

# **Why Did Industrial Revolution Not Happen in China First?**

**School of Economics, Fudan University**

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**Course Description:** This course offers a series of lectures on one of the most important and intriguing subjects in Chinese and global economic history: why Industrial Revolution happened first in England but not in China or elsewhere. By drawing on a large body of exciting and path-breaking new literature, it surveys major topics such as measurement of long-run living standards, the factor and resource endowments hypotheses, the comparative development in monetary and financial regimes in China and Western Europe. The course also offers focused lectures and discussion on economic history in early modern and modern China in a comparative and global perspective. The course emphasizes the use of economic theories and quantitative methods as well as qualitative narratives.

**Assignment and Grade:** The course is evaluated by a written essay not exceeding 2000 words (excluding bibliography) to be submitted after the lecture. The essay should address a central question covered by any of the topics during the lecture. It should cover the course readings related to the topics you have chosen and could, where appropriate and relevant, include your own independent insights or relevant research. Your essay should have full citations (you may use any citation format) and references. I will provide you with a grade and feedback comments.

## **Lecture Topics:**

1. When did China fall behind and Great Divergence begin: measuring long-run living standards.
2. Why Industrial Revolution happened in England first: resource, endowments and technical change.
3. Why IR not in China: Culture or Institutions
4. Why IR not in China: Money, Finance and State Capacity.
5. Economic Changes in China in the Long-run and Modern Era

## **Readings:**

### **Lecture topic 1:**

Robert Allen, Jean-Pascal Bassino, Debin Ma, Christine Moll-Murata and Jan Luiten van Zanden). "Wages, Prices, and Living Standards in China, Japan, and Europe, 1738-1925" *Economic History Review* Vol. 64, No. S1 2011, pp.8-38.

J. Baten, D.Ma, S.Morgan, Q. Wang “Evolution of Living Standards and Human Capital in China in 18-20<sup>th</sup> Century” in *Explorations in Economic History*, Volume 47, Issue 3, pp. 347-359 (July 2010).

Li, Bozhong and Jan Luiten van Zanden. 2012. “Before the Great Divergence? Comparing the Yangzi Delta and the Netherlands at the Beginning of the Nineteenth Century.” *Journal of Economic History*, 72: 956-989.

Zhiwu Chen, Kaixiang Pengb, Lijun Zhun “Social-economic change and its impact on violence: Homicide history of Qing China” *Explorations in Economic History*, Feb. online version.

Background reading:

R. Allen, ‘The Great Divergence in European Wages and Prices from the Middle Ages to the First World War’, *Explorations in Economic History*, vol. 38 (Oct. 2001), 411-47.

Özmucur, Süleyman, and Şevket Pamuk (2002), “Real Wages and Standards of Living in the Ottoman Empire, 1489-1914.” *Journal of Economic History* 62, 293-321.

Lecture Topic 2:

R. Allen, “Why the industrial revolution was British: commerce, induced invention, and the scientific revolution” *Economic History Review*. 64, 2 (2011), pp. 357–384

Broadberry, S. and Gupta, B. “Lancashire, India and Shifting Competitive Advantage in Cotton Textiles, 1700-1850: The Neglected Role of Factor Prices”, *Economic History Review*, 62 (2009), 279-305.

Y. Hayami and V. Ruttan "Factor Prices and Technical Changes in Agricultural Development: the United States and Japan, 1880-1960," *Journal of Political Economy*, Vol. 78, No. 5, Sept/Oct 1970: 1115-141.

Rhode, Paul and Alan Olmstead, 2002 “The Red Queen and the Hard Reds: Productivity Growth in American Wheat, 1800-1940,” *Journal of Economic History* 62:4 (Dec.) pp. 929-966.

Ma, D., “Why Japan, not China, Was the First to Develop in East Asia, Lessons from Sericulture 1850-1937” January 2004, volume 52, No. 2, pp.369-394, *Economic Development and Cultural Change*.

Background reading:

Tirthankar Roy, “Knowledge and Divergence from the Perspective of Early Modern India”, *Journal of Global History*, 3(3), 2008, 361-87.

J. Mokyr, ‘The Intellectual Origins of Modern Economic Growth’, *Journal of Economic History*, Vo. 65, No. 2 (2005), pp. 285-351.

### **Lecture Topic 3:**

David, P. A. 1985. 'Clio and the economics of QWERTY'. *American Economic Review* 75: 332-7.

Greif, A 'The Fundamental Problem of Exchange: A Research Agenda in Historical Institutional Analysis', *European Review of Economic History*, 4 (2000), 251-84.

Greif, A., and G. Tabellini "The Clan and the Corporation: Sustaining cooperation in China and Europe" *Journal of Comparative Economics*, Feb. 2017, online version.

Debin Ma "Growth, Institutions and Knowledge: A Review and Reflection on the Historiography of 18th-20th Century China" Vol. 44, Issue 3, Nov. 2004, *Australian Economic History Review*.

Li Tan, "Market-Supporting Institutions, Gild Organisations, and the Industrial Revolution: a Comparative View" *Australian Economic History Review*, Vol. 53, No. 3, Nov. 2013

Kuran, Timur "The Absence of the Corporation in Islamic Law: Origins and Persistence." *American Journal of Comparative Law*, 53 (July 2005): 785-834.

