
Chinese Economic History in Comparative Perspective

Economics 4534, Fall 2019

MWF 12:00-12:50

HLMS 241

For the past three decades, China has been one of the most rapidly changing economies in the world. Yet, from another standpoint, there has been remarkable historical continuities. How can we understand the recent rise of China in light of its long-run trajectory? What challenges face China over the medium and long-run as it seeks to continue to modernize its economy?

This course selectively surveys key elements of the economy, state, and society of China starting from the 17th century to today. We use a comparative approach to understand the impact of select topics: education, kinship and lineage organization, demography, living standards, property rights, foreign trade, capital and commodity markets, governance, and public finance. How do differences in the historical determinants of growth help to explain why China and Europe developed along different growth trajectories? What can China's growth experience teach us about competing explanations of growth? We will also consider factors that may be important for China's sustained development in the future.

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Prerequisites: Econ 3070 or 3080, Intermediate Micro or Intermediate Macro.

Required Textbooks: The following texts have been ordered at CU Bookstore.

- *Modern China: Continuity and Change, 1644 to Present*, 2nd edition, by Elleman and Paine (Rowman & Littlefield, 2019). Provides a historical background of the Qing (1644-1911) with a political/military focus; useful tables, maps, and figures describing major events.
- *The Search for Modern China: A Documentary Collection*, 3rd edition, by Chen et al. (W.W. Norton, 2014). Selection of primary-sources, in translation.
- Optional Text: *The Chinese Economy, Transitions and Growth*, 2nd edition, by Naughton (MIT Press, 2018). An overview of the nature of economic reforms implemented by the CCP since 1978.

Course goals: At the end of this course, students will be able to:

- ▶ Extract meaning from primary sources in translation through careful reading;
- ▶ Draw on a base of knowledge of Chinese history from c. 1644 – present to interpret the historical context of primary data sources;
- ▶ Understand how economists frame a good hypothesis or question that can in turn be answered with data, and gain experience in analysis of systematic patterns in the data;
- ▶ Critically evaluate the strengths and weaknesses of empirical findings and causal arguments.

Communication: Please check the class Canvas website for announcements, links to readings, media content, and information about upcoming assignments.

Course Evaluation: Classes will be a combination of lecture, student presentations, and in-class discussion and writing exercises. The following will be used in determining course grades.

Student presentation of readings	15 %
Data analysis paper (5% for draft, 25% final paper)	30 %
Final exam	25 %
Weekly homework	20 %
Participation	10 %

Student presentations: Students take turns preparing short (10-15 minutes) oral and written summary of the readings. When it is your turn to present, prepare a single sheet summary or outline in bullet point format, which you should be ready to be share with the class. Figures and Tables may be included. The summary distills the key ideas in the reading, while avoiding extensive details—although small examples can be used.

Email me your summary, as a *PDF or Word attachment*, 24 hours before your presentation.

Data analysis paper: Using historical data on China, propose a hypothesis and an empirical strategy to test your hypothesis. The aim is to examine patterns or trends in the data, present your findings in a coherent fashion, and discuss what your results imply about China’s economy during the relevant period. I will be providing a variety of data sources for you, downloaded on Canvas, but you may also propose a research topic based on a dataset you have identified from outside sources. Most students work in a group of two or three, but you may choose to work independently on this project. A preliminary draft is due on October 25 (minimum 5 pages). I will be scheduling meetings with everyone sometime over Oct. 28-Nov. 1 to discuss your preliminary draft and give feedback. The paper should be 15 (double-spaced) typed pages in length, inclusive of all references and Tables and Figures. The final draft is due **Dec. 9**, and you will be asked to give a 5-minute summary of the paper.

Weekly homework: Select two starred readings for each week; for each reading, write at least 60 words—submit a question, a critique, or a connection to other readings. Thus, 120 words each week, at a minimum. Submit your assessment on or before Sunday at 3 pm of the coming week on Canvas. We will spend class time discussing student questions each week. Please be aware that late submissions will not be graded.

Participation: How much you get out of the class depends on whether you do the readings and are a regular contributor to discussions. Keep a participation log of your participation in class discussions, updated on a weekly basis. You’ll be asked to turn in a self-assessment once in the middle of the semester, and once at the end.

Final Exam: The final exam will be on Sat., December 14, from 4:30-7 p.m. The exam will be open notes.

Extra credit: Clicker questions based on “Text” readings will function as extra credit. Your total tallied up points on clicker questions over the semester will enter as a boost of up to 10% of your final exam

score. Please purchase an *i>clicker* if you do not own one. Clickers may be purchased at the University of Colorado bookstore. Clickers must be registered at: <https://myCUinfo.colorado.edu>. Register using your Identity Login, not your student ID.

