Christian Missionaries and Foreign Trade, 1580-1936

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Abstract

We examine how Christian missions affected foreign trade expansion. As pioneers of Europeans' global exploration since 1500, the missionaries provided useful information concerning the trade potential of remote areas to the Western audience. This mitigated the information asymmetry and entry cost of the early foreign trade. We test this hypothesis in the context of historical China, which had been preached by European missionaries from 1580 but was not opened to foreign trade until 1842. We find that prefectures which Christian missions had entered earlier were more likely to be introduced to the foreign market and thus to conduct foreign trade after 1842. The finding implies the importance of information flow in shaping the early global trade.

1. Introduction

The late nineteenth century marks the onset of globalization. The factors driving global trade integration have received extensive discussion among economic historians. The literature has credited the trade boom to factors such as the rise of the gold standard (Estevadeodal, Frantz and Taylor, 2003), lower aggregate trade costs (Jacks, Meissner and Novy, 2008; 2011), and technology advances in transportation (Pascali, 2017), among others. However, it remains unclear how Western commerce penetrated the many interiors, especially those ever-primitive and autarkic regions, given the vast information barriers in the nineteenth century.

In this paper, we attempt to examine the role of Christian missions in mitigating the information barrier and facilitating foreign trade in China between 1876 and 1936. The Christian missionaries were central in maintaining the information exchange between China and the West since the late sixteenth century. They entered China in 1580 and cultivated about one-third of Chinese prefectures in the next two centuries. Despite the strict limitation on foreign contacts and suppression of foreign trade by Chinese authorities, missionaries managed to enter the China interior with the help of their Chinese friends. For the preaching purpose, the missionaries surveyed local society, geography, customs and other characteristics, and conveyed these novel information and knowledge to European public, substantially enriching the European knowledge of China. By exposing their preaching areas to the West, the missionaries brought to these areas certain information superiority, offsetting to some extent their geographic disadvantage. Relative to other areas that were not exposed by the missionaries, these preached areas should be more likely to attract foreign traders, once China was opened up for foreign trade in 1842.

To test this hypothesis, we identify the location and timing of Christian missions across the 270 prefectures of China from 1580 to 1840, based on the biographical records of missionaries. For the foreign trade of each prefecture, we employ the records on imports and exports in the annual trade reports of the Chinese Maritime Customs (CMC) Service from 1876 to 1895. We manually collected data on the values and destinations of the foreign goods shipped inwards through treaty ports. For robustness, we also measure each Chinese prefecture's exports recorded in a nationwide governmental directory in 1936.

Our preliminary main finding is that the presence of historical Christian missions significantly predicts the likelihood and volume of foreign trade in Chinese prefectures. And the missionary effect becomes greater in prefectures with a longer history of missionary presence. This effect remains robust after we control for a bunch of confounding factors; these include geography (distance to the treaty ports, distance to the coast, terrain ruggedness), transportation, and local population and economic prosperity.

We employ the following strategies to mitigate the concern of the missionaries' endogenous selection of their settlements in China. First, we use the Propensity Scores Matching to identify a group of prefectures that the missionaries were very likely to settle in but in fact they did not, and compare these prefectures with the actual missionary prefectures in terms of foreign trade. Second, we employ an instrumental variable that affected the early expansion of missionaries in China but had little to do with trade geography after 1842. We explore the personal network of Matteo Ricci---the pioneer and leader of the earliest Catholic mission in China in the late sixteen century as the instrumental variable, reasoning that Ricci's pioneering missionary work laid the foundation of the latter missionary entry and distribution in China, and that Ricci's network was developed mainly through a haphazard manner (for example, the chance of making friends with Chinese elites) (Brockey, 2007; Standaert, 2001). Specifically, we identified 92 Chinese friends of Ricci and use their geographic distribution to predict the geography of missionary presence in China before 1842. Both the matching and instrumental estimations indicate a positive effect of the mission on foreign trade.

Historical narratives and anecdotes suggest that the missionaries' introduction of their residence regions is instrumental for future trade development. To systematically test this information channel, we will use the number of the missionaries' publications, writings, and letter communications that introduced China as a proxy. We find that these information flows significantly promoted a prefecture's foreign trade.

The preliminary findings of this study indicate the positive role of the missionaries in shaping the trade geography in the early globalization times. This is partly due to the side effect of the mission, in which the missionaries exposed local information and knowledge that are necessary for conducting trade to the global market. In this connection, this study contributes to the literature exploring the factors shaping the geography of historical international trade (e.g., Eichengreen and Irwin, 1996; Estevadeordal, Frantz, and Taylor, 2003; O'Rourke and Findlay, 2007; Jacks, Meissner, and Novy, 2008; 2011; Pascali, 2017; Juhász and Steinwender, 2018), in that we provide new evidence on the impact of the information flow provided by the missionaries.

This study also enriches the literature on the economic impacts of the missionaries or religions since the sixteenth century (e.g., Nunn, 2014; Bai and Kung, 2015; Wantchekon, Klašnja, and Novita 2015; Waldinger, 2017; Castelló-Climent, Chaudhary, and Mukhopadhyay 2017; Calvi and Mantovanelli, 2018; Caicedo, 2019; Ma, 2021, Becker, Rubin, and Woessmann, 2021). Existing studies have documented the contributions of the missionaries to human capital, cultural formation, and economic growth, ours focuses on the trade outcome of the missionaries.