The War Origin of Property Rights and State Capacity: The Lasting Impact of the Taiping Rebellion

Speaker:
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Abstract:
The long-term impact and the underlying mechanisms of civil wars are understudied in the literature. We study the long-term impacts on population growth of the Taiping Rebellion (TPR, 1851-1864) in China, the deadliest civil war in history and a key turning point toward modernity in Chinese history. By analyzing a dataset of 266 prefectures from 1776 to 2000, we document that, compared to the control group, the TPR had caused a permanent population loss in the TPR prefectures, and the population level in the TPR regions (compared to the baseline year 1776) relative to other regions remain 43 percent lower even 120 years after the Rebellion. The results remain after we instrument TPR with a plausible instrument based on the war routing strategy of the TPR. We offer suggestive evidence that two important channels for the TPR effect are land property rights and strengthening of local fiscal capacity (i.e., local taxes known as Likin) for cross-regional transactions. The better-property-rights TPR regions were able to collect higher Likin during and long time after the end of the war; and the higher local state capacity built over the war has persisted to this century in terms of tax collection, the provision of public goods, and facilitating market-supporting institutions. We also offer a placebo test that another great Famine of large scope, the ENSO famine (1876-1880), did not result in permanent population effect perhaps because it did not affect land property rights. The TPR has thus affected long-term development through property rights and local state capacity built up during the war.

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All Interested are Welcome