Attendance: I will take attendance. Everyone has 3 no-questions-asked absences to cover sick-days, athletic events, and all personal situations. Each additional recorded absence translates into a drop of two percentage points from your course grade.

Classroom behavior: Students and faculty each have responsibility for maintaining an appropriate learning environment: <http://www.colorado.edu/policies/classbehavior.html>. To maintain a distraction free environment, unless we are actively using laptops as part of a class activity, electronic devices (cellphones, tablets, and laptops) should be stowed away for use until after class. Students who may need a laptop for note-taking should make arrangements to do so with the instructor.

Policies regarding discrimination and equity will be upheld: <http://www.colorado.edu/odh> and <http://www.colorado.edu/institutionalequity/policies>. All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. See <http://www.colorado.edu/policies/honor.html> for information on the Honor Code.

Disabilities and religious observance: For class policies on student disabilities, see: <http://www.colorado.edu/disabilityservices>. Policies on religious observance are at http://www.colorado.edu/policies/fac_relig.html.

Econ 4534 Topic Outline and Reading List

Readings provided on Canvas, or during class. Additional website links and other supplementary files will be on Canvas as well. Note: Depending on the speed at which we will progress through the semester, there may be changes to the outline, as needed. **Elleman and Pain** and **Chen et al.** refer to the two required textbooks for this course.

Part I. Overview

1— Economic History and the Problem of Development (Week 8/26)

Why study history? Why is the subject interesting but challenging at the same time? What can we learn from economic history and the methodological approach of comparing cross-country performance? What can China teach us about “Why are some nations so rich and others so poor”? What is modern economic growth? What is the Great Divergence? When did Western Europe forge ahead of other countries of the world? What does human development indices reveal about China’s level of development in the recent past?

- Naughton, “Is China Socialist?” *Journal of Economic Perspectives*, 31(1), 2017.
- * Zhu, “Understanding China’s Growth: Past, Present, and Future,” *Journal of Economic Perspectives*, 26(4), Fall 2012.

2—Introduction to the Social Organization and Intellectual Traditions of China (Week of 9/2)

What are the stories or legends about the origin of Chinese civilization? When, and where, did settled agriculture actually begin in China? What are some of the intellectual traditions of China? How was society organized? Who were the “actors” in this society and what roles did they have? What are some of the

intellectual traditions of China? When did the Chinese state emerge? How was the government of the last dynasty of China, the Qing state, structured? What was the geographic reach of the Qing empire? What factors contributed to the stability and longevity of dynastic rule?

- Text: Elleman and Paine, Ch. 1-3
- *Chen et al. Ch. 1 “The Late Ming”
 - *Chen et al Ch. 2 “The Manchu Conquest”
- *Text: “Cambridge History of China, “Social Stability and Social Change”, Rowe.

Part II. Determinants of Economic Development

3—Education and Human Capital Accumulation (Week of 9/9)

The tradition of learning has deep roots in Chinese history. What is the origin of the examination system that inculcated the scholarly official? Who took the civil service examinations? What were the levels of the exam system? What was the content of the curriculum and the examinations? Was it a meritocratic system that promoted social mobility, or, was it a rarified system that admitted only elites? What is the relationship between the civil service examinations, the wealthy gentry class, and the state?

- Text: Elleman and Paine, Ch. 4.
 - * Documents: Chen et al. Ch 4.
 - * Selections from Confucius and Classical texts
- Exploring genealogies: data download from Canvas.
 - Chang, “The Chinese Gentry”
 - Selections from: Genealogy Rules
 - *Shiue, “Human Capital and Fertility in Chinese Clans Before Modern Growth”, *Journal of Economic Growth*, 2017, 22(4), 351-396.
- *Li et al. 2017. "Human Capital and China's Future Growth." *Journal of Economic Perspectives*, 31 (1): 25-48.

4—Lineage and Clan Organization (Week of 9/16)

What functions did the lineage have? What implications might household organization and structure have for trade? How might labor markets be affected under lineage versus non-lineage regimes? What has happened to the clan and lineage since the Communist Revolution? Is there any counterpart to the idea of the extended family in Europe?

