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Presentation Title

Land Reform, Optimal Land Holdings, and Redistribution
(with Zaifu Yang)

Abstract

In this paper we develop a new model of land reform. The model consists of landed elites and farmers, and the key policy decision concerns the number of private farms that are going to be established. The main idea is that, given the threat of revolution, landed elites should improve average national income so that they could reduce farmers' incentives to revolt. Landed elites could distribute part of their landholdings to a group of farmers, let them establish private farms, and hire the rest of the farmers at an improved wage rate. In our model, the number of private farms depends on the development of agriculture. If agriculture is a productive industry, land reform is an effective policy in consolidating elites' control over the state. However, if agriculture is no longer a booming industry, landed elites would choose to reduce the number of private farms and hire more labour at the improved wage rate. In addition, we find that if farmers have strong belief on landed elites' commitment to increasing their wages, then landed elites will prefer to hire farmers at a higher wage rather than give their lands to the farmers.

Keywords

Land, Land Reform, Political Economy, Conflict

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