

Introduction

OVERVIEW

The aim of this book is, in one sentence, to demonstrate a chain of causation between cultural norms, legal institutions, and macro-level economic outcomes in early modern pre-industrial China and England. It argues that the dominance of kinship networks in later Qing and Republican society (1860–1949), operating under broadly “Confucian” norms of social ranking, allowed many relatively poor individuals to possess status and political authority highly disproportionate to their wealth. Under these norms, advanced age and generational seniority were much stronger determinants of sociopolitical status than wealth. In comparison, landed wealth was a fairly strict prerequisite for high status and authority in the far more “individualist” society of early modern England (specifically 1500–1700), essentially excluding low-income individuals from secular positions of prestige and leadership. Directly reflecting the much higher sociopolitical clout of lower-income households in rural China, Chinese customary laws governing the selling and collateralizing of land protected their economic interests far more vigorously than comparable English institutions.

Over time, this institutional divergence had significant economic consequences. By the early eighteenth century, a sizable majority of English land was concentrated under capitalist management, with the yeomanry and smallholders in steady decline. In comparison, even by the mid-twentieth century, Chinese agriculture remained predominantly household-based, indeed at the cost of comparatively low labor productivity and, more importantly, low levels of capital accumulation by potential entrepreneurs. Landownership, while not precisely “equally” distributed, was nonetheless far less concentrated and disparate than in England. The best explanation for these deep structural differences is precisely that Chinese property

institutions were much more “poor friendly,” in that they allowed cash-needy landowners – who were usually poor – to collateralize land without risking permanent loss of title. This severely discouraged the permanent selling of land and, correspondingly, the accumulation of land into larger, capitalist farms. Property institutions were therefore an essential nexus that linked cultural differences concerning kinship and social organization to macro-level economic divergence.

“RECURTURALIZING” CHINA’S RELATIVE ECONOMIC DECLINE

The study of early modern China’s “relative decline,” an eternal topic in global history, has experienced a fairly thorough “deculturalization” in recent years. The field has come a long way since the early and mid-twentieth century, when the equating of “Confucian” culture or religion with economic irrationality – both individual and institutional – and stagnation, or the equating of “Western” values with rationality and growth, was almost *de rigueur*.¹ Since then, scholars across the social sciences have become well acquainted with the numerous empirical problems in that equation: the precise content of “Chinese culture,” however one defines that term, is tremendously diverse, whether between different schools of thought, different eras, or different geographic regions. Even if done with the utmost care, broad generalizations are inherently risky. More importantly, cultural differences, if they existed, did not necessarily have economic significance. The individual economic behavior of Chinese peasants, farmers, merchants, or even officials was not obviously different from that of their peers in, say, England or France. China had no “Protestant work ethic,” but her people attempted to maximize personal economic gain no less persistently or rationally. With few exceptions, scholars now hasten to distance themselves from Max Weber, Karl Polanyi, and the sweeping “Eurocentric” cultural paradigms with which they are associated.

The result of all this, however, is that “cultural factors” – commonly defined as social norms and beliefs that are embraced and internalized without empirical discovery or analytical justification² – are now virtually invisible

¹ MAX WEBER ON LAW IN ECONOMY AND SOCIETY (Max Rheinstein ed., 1954); MAX WEBER, *THE RELIGION OF CHINA: CONFUCIANISM AND TAOISM* (1920); KARL POLANYI, *THE GREAT TRANSFORMATION: THE POLITICAL AND ECONOMIC ORIGINS OF OUR TIME* (New York: Rinehart, 1944).

