

Innovation and Rent-Seeking Under the Rice Economy

Tay-Cheng Ma^{*}

From the viewpoint of ecological change, this study used the differences in the rates of population changes and elites' self-interest behaviors between East Asia and Western Europe in the early modern period as a procedural tool to investigate the topics of subreplacement fertility and credential inflation. Superficially, these events may seem unrelated but, when viewed in combination, they can offer deep insight into technological development. In particular, we emphasized the rice economy as the main channel through which ecological change has shaped East Asia's unique credentialism culture. The result of this research is that if a society can resist the ideology of credentialism and provide reasonable incentives for technological innovation, then the shortage of labor in a society with a low birth rate would not prevent growth but would promote technological progress. Therefore, the key driver of technological innovation is the incentive of the elite to innovate rather than a large population increase.

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^{*} Economics Professor, Chinese Culture University.

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