:

- 1) Students will get a deeper understanding on the dynamics of innovation and economic catch-up.
- 2) Students will be trained to analyze firm-level, sector-level and country-level cases studies from a historical and comparative perspective
- 3) Students will be trained to analyze and evaluate the performance of China's innovation and development policies in various sectors.

### **Course readings**

This course has no standard textbook, but requires intensive reading of academic literature and policy reports assigned by the instructor. The required readings for discussion will be posted to Blackboard. Students are required to bring the readings in hard copy to the class.

### **Assessment**

Attendance 15%

Weekly reading discussion 15%

Student presentation 20%

Final test 25%

Term paper 25%

- **Preparation of discussion questions:** there will be assigned readings for each week, and students are expected to come to class having done the readings and ready to participate in class discussion. For each session of discussion, a group of students will be assigned to lead discussion with an introductory presentation, and will be required to email at least **three discussion questions** to the teaching assistant by **5:00 p.m.**

**Thursday the previous week.** Based on course enrollment, each student should expect to lead discussion once or twice in the semester.

- **Student presentation:** students will research and make a presentation on a self-selected topic concerning a case study on China's innovation (firm-level, sector-level or policy/institutional level). The topic may be the same with the student's term paper, or may differ.
- **Final test:** there will be **one final test** that examines the topics discussed in class. There will be no make-up tests unless a student has a documented medical excuse.
- **Term paper:** Students will research and write a paper on a self-selected topic concerning a case study on China's innovation (firm-level, sector-level or policy/institutional level). The topics need to be developed in consultation with the instructor. Students should resort to original academic references (journal articles, book chapters), official statistics, and reliable news media reporting. The paper should be of the length of 3000-4000 words.

Students should submit a soft copy to the *Veriguide* system first and include the *Veriguide* receipt on the hard copy that they submit to the instructor. The assessment will be based on the hard copy, which must be submitted **no later than 5pm on April 30**, double-spaced with standard margins and in 12-point Times New Rome font.

**Hard copies without the *Veriguide* receipt will NOT be graded.** See the website: [https://services.veriguide.org/academic/login\\_CUHK.aspx](https://services.veriguide.org/academic/login_CUHK.aspx)

Late submission of papers without a documented medical excuse will result in a 5% penalty and an additional 5% for every additional day.

### **Academic Honesty and Plagiarism**

The University Regulations on academic dishonesty will be strictly enforced. Please check the University Statement on plagiarism on the web:

<http://www.cuhk.edu.hk/policy/academichonesty/>

### **Class schedule**

#### **1. Introduction-innovation and development**

Lee, Keun, and John Mathews, "'From the Washington Consensus to the BeST Consensus for World Development,'" *Asian-Pacific Economic Literature*, May 2010.

Lee, Keun, "Making a Technological Catch-up: Barriers and Opportunities," *Asian Journal of Technology Innovation*, vol. 13: 2: 97-131, 2005.

#### **2. Economic catch-up**

Lee, Keun, Justin Y. Lin, and Ha-Joon Chang, "Late Marketization vs. Late Industrialization: Convergence or Divergence in East Asia", *Asia-Pacific Economic Literature*, Vol. 19, No. 1, 42-59, 2005.

Lee, Keun, M. Jee, and J. Eun, "Assessing China's Economic Catch-up at the Firm-Level and Beyond: Washington Consensus, East Asian Consensus and the Beijing Model," *Industry and Innovation*, (July 2011).

### **3. State and national innovation system**

Nelson, Richard., *National Innovation Systems: A Comparative Analysis*, Oxford Univ. Press, 1993. (chs. 1 and 16). (ch 2, USA, ch 3 Japan, ch 12 Taiwan)

### **4. Big business**

Nolan, P. (2002) "China and the global business revolution." *Cambridge Journal of Economics*, 26(1): 119-137

Nolan, P., Zhang, J. and Liu, C. (2008) "The global business revolution, the cascade effect, and the challenge for firms from developing countries." *Cambridge Journal of Economics*, 32(1): 29-47 (DOI: 10.1093/cje/bem016)

### **5. Business groups**

Lee, Keun, "Business Groups as an Organizational Device for Catch-up," in J. Nakagawa, ed. *Managing Development: Globalization, Economic Restructuring and Social Policy*, Oxon: Routledge, 2006.

Khanna, Tarun and Yishay Yafeh, 2007, *Business Groups in Emerging Markets: Paragons or Parasites?*, *Journal of Economic Literature*

### **6. Capability building**

Constance E. Helfat, Margaret A. Peteraf (2003), "The dynamic resource-based view: capability lifecycles." *Strategic Management Journal* Volume 24, Issue 10 pp997-1010 October 2003.

John Cantwell and Ed Amann (eds.), *The Innovative firms in the Emerging Market Economies*, pp. 223–48. New York: Oxford University Press.

### **7. Intellectual property rights**

Hiroyuki Odagiri, Akira Goto, Atsushi Sunami, Richard R. Nelson, eds. *Intellectual Property Rights, Development, and Catch Up: An International Comparative Study*, Oxford University Press, 2010

### **8. Catch-up at the firm level**

Guillen M., 2000. "Business Groups in Emerging Economies: A Resource-based View," *Academy of Management Journal* 43(3): pp 362-380

### **9. Catch-up at the sector level**

Lee, K., Malerba, F., 2016. *Changes in Industrial Leadership and Catch-Up by Latecomers: Toward a Theory of Catch-up Cycle from the Selected Sectoral Studies*. *Research Policy*.

### **10. Catch-up at the national level**

Rodrik, Dani, Arvind Subramanian, and Francesco Trebbi, 2002, "Institutions Rule: The Primacy of Institutions Over Geography and Integration in Economic Development", *Journal of Economic Growth* 9: 131-165.

### **11. University-industry linkages**

Eun, Jonghak, Keun Lee, and G. Wu, "Explaining the "University-run Enterprises" in China: A New Theoretical Framework for University-Industry Relationship and its Application to China," *Research Policy*, 2006.

### **12. Industrial policy**

Lin, J. and J. Stiglitz (eds.), 2013, *New Thinking in Industrial Policy*. Palgrave.

Mu, Qing, and Keun Lee "Knowledge diffusion, market segmentation and technological catch-up: The case of the telecommunication industry in China," *Research Policy*, 2005.

### **Final Test**