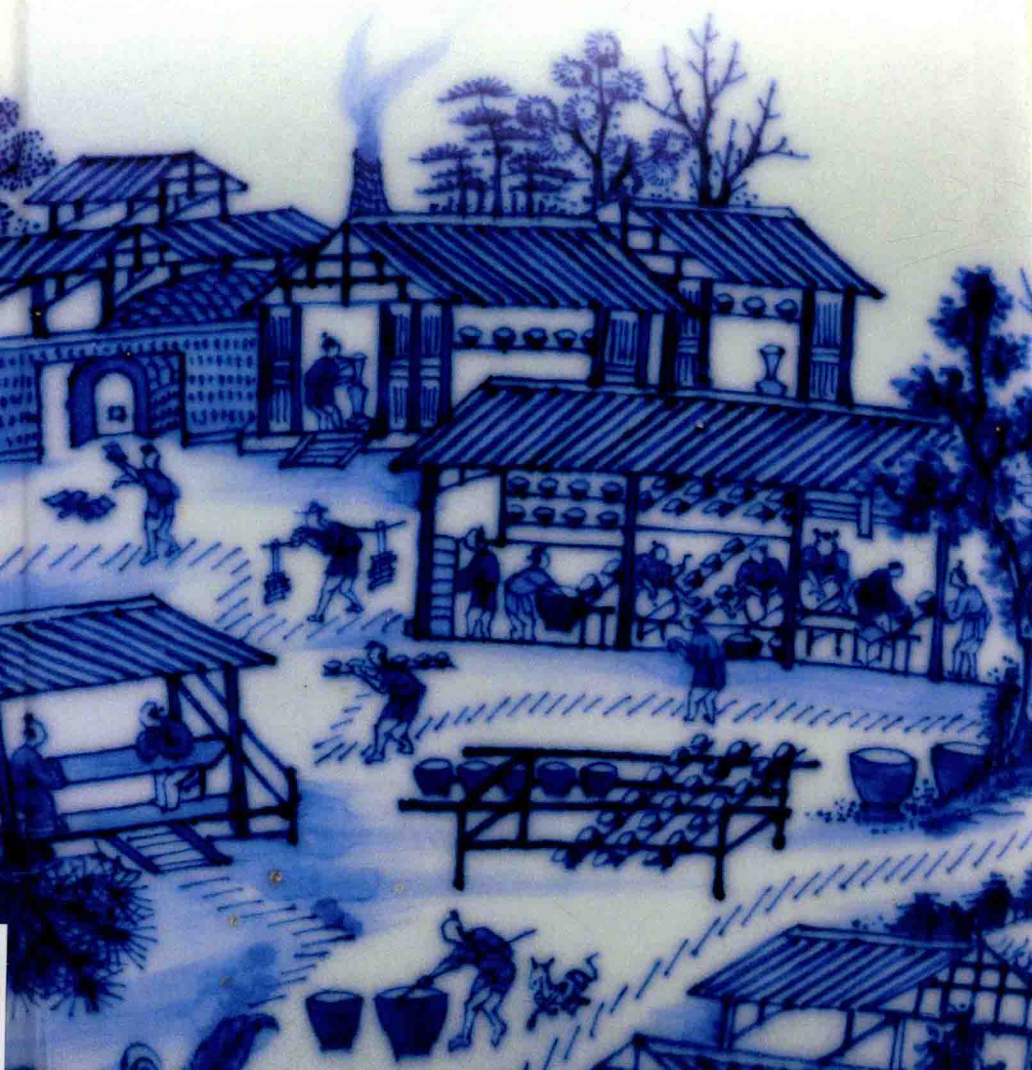


THE ECONOMIC HISTORY OF CHINA

From Antiquity to the Nineteenth Century

Richard von Glahn



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University of California, Los Angeles



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China's extraordinary rise as an economic powerhouse in the past two decades poses a challenge to many long-held assumptions about the relationship between political institutions and economic development. Economic prosperity also was vitally important to the longevity of the Chinese empire throughout the preindustrial era. Before the eighteenth century, China's economy shared some of the features – such as highly productive agriculture and sophisticated markets – found in the most advanced regions of Europe. But in many respects, from the central importance of irrigated rice farming to family structure, property rights, the status of merchants, the monetary system, and the imperial state's fiscal and economic policies, China's preindustrial economy diverged from the Western path of development. In this comprehensive but accessible study, Richard von Glahn examines the institutional foundations, continuities, and discontinuities in China's economic development over three millennia, from the Bronze Age to the early twentieth century.

