Inequality of land tenure and revolutionary outcome: An economic analysis of China’s land reform of 1946–1952☆

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1. Introduction

In agrarian societies, land is not merely the most important factor of production (given its non-substitutable nature), it also serves as the “last resort” to which an ill-fated peasant could turn for insurance in times of crop failure. This exceptional significance of land has led Huntington (1968) to conclude that inequality of land tenure is the “bedrock of revolution” (p. 375). In this vein, inequality in land distribution (or “relative deprivation” more generally) is considered by some as “the most useful predictor” of revolutions and violent upheavals (Prosterman and Riedinger, 1987, p. 7; see also Scott, 1977).

China’s recent history provides a classic example of this intimate connection between land inequality on the one hand and the potential for revolution on the other. Indeed, the first significant endeavor that the Communists undertook as soon as they came to power was to reduce this inequality by implementing a thoroughgoing land reform (tudi gaige).1 Its significance is reflected by the official statistics that up to 90% of the rural populace was affected in this land reform, with some 700 million Chinese mu (or 115 million acres) or 44% of the arable land redistributed (Du, 1996). But while China’s land reform—as with virtually all land reforms—violated the principles of private property, it severed, paradoxically, the presumed

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☆ We thank two anonymous referees and the editor for helpful comments, Shuo Chen, Qin Jiang, Xiulin Sun for competent research assistance, and the financial support of the Hong Kong Research Grants Council (GRF642711 and GRF644208). The remaining errors are the sole responsibility of the authors.

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1 Lippit (1974), Moise (1983), Roll (1974), Shue (1980), and Wong (1973), among others, have all given useful accounts of China’s land reform. China’s land reform is considered among the “five great civil conflicts” in the twentieth century (Prosterman and Riedinger, 1987, p. 15). In fact, the “moral economy” thesis propounded by Scott (1977), which explicitly links peasant rebellion to a “subsistence ethic” (a set of shared community norms over food availability, the prices of subsistence commodities, the proper administration of taxation, and so forth), was to some degree inspired by Tawney’s (1966) characterization of the plight of the Chinese peasants.
positive correlation between land inequality and political radicalism. Specifically, it was conducted far more radically in that part of China—the north—where land tenure relations were far less unequal, than in areas where inequality of land tenure was distinctly more acute and land rental markets far more active. For example, the dearth of households qualified for classification as landlords in the north had resulted in the misclassification of some rich peasant households (Friedman et al., 1991). Likewise, the highly equal distribution of land ownership in the north in an overall context of abject poverty meant that there was a limited amount of land available for redistribution, which allegedly led to the repeated land reforms (Hinton, 1966).

Conventional wisdom attempts to account for this paradox on grounds of shifting political exigencies of the Chinese Communist Party (CCP). Since the land reform began in the north during the Civil War (c. 1946–49), a period when political legitimacy was of key concern to the Communist Party, the need to satisfy the demands of the poor for more land allegedly led the Communists to sacrifice the material interests of those who had wealth well above the village mean—the middle peasants included. But after defeating the Nationalists—their political opponent, political circumstances permitted the Communists to focus on reviving the ailing, war-torn agricultural economy; this led them to adopt a more tolerant policy towards peasants, especially the rich ones as they were judged to be the most productive group in the farm populace at the time.

While this narrative may be able to explain why the CCP shifted the reform goal from solely satisfying the needs of the poor to benefiting the poor while protecting the rich peasants at the same time, it is reticent about what enabled them to redistribute less from the “haves” to the “have-nots” without potentially frustrating the poorer social strata, given the zero-sum nature of land reforms. We attempt to provide an economic explanation to account for this historical paradox. We begin with the observation that the rural households, which made up roughly 90 percent of the country's population then, had all received a class label from the CCP based on criteria deeply rooted in the Marxian concept of “exploitation”. And while there could be many sources/forms of alleged exploitation such as land renting, labor hiring and usurious money lending, land renting was the single-most important criterion that the CCP employed in delineating the landlord class in pre-revolutionary China. The “Middle Kingdom”, however, is a country characterized by enormous variations in factor endowments. Differences in population density, cropping patterns and land productivity, for instance, may all have conceivably given rise to sharp differences in the distribution of land tenure, the extent of factor markets development, and so forth. To the extent that “exploiting” others was equated with the particular behavior of renting (out) land, the incidence of “landlordism” must be sharply higher in areas characterized by an active land rental market (presumably premised on a higher physical productivity of land) and a distinctly sharper inequality in land tenure and other forms of wealth.4