² Avner Greif, *Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies*, 102 J. POL. ECON. 912 (1994); Robert C. Ellickson, *Law and Economics Discovers Social Norms*, 27 J. LEGAL STUD. 537 (1998).

in most recent studies of Sino-European divergence. This is especially apparent in the work of the “California School” scholars – Kenneth Pomeranz, R. Bin Wong, the late Andre Gunder Frank, and others.³ Often spoken of in collective terms because they share a strongly revisionist perspective on global economic history and because many of them taught in California at some point, these scholars have engineered a thoroughly new interpretation of how, and why, the Chinese economy “fell behind.” As late as 1750, perhaps 1800, the Chinese and Western European economies were remarkably similar. Structurally, both were significantly commercialized and on the cusp of industrialization; both were predominantly agricultural and self-contained, although the importance of international trade was ever-increasing; finally, both recognized and protected private property rights through law and custom. In terms of living standards, the core regions of China – the Lower Yangtze in particular – compared quite favorably to England and Holland, two of Europe’s most advanced economies.

That much is consensual. When it comes to explaining the relative decline that followed, “California School” scholars diverge widely. Pomeranz famously argued that England pulled ahead largely because it had easier access to coal and its North American colonies, allowing it to escape the natural resource constraints that limited the Chinese economy. More recently, he has suggested that property institutions, specifically those governing land leasing, may have deepened the divergence in the later nineteenth century. Wong and Jean Rosenthal, in contrast, highlight the role of frequent wars in stimulating the urbanization of Europe and its investment in capital-intensive technologies – whereas the relative unity of China boosted its agrarian economy but also damaged the likelihood of industrialization.⁴ In earlier work, Wong and others also questioned the effectiveness of the Qing state’s economy management.⁵ Frank agrees with Pomeranz that natural resources were part of the explanation, but also suggests that the low price of labor in China discouraged investment in capital-intensive technology.⁶

³ KENNETH POMERANZ, *THE GREAT DIVERGENCE: CHINA, EUROPE, AND THE MAKING OF THE MODERN WORLD ECONOMY* (2000); R. BIN WONG, *CHINA TRANSFORMED: HISTORICAL CHANGE AND THE LIMITS OF EUROPEAN EXPERIENCE* (1997); ANDRE GUNDER FRANK, *ReORIENT* (1998).

⁴ R. BIN WONG & JEAN-LAURENT ROSENTHAL, *BEFORE AND BEYOND DIVERGENCE: THE POLITICS OF ECONOMIC CHANGE IN CHINA AND EUROPE* (2011).

⁵ WONG (1997). See also PETER C. PERDUE, *CHINA MARCHES WEST: THE QING CONQUEST OF CENTRAL EURASIA 537–65* (2005), which makes a similar argument.

⁶ FRANK (1998).

What these theories share in common, however, is a largely exclusive focus on easily measurable noncultural factors: the supply of natural resources, labor costs, and wars. There is little discussion of values, social discourse, or religious beliefs. Much of this is on purpose. Frank explicitly states that exceptionalist portrayals of European culture are racist.⁷ The others employ less incendiary language but are no less eager to avoid any analysis that might be considered Eurocentric – cultural analysis has, as discussed earlier, been particularly vulnerable to such accusations. Wong, for example, expressly argues against the notion that Sino-English differences in political culture had significant macroeconomic consequences.⁸

These scholars are hardly alone in their avoidance of cultural analysis. Within the field of Chinese history, recent studies by Christopher Isett, David Faure, and Debin Ma argue that legal institutions played a central role in China's relative decline,⁹ whereas older works by Philip C. C. Huang and Ramon Myers place somewhat greater emphasis on "purely economic"¹⁰ factors such as population pressures and land scarcity.¹¹ Despite their differences, neither group seriously incorporates cultural factors into their analysis. Faure, who addresses this more explicitly than the others, suggests that cultural factors were often the product of institutions and political policy.¹² The underlying argument seems to be that they were not, therefore, independent variables in economic growth, even if one can intelligibly speak of "cultural differences" between East and West.

Most scholars working from the European side of the comparison but with some express interest in China – Robert Brenner, Robert Allen, Daron Acemoglu, James Robinson, Patrick O'Brien, and others – have likewise placed primary, often exclusive emphasis on labor and capital costs, access to maritime trade and colonies, and legal and political institutions.¹³ Acemoglu

⁷ *Id.* at 4. ⁸ WONG (1997), at 151.

