
Chinese Economic History in Comparative Perspective

Economics 4534, Spring 2019

Tue Thurs 9:30-10:45 a.m.

HLMS 241

For the past three decades, China has been the most rapidly growing economy in the world. Yet, despite its historical advances in commerce, science, and government administration, it was Britain and Europe that modernized first. Why was economic progress in China hindered for long? How can we understand the rise of China as a major power, the long-run implications of the historical period, and the challenges it still faces as it seeks 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. Topics of focus include education, kinship and lineage organization, demography, living standards, property rights, foreign trade, capital and commodity markets, local versus central governance, and public finance. The comparative approach is used in this course as a strategy for understanding how differences in the historical determinants of growth helps to explain why China and Europe developed along different growth trajectories. In addition, we will investigate the implications of China's historical legacy as well as institutional changes that have aided China's economic performance in the contemporary period.

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

Textbooks: The following texts have been ordered at CU Bookstore; copies can also be found at Amazon.com and other bookstores.

- *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; contains useful tables, maps, and figures describing major events.
- *The Chinese Economy, Transitions and Growth*, 2nd edition, by **Naughton** (MIT Press, 2018). An excellent overview of the nature of economic reforms implemented by the CCP since 1978.
- *Emperor Qianlong: Son of Heaven, Man of the World*, by **Elliott** (Pearson, 2009). An interpretive biography of one of the most influential emperors of late imperial China.
- *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, by **Acemoglu and Robinson** (Crown, 2013). Historical summary of the causes of economic growth by two economists.

Communication: Please check the class Canvas website frequently. Course announcements, including information about upcoming assignments, will be posted to Canvas. Everyone’s presentation slides will also be posted there. At the end of the course we will have created a course notebook of article summaries to which everyone has contributed, consisting in part of your notes and class presentations. This course notebook will be valuable for writing the final exam and will also demonstrate the positive contributions of collaborative work.

Course Requirements and 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 an article	20 %
Data analysis written report	25 %
Final (take-home)	25 %
Participation	15 %
In-class writing exercises	15 %

Student presentation: Working in groups, students prepare slides and summarize articles on the syllabus. Each summary averages about 20-25 minutes long, plus 3 proposed questions for class discussion. You will be given a group grade for the slides and an individual grade for the presentation. Please email me your slides in PDF or Powerpoint at least one hour before the start of class.

Data analysis report: A number of articles on the syllabus demonstrate how quantitative methods shed light on history. For the data report, you will be given access to historical data on China, drawn from various sources. The aim of your analysis 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. The report may be single-authored or co-authored (up to a maximum of 3 co-authors). Decide by February 26, when a 1-paragraph statement of your topic is due. A preliminary draft is due on March 7. I will be scheduling meetings with everyone sometime over March 14-21 to discuss your preliminary draft. The final draft of your report should be 12-15 double-spaced typed pages in length, including all references and Tables and Figures. The report is due May 2, and authors will be asked to give a 5-minute summary of their project and findings at that time.

Final Exam: The final is a take-home exam. The final will be distributed on the last day of class (Thursday May 2), and due a week later, on Thursday, May 9, on or before 12 noon in my office (206B).

Participation: The success of the class depends on student participation in discussions as some of our class meetings will be run similar to a seminar or a study-group. Please keep a class participation log. I will ask you to submit your participation log for review once mid-semester and once in the final week of the semester.

In-class writing Exercises: These will consist of short writing exercises about the reading for that day, which you can share with the class. We will also have data exploration sessions. Grading is simple: check, check-plus, or zero.

Attendance: I will take attendance randomly throughout the semester. All students have 3 no-questions-asked absences to cover sick-days and all personal situations. An excessive number (over 3) of recorded absences will negatively affect your course grade.

Policies: 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. Students and faculty each have responsibility for maintaining an appropriate learning environment: <http://www.colorado.edu/policies/classbehavior.html>. 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.

Econ 4534 Topic Outline and Reading List

Readings with a * will be placed on Canvas. Chapter headings of Elleman and Paine listed below follow the first edition (when the second edition comes out I will update as needed). Unless otherwise noted, journal articles (e.g. *Journal of Economic Perspectives*, *Journal of Demographic Economics*, *Journal of Economic Growth*, *Journal of Economic History*) are accessible through CU's library website. We will also be reading translations of historical documents, which will be made available in class or via Canvas. Additional website links and other supplementary files, not all of which may be included below, will be provided on Canvas as well.

Note 1: Depending on the speed at which we will progress through the semester, there may be changes and supplementary readings added to the list.

Note 2: The reading list is intentionally long. It is as much a topic outline as a springboard for students to continue further study on China even after the semester is over. Tackle the Background readings first, and then the articles for Student Presentation. Read the remaining articles as time permits. Annotate and summarize all the articles and chapters you read, in as much detail as you can afford to do so.

