

Does Confucianism Impede Economic Development? Evidence from Early-Twentieth Century China

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Abstract

As the state ideology diffused for several millennia, Confucianism has long been hypothesized to have impeded imperial China's economic development toward modern capitalism. The early-twentieth century China represents the ideal period for testing this hypothesis, because by that time, Confucian ethos had been effectively penetrated to all social stratum after its intensive diffusion during the Ming and Qing dynasties (1368-1911), on the one hand, and China witnessed the genesis of capitalist development promoted by its forced opening up to the Western powers after 1840, on the other. Using county-level data from North China, and exploiting distance to Confucius' birthplace as the instrumental variable, I find no effect of Confucianism on economic development. This finding is robust to the inclusion of a variety of controls, and to the pre-1840 period or a nationwide sample.

Keywords: Confucianism, Culture, Economic Development, Great Divergence, China

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