⁹ CHRISTOPHER ISETT, *STATE, PEASANT AND MERCHANT IN QING MANCHURIA: 1644–1862* (2007); DAVID FAURE, *CHINA AND CAPITALISM: A HISTORY OF BUSINESS ENTERPRISE IN MODERN CHINA* (2006); Debin Ma, *Economic Growth in the Lower Yangzi Region of China in 1911–1937: A Quantitative and Historical Analysis*, 68 J. ECON. HIS. 355–92 (2008).

¹⁰ Lillian Li, *Review of State, Peasant and Merchant in Qing Manchuria: 1644–1862*, 38 J. OF INTERDISCIPLINARY HIST. 644–46 (2008).

¹¹ PHILIP C.C. HUANG, *THE PEASANT ECONOMY AND SOCIAL CHANGE IN NORTH CHINA* (1985); RAMON H. MYERS, *THE CHINESE ECONOMY, PAST AND PRESENT* (1980).

¹² FAURE (2006), at 95–97.

¹³ E.g., *THE BRENNER DEBATE* 10–63 (T.H. Aston & C.H.E. Philpin eds., 1987); Robert Brenner & Christopher Isett, *England's Divergence from China's Yangtze Delta: Property*

and Robinson, in particular, draw from a deep tradition of new institutional economics¹⁴ in arguing that Europe’s economic rise benefited tremendously from its legal and political institutions: checks and balances between government entities that limited the arbitrary use of state power, and – as a result – secure property and contract rights that stimulated the private economy. In comparison, cultural factors are generally “just not important” in understanding global economic divergence.

The one subarea of global economic history where culture still makes a somewhat frequent appearance is the history of science and technology, and even there its appearance is controversial. Joel Mokyr and Margaret Jacob, for example, argue that England’s economic development benefited tremendously from its “scientific culture” that spurred technological advancement and, eventually, large-scale industrialization.¹⁵ This argument is echoed from the Chinese side by Jack Goldstone, who is perhaps the only “California School” scholar to expressly emphasize cultural and intellectual factors. Although China and the Islamic world did possess highly advanced scientific traditions, these traditions were also fundamentally subordinate to “classical and religious orthodoxy” and therefore slower to make the technological breakthroughs necessary for mechanical industrialization.¹⁶

Relations, Microeconomics, and Patterns of Development, 61 J. OF ASIAN STUD. 609 (2002); ROBERT ALLEN, *THE BRITISH INDUSTRIAL REVOLUTION IN GLOBAL PERSPECTIVE* (2009); Daron Acemoglu, Simon Johnson, & James Robinson, *The Rise of Europe: Atlantic Trade, Institutional Change, and Economic Growth*, 95 AM. ECON. REV. 546 (2005); DARON ACEMOGLU & JAMES A. ROBINSON, *WHY NATIONS FAIL: THE ORIGINS OF POWER, PROSPERITY AND POVERTY* (2010); Patrick O’Brien, *State Formation and the Construction of Institutions for the First Industrial Nation*, in *INSTITUTIONAL CHANGE AND ECONOMIC DEVELOPMENT* (Ha Joon Chang ed., 2007).

¹⁴ E.g., DOUGLASS C. NORTH & ROBERT PAUL THOMAS, *THE RISE OF THE WESTERN WORLD: A NEW ECONOMIC HISTORY* (1976); DOUGLASS C. NORTH, *INSTITUTIONS, INSTITUTIONAL CHANGE AND ECONOMIC PERFORMANCE* (1990). Of course, the notion that secure property rights were exclusive to Western Europe has long since been discredited. See, e.g., Joseph P. McDermott, *Charting Blank Spaces and Disputed Regions: The Problem of Sung Land Tenure*, 44 J. OF ASIAN STUD. 13 (1984); Peter C. Perdue, *Property Rights on Imperial China’s Frontiers*, in *LAND, PROPERTY, AND THE ENVIRONMENT* (John Richards ed., 2001); Madeleine Zelin, *A Critique of Rights of Property in Prewar China*, in *CONTRACT AND PROPERTY IN EARLY MODERN CHINA* 17 (Madeleine Zelin, Jonathan K. Ocko, & Robert Gardella eds., 2004a).