M. Olson,, 'Dictatorship, Democracy, and Development" *American Political Science Review* vol. 87, No. 3 Sept. 1993, pp. 567-576.

### **Lecture topic 4:**

T. Sargent & F. Velde, 'Ideas, Policies, and Outcomes', in their *The Big Problem of Small Change* (Princeton and Oxford, 2002), 320-32. **EP**

Kuroda, A. "The Maria Theresa dollar in the early twentieth-century Red Sea region: a complementary interface between multiple markets," *Financial History Review*, 14, no.1, 2007.4,

Debin Ma, "Chinese Money and Monetary System, 1800–2000, Overview" in Gerard Caprio (ed.) *Handbook of Key Global Financial Markets, Institutions, and Infrastructure*, Vol. 1, pp. 57-64. Oxford: Elsevier Inc. (Vol. 1 editors: Charles Calomiris and Larry Neal), 2013.  
<http://www2.lse.ac.uk/economicHistory/workingPapers/2012/WP159.pdf>

Tullock, Gordon, "Paper Money – A Cycle in Cathay" *Economic History Review*, Vol. 9, No. 3, pp. 393-407, 1957.

D. North & B. Weingast, 'Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England.' *Journal of Economic History* 49 (Dec. 1989), 803-32.

Debin Ma, Jared Rubin "The Paradox of Power: Principle-agent Problems and Administrative Capacity in Imperial China (and other Absolutist Regimes" *Journal of Comparative*

*Economics* Vol. 47, Issue 2, June 2019, pp 277-294.

Background readings:

Klein, B. (1974). The Competitive Supply of Money. *Journal of Money, Credit and Banking* 6, 423-453.

Volckart, O. "The Big Problem of the Petty Coins' and how it could be solved in the Late Middle Ages". LSE Economic History Working Papers 107/08, 2008.

Selgin, G., "The Institutional Roots of Great Britain's 'big problem of small change'" *European Review of Economic History*, 14, 305-334. 2009.

Denzer-Speck, D. Freiburg/Br., 2009: "Currency Competition in China Between 1850 and 1950", *Kredit und Kapital*, 42. NO.3 327-351.

Friedman, Milton, 'Franklin D. Roosevelt, Silver, and China', in: *The Journal of Political Economy*, Vol. 100, No. 1, (Feb., 1992), pp. 62-83.

Irigion, A. "The End of a Silver Era: the Consequences of the Breakdown of the Spanish Peso Standard in China and the United States, 1780s – 1850s". *Journal of World History*, vol. 20, No. 2, pp. 207-243.

S. R. Epstein, *Freedom and Growth: The Rise of States and Markets in Europe, 1300-1750* (2000), ch. 4.

Karaman, Kivanc and Sevket Pamuk "Ottoman state finances in European perspective 1500-1914" *Journal of Economic History*, Vol. 70, No. 3 Sept. 2010.

M. Flandreau & J. Flores "Bonds and Brands: Foundations of Sovereign Debt Markets, 1820-1830" *Journal of Economic History* Vol. 69, No. 3, Sept. 2009, 646-684.

Drelichman, M and Hans-Joachim Voth "Institutions and the Resource Curse in Early Modern Spain" In Elhanan Helpman (ed.), *Institutions and Economic Performance*. Cambridge: Harvard University Press, 2008. [http://mauricio.econ.ubc.ca/pdfs/Resource\\_curse\\_final.pdf](http://mauricio.econ.ubc.ca/pdfs/Resource_curse_final.pdf)

**Lecture Topic 5:**

Brandt, Loren, Debin Ma and Thomas Rawski "From Divergence to Convergence: Re-evaluating the History behind China's Economic Boom" *Journal of Economic Literature* 2014, 52(1), 45–123.

Debin Ma, "Political Institution and Long Run Economic Trajectory: Some Lessons from Two Millennia of Chinese Civilization" Chapter 4 in Aoki, Kuran and Roland (eds.) *Institutions and Comparative Economic Development*. Palgrave Macmillan 2012, pp. 78-96.

See CEPR Discussion paper DP8791

[http://personal.lse.ac.uk/mad1/ma\\_pdf\\_files/political%20institutions%20CEPR-DP8791.pdf](http://personal.lse.ac.uk/mad1/ma_pdf_files/political%20institutions%20CEPR-DP8791.pdf)

Debin Ma “Economic Growth in the Lower Yangzi Region of China in 1911–1937: A Quantitative and Historical Analysis” *The Journal of Economic History*, Vol. 68, Issue 2, June 2008.

Debin Ma “The Rise of a Financial Revolution in Republican China in 1900-1937: a Survey and New Interpretation” *Australian Economic History Review* Vol. 59, No.3, Nov. 2019, pp. 242-262.

Ruixue Jia, “The Legacies of Forced Freedom: China’s Treaty Port” in *The Review of Economics and Statistics*, October 2014, 96(4): 596–608.

Peter Zeitz “Do Local Institutions Affect All Foreign Investors in the Same Way? Evidence from the Interwar Chinese Textile Industry” *The Journal of Economic History* / Volume 73 / Issue 01 / March 2013, pp 117-141.