

The Sage Is Dead, Long Live the Sage!

Confucianism and Economic Development in Vietnam

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Two Facts and Two Conjectures

- The divergence between China and the West since the Industrial revolution
Confucianism is bad for modern economic growth.
- The East Asian Miracle since the Second World War
Confucianism is behind this catch-up.
- Empirical evidence is scant.

A Natural Experiment of History in Vietnam

- First state in 968 CE: Confucianism had increasingly flourished.
- From 11th to 19th centuries: Territorial expansion, i.e. “Southern Advance”.
- Less Confucian in new areas.
- Faster population growth in old areas since 15th century.
- Modern time: French colony, Second Indochina War, and Reunification.
- Central planning in 1970s and 1980s and reform (“*Doi Moi*”) since then.
- “Reversal of fortune” in the south?

Empirical Strategy

- Historical archives.
- Household survey.
- Regression model

$$\text{Development}_i = \beta \text{Confucianism}_i + X_i \gamma + \epsilon_i,$$

- Development: Expenditure per capita.
 - Confucianism: Time since being annexed into ancient Vietnam.
 - X : Demographic, agricultural, geographical, and climatic controls.
- Instrumental variable estimation.
 - Various tests and checks.

Finding

- Divergence in the 1990s.
- Catch-up to some extent during the 2000s.

Mechanisms

- Institution.
- Culture.

Related Literature

- Early cross-country studies
Hofstede and Bond (1988), Yeh and Lawrence 1995, Swank (1996).
- Culture and the wealth of nation
Gorodnichenko and Roland (2011, 2016), Olsson and Paik (2016).
- Historical statehood and development
Chanda and Putterman (2007), Borcan, Olsson, and Putterman (2016).
- History of Vietnam
Miguel and Roland (2011), Dell, Lane, and Querubin (2015).