¹⁵ JOEL MOKYR, *THE ENLIGHTENED ECONOMY: AN ECONOMIC HISTORY OF BRITAIN 1700–1850* (2010); MARGARET JACOB, *SCIENTIFIC CULTURE AND THE MAKING OF THE MECHANICAL WEST* (1997).

¹⁶ JACK GOLDSTONE, *WHY EUROPE? THE RISE OF THE WEST IN GLOBAL HISTORY* (2008).

Such arguments encounter deep opposition on several fronts. Benjamin Elman and others have pointed out, for example, that traditional accounts of Chinese science – which Goldstone largely follows – seriously underestimate the intellectual independence, creativity, and rigor of Qing scientific research under *kaozheng* scholars.¹⁷ Alternatively, many economic historians have argued that the impact of scientific research on pre-nineteenth century English development was questionable: Traditional historiography has arguably exaggerated both the impact of the natural sciences on mechanical technology and the impact of mechanical technology on economic growth.¹⁸ In any case, “scientific culture” proponents are but a small minority in the overall divergence literature and, moreover, focus on a very narrow and specific kind of culture. Serious discussion of broader sociopolitical culture – of norms that governed group organization, personal interaction, and social hierarchies – has distinctly fallen out of favor.

Much of this is obviously for the better. Given the empirical missteps of earlier scholarship, “culture” is clearly something that should be employed with care and precision, something that complements, rather than obscures, serious economic analysis. More substantively, there is little downside to recognizing, for example, that individual Chinese were as economically rational and aggressive as their Western European peers and that Chinese social culture was diverse and fluid. That said, the precipitous decline of cultural analysis leaves a number of fundamental questions unanswered. Many, perhaps most, of the noncultural divergence theories discussed earlier are simply logically incomplete: the explanatory factors on which they rely – population trends, wars, institutions – beg for explanation themselves.

Nowhere is this more evident than in the role of institutions. Institutions are, as any legal historian or social scientist will attest, inherently human constructs that undergo constant scrutiny and are often susceptible to change. It is therefore imperative to carefully consider why – and how – institutions exist in the first place, before employing them as analytical starting points in a study of economic divergence. One would otherwise find it difficult, if not impossible, to understand how these institutions

¹⁷ BENJAMIN ELMAN, *ON THEIR OWN TERMS: SCIENCE IN CHINA* (2005).

¹⁸ E.g., ALLEN (2009); POMERANZ (2000), at 47–49; A. MUSSON, ALBERT EDWARD & ERIC ROBINSON, *SCIENCE AND TECHNOLOGY IN THE INDUSTRIAL REVOLUTION* (1969); DAVID S. LANDES, *THE UNBOUND PROMETHEUS: TECHNOLOGICAL CHANGE AND INDUSTRIAL DEVELOPMENT IN WESTERN EUROPE FROM 1750 TO THE PRESENT* (1969).

functioned in real socioeconomic contexts – and, in turn, to accurately analyze their broader economic significance. What prompted England and other Western European countries to create economically efficient institutions? More interestingly, why do economically inefficient institutions survive in China long enough to become seriously detrimental? Especially in the latter case, the durability of these institutions was clearly supplied by something other than macro-level economic welfare. But what was that “something,” and how did it coexist with the individual pursuit of material wealth?

If we take these questions seriously, then social culture must be reintroduced into the comparative study of Sino-English economic history or indeed almost any comparative study of economic history – not as sweeping generalizations that created fundamental differences in individual economic behavior, but as specifically defined background conditions for institutional change and divergence.¹⁹ To this end, I argue in the following pages that economically significant institutional differences between the two countries derived, in the end, from cultural norms of kinship and social hierarchy. In doing so, I break down the elusive connection between cultural norms and economic outcomes into more empirically manageable “subconnections”: kinship and social hierarchy norms shaped distributions of social authority; distributions of social authority regulated the negotiation of property institutions; property institutions affected macroeconomic outcomes.

