

WHY DID OLD CHINA FAIL?

The Puzzle

pre-1400, China is tech leader

Post-1400,

— continued popn. growth (Malthusian: indicates outward shift in prodn. fn.)

— "Smithian growth" due to more trade, over wider geographic areas, allows ↑↑ thru specialization, gains from trade

but

— tech stagnation or regress 1400-1800

— little adoption of Western tech post 1800
(contrast: Japan)

Why?

Answer isn't obvious.

Chinese economy looks good, popn-growth in many ways.

WHY DID OLD CHINA FAIL?

(2)

Good things about Old China

- 1) Peaceful. No civil wars.
- 2) No ethno-linguistic fract.
- 3) Large popn., high literacy, should generate lots of new ideas (recall Kremen model)
- 4) Clear, transferable property rights

Obvious differences from Europe

- 1) Empire not separate, competing states
- 2) No hereditary nobility w/ special political role
- 3) Imperial bureaucracy chosen by open (sort of) examinations on philosophic etc. texts, meritocracy
- 4) No powerful, prestigious instns. independent of Emperor/Bureaucracy
(e.g., in Europe, Church, Cities, Universities, Nobility...)

WHY DID OLD CHINA FAIL?

Explanations

Kenneth Pomeroy, The Great Divergence (2000)

Focuses on most advanced region of China: lower Yangtze valley
vs. England.

Claims England not China has IR because:

1) In England, coal deposits close to iron ore & commercial / popn. centers & water transport

Coal + iron + commerce = IR metals industries

In China, coal deposits remote

2) Europe had access to America + African slaves
cotton → IR textiles

sugar, timber → food & energy
(frees up land in Europe)

Criticisms:

1) these things not key to IR

2) why didn't China discover America, or move people to coal, iron...

WHY DID OLD CHINA FAIL?

(4)

Explanations (cont.)

Mokyr, The Lever of Rites (1990)

Conder (2006)

All govts. & bureaucracies value social stability,
prevention of development of alternative power
centers

& all make mistakes.

In Europe, state competition meant

1) states allow potentially destabilizing development,
alternative power centers so that they can get
stuff needed to beat other states
(foreign trade, military tech, tax revenue)

2) if one state did make bad anti development
decision, innovators could flee to other states.

hereditary nobility meant

talented people blocked from political/social
advancement went into business.

WHY DID OLD CHINA FAIL?

Explanations

Mokey, Landes (cont.)

In China

- 1) Meritocratic bureaucracy sucked in talent that might otherwise go into business
- 2) State's bad decisions not limited by competition
 - stop economic development that could threaten existing interests, social stability
 - bad micro stuff: price controls, gov't-controlled business enterprises
 - fail to provide key public goods: standardized weights & measures, commercial law + courts, roads, police (under Manchu/Qing (1644-1911))
 - post-1480, don't promote tech, and "There were no substitutes for the state in China" (if state didn't do it, no one else (e.g. church, universities) could).

Big example: pre-1430, send out Imperial fleets
 post-1430, forbid foreign exploration & trade!

Explanations

Justin Lin, "The Needham Puzzle"

Two kinds of technological development:

- 1) Experience, trial & error
- 2) Experiments, science

Ind. Rev. requires 2).

Europe did 2) ← "Scientific Revolution"

China good at 1), because it has big population,

didn't do 2).

Why not?

2) requires genius + training, human capital.

Chinese meritocratic govt. exam system sucked

up geniuses,

"distracted the attention of intellectuals away from investing in the human capital necessary for modern scientific research."