Indeed, our interpretation based on this fresh analytical perspective suggests that the self-sufficient owner–cultivators tended to make up the majority of the rural population in areas where both land inequality and land productivity were lower, and that an agriculture of dry farming permitted greater economies of scale in labor organization than an agriculture of wet-rice farming. In the north, the land rental market was inactive relative to the farm labor market and there were accordingly fewer landlords. But political pressure must have been so intense for those who were put in charge of the reform that they were obligated to enumerate a minimum list of households qualified for the “exploited” class label and to have their assets redistributed. These reformers did so by, for example, shifting the criterion of “exploitation” from land renting to labor hiring. But when even that failed to produce a long enough list, the reformers simply put the next tier (s)—namely the rich and middle peasants—to task (Shue, 1980; Hinton, 1966; Qin, 1993). Conversely, in areas where a much sharper inequality of land tenure prevailed it was much easier for the Communists to identify a sufficient number of landlords. In particular, as some of these privileged households—many of whom did not even reside in the villages (the so-called “absentee landlords”)—possessed vastly more land than did the average household, the reformers were able to transfer land and other assets from them to the poor.

Drawing upon a nationally representative survey in China in which retrospective information on families' designated class background, including a range of socioeconomic characteristics and even factor market (land and labor) participation, is uniquely available, we show how “ascriptive” class labels affixed to the rural households, particularly the landlords and rich peasants, were actually

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2 Landlords and rich peasants were differentiated on the basis of how they “exploited” the other social classes. Put simply, the landlords relied primarily on land rents for an income, whereas the rich peasants hired laborers to help work their surplus land. See the next section for further details.

3 The majority of provinces in north China belonged to the so-called “old liberated areas” (OLA), a concept referring to the political status of a province at the time of the Communists’ nationwide victory at the end of China’s Civil War. Broadly speaking, provinces already occupied by the CCP during the Civil War belonged to the OLA, whereas those governed by the Nationalist Government were classified as “newly liberated areas” (NLA). Fig. 1 shows the distribution of China’s provinces according to these categories. With the exception of Inner Mongolia (Neimenggu), Xinjiang, and Qinghai, virtually all provinces lying to the north of the Yangzi River fell into the OLA category, whereas those to the south belonged to the NLA. With the southern provinces governed by the Nationalist Government and the north occupied by the CCP, Jiangsu represented a unique case as the Yangzi River runs right through it (the red line in Fig. 1), splitting it into the “old” and the “new”. Southern Jiangsu, or more commonly known as Suzhou, lies to the south of the Yangzi River, whereas its northern counterpart, Subei, lies to the north. A similar situation applies to Anhui province. Since the geographic distribution of this political categorization almost completely coincides with the north–south divide, in the remainder of the paper we simply employ the latter to denote the regional differences in resource endowments, economic organization of agricultural production and factor market activities and their impact on class delineation. In addition, we exclude the three northeastern provinces—Heilongjiang, Jilin, and Liaoning—for analysis because their unique histories render them somewhat outlying cases. In a nutshell, these three provinces were gradually opened up as frontier settlements by the Qing Government in the mid-nineteenth century when millions of farmers flocked to these frontier lands after 1860. Those who migrated first obtained land easily compared to those who came later and were thus forced to work as tenant farmers (see Gottschang, 1987; Kung and Li, 2011; Wang, 2005; Wu et al., 1990). It is this unique situation that rendered the degree of land inequality in the Manchurian provinces exceptionally high by north China standards.