Traditional “cultural explanations” of global divergence tend to suffer from two deficiencies. First, they often misunderstand, or at least seriously oversimplify, the very cultural factors they discuss. This is, for example, the most common accusation lodged against Max Weber’s “Protestant work ethic” thesis²⁰ or against its many contemporary variations – David Landes’ *The Wealth and Poverty of Nations* is a famous example²¹: that they simply mischaracterize the nature of Protestantism in England and,

¹⁹ For an economic theory of cultural influence in institutional choice, see Greif (1994) at 912. NORTH (1990) also discusses the theoretical possibility that cultural norms can influence political and legal institutions but does not formally model it or provide empirical verification. There have been very few attempts to verify these theoretical insights on a larger empirical scale or to rigorously apply them to broader historical trends.

²⁰ MAX WEBER, *THE PROTESTANT WORK ETHIC AND THE SPIRIT OF CAPITALISM* (Peter Baehr & Gordon C. Wells trans., Penguin 2002); WEBER (1920).

²¹ DAVID LANDES, *THE WEALTH AND POVERTY OF NATIONS: WHY SOME ARE SO RICH AND SOME SO POOR* (1999).

far more seriously, the nature of traditional Confucianism, Islam, and other non-Western belief systems.²² Second, and perhaps more fundamentally, they often overestimate the impact of cultural factors on everyday economic life, even in premodern times. Perhaps swayed by the expansive coverage of everyday life in religious texts – both the Bible and the *Analects*, for example, contain extremely detailed guidelines for individual behavior – they seem to assume that religious beliefs actually micromanaged how individuals sell and buy property, use resources, make social connections, and create economic institutions. Ample historical research has shown that such micromanagement was, in fact, very limited, and that individual economic behavior was similarly self-interested across different societies.²³

In light of these deficiencies, a major advantage of this book's approach is that it recognizes significantly larger doses of economic rationality in both Chinese and English individuals than these "Weberian" "cultural explanations." Of the three "subconnections" just identified, the latter two are completely consistent with "rational actor" models of individual economic behavior, delineating how basically rational, self-interested individuals react to established norms of kinship and social hierarchy and then to the property institutions that consequently emerge. Cultural factors such as kinship and social hierarchy norms feature prominently only in the first subconnection, and only to the extent that they can be clearly defined and empirically demonstrated.

In fact, even the first subconnection is not necessarily inconsistent with the assumption of individual rationality. One could argue that cultural factors simply influence individual utility functions – by making certain activities more psychologically desirable and others less so – but do not cause any irrational decision making per se. After all, rational-actor models only assume that people attempt to maximize their personal utility but do not specify what the content of that utility is.

Nonetheless, the kinship and social hierarchy norms that I study are distinctly "cultural" in the sense that, by at least the seventeenth century,

²² E.g., H.M. ROBERTSON, ASPECTS OF THE RISE OF ECONOMIC INDIVIDUALISM: A CRITICISM OF MAX WEBER AND HIS SCHOOL (1950); Robert M. Marsh, *Weber's Misunderstanding of Chinese Law*, 106 AM. J. SOCIOLOGY 281 (2000); Gale Stokes, *The Fates of Human Societies: A Review of Recent Macrohistories*, 106 AM. HIST. REV. 508–25 (2001).

²³ ACEMOGLU & ROBINSON (2010), at 56–63; Stokes (2001); TIMUR KURAN, THE LONG DIVERGENCE: HOW ISLAMIC LAW HELD BACK THE MIDDLE EAST (2010); POMERANZ (2000), at 91–105; LI BOZHONG, AGRICULTURAL DEVELOPMENT IN JIANGNAN, 1620–1850, at 107–08 (1998).

there is much evidence that they had been morally internalized by large segments – probably the overwhelming majority – of their respective populations. Such evidence is particularly strong for the Ming and Qing, by which time Confucian doctrines of kinship bonding and patrilineal hierarchy had routinely been spoken of in highly moralized and philosophical language for centuries, with legions of scholars and officials proclaiming them to be “inviolable and eternal” principles of human society. Of course, by the late nineteenth and early twentieth century, some intellectuals had begun to question their validity, but broader social acceptance of such skepticism, or even widespread support among elites, did not emerge until the later 1940s at the earliest.