RICHARD VON GLAHN is Professor of History at the University of California, Los Angeles. He has previously published three monographs on Chinese history, including *Fountain of Fortune: Money and Monetary Policy in China, 1000–1700* (1996) and *The Sinister Way: The Divine and the Demonic in Chinese Religious Culture* (2004), and a co-authored textbook on world history, *Crossroads and Cultures: A History of the World* (2012).

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Introduction

Until the 1960s, historians viewed China's history – and especially its economic history – through the lens of Western teleologies of historical change predicated on the progress of “freedom,” leading either to capitalist democracy or socialist utopia. As I have written elsewhere, whether construed in Weberian terms as a peculiar type of “bureaucratic feudalism” or in Marxist categories as a species of the “Asiatic mode of production” genus, both Western and Asian scholarship portrayed imperial China as a static society whose periodic changes in regime barely caused a ripple on the stagnant pond of despotism.¹ The immobility of imperial Chinese society and economy typically was attributed to the parasitic nature of the imperial state and its dominant social class, the “gentry.” Although the Chinese empire was believed to share the basic features of “oriental despotisms” in general, its unique longevity could be explained by the remarkable durability of the gentry's dominance over government office, landowning, intellectual life, and culture. In contrast, for example, to the dispersion of social power among monarchs, warriors, clerics, seigneurs, and urban corporations in medieval Europe, the gentry monopolized political, economic, and cultural authority and deflected challenges from any insurgent group, be they merchants, military officers, or disaffected intelligentsia. In the eyes of Marxist historians, the persistence of gentry rule perpetuated feudal property ownership and relations of production in which the rentier elite absorbed the surpluses generated by the peasant families under their dominion. American scholars balked at employing the category of “feudalism,” given its Marxist associations, but their paradigm of “traditional” Chinese society essentially conformed to this depiction of economic inertia.

The most potent challenges to this image of an unchanging China were voiced by Japanese historians. Naitō Kōnan, writing in 1914, was the first to posit a fundamental transformation in Chinese government and society from the eighth to the twelfth centuries (what has become known as the

¹ For further elaboration of the historiography of imperial China discussed here, see von Glahn 2003a.

“Tang-Song transition”) during which aristocratic domination dissolved and was superseded both by a more autocratic state and greater autonomy for village society. Naitō’s disciple Miyazaki Ichisada, in his 1950 book *East Asia’s Modern Age*, likened the Tang-Song transition to the European Renaissance, both of which exhibited the secularization of society and culture and the rebirth of rational philosophy on one hand, and the rise of cities, commerce, and the free disposition of property and labor on the other, that have become hallmarks of the modern world.² Japanese Marxist historians, in contrast, interpreted the Tang-Song transition as the moment in which a feudal society based on serfdom eclipsed the ancient slave-labor economy. In their view, in contrast to genuine forms of feudalism – to be found in the medieval eras of both Europe and Japan – Chinese feudalism proved resistant to further social development because of the ineluctable tenacity of China’s patriarchal social institutions of family, lineage, village, and guild.

The crucial breakthrough in the conceptualization of China’s premodern economy came in the 1960s. Shiba Yoshinobu’s magisterial study of the commercial economy of Song China (tenth to thirteenth centuries) marked a crucial departure from linear conceptions of history to study the facts of economic life.³ In meticulous detail Shiba reconstructed the innovations in transport, agricultural and industrial productivity, markets, urban structure, business enterprise, and credit and finance that stimulated an unprecedented commercial efflorescence. As Shiba demonstrated, the Song period witnessed the formation of regional, national, and international markets for a wide range of commodities, including staples such as grain, salt, and timber and new consumer products (tea, sugar, porcelain) as well as luxury goods. Although Shiba’s study focused on private commerce and the formation of commercial capital, he disavowed the idea that the rise of the market economy heralded the emergence of a bourgeois social class. At the same time Robert Hartwell published a series of provocative essays on the coal and iron industries in Song China that offered further corroboration of the importance of market demand for industrial development.⁴ Hartwell’s study attested to prodigious iron and steel output by large-scale enterprises utilizing technologies such as blast furnaces and coking far beyond anything available in the West at the time. While primarily stressing the demand for iron goods emanating from urban markets (and especially the Song capital of Kaifeng), Hartwell also underscored the contributions of the Song state – in providing domestic peace, a stable monetary system, transport facilities, and predictable economic policies – in reducing risks and fostering private investment.

² Miyazaki 1950.

³ Shiba 1968.

⁴ Hartwell 1962, 1966, 1967.

