

Abstracts and Profiles of authors

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The Jesuits and Chinese Science

Chicheng Ma

Abstract: Based on the historical context of the Jesuit mission to China from 1580, this paper examines the role of knowledge diffusion in scientific production. To facilitate their China mission, the Jesuits introduced European sciences to Chinese cultural elites—the Confucian literati. This stimulated the literati toward scientific research. In places where the Jesuits diffused European sciences, the number of Chinese scientific works increased significantly. But this effect disappeared after the Pope dismissed the Jesuit mission in 1773. The finding questions the conventional wisdom that the Confucian literati of imperial China disparaged science, and demonstrates the importance of opening to knowledge flow in scientific progress.

Keywords: Jesuit mission; Science; Knowledge Diffusion; Elites; Human Capital; China

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Historical Legacies and Urbanization: Evidence from Chinese Concessions

Gan Jin, Günther G. Schulze

Abstract: This paper shows how colonial powers permanently shaped the pattern of Chinese cities through the establishment of “Concessions” - foreign enclaves within Chinese cities. We find that city districts with Concessions have higher average land value and housing price today. Moreover, Concessions under the British and French rules outperform Concessions with other colonial origins. These results are further supported by a hedonic pricing estimation of 57,324 housing transactions. Finally, we show that better institutions in Concessions, such as better property rights protection and rule of law, facilitated the emergence of modern road networks in Chinese cities that persist today and contribute to Chinese urbanization..

Keywords: Institutions, Urban pattern, Economic development, Persistence, Land use, Housing, China

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Introduction of Western Double-Entry Bookkeeping into China, Japan and Korea in the Late 19th and Early 20th Century

Wen Zhang

Abstract: This paper discusses the process of adopting Western Double-Entry Bookkeeping (DEB) in China, Japan and Korea in the late 19th and early 20th century and especially focuses on related laws, books, schools and practice in certain companies and institutions. The adoption of Western DEB reveals the fact that accounting surely responded to environmental changes. The Meiji government adopted the most active policies to learn from the West and comparatively Japan's reform was more quickly than China and Korea. DEB became a known body of knowledge mostly through books and educational institutions. Translations, business schools, and professional development followed this historical trend. The process to adopt Western DEB in order to replace conventional accounting was strongly influenced by organizational and social culture.

Keywords: Double-entry bookkeeping, Accounting, China, Japan, Korea

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Rural Elites and Redistribution: Evidence from the English Poor Law

Jonathan Chapman

Abstract: This paper tests the relationship between inequality, democratization and expenditure on poor relief in England and Wales between 1885 and 1905. Poor relief served as the main form of social insurance at that time and, in contrast to modern day welfare programs, was provided by elected local governments. As a result, policy varied substantially across the country in terms of both the magnitude and nature of the support provided. Prior to 1894, a number of institutional features—graduated franchise, the absence of a secret ballot, and the participation of unelected magistrates—helped elites to control these local councils, and hence poor law policy. These advantages were re-moved by a national reform in 1894, an event which serves as the treatment event in a difference-in-difference analysis. The analysis tests whether the effect of this reform varied according to the level of inequality in each

district, as predicted by theoretical models of democratization. The results show that, consistent with those theories, un-equal districts experienced greater increases in poor law expenditure post democratic reform.

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Commercial interest rates in mid-seventeenth century North-Western Europe

Linfan Li

Abstract: This article uses a new exchange rate dataset to calculate the shadow interest rates in mid-17th century northwestern Europe. Several financial innovations matured and became widely used in the 17th century. Under these circumstances, the cost of obtaining funds through foreign exchange transactions would have dropped significantly. Regarding the interest rate as the opportunity cost of borrowing, the calculation of the shadow interest rate is based on a comparison of the long-term and short-term exchange rates. The results of this study are compared with the shadow interest rate of the 18th century, suggesting that the shadow interest rates in the mid-17th century were similar to those of the 18th century. This study argues that the international credit market based on the bill of exchange transaction was already well developed in the 17th century and achieved a high level of market integration.

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Information Transmission and Market Integration: The Impact of Telegraph Construction on Grain Markets in the Late Imperial China

Yu Hao, Yuanzhe Li, John V.C. Nye

Abstract: We estimate the effect of telegraph on the rice market integration in the late imperial China. We exploit differences in the timing of telegraph construction in different prefectures to examine the effect. Our results show that telegraph presence in both prefectures reduced the monthly grain price difference by 10.7% and the dispersion of the price difference by 32.3%. The effect is strongest for prefectures less accessible to waterways, the traditional way of information transmission. The result does not appear to be driven selection in observable or unobservable characteristics. Further more, we provide evidence that merchants used telegraph to engage in commercial activities, thus promoting the market integration

greatly.

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Winter Is Coming: Early-life Experiences and Politicians' Decisions

Shiqi Guo, Nan Gao, Pinghan Liang

Abstract: The preferences of politicians matter in policy-making. This paper focuses on the role of local politicians' early-life experiences in their policy decisions while in office. We take China's Great Famine (1959–61) as a natural experiment and examine its impact on the fiscal decisions of County Party Secretaries (CPS) who experienced this famine in their early childhood. We construct a data set that matches the biographical information of 2,831 CPS with fiscal data of 1,715 counties during 1993–2007. The results indicate that if CPS experienced a more severe famine that reduced the agricultural population by 10% during their early childhood, other things being equal, they will increase fiscal expenditure on agriculture by 6.8% and increase expenditure on social security by 10.6%. In addition, a 10% more severe famine in early childhood decreases agricultural tax by 38.8%. As a result, the early-life experience of famine leads to more grain production and agricultural employment. Furthermore, we also provide evidence that famine experience takes effect through the formation of policy preference for agricultural development, rather than the formation of beliefs about future famine.