4 The bearing of factor endowments or “initial conditions” on the organizational characteristics of production and the resulting distributive and long-run growth consequences to which they are likely to give rise is well rehearsed by Sokoloff and Engerman (2000).
largely premised upon differences in the regional inequality structure and variations in factor market development (resulting initially from differences in factor endowments) across regions. Specifically, given that the CCP employed land rentals as the main criterion for identifying landlords, it was only able to find targets in areas where sharp inequalities in land distribution and accordingly an active land rental market prevailed, i.e., in the south. Conversely, in areas where the inequality in land was moderate and accordingly land rental activities were scarce, viz. the north, there were so few landlords that the CCP was unable to genuinely differentiate them from the rich peasants, hence resulting in the aforementioned misclassification. Our specific hypothesis thus predicts that land rentals would be the only significant variable capable of separating the landlords from the rich peasants and only in south China.

Moreover, our “factor endowment” approach is consistent with the observation that China’s land reform was successfully achieved at the expense of the “absentee landlords” (Roll, 1974), at least in the south where the overwhelming majority of these landlords resided, and with the counterfactual that there is no guarantee that the land reform in the south would have been less radically conducted had the prevailing inequality there been sharply lower. By the same token, one may reasonably contend that, had socioeconomic conditions in provinces in the north resembled those in the south, the land reform in the former would have been conducted in a much less radical manner.

The remainder of this paper is organized as follows. In the next section (Section 2) we provide a summary account of the CCP’s class policy; in particular, we highlight the overriding criterion (of “exploitation”) and the underlying (Marxian) theoretical rationale employed in delineating the boundary between the landlord and rich peasant classes, among the delineation of other social classes. We then introduce, in Section 3, a conceptual framework that is premised upon the sharp differences in a wide gamut of socioeconomic characteristics between the two broad Chinese regions. We expect these differences to have had a significant influence on the determinants of social class in reality. Based on this conceptual framework, we then spell out our two hypotheses regarding the determinants of social class. In Section 4, we introduce our data and variables and explain our empirical strategy. Empirical findings are discussed in Section 5, followed by a brief conclusion in Section 6.

2. Class policy and formation during the Communist Revolution

Previous studies on social class in Communist China have emphasized the political categorization of a variety of social groups assigned on the basis of the relationship of the household head to the “revolutionary struggle” at the time of “liberation”. For instance, families of “good-class origins” included both the “politically red inheritances” (i.e., families headed by pre-liberation Party members), such as revolutionary cadres and martyrs, and the working class, which, in the urban areas, included industrial workers and their families and, in the countryside, the poor and lower-middle peasant families (Unger, 1982, pp. 13–14). Conversely, families of former capitalists, counter-revolutionaries, and, in the countryside, landlords and rich peasants were all labeled as having “bad class origins”.

Nevertheless, in the context of land reform, the importance of a class policy went beyond mere political labeling, for its zero-sum nature crucially necessitated the clear delineation of beneficiaries and correspondingly the victims. While the delineation of some of these social groups was purely political—revolutionary cadres and counter-revolutionaries being a case in point, for the majority the boundaries were presumably much less straightforward as they entailed considerations that went beyond pure politics. Against this background, it is thus important to gain some insights into the major criteria that the CCP employed in delineating class boundaries, their underlying rationale, and not least the possible consequences of such a policy. We attempt to provide concise answers to these questions as a prelude to advancing our conceptual framework and subsequently our hypotheses in the sections to follow.

To understand class formation in Communist (rural) China, it is important to appreciate the pivotally important role played by “exploitation” or simply participation in the factor markets of land and labor in delineating class boundaries and Marx’s analysis of feudalism and capitalism. A perusal of the official document that lays out the criteria for delineating the various social classes during a land reform clearly reveals the singular importance of “exploitation” in such an exercise (Land Reform Handbook, 1950). For instance, rural families were supposed to belong to one of the following three class categories: the “exploiting” class (landlords and rich peasants), the “exploited” (poor peasants and hired laborers), and the largely self-sufficient middle peasants who were neither “exploiting” others nor being “exploited” (see Shue, 1980, pp. 47–56 for a detailed description of the various rural social classes). That the CCP was emphatic about “exploitation” instead of ownership of productive assets per se can be gleaned from the fact that land ownership alone did not warrant the label of a socially oppressed class, because even the middle peasants, or at least a good majority of them, owned some land (just enough to feed themselves).