Note 3: Just because a reading is assigned does not mean that I (or you will) agree with the author's findings. In fact, there are many controversies and debates in the literature. Remember to read critically. Attempt to identify the strengths and weaknesses of the different conclusions and examine why writers have come up with contrasting answers to the same question. Try to be open to have your previous beliefs challenged by new evidence you might encounter.

Part I. Overview

1— Economic History and the Problem of Development

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?

- (1/17) Background reading: Naughton, *The Chinese Economy Before 1949*, Ch. 3.1-3.2
 - Acemoglu and Robinson, Ch. 1 and 2.
- (1/17) 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

What is the story of the origin of Chinese civilization? When and where did settled agriculture begin in China? What are some of the intellectual traditions of China? What factors contributed to the stability and longevity of dynastic rule? 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?

- (1/22) Background reading: Elleman and Paine, Ch. 1 and 2.
 - Elliott, pp. xi – 49.
 - *Cambridge History of China, Vol. 9, Ch. 9 "Social Stability and Social Change", pp. 473-562, by Rowe.

Part II. Determinants of Economic Development

3—Education and Human Capital Accumulation

Education is on the upswing in China today, but the tradition of learning nevertheless 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 system? What was the content of the curriculum and the examinations? Was it a meritocratic system that promoted social mobility or was it an rarified system that admitted only the elite? What is the relationship between the civil service examinations, the wealthy gentry class, and the state?

- (1/24) Background reading: Elleman and Paine, Ch. 4.
 - Naughton, Ch. 9 Labor and Human Capital, section 9.3
- (1/24) *Reading Historical texts: Confucius and Classical texts
- (1/29) Exploring genealogies: data download from Canvas.
- (1/29) Shiue, “A Culture of Kinship: Genealogies as a Source for Research in Demographic Economics”, *Journal of Demographic Economics*, December 2016, 82(4), pp. 459-482.
- (1/31) *Excerpts from Chang, “The Chinese Gentry”
- (1/31) Shiue, “Human Capital and Fertility in Chinese Clans Before Modern Growth”, *Journal of Economic Growth*, 2017, 22(4), 351-396.

4—Lineage and Clan Organization

What economic functions did the lineage have? What implications might household 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?

- (2/5) Background reading: Elleman and Paine, Ch. 3;
 - Elliott, Ch. 3 Family, Ritual, and Dynastic Rule
 - *Excerpts from Yang, “The Chinese Family in the Communist Revolution”
- (2/5) Hajnal, "Two kinds of pre-industrial household formation systems," *Population Development Review*, Sept 1982.
- **(2/5) Student Presentation:** Faure: The Lineage as a Cultural Invention: The Case of the Pearl River Delta”, *Modern China*, Jan. 1989 15(1): pp. 4-36
- (2/7) Background reading:
 - Greif and Tabellini, “Cultural and Institutional Bifurcation, China and Europe Compared,” *American Economic Review*, 100 (2), May 2010.
- **(2/7) Student presentation:** “Merchant Lineage in Coastal Jinjiang, Quanzhou Prefecture during the Qing Dynasty” *Frontiers of History in China*, 2010 5(3): 425-452.

5—Law and Property Rights in Imperial China--Legal code

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?

- (2/12) Background reading:
 - Acemoglu and Robinson, Ch. 3, pp. 191-212.
 - Elliott, Ch. 4 and 5
 - *Reading Historical texts: The Great Qing code

- **(2/12) Student presentation:** North and Weingast, “Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in 17th Century England,” *Journal of Economic History*, Dec. 1989.
- **(2/14) Student presentation:** Ma, “Law and Economy in Traditional China”, CEPR Working Paper, 2011. http://personal.lse.ac.uk/mad1/ma_pdf_files/DP8385.pdf

6— Political Institutions and Public Finance—from Tax Revenues to Public Goods Provision

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.

- (2/19) Background reading: Why Nations Fail, Ch. 4.
 - Elliott, Ch. 6 Building the Empire.
- **(2/19) Student presentation:** Hoffman, “What do States Do? Politics and Economic History,” *Journal of Economic History*, June 2015.
- (2/21) Background reading: *von Glahn, pp. 312-322.
 - **Cambridge History of China*, Ch. 4, “The Yung-cheng Reign” by Zelin.
 - Naughton, Ch. 20 The Fiscal System (skim)
- (2/21) Shiue, “The Political Economy of Famine Relief in China, 1740-1820,” *Journal of Interdisciplinary History*, Summer 2005, 36(1), pp. 33-55.

7—Rebellion and Social Conflict

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?

- (2/26) Elleman and Paine, Ch. 6, “Systemic Crisis and Dynastic Decline”
 - Elliott, Ch. 7. Renaissance Man
- (2/26) *Sections from Ho-Fung Hung, *Protest with Chinese Characteristics* (2011).
- (2/26) Naughton, Ch. 5.3 Accelerated Transition 1984-1989
- **(2/28) Student presentation:** D.Cantoni, Chen, Yang, Yuchtman, “Curriculum and Ideology,” *Journal of Political Economy*, 2017 125(2): 338-392.