The fruits of the pioneering research by Shiba and Hartwell were gathered together into a far more ambitious interpretation of China's premodern economy proposed by Mark Elvin in his seminal study, *The Pattern of the Chinese Past* (1973). Elvin divided his analysis of Chinese history into three parts that surveyed (1) the main features of political economy from the early empires down to the fourteenth century, with a focus on the military and fiscal capacities of the imperial state; (2) what Elvin dubbed "the medieval economic revolution" of the eighth to thirteenth centuries, focused on technological and institutional changes that enabled unprecedented growth in agriculture, industrial production, commerce, and cities; and (3) the flattening of growth and technological stasis throughout the late imperial period (from the fourteenth century onward), resulting in what he described as "quantitative growth and qualitative standstill." Elvin concluded that the turning point in China's economic development came during the fourteenth century, pointing to three changes or reversals that deterred further investment, material and intellectual, in technological innovation: (1) the diminution of foreign contact and trade resulting from the Ming state's self-imposed maritime embargo, which cut off China from international trade, vitiated its navy, and hindered the development of national identity; (2) the "filling-up" of China's frontiers and closing of outlets for emigration, resulting in a worsening imbalance in the labor/land ratio that discouraged labor-saving innovations; and (3) the waning of philosophical interest in the natural world and efforts to gain mastery over it, thus precluding the emergence of "science." Despite important developments in the late imperial period (especially during 1550–1800), including the disappearance of serfdom, the growth of rural trade and industry, and increased scale of economic organization, China remained encased in a technological cul-de-sac that precluded a breakthrough to an industrial revolution.

Elvin's book was not intended as a comprehensive economic history, but it did advance a bold and novel thesis to explain long-term changes in the Chinese economy and its failure to generate the kind of transformative change wrought by the Industrial Revolution in the West. Equally importantly, however, Elvin established the idea of a "medieval economic revolution" in China that confounded the universal categories of Western social science and challenged commonplace assumptions about the primacy of the Western European historical experience. Historians of late imperial China responded to Elvin's contrast between the medieval economic revolution and the merely incremental pace of subsequent economic growth by asserting that from the sixteenth century onward China underwent a "second economic revolution" characterized by: the disappearance of bound labor; the ascendancy of private enterprise over state economic management; the growth of rural industries; the increasing spatial range of the market; higher levels of monetization in private trade and

public finance; a greater volume of foreign trade; and dramatic increases in the size of the population and economic output.⁵

Nonetheless, despite the emerging consensus that the market exerted a growing influence on economic life from the Song dynasty onward, many scholars shared Elvin's conviction that China's late imperial economy remained trapped in some form of structural equilibrium that prohibited transformational growth. In contrast to the focus on commercial development in the studies by Shiba, Hartwell, and Elvin, scholars such as Kang Chao and Philip Huang emphasized the constraints imposed by the inherent limitations of a peasant economy dominated by small family farms.⁶ Chao and Huang argued that the persistence of a peasant mode of production driven by family subsistence needs inhibited labor-saving technological innovation and the formation of capital-intensive farming. Access to land and market opportunities ironically reinforced, in Huang's words, an "involutionary" pattern of diminishing labor productivity and "growth without development." Kent Deng singled out the crucial importance of the "absolute" landownership rights of free peasant families as the key to a structural equilibrium that in his view was congruent with the development of the Chinese empire since its origins in antiquity. Deng postulated that the interlocking effects of Confucian ideology, the imperial state, and the landholding system promoted economic stability, a decent and at times affluent livelihood, commercial expansion, population growth, and military security, but the strength of this fundamentally agrarian system also deterred transformative change.⁷

This notion that China's economy was constrained by a peasant mode of production has been disputed by scholars steeped in the tenets of neoclassical economics who argued that farming families were inculcated with norms of diligence, thrift, and accumulation and responded positively to shifts in factor prices within smoothly functioning, competitive markets largely free from government interference. Although the constraints of premodern technologies – especially in transport – limited the potential for market-driven development, the growth of regional and international markets after 1870 (at least in some favored areas) because of improvements in transport, information, and technological diffusion generated rising real incomes and sustained economic growth before the onset of the Great Depression and the Japanese invasions in the 1930s.⁸ The involution thesis also was challenged by Li Bozhong's contention that – in contrast to Elvin's depiction of technological stasis in the Ming-Qing era – Chinese farmers continually innovated by developing new agricultural technologies and investing

⁵ Rowe 1985. ⁶ Chao 1986; Philip Huang 1985, 1990. ⁷ Gang Deng 1999.

⁸ For a summary of this argument and the scholarship supporting it, see Myers 1991.