- *Yang, “The Chinese Family in the Communist Revolution”
 - *Faure, The Lineage as a Cultural Invention: The Case of the Pearl River Delta”, *Modern China*, Jan. 1989 15(1): pp. 4-36
- * Hajnal, "Two kinds of pre-industrial household formation systems," *Population Development Review*, Sept 1982.
- * “Merchant Lineage in Coastal Jinjiang, Quanzhou Prefecture during the Qing Dynasty” *Frontiers of History in China*, 2010 5(3): 425-452.
 - *Greif and Tabellini, “Cultural and Institutional Bifurcation, China and Europe Compared,” *American Economic Review*, 100 (2), May 2010.

5—Law and Property Rights in Imperial China and the Qing Legal code (Week of 9/23)

Secure property rights are considered critical for economic transactions to take place—what was the nature of property rights in the traditional economy? What is the sense in which the rights were secure?

How are these issues distinct from the concerns about property rights in European monarchies, and yet still related to the Great Divergence?

- *Acemoglu and Robinson, *Why Nations Fail*, Ch. 3 & 4
 - *Chen et al. Ch. 5 “Chinese Society and the Reign of Qianlong”
- Documents: The Great Qing Code
 - *Introduction by William Jones
- *Jing, “Legislation Related to the Civil Economy of the Qing Dynasty,” in *Civil Law in Qing and Republican China*

6— Capital Markets and Commodity Market Integration (Week of 9/30)

What is the significance of commerce? What types of Chinese institutions were responsible for supporting trade? What does the Law of One Price say about trade and market integration? From this perspective, were Chinese markets as integrated as European ones as late as 1800, and what might this imply about the causes of growth?

- Text: *von Glahn, “Maturation of the Market Economy, 1550-1800”
- *Ho, “The Salt Merchants of Yang-chou: A Study of Commercial Capitalism in Eighteenth-Century China.” *Harvard Journal of Asiatic Studies*, 1954, 17: 130-68.
- *Shiue and Keller, “Markets in China and Europe on the Eve of the Industrial Revolution,” *The American Economic Review*, September 2007, 97(4). pp. 1189-1216.
 - Exploring grain price data; download from Canvas.

7— Institutions and Public Finance: from Tax Revenues to Public Goods Provision (Week of 10/7)

How can we describe the evolution of the Chinese state—what changed, what persisted? How does the public finance of the Chinese state during the Qing compare and contrast with European states at that time? What were the sources of tax revenue for the central and the local Qing government? What issues did the imperial state have in collecting taxes? What did this imply for public goods provision? How were public goods provided? The issues are still problematic to contemporary Chinese development.

- * Hoffman, “What do States Do? Politics and Economic History,” *Journal of Economic History*, June 2015.
 - * Acemoglu and Robinson, Ch. 7, *Why Nations Fail*, “The Turning Point”
- *Shiue, “Local Granaries and Central Government Disaster Relief: Moral Hazard and Intergovernmental Finance in Eighteenth and Nineteenth-Century China,” *Journal of Economic History*”.
- Text: Naughton, Ch. 20 The Fiscal System
 - *Huang, “How Did China Take Off?” *Journal of Economic Perspectives*, 2012.

8—Foreign Imperialism and the Foreign Presence in the 19th Century (Week of 10/14)

What was the economic impact of the opening of China to Western trade by the British at the end of the Opium Wars? What was the Treaty Port System and how long did this system last? Did the foreign presence have long term impacts that can still be felt? How much Opium was imported into China? Can opium imports explain China’s decline in the 19th century?

- Text: Elleman and Paine, Ch. 5. “Arrival of the West
 - *Documents: Chen et al. Ch 6, “China and the 18th c. World”
- Text: Elleman and Paine, Ch. 7, “Expanding Commercial Relations with the West”

- *Documents: Chen et al. Ch. 7, “The First Clash with the West”
- *Keller, Li, and Shiue, “China’s Foreign Trade, Perspectives from the Last 150 Years”, *The World Economy*, June 2011, 34(6), pp. 853-892.
 - *Feige and Miron, 2008. “The Opium Wars, opium legalization and opium consumption in China”, *Applied Economics Letters*, 15(12).

9—Rebellion and Social Conflict (Week of 10/21)

What was the nature of the conflicts that gave rise to rebellions, and how did the character of conflicts change over the late Qing? How are Chinese protests distinctive relative to Western protests? Are there any similarities to recent conflicts, such as the Tiananmen Square protests of 1989?

- Text: Elleman and Paine, Ch. 6, “Systemic Crisis and Dynastic Decline”
 - *Chen et al. Ch 8, “The Crises Within”
 - Ho-Fung Hung, *Protest with Chinese Characteristics*, 2011.
- Text: Elleman and Paine, Ch. 9, “Quelling Domestic Rebellions”
 - *Qin et al. 2017. “Why Does China Allow Freer Social Media? Protests versus Surveillance and Propaganda.” *Journal of Economic Perspectives*, 31 (1): 117-40.
- Frontline, Documentary clip
 - *Chen et al. Ch. 26.

