

How Different Degrees of Land Reform Affect Economic Development: Comparative Analysis Based on China and India after 1950s

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Abstract. Whether and to what extent land reform is undertaken is of great importance to a wide range of developing countries as it relates to national economic development. This paper makes a comparative analysis of land reforms in China and India after the 1950s. China's land reform was radical. The landlord class lost control of the land, and China's landless peasants disappeared. India's land reform was more conservative. The landlord class still held a lot of land for a long time, and there are still a large number of landless peasants in India after the 21st century. The comparative analysis shows the differences in land reform policies. This difference led to different results in the development of both agricultural area and industry area between China and India, which indicate that different degrees of land reform have significant impacts on national economic development. The conclusion shows that the land reform which changes land ownership from landlord class to peasant class has a positive effect on economic development. But the land reform of land collectivization does not necessarily play a positive role in the national economic development.

Keywords: Land reform; economic development; comparative analysis.

1. Introduction

As an important part of the four factors of production, land has a great impact on the economic production process. The history of the land system shows that there are many ways of organizing land. Land can be controlled by different classes or different institutions or organizations, even by individuals, such as the feudal economy in which the landlord class controls the land, the state-owned economy and the collective economy in which the state or collective controls the land. But how to effectively allocate land resources to achieve the highest efficiency of production and benefit economic development is usually a tough issue. For example, one of the most controversial topics about the efficiency of the land system is private ownership and public ownership, which is the core issue in the land system.

This paper will mainly focus on the impact of different degrees of land reform on economic development in China and India. Many researchers notice that China and India are very similar in many ways and are highly comparable [1]. On one hand, both China and India are developing countries with a large population and area. Besides, both China and India got rid of the exploitation and oppression of colonialism and imperialism after the 1950s, and the economic structure between the two countries was very similar, which was, agriculture was dominant and the peasant class accounted for the majority of the Indian people. On the other hand, both China and India initiated land reform to different degrees in the 1950s. And they were also facing similar problems of modernization, industrialization and urbanization in their subsequent economic and social development.

However, the land systems of China and India have taken very different paths. Since the 1950s, China has gradually established a socialist system, carried out a thorough reform of land ownership, and established public ownership of land [2]. Although India has established a mixed economic system, its land has not been used centrally, and land ownership is still dominated by private ownership. Most of the land was not properly distributed so that most farmers received little or no land [3]. Although India's land reform is unable to achieve the expected effect, it is undeniable that both India and China's land reform actually promoted national economic development in different

degrees. By comparing and analyzing the different land systems of China and India and their different degrees of benefit on the national economy, the experience of China and India in promoting economic development through land reform will make contributions to the development of developing countries around the world. Therefore, it is significant to explore the impact of different land systems on economic development through comparative analysis of China and India.

2. Literature Review

Not so much research about comparative analysis of affection of land reform in China and India can be found, but there are still papers useful for comparing two countries. Lin mainly analyzed the land reform in China and India from the political perspective, introduced the differences between the two and their respective gains and losses [4]. Besides, Liu focuses on land reform of India from a political and legal perspective [3]. Li mainly focuses on the similarities and differences between China and India in the process and management of modernization, including progress in agriculture and industry [5]. Besides, there are some paper analyze India and China separately. Thorner and Thorner have a comprehensive analysis and summary of land and Labor in India [6]. Chakravarti focuses on the 'Green Revolution' happened in India [7]. Wang has a good summary of history of industrial economy of China [8]. These papers will help understand the differences and similarities of the background of China and India.

In addition to discussing the situation in developing countries such as China and India, many papers discuss the relationship between social wealth and land ownership in a broad sense. Daniel Bromley developed a model of the private-public boundary in land, which proves that wealth might not increase if land at the extensive margin were privatized [9]. Leeson and Harris developed a theory of wealth-destroying private property rights and proved that when decision makers are not residual claimants, these effects may diverge; privatization occurs if it benefits decision makers personally even if privatization destroys social wealth [10]. Although these papers don't refer to China and India, the knowledge of property rights of land and social wealth might be useful in understanding what and how land reform will affect in developing countries.

3. Comparative Analysis and Discussion

3.1. Land Reform of China and India

Before 1949, the landlord class owned most of the land in China. Landowners with less than 10 percent of the population own more than 70 percent of the country's land, while farmers with 90 percent of the population own less than 30 percent [2]. China's land reform in the mid-20th century can be divided into two parts. The first land reform, which began in 1949 and ended in 1953, was the largest and most thorough change in the land system in Chinese history, with most of the land ownership changed from the landlord class to the peasant class, and the landlord class's monopoly on land was ended. In a word, the first land reform can be regarded as a reform in ownership of land. However, the second land reform mainly focus on the concentration degree of land. This land reform lasted from 1953 to 1956, saw the establishment of collective agricultural production cooperatives in which land was used in a centralized manner to replace smallholder farming.