One could further examine how, and why, kinship norms became broadly internalized in the first place, but there is room in this book only for a general sketch. In short, private kinship networks began to emerge *en masse* during the tenth and eleventh centuries, as the Song government loosened up legal prohibitions against extended ancestor worship by non-aristocrats. The Ming government further eased such prohibitions and eventually granted full ancestral worship rights to all commoners. But well before these institutional clogs had been removed, pent-up private demand for extended worship rights was already driving the rapid proliferation of large kinship networks in most macroregions, across highly diverse ecological, economic, and political conditions. By the sixteenth century, they had become the dominant mode of social organization and had evidently become a central part of China’s sociocultural fabric.

Because this study focuses on the nineteenth and twentieth centuries, I take these internalized kinship norms more as an analytical starting point, an independent variable, than as something to be thoroughly explained. The primary objective, as stated earlier, is to demonstrate sequential historical causation between morally internalized kinship norms, legal institutions, and patterns of landholding and use in early modern China and England. In doing so, I argue for the “reculturalization” of China’s relative economic decline, albeit with – hopefully – sufficient economic and social sophistication and some healthy skepticism of traditional cultural “paradigms.”

INSTITUTIONAL COMPARISONS

The institutional comparison that I focus on is, at heart, a functionalist one. It stems from a question that might have been drawn from the Personal Finance Section of the *Wall Street Journal*: how did landowners

cope with large emergency cash needs in early modern China and England? For small sums, they could often get by through borrowing money on their good name, without the use of collateral, but for large sums – to cover a funeral or wedding, for example – creditors in both countries generally demanded collateral. In these early modern economies, despite prevalent commercialization and perhaps some nascent industrialization, land was by far the most valuable source of capital and hence the most important source of collateral for large-sum loans. The legal and quasi-legal instruments facilitating such collateralization fundamentally affected the market for both temporary and permanent conveyances of land and, therefore, were some of the most crucial institutional cogs in the economy. In sixteenth- and seventeenth-century England, this role was filled by the mortgage, whereas in Qing and Republican China it was filled by the *dian*, or conditional sale.

Compared with modern Anglo-American mortgages, the “classic mortgage” of sixteenth- and seventeenth-century England was a much duller instrument. Modern mortgages allow, of course, repayment schedules of up to several decades, generally permit the mortgagor to maintain possession of the property, and in cases of default arrange foreclosure auctions to raise the collateral’s full market value.²⁴ The classic mortgage was not nearly as lenient to mortgagors. They conveyed full title or a long term-of-years to mortgagees, including the right of possession.²⁵ Crucially, most local customs dictated that they must repay their debts within a very short time frame – generally six months to a year after the initial conveyance – or the mortgagees would automatically obtained fee simple ownership.

Until the early eighteenth century, common-law courts enforced these customary deadlines quite ruthlessly, so much so that Chancery felt compelled to aid beleaguered mortgagors by establishing the “equity of redemption,” allowing judges to extend redemption deadlines and demand foreclosure auctions on final default.²⁶ These reforms did not, however, harden into established doctrine until the mid-eighteenth century, and even then their preeminence over common-law rules was questionable.

²⁴ DAVID A. SCHMUDDE, *A PRACTICAL GUIDE TO MORTGAGES AND LIENS* 7 (2004).

²⁵ See WILLIAM BLACKSTONE, *2 COMMENTARIES ON THE LAWS OF ENGLAND* 157–58 (Univ. of Chicago Press, 1979); A.W.B. SIMPSON, *A HISTORY OF THE LAND LAW* 242–43 (1986).

²⁶ David Sugarman & Ronnie Warrington, *Land Law, Citizenship, and the Invention of “Englishness”: The Strange World of the Equity of Redemption*, in *EARLY MODERN CONCEPTIONS OF PROPERTY* 111, 113 (John Brewer & Susan Staves eds., 1996).