The Oriental City:
Political Hierarchy and Regional Development in China, AD1000-2000*

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Abstract

Because regime changes in China between AD1000 and 2000 systematically altered the relative importance of different regions in the political hierarchy, tracing the evolution of Chinese provincial capitals and economic activities during this period throws light on how political factors shape economic geography. In particular, our analysis shows that economic advantages driven by political factors do not persist; rather, losing (gaining) capital status is associated with worse (better) economic development as measured by population density and urbanization. This pattern is further supported by exploiting variation arising from relocation of national capitals and redivision of provincial boundaries due to regime changes as an instrument for provincial capitals. To explain the politico-economic link, we show that the spatial importance of a region (e.g., centrality in the transportation networks) mirrors its status in the political hierarchy, which partially accounts for the rise and fall of certain regions in the long run.

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