Key words: Early-life experiences, fiscal decisions, Great Famine, China, long-term impact

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Newspapers, Political Stability and Modernization: Evidence from the Postal System Construction in China (1902-1911)

Boxiao Zhang

Abstract: This paper documents a novel historical episode in early 20th century China to investigate the role of newspapers in times of regime change. Newspapers

influenced China's transformation from an ancient empire to a modern country, especially through the Revolution of 1911, which ended China's imperial period and began the republican era (1912-1949). The construction of the postal system in 1902-1911 may have largely decreased the delivery costs and increased the availability of newspapers, and therefore help the spread of revolution information on newspapers. By combining various historical datasets, I show that the places with more post offices constructed would have more conflicts in the years with a larger volume of revolution information spread by newspapers. The diffusion of revolution information caused political instability, which was responsible for the regime change happened in the Revolution of 1911.

Keywords: Newspapers; Conflict; Political Stability

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**Corporate policies propagation through board connections: Evidence from
modern Chinese banking in the 1930s**

Lingyu Kong

Abstract: I employ a sample of modern Chinese banks in the 1930s to investigate how board connections in an inter-bank network affect their corporate policy decisions. I construct a bank network based on interlocking directorates for the period 1933 - 1936, and find evidence that corporate decisions of banks are influenced by their social peers — the more directors two banks share with each other, the more similar are their corporate strategies. The analysis also reveals that peer behavior affects a bank's own decisions not only at the bilateral level but network-wide. Banks with a central position in the boardroom network make corporate decision less distinctively. Further, the empirical outcomes show that co-moved corporate policies are mainly driven by banks' intentions to pursue profits and eliminate risk, known as profitability and insurance effects. Overall, the findings support the view that banks cooperate intimately with each other at board level and interlocking directorates were a critical channel for sharing managerial practices in the 1930s.

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The Telegraph and Modern Banking Development

Chen LIN, Chicheng MA, Yuchen SUN, Yuchen XU

Abstract: The telegraph, a revolutionary form of information technology, was introduced to China in the late 19th century, a time when China also saw the rise of modern banks. This unique historical context allows us to examine the role of information technology in banking expansion. Working with historical sources and archival materials, we constructed a panel data set on the distribution of telegraph stations and banks across 287 Chinese prefectures between 1881 and 1936. We find that an additional telegraph station would approximately increase the number of banks by 0.4. This effect increases to 1.8 when we instrument the number of telegraph stations using the shortest distance from the prefectural capital to the telegraph trunk lines, which were initially built for military purposes. The effect of the telegraph on banking worked through increasing inter-regional information flow. Textual analysis conducted on a major newspaper shows that a county would be more likely to be covered in news reports after being connected to the telegraph. For banks, the telegraph also lowered the cost of supervision over their branches. Banks were more likely to open distant branches in counties with a telegraph.

Keywords: Information technology; Telegraph; Bank; Modern China

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Bandit and Disaster Relief

Zhangkai Huang, Meng Miao, Yi Shao, Colin Xu

Abstract: In this paper, we empirically test the “stationary vs. vowing bandit” theory proposed by Olson (1993). In a scenario of 1920s when China was fragmented and controlled by a handful of warlords, we find that the decision of the provision of one important type public goods, the natural disaster relief, mainly hinged on the perceived probability of whether the warlords could monopolize the local tax revenue for a substantial period of time.

Prefectures located on the border, not protected by geographical ruggedness, connected with opposing warlords, with violent or separatism traditions receive significantly less disaster relief. We also provide evidence on that the under-supply of public goods may contribute to the rise of communism by forcing more people to the communist army. We also find that the disaster relief decision also has a significant long term effect.

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Survival of the Confucians: Marital fertility and social status in China, 1400-1900

Sijie Hu

Abstract: Chinese genealogies contain rich information for economic and demographic research in the pre-modern era. Using detailed genealogical records of 35,691 males of three common lineages and three elite lineages in Southeast China 1400-1900, this paper provides evidence for survival of the rich. By classifying the males into seven social ranks and using the recorded number of sons as proxy for male marital fertility, the empirical results show a positive status-fertility relationship throughout the five hundred years. Based on the unique social stratification system in imperial China, the gentry scholars, the “Confucians” had higher chances of survival and reproductive success than the non-gentry males. In the six lineages, reproductive success was primarily due having more marriages, and this wife effect was stronger in elite lineages than in common lineages.

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Sectarian Competition and the Market Provision of Human Capital

Heyu Xiong, Yiling Zhao

Abstract: In the latter half of the 19th century, America experienced a significant expansion in its collegiate infrastructure. By 1890, more institutions of higher learning existed in the United States than all of Europe. In this paper we study the role of denominational competition in the market provision of higher education. Specifically, we document nearly all colleges established in this time period had denominational roots or origins. The empirical

analysis reveals a robust positive relationship between an area's religious fragmentation and the number of colleges established locally. We argue that denominational affiliation facilitated enthusiasm to build colleges through gains to differentiation from standard Hotelling channels. We formulate a model of school choice, entry, and denominational affiliation. We find evidence that differentiation softened the extent of tuition competition and mediated an "excess" entry of colleges. We conclude by showing that the higher equilibrium quantity of schools, associated with increased entry, had persistent effect on institutional quality; thus, religious diversity precipitated educational investment.

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