The land distribution situation in India before its independence was similar to that in China before 1949, that is, the landlord class accounting for less than 15% of the population occupied 85% of the country's land, while the peasants accounting for 25% of the population were landless peasants [11]. After independence, the Indian authorities carried out continuous land reform. In the first stage, the Indian government abolished the Zamindar system by compensating Zamindars. In the second stage, they try to launch tenancy reform, restrict the maximum of land holding and even redistribute land. However, the effect of the second stage of land reform policy is not obvious, and there are still a large number of landless farmers [6]. In short, after the abolition of the Zamindar system, control of land

in India remained in the hands of the landlord class. The vast majority of practical peasants did not get land ownership. There were still at least 70 million landless farmers in rural India in 2013 [11].

Generally speaking, it can be said that China's land reform is more radical than India's land reform. Land reform in India, on the other hand, was relatively modest due to the constraints of the powerful landlord class.

3.2. Agriculture

The main purpose of land reform is to improve production efficiency and achieve land for peasants who have no land. By changing the old land relations, farmers are more willing to produce and thus increase agricultural productivity. After land reform, both China and India achieved growth in the agricultural sector. On the one hand, it is because of the improvement of agricultural technology, including the promotion of agricultural equipment and fertilizers. For example, the green revolution was launched in India in order to improve agricultural productivity. The main measures of the Green Revolution include the expansion of irrigated areas, the promotion of high-yield varieties, the use of chemical fertilizers, and the large-scale use of agricultural machinery. The introduction of hybrid seeds in India has even doubled the yield of foodgrains [7]. On the other hand, the redistribution of land stimulated the farmers' enthusiasm for production. China had a very remarkable performance for this reason. From 1950 to 1955, the average annual growth rate of agricultural output was 9.8 percent, grain output 6.8 percent, and cotton output 17 percent. Besides, the yield per hectare increased from 1035 kg in 1949 to 1425 kg in 1955, an increase of 37.7 percent and an average annual increase of 5.5 percent, which was even achieved in the face of slow technological progress [1]. One of the common points of China and India's land reforms is that both of them have had a positive effect on agricultural productivity. But the difference is that China's land reform has been more thorough, and agricultural productivity has increased even more.

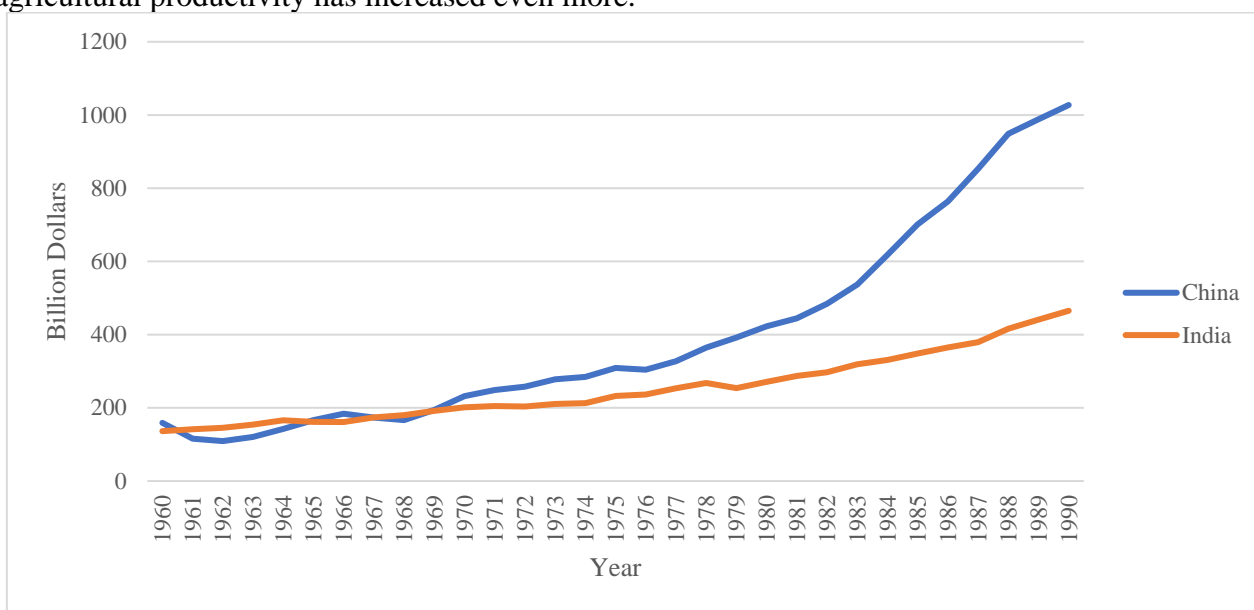


Fig. 1 Comparative analysis of GDP in China and India (Photo credit: Original) (Data source: the World Bank)

Besides, China continued to centralize land, pursued a policy of collectivization of agriculture, and established collective production cooperatives. The thought is good and there are many advantages to land collectivization. Not only collective land can decrease the cost of production, but also are conducive to mechanized farming [4]. However, for some reasons, the process of land collectivization has been greatly accelerated, and the degree of land concentration has been elevated too high, which has led to negative effects. As a result of this collective economic model, peasants have no obvious direct connection with the land and the final product, which reduces the enthusiasm of farmers to produce [1]. Figure 1 shows that the GDP of China experience a decline from 1960 to 1962. After

1978, China decided to abolish the people's commune system and decentralized the land. At the same time, the level of China's GDP began to increase significantly.