It is at this juncture that we need to distinguish between landlords and rich peasants, whose respective destinies were supposed to differ according to the CCP’s grand scheme. Two things differentiated the landlords from the rest (the rich peasants included): first, land rents were their primary income source and, second, they did not perform “essential labor” for up to four months a year. These differences should, according to the CCP, distinguish them from the rich peasants, who, while considered as similarly belonging to the “exploiting” class, were essentially not in the rentier class, as they committed “exploitation” primarily

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5 Foner (1979) provides a useful discussion of the differences between achieved and ascribed bases of stratification more generally. Given that class labels remained affixed to one’s offspring regardless of the offspring’s actual political loyalty and behavior during the Maoist (pre-reform) era, small wonder sociologists are interested in the possible implications this social class branding of the population may have had on social mobility or what some call “status transmission” (Walder and Hu, 2009, p. 1401; see also Kraus, 1981; Lee, 1991; Unger, 1982). This paper, however, is primarily concerned with how social classes were actually delineated in contexts in which the “initial conditions” or factor endowments were radically different.

6 “Essential” labor includes such farming tasks as plowing, (trans) planting, harvesting and others.
by way of hiring laborers to work on their enlarged (rented) farms all year round. Moreover, unlike the landlords, who typically had no family members performing “essential labor”, the rich peasant households were considered less “exploitative” as they were supposed to farm their own land, albeit with the assistance of hired hands.7

That the landlords were essentially a rentier class was likely premised on Marx’s idea that feudalism, which represents a less progressive mode of production, was characterized largely by the tenancy or specifically the landlord–tenancy relationship (Xu and Wu, 1985).8 This explains why, in clear contrast to the rich peasants, landlords depended on land rents as their primary income source. Between these two classes, the rich peasants were considered a more progressive social force, as wage relations were the defining features that characterized the social relations of capitalism—a more advanced mode of production than feudalism according to Marx’s analytical schema (Xu and Wu, 1985; see also Huang, 1985, chapter 1).9 Thus, even though the rich peasants also allegedly committed acts of “exploitation”, they were nonetheless considered a more progressive social force and accordingly a political ally to be reckoned with in China’s socialist transition. It thus becomes clear that, insofar as the Communists were concerned, it was hiring labor rather than renting land that defined the “exploitative” nature of the rich peasant class.

As we shall make clear in the next section, this rigid formulation of class policy became problematic in several respects. Before we enumerate them, it is important to recognize that China was a large country with enormous spatial diversity in resource endowment and population density and, over the years, varying levels of socioeconomic development had resulted from the diversity. Applying a single-cut class policy thus created the risk of not being able to find the right shoe for at least one foot. Because of the low inequalities in land rights, there is ample evidence to suggest that landlords of the kind as described by the Communists were in reality few and far between in north China (Friedman et al., 1991; Hinton, 1966; Qin, 1993, among others). Failure of the local leaders to identify enough landlords from whom land could be confiscated and redistributed placed the rich peasants in a vulnerable position, to the extent that some were misclassified as landlords (Friedman et al., 1991). But radicalism was not confined to the instance of misclassifying the rich peasants as landlords.