Data Analysis Project Meetings (Week of 10/28)

Part III. Long-run Comparisons: Demographic Outcomes, Market Performance, Productivity, and Wages

What are the prominent characteristics of China’s economy before 1800? Who were the major economic agents and what relationship did they have with each other? What were the main features of public and private economic institutions of this period? How might political and social institutions have determined the efficiency of the economy and its capacity for growth?

10— Comparisons of Living Standards and Demographic Outcomes (Week of 11/4)

How can we arrive at a comparison of living standards in China versus in Europe in the pre-modern economy? What would such comparisons indicate about economic development, education, and health and living standards? What are the strengths and weaknesses of a wage comparison? What has happened to living standards over the long-run? Was agricultural labor productivity in the advanced areas of Asia comparable to productivity in England?

- Text: Naughton, “Living Standards.”
 - *Zhao, “Long Term Mortality Patterns in Chinese History: Evidence from a recorded clan population”, *Population Studies*, 1997.
- *Allen et al. “Wages, prices, and living standards in China, 1738-1925: in comparison with Europe, Japan, and India.” *Economic history review*, 64 (s1), 2011.
 - *Chen: Ch. 24 “Redefining Revolution”
- China Blue, clip

11—Demographic Outcomes: Population Growth and Sex Ratios (Week of 11/11)

What does the Malthusian model imply about population dynamics in premodern times? What were the quantitative trends in subsistence, fertility, mortality, and marriage in China? What accounts for differences between Asian and European demographic patterns? Was China poor because of exceptionally high fertility rates or is this a myth? What is the historical impact of female infanticide?

How has the continued preference for male children in contemporary society, combined with the one-child policy, impacted society and economic incentives? What are some of the implications of an excess of 30 million men over women at age 25 or below?

- Text: Naughton, “Population” chapter
 - *Documents: Chen et al. Ch 25 “Levels of Power”
 - *Zhang. 2017. “The Evolution of China’s One-Child Policy and Its Effects on Family Outcomes.” *Journal of Economic Perspectives* 31 (1): 141–60.
- *Wei and Zhang, “The Competitive Saving Motive: Evidence from Rising Sex Ratios and Savings Rates in China”, *Journal of Political Economy*, 119(3), June 2011: pp. 511-564
- One Child Nation clip (TBA)

Part IV. Explanations

12—The Great Divergence in Incomes of the 18-19th Century (Week of 11/18)

Why did Europe (and in particular England) industrialize first in the 18th century, despite China’s apparent early lead? Which factor or factors (i.e. the determinants of economic growth) were of overriding importance?

- * “Political Economy and Ecology on the Eve of Industrialization”, Pomeranz.
- * “The Roots of Divergence: Western Economic History in Comparative Perspective”, Findlay.
- * *A Culture of Growth*, Ch. 16-17. “China and Europe”, Mokyr.
- * “The Needham Puzzle, the Weber Question, and China’s Miracle: Long-term performance since the Song Dynasty”, Lin.
- * Brandt, Ma, and Rawski, “From Divergence to Convergence: Reevaluating the History Behind China’s Economic Boom”, *Journal of Economic Literature*, 2014, 52(1), 45-123.

Thanksgiving Break!

Part V. Continuity and Change in the 20th century

14—Evaluation of the Reform Era, Looking Ahead (Week of 12/9)

What are the broader implications of Chinese or Asian paths of development for our understanding of economic growth in general? Why has China’s growth since 1978 been so fast? What aspects of reform have been most important? How might China’s growth today be linked to historical factors we have surveyed in this course—for example, government attitudes, market incentives, household agricultural production, human capital, merchants and entrepreneurs, and the historical legacy of foreign trade? Is there an Asian development path that is distinct from the Western path?

- *Chen et al. Ch. 27.
 - Media clip: Economic reforms

—Ecology and Environment

- *Zheng, Siqu, and Matthew E. Kahn. 2017. “A New Era of Pollution Progress in Urban China?” *Journal of Economic Perspectives* 31 (1): 71–92
- Under the Dome, clip

—Inequality

- *Piketty et al. “Capital Accumulation, Private Property, and Rising Inequality in China, 1978-2015” *American Economic Review*, 2019.

—Innovation

- *Wei et al. “From ‘Made in China’ to ‘Innovated in China’: Necessity, Prospect, and Challenges,” *Journal of Economic Perspectives*, 31(1), Winter 2017.