Therefore, if land reform would have many different effects in agricultural areas depends on the practical decisions. From the experience of China and India, the transformation of ownership from the landlord class to the peasant class would benefit. However, the reform of collectivization might have a negative effect on agricultural development.

3.3. Industrialization and urbanization

Generally speaking, industrialization is an important step for developing countries to develop the national economy. Without industrialization and urbanization, it is almost impossible for developing countries to achieve sound economic development.

In 1949, the Chinese industrial output value accounted for only 30% of the total industrial and agricultural output value, of which the heavy industry accounted for only 7.9%, and the departments were incomplete, and the equipment was extremely backward. China's per capita grain output is only 418 jin, which cannot maintain food and clothing. The modern transportation industry is backward, and the railway mileage opened to traffic is only 0.25 kilometres per 100 square kilometres of land area [1]. However, India performs better than China due to the legacy of British colonialists. In 1949, India produced 1.88 times more cotton yarn than China, 1.83 times more cloth, 1.14 times more electricity, 2.08 times more crude oil, 2.82 times more cement, 5.9 times more sugar, 6.56 times more pig iron and 8.67 times more steel [8].

However, nowadays, China's economy has surpassed India's, both in total size and per capita. The industrialization process is far ahead of India, and the poverty rate is much lower. Among the large developing countries with a population of more than 100 million, China has become the only country since the end of World War II to complete the original accumulation of capital in the early stage of industrialization and enter the stage of industrial expansion [12].

Looking at the industry of China and India from the perspective of land ownership, it is not difficult to find that the root of India and backward China lies in the private ownership of land. Much of India's land is controlled by the landlord class, making much of it difficult to use for industrial purposes. In addition, India's slum problem is also closely related to the land system. With lots of land being acquired by landowners and the population growing, large numbers of landless peasants will inevitably move to cities, but India's labor-intensive industries are not strong enough to provide enough jobs [11]. In addition, the post-1953 reform of land centralization in China was not only for the benefit of agriculture, but also for the development of China's own industrial capacity. After the first land reform in 1949, land was concentrated in the hands of many farmers, and the system at this time was peasant ownership. But this system scattered the land too much, and its agricultural production capacity was limited, unable to compete with the large collective farms. Moreover, according to Wen, the primitive accumulation of capital necessary for industrialization required the appropriation of agricultural surpluses on a large scale [12]. Therefore, China's industrialization at that time could only be achieved by the primitive accumulation of industrial capital on the basis of the appropriation of its own agricultural surplus, though this meant a decline in the profits of the agricultural sector, which may be one of the reasons why China's collectivized land policy made farmers less motivated to produce.

Therefore, if land reform would have a positive effect on urbanization and industrialization also depends on the practical situations and decisions. From experience of India and China, it is feasible to plunder the domestic agricultural surplus and complete the accumulation of capital, though it is extremely difficult for developing countries to do so in general.

4. Limitation and Outlook

This paper uses comparative analysis to analyze the economic impact of the differences and similarities of land reform in China and India. But the fact that this relationship has not yet been

quantified is a major drawback. There are too many factors affecting the development of the national economy, and the study cannot simply assume that land reform is beneficial to economic development based on the changing trend of data. Besides, it is regretful that the analysis of India is not as deeply studied as China. Moreover, the comparative analysis of land reform in this paper is limited to China and India and other developing countries with large population scale, vast territory and huge arable land. And it is limited to the differences in culture, history and system of different countries. For example, China's radical land reform (revolution) was carried out on the basis of specific historical events, and these experiences do not necessarily apply well to developing countries in general.

5. Conclusion

In a word, through the comparative analysis of the impact of different land reform policies in China and India after the 1950s, different degrees of land reform can indeed influence national economic development differently. In both the agricultural and industry sector, the change of ownership from the landlord class to the peasant class benefits the economic development of China and India. However, collectivization of land is not necessarily conducive to economic development. For India, in order to develop the national economy better, the authorities should take various measures to actively optimize land distribution conditions, which would improve productivity. For example, strengthening the legal supervision of land policy and giving more attention to landless farmers. Besides, India can imitate some of China's land policies and centralize land use to facilitate mechanized agricultural production and improve agricultural production efficiency. For China, the focus of land reform policy is on the degree of land concentration. Fragmentation of land will lead to higher transaction costs, and constraints will lead to productivity development. However, high concentration of land will lead to a decline in production willingness and lower production efficiency. In short, what degree of collectivization of land will be optimized for production efficiency is worthy of further study.

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