Specifically, radicalism can be summarized as having manifested in three distinct respects. The first is that, instead of just once, land reform was conducted several times—specifically in response to the demand by the poor for more land to be redistributed.10 This hurts the production incentives of even some of the middle peasants, who feared that they might become the next target in a seemingly incessant class struggle.11 Second, radicalism was also articulated in the manner by which land was redistributed. If the landlords were really the sole target of land reform, the property of the rich and middle peasants should have been left alone in the redistribution, as was the case in the south (Kung, 2008). Instead, in adhering to the May 4th Directive calling for an all-out land equalization, land was simply equalized among all households—a practice that, while certainly hurting the rich peasants (who had more land than the average)—also adversely affected the better-to-do middle peasants.12 A third possible manifestation of radicalism in north China pertains to the difficulty the local leaders encountered in identifying households who were both rich enough and had rented out land (Friedman et al., 1991, p. 82). Although the minimum number of landlords to be targeted was not specified, local leaders must have felt sufficient pressure to have misidentified some villagers as such (Friedman et al., 1991, p. 83).13 We expect this proclivity to have occurred more commonly in the north than in the south because of the lower incidence of land rental market transactions in the former.14

Second, the mechanical application of Marx’s theory of equating feudalism with land rental relations and capitalism with wage employment, under the presumption that the latter represents a more progressive mode of production, unwittingly turned China’s socioeconomic reality on its head.15 In sharp contrast to this Marxian premise, land rental relations were in fact more pervasive in the more commercialized regions of China where per capita income was distinctly higher, whereas hired labor, most of which was actually confined to the employment of casual or short-term workers during peak agricultural seasons, occurred primarily in the less developed regions where per capita income was comparatively lower. For instance, a “representative” rich peasant in the southern part of Jiangsu province and parts of Fujian, Hubei, Jiangxi, Sichuan and Guangdong provinces—regions where land rental incidence was high (see the

7 Clearly the Communists’ definition includes the appropriation of not merely labor value but also “surplus value” more generally, which, according to classical Marxian theory, belongs to that part of the total social product over and above the costs of inputs—which include labor, raw materials, and machinery—in the production process. The difficulty in applying Marx’s idea in reality is that the concept of “surplus” is too ambiguous and that it is difficult to measure with precision the costs of producing and reproducing labor power (Wright, 1997).
8 It should be pointed out that feudalism in the Chinese context was not based on serfdom and landlords were not nobles. As Tawney (1966) observed, the tenancy relationship in pre-revolutionary China was not “afflicted by the iniquities of feudal land law”; essentially “(1) landlord and tenant are parties to a business contract, not members of different classes based on privilege and subordination” (p. 63).
9 For Marx, feudalism and capitalism should be analyzed not merely as two distinctively different modes of production but also in relation to the stages of economic development.
10 While advocating for the protection of the middle peasants, the 1947 agrarian law, which was rigorously implemented in the north, was explicit in stressing the overriding importance of satisfying the demands of the poor and the farm laborers.
11 As one middle peasant in the village observed by Hinton (1966, p. 197) lamented: “What is going to happen when you equalizers run out of oil (landlord and rich peasant property)? Who will be next?”
12 Ironically, redistributing land in this manner unwittingly undermined the importance of social class in determining victims and beneficiaries.
13 Unlike subsequent political campaigns under Mao, there was no explicit regulation regarding the assignment of quotas, for instance the number of landlords, over rural households—at least that was the case in south China. For example, we employed micro-level data to compute the distribution of social classes in 76 xiang (administrative villages) in Wuxi county of south Jiangsu province, and found that, at one extreme, 6.38 percent of one xiang’s households were classified as landlords, whereas, at the other extreme, one xiang had none. The overall mean for these 76 xiang was 2.2 percent landlords.
14 Although misclassification was not confined to the north, piecemeal evidence does suggest that misclassification in the south involved more subjective determinants (e.g., Kung, 2008). While we do not rule out the possibility that north China was entirely free from such influences, our point here is that a higher degree of equality in land distribution and a lower incidence of land rental activity in the north combined rendered the identification of landlords far more surmountable a task than it was in the south.
15 Defining exploitation and class appropriately in a context of pre-capitalist mode of production was clearly a challenge for the CCP.
next section)—earned 2267 catties of grain in the early 1950s, whereas someone of a similar status in north China—a region where the majority of farmers were owner-cultivators—earned a mere 644 catties (Roll, 1974, pp. 61–63 and 72). In short, it is likely that the more “backward” mode of production, characterized by a tenancy relationship, was in fact more prevalent in the more developed regions, whereas the more “advanced” mode of production dominated in the less developed regions. Thus, the confounding of “advanced” social relations with an actually “backward” development process in a political context where landlords were narrowly defined as being in a rentier class had likely resulted in the (earlier discussed) excessive radicalism witnessed during the land reform in north China.

