



Friends from afar: The Taiping Rebellion, cultural proximity and primary schooling in the Lower Yangzi, 1850–1949



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ABSTRACT

This paper tests the hypothesis that the cultural distance between migrants and natives impedes the provision of public goods. The Taiping Rebellion was a shock that caused groups without a history of shared governance to be relocated to the same region. We use a unique historical dataset of surnames in the Lower Yangzi of China to construct a measure of the cultural distance between migrants and natives (MNCD). We find that a one-standard-deviation increase in the MNCD is associated with a decrease of over 0.19 public primary schools per 10,000 persons in the early twentieth century. The results survive various robustness checks and an instrumental variable analysis that exploits the pre-existing cultural distances between the native and the nearby population. Evidence from the timing of when the MNCD takes effect suggests that the primary mechanism runs from migrant-native cultural distance through quality of collective decision-making to modern primary education.

1. Introduction

An extensive literature documents the negative impact of population heterogeneity on the provision of public goods (Easterly and Levine, 1997; Alesina et al., 1999; Alesina and Ferrara, 2005). However, recent research suggests that the lack of history of shared and centralized governance between groups is just as likely to be responsible for the adverse outcomes associated with the coexistence of different ethnic groups (Gennaioli and Rainer, 2007; Michalopoulos and Papaioannou, 2013). This raises the question of whether ethnic cleavages or artificial jurisdictions have caused poor economic performance. Dippel (2014) contributes to the debate by showing that a lack of a history of shared governance can negatively affect even ethnically and linguistically homogeneous populations. Instead, we show that, even for previously detached groups, cultural distance can matter for the coexistence of different ethnic groups.

We exploit variation in the cultural distance between previously detached groups following an external shock: the Taiping Rebellion. The Taiping Rebellion (1850–1864) was a massive civil war in South China that constituted a one-time shock to the make-up of the population. The rebellion led to the loss of 17 million lives in the Lower Yangzi, or half of the native population (Cao, 1998). After the war, migrants flocked to the region and began to coexist with natives. This shock created two groups without a history of shared governance or prior interaction in the region. The cultural proximity between migrants and natives varied. We hypothesize that the cultural distance between migrants and natives (MNCD) who lived in the same community after the rebellion had a negative impact on the provision of public goods.

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We use a unique dataset of Chinese surnames of approximately 100,000 individuals over the course of 150 years. The evolution of the surname mix in the population, before and after the Taiping Rebellion, indicates the presence of cultural distances between natives and the newly added population. Without resorting to information on migrant-native status at an individual level, which is not available in our dataset, our methodology mainly captures the cultural distance between two mega groups: migrants and natives. The same dataset also allows us to build common measures of population heterogeneity such as fractionalization and polarization.

We provide the historical context to show that migration was plausibly exogenous to the cultural distance between migrants and natives. First, migrants moved to the area with little prior contact with natives. The migrants were not selected based on their cultural proximity with the natives (as is the case with chain migration). Ex ante sorting was minimal. Second, in traditional China, where ancestral land was culturally prominent, natives were not able to move out as freely in response to the arrival of migrants whose preferences differed. Hence, ex post self-sorting was also not a concern.¹

We proceed to test our hypothesis that a greater migrant-native cultural distance lowers the provision of public goods. Our proxy for the provision of public goods is the number of public primary schools at the county level. In the baseline model, we find that a one-standard-deviation increase in the MNCD is associated with a decrease of 0.19 public primary schools per 10,000 persons between 1900 and 1910. That is one-fifth of the mean of the number of public primary schools by population or 40% of the standard deviation. We then include in the controls the share of arable land, the distance to the Grand Canal, the distance to the Yangtze River, the distance to the provincial capital, and the distance to Shanghai. We show that the MNCD wins horse races against alternative explanatory variables, including the traditional fractionalization index and the polarization index. Our results are robust to the inclusion of additional controls such as the initial conditions, interventions in education (missionary activities and temple conversion) and the possible effects of war (battle exposure, demographic shock and human capital shock) on schools. For additional robustness, we introduce an instrumental variable approach that exploits the variation in the pre-existing native-neighbor cultural distance.

Although our key finding is that cultural distance has an independent effect on outcomes related to the provision of public goods, we find evidence that the negative effects of the cultural distance between surname groups can be mitigated by the history of shared governance. Our finding is mainly built based on the horse race results of the MNCD against other measures of population heterogeneity that ignore the history of shared governance within native surname groups.

We provide suggestive evidence concerning the mechanisms through which the MNCD prevented the establishment of public primary schools. First, we exploit the institutional features of early 20th century China to form a testable hypothesis: the MNCD should have the strongest effect on lower-primary and dual-primary schools since (a) the MNCD should matter the most in an environment of self-governance, (b) villages were traditionally self-governed, and (c) villages (and townships) were responsible for the building of lower-primary schools and, sometimes, dual-primary schools.² Consistent with our prediction, we find that the MNCD only affects schools at the lower-primary and dual-primary levels, not at the upper-primary and secondary levels. Second, we exploit the time variation in institutions through the first half of the 20th century. The massive institutional changes in the 20th century China provide an excellent laboratory to observe the impact of the MNCD. In our sample, we have periods of education system decentralization and centralization in which the decisions to educating children were made locally and those decisions were made by the national or provincial government, respectively. These different periods allow us to use evidence from timing to interpret our finding. We expect to observe a larger effect of the MNCD during the period featuring more self-governance and more decentralization over fiscal authority. Additionally, consistent with this prediction, we find that the effect of the MNCD on modern education is pronounced in the early 20th century but is muted in China for much of the 20th century under autocratic rule and fiscal centralization. Soon after the centralization of the educational system in 1927, the MNCD no longer had a significant effect on schools. We conclude that the MNCD resulted in the construction of fewer primary schools due to the lower quality of collective decision-making in local communities.

Our study builds on the literature on the relationship between the diversity of individual preferences and the provision of public goods. *Alesina et al. (1999)* show that, theoretically, median distance from the preference of the median voter can be considered an indication of how polarized the preferences are. The model predicts that the provision of public goods will be adversely affected in a polarized society characterized by two separate groups with relatively homogeneous preferences within the group but very distinct preferences across groups. More recent work shows that, in the process of decentralization and redistricting, the benefits of reduced diversity can be undone if the newly governed population is highly polarized (*Bazzi et al., 2015*). In our paper, we use the cultural distance between migrants and natives as a proxy for the difference in preferences between these two groups. We find that the cultural distances between groups indeed matter for the provision of public goods whereas the traditional fragmentation measure, which assigns the same distance to all groups, does not produce the same effects.

Our study also contributes to the literature on the effect of genetic dissimilarity on economic development. *Ashraf and Galor (2013)* find the beneficial and detrimental effects of diversity on productivity and conclude that an immediate level of diversity is the most conducive for economic development. *Desmet et al. (2011)* link genetic distance to the stability and breakup of nations and provide empirical support for the use of genetic distance as a proxy for cultural heterogeneity. *Spolaore and Wacziarg (2009)* show that genetic distance affects income differences across countries through a barrier effect to the diffusion of development from the

¹ Compared to *Ager and Brückner (2013)*, we use arguably more exogenous migration as a treatment because natives and migrants had few opportunities to engage in ex ante screening or ex post self-sorting.

² At the time, the entire phase of primary education was divided into two sub-phases: upper- and lower-primary education. Upper primary education refers to the more advanced stage of primary education. Most schools specialized in either upper- or lower-primary education. Those providing both upper- and lower-primary education were called dual-primary schools.

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