8—Foreign Imperialism and the Foreign Presence in the 19th Century

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?

- (3/5) Elleman and Paine, Ch. 7, “Expanding Commercial Relations with the West”
 - Elliott, Ch. 8-9, Qing China and the World.
- (3/5) Naughton, Ch. 16-17. (skim)
- (3/5) *Reading historical texts--Opium Wars and the Treaty of Nanjing
- (3/5) *Reading historical texts--Qianlong and Lord McCartney

- (3/7) Keller, Li and Shiue, "China's Foreign Trade, Perspectives from the Last 150 Years", *The World Economy*, June 2011, 34(6), pp. 853-892.
- (3/7) Exploring data on foreign trade; download from Canvas.

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?

9—Demographic Outcomes: Population Growth and Sex Ratios

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?

- (3/12) Background reading: Naughton Ch. 8 Population.

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?

- **(3/12) Student Presentation:** 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

10—Commerce and Commodity Market Integration

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?

- (4/2) Background reading: *von Glahn, pp. 322-347.
 - (4/2) **Cambridge History of China*, Chapter 10: "Economic Developments, 1644-1800" by Meyers and Wang.
- (4/2) 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.
- (4/4) Exploring grain price data; download from Canvas.
- **(4/4) Student presentation:** 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.

11—Capital Market Integration and World Financial Markets

What is the role of capital markets to economic growth? How do costs of capital affect incentives to invest? When did China begin to enter global financial markets, and what lessons can be learned from historical episodes of globalization?

- (4/9) Background reading: Naughton, Ch. 19 Financial System.
- (4/9) *Keller and Shiue, "A Comparison of Capital Markets in China and Britain"
- **(4/9) Student presentation:** Goetzmann et al. "China and world financial markets 1870-1939:

Modern lessons from historical globalization”

12—Agricultural Productivity and Rural Industry

Was agricultural labor productivity in the advanced areas of Asia comparable to productivity in England? What were the sources of technological change in agriculture in China? What are the implications for the trends observed over time from the 17th to the 19th century in agriculture?

- (4/11) **Family, Field, and Ancestors*, Ch. 4 “Agriculture: An Overview”
 - Naughton, Ch. 7 Growth and Structural Change
- **(4/11) Student presentation:** Allen, "Agricultural productivity and rural incomes in England and the Yangtze Delta, c.1620–c.1820", *The Economic History Review* 62 (3), 2009.

13—Comparisons of Living Standards

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?

- Background Reading: *von Glahn, pp. 348-361.
 - Naughton, Ch. 10 Living Standards.
- 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.
- **(4/16) Student presentation:** Broadberry et. al. “China, Europe, and the Great Divergence: A Study in Historical National Accounting, 980-1850,” *Journal of Economic History*, 78(4), 2018.

Part IV. Explanations

14—The Great Divergence in Incomes of the 18-19th century

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 growth)--such as they existed in China and operated in conjunction with each other--were of overriding importance?

- (4/18) Background reading: Acemoglu and Robinson, pp. 231-234.
 - (4/18) *Mokyr, Ch. 16-17. China and Europe in *A Culture of Growth*
- **(4/18) Student presentation:** Pomeranz, “Is there an East Asian Development Path? Long-term Comparisons, Constraints, and Continuities,” *J. of the Economic and Social History of the Orient*, 44(3), 2001.

Part V. Continuity and Change in the 20th century

15—The Failed Socialist Experiment (1949-76)

The Great Leap Forward (1959-61) was a socialist experiment intended to result in “greater, faster, better, and more economical results” but instead it created the largest man-made famine ever known. What do we know about the demographic consequences of this episode in history and its immediate causal factors?

- (4/23) Background reading: Naughton, Ch. 4 Socialist Era.
- **(4/23) Student presentation:** Peng, “Demographic Consequences of the Great Leap Forward in China’s Provinces”, *Population and Development Review*, 13 (4) pp. 639-670.

16—Evaluation of the Reform Era, Looking Ahead

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? Is it the product of reform, or can some of the gains be attributable to a return to historical trends? 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?

- (4/25) Background reading: Acemoglu and Robinson, Ch. 15.
- (4/25) *Reading historical texts: documents of the CCP
- **(4/25) Student presentation:** Piketty et al. "Capital Accumulation, Private Property, and Rising Inequality in China, 1978-2015" NBER working paper 23368, 2017.
- (4/30) Background reading: 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.
- **(4/30) Student presentation:** Wei et al. "From 'Made in China' to 'Innovated in China': Necessity, Prospect, and Challenges," *Journal of Economic Perspectives*, 31(1), Winter 2017.