3. Resource endowment, organization of agriculture and factor markets development: North and South China compared

The above analysis suggests that, where landlords were defined narrowly as being in a rentier class, the connection between renting out land and receiving the landlord class label differed geographically—depending primarily on the prevailing land rental incidence in a region. Where land rental transactions were active, a larger proportion of affluent households would be classified as landlords, and vice versa. As we will show later, differences in land rental incidence between north and south China can be largely attributed to the vast regional differences in a number of important socioeconomic characteristics and the resulting difference in the organization of agriculture between the two regions. Specifically, in the south, where land-abundant households were more likely to rent out land than to farm with the aid of hired labor, the link between renting out land and receiving the landlord class label was likely significantly stronger than in the north, where households were more likely to utilize their “surplus” land by hiring labor.

Table 1 compiles the key differences between the two regions for comparison, whereas Fig. 2 lays out the conceptual framework explaining how these differences combined to give rise to distinct differences in the organization of agriculture and the varying degrees of land and labor market development in these two regions. We begin our analysis by observing the sharp differences in land rental incidence between north and south China. Compiled from Buck’s (1937) monumental farm survey in the 1930s, the pertinent figures in

Table 1

Key socioeconomic characteristics of North and South China.

<table>
<thead>
<tr>
<th>Panel A</th>
<th>Per capita arable land (mu)</th>
<th>Per capita grain output (catty)</th>
<th>Gini</th>
<th>Rental ratio (%)</th>
<th>Absentee landlords (%)</th>
<th>Rice paddies (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North China</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shaanxi</td>
<td>3.87</td>
<td>500</td>
<td>0.41</td>
<td>14.48</td>
<td>12.37</td>
<td>9.29</td>
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<tr>
<td>Gansu</td>
<td>2.68</td>
<td>500</td>
<td>0.37</td>
<td>10.22</td>
<td>16.42</td>
<td></td>
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<tr>
<td>Shanxi</td>
<td>5.96</td>
<td>683</td>
<td>0.35</td>
<td>13.65</td>
<td>0.00</td>
<td>5.99</td>
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<tr>
<td>Henan</td>
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<td>0.35</td>
<td>13.93</td>
<td>15.29</td>
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<tr>
<td>Hebei</td>
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<td>500</td>
<td>0.33</td>
<td>10.78</td>
<td>2.77</td>
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<tr>
<td>Shandong</td>
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<td>0.29</td>
<td>9.77</td>
<td>6.01</td>
<td>2.16</td>
</tr>
<tr>
<td>Mean</td>
<td>3.56</td>
<td>530</td>
<td>0.35</td>
<td>12.14</td>
<td>7.29</td>
<td>8.16</td>
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</table>

<table>
<thead>
<tr>
<th>Panel B</th>
<th>South China</th>
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<th></th>
<th></th>
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<th></th>
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<tbody>
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<td>Guangdong</td>
<td>1.24</td>
<td>837</td>
<td>0.35</td>
<td>54.27</td>
<td>76.53</td>
<td>58.16</td>
</tr>
<tr>
<td>Guangxi</td>
<td>2.05</td>
<td>400</td>
<td>0.49</td>
<td>26</td>
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<td></td>
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<tr>
<td>Hubei</td>
<td>1.79</td>
<td>950</td>
<td>0.23</td>
<td>31.1</td>
<td>21.52</td>
<td>34.07</td>
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<tr>
<td>Qinghai</td>
<td>6.53</td>
<td>867</td>
<td>0.42</td>
<td>27.56</td>
<td>12.51</td>
<td>4.37</td>
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<tr>
<td>Yunnan</td>
<td>1.90</td>
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<td>Sichuan</td>
<td>2.07</td>
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<td>34.88</td>
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<td>69.67</td>
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<td>Guizhou</td>
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<td>Anhui</td>
<td>2.71</td>
<td>800</td>
<td>0.37</td>
<td>53.5</td>
<td>39.94</td>
<td>38.93</td>
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<tr>
<td>Mean</td>
<td>2.34</td>
<td>885</td>
<td>0.43</td>
<td>38.51</td>
<td>32.27</td>
<td>50.22</td>
</tr>
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</table>

Notes and date sources:

a In mu (1 mu equals 0.0667 hectare). Calculations are based on Zhang (1991).
b In catties of coarse grain (1 catty equals 604.8 g). Calculations are based on tables provided by Li (1959, p. 131).
c All Gini-coefficients were calculated by Zhao (2004) using the data collected by the Ministry of Interior (neizhengbu, 1932), except those for Sichuan, Fujian and Guizhou which were calculated by the authors based on the figures provided by Liu (2002).
d Buck (1937).
e Chen et al. (1974).

The various data sources that we employ for analysis here are fortunately not affected by the disruption of the Sino-Japanese War of 1937–1945, as most of the pertinent surveys were conducted prior to 1937. The Nationwide Investigation of Land (also known as National Land Commission), for instance, was conducted by Chen et al. (1974). The same applies to Buck’s (1937) collaborative nationwide survey with Jingling University, which also commenced in 1933.
Table 1 (column 4, both panels) verify the received wisdom that rental markets were sharply more active in the south (38.5 percent) than in the north (12.1 percent) (National Land Commission Chen et al., 1974; Zhao, 2004; Chen, 1996; Zhao and Chen, 1986). Some provinces in the south, most notably Guangdong, Anhui and Zhejiang, reportedly had more than half of their arable land transacted via the rental market—in contrast to less than 13 percent in the northern provinces of Hebei and Shandong (National Land Commission Chen et al., 1974, in Brandt and Sands, 1992, p. 189). At the micro-level, a survey conducted in the late 1920s in Wuxi (a county representative of the more prosperous lower Yangzi region) confirms that 78.6 percent of the farm households had rented land roughly equal to a nontrivial 63 percent of the land they owned (Kung et al., 2011). Moreover, “managerial farms”, which employed several wage laborers...
throughout the year and worked up to 200 mu of land in north China, were rarely found in the lower Yangzi (Huang, 1990). This further suggests that, unlike land rental markets, farm labor markets were basically inactive in this part of China.

What gave rise to the distinctly higher land rental rates in south China? A higher degree of land inequality prevailing in the south coupled with a sharply higher land productivity provide a vastly larger scope for farm households in this region to exchange between them land and labor in the factor markets. Take the Gini coefficients on land distribution in provinces of the two regions for example. It is clear from Table 1 that, at 0.35 land was more equally distributed in the north than in the south (0.43) (column 3, both panels, Table 1). With a couple of exceptions it is also clear that land productivity in the south far exceeded that in the north (column 2, both panels, Table 1), suggesting that the size of rental income that could be potentially obtained from the land rental market was high enough to attract both parties—the landlord and the tenant—to exchange use rights in this factor market.

But the question remains as to why the land-surplus households in the south preferred renting out land over bringing in labor. We believe that three factors played key deterministic roles. The first had to do with the unique resource characteristics of south China, which favored the choice of the land rental market over the farm labor market. Moreover, the high population-to-land ratios in the south ensured that there was invariably a strong demand for rented land. Last but not least the residential preference of the land-surplus households in the south reinforced the activeness of the land rental market (see lower right-hand panel, Fig. 2). We consider each of these factors in turn below.

In attempting to understand why one institutional choice of markets (land rental) predominates over the other (labor hiring), it is necessary to consider the specific resource endowment in a region and the resulting costs and benefits respectively associated with the two factor markets in question. Unlike dry farming in north China, for which there are apparently economies of scale,18 rice planting entails a series of highly individualized farm tasks to be performed with great care—the so-called “unsupervised initiatives”—and thus requires judgment and discretion on the part of the farmer (Bradley and Clarke, 1972; Wittfogel, 1971). As an economic anthropologist succinctly puts it,

“landlords find little or no economic advantage in evicting their tenants to run large, centrally managed estates. Instead they generally prefer to leave their tenants to manage their small farms independently, shouldering all or part of the risks of production. Thus, ..., in wet-rice societies there has been little trend towards the consolidation of landholding and the polarization of rural society into managerial farms and landless laborers” (Bray, 1986, p. 115).

The inherent difficulty in effectively supervising wet-rice cultivation is thus indeed a powerful determinant of institutional choice.

To the extent that supervision of labor is less efficacious on rice paddies,19 it becomes obvious why land rental markets were so active in the south–China’s major rice belt, where over half of the arable land was sown in rice paddies (Statistical Bureau of Republican Government, 1937; column 6, Panel B, Table 1), against a mere 8 percent in the north (column 6, Panel A, Table 1).

Reinforcing the predominance of land rental activity in the south was the exceptionally high population density there. As Table 1 shows, the per capita average of 3.56 mu of arable land in north China (column 1, Panel A, Table 1) was distinctly (52%) higher than that in the south (2.34 mu, column 1, Panel B, Table 1). In light of the small farm labor market in south China, the typically small farms in the region ensured that many households there had to rent more land, unless they had enough members working outside of agriculture. The earlier mentioned finding that up to 78 percent of the farm households in Wuxi county in the lower Yangzi rented a massive 63 percent of their own arable land around the late 1920s and mid-1930s is strong proof of that conjecture.

17 The land Gini coefficients were calculated by Zhao (2002, p. 63) based on a survey conducted in 1932 by the Ministry of Interior (neizhengbu). The Gini coefficients for the provinces of Fujian, Sichuan, and Guizhou, which are not available from the above source, were calculated by us using the figures provided by Liu (2002, p. 35). We prefer the neizhengbu survey over that of the National Land Commission (tudi weiyuanhu) of 1937 primarily because the survey data on land distribution collected by the Land Commission were enumerated on the basis of operational holdings, which included both owned and rented land. This tends to underestimate the degree of inequality in provinces with active land rental markets, which in this case are the provinces in the south. For example, the Gini coefficient of cultivated holdings in Guangdong–a province in the southernmost of China, was a mere 0.42, whereas its northern counterpart, Hebei province, had a measure of close to 0.6. However, it is generally believed that Hebei in the 1930s was primarily an economy predominated by the owner–cultivators (e.g., Friedman et al., 1991, p. 81; Shi, 1994). With less than 13 percent of the total cultivable land put on the rental market, Hebei stood in stark contrast with Guangdong province, where 77 percent of its land was up for rent (see, for example, Brandt and Sands, 1992, p. 189, Table 6.3). In addition, the range of Gini coefficients–of between 0.42 and 0.6–across the 14 provinces (excluding the northeast) as surveyed by the National Land Commission also appears to be exceedingly narrow. To see if our assessment regarding the north–south difference in the distribution of land ownership may be affected by the choice of survey data, we took the arithmetic average of the two surveys (of the National Land Commission and the Ministry of Interior) and performed a t-test between the two regions. While the overall Gini coefficients between the two narrowed, the difference remained statistically significant. In using these figures we are well aware of the caveats associated with their construction. These estimates ignore, for example, the share of households in each group as well as within-group inequality. They are thus merely employed to illustrate the regional difference between north and south China in terms of factor endowment and certain key socioeconomic characteristics for the purpose of motivating our empirical analysis. We thank an anonymous reviewer and the editor for alerting us to these limitations.

18 Typically, economies of scale in dry farming entailed a “team” element involving a number of workers and oxen working simultaneously (see Huang, 1985, pp. 145–146). The grain crops conventionally cultivated under dry farming included: barley, buckwheat, corn, sorghum, millet and wheat. In addition, farmers also grew a rich variety of legumes and oil-bearing seeds. See Buck (1937, chapter 6).

19 By regressing provincial rental incidence on the percentage of rice paddies in a province and controlling for land distribution using the Gini coefficient as a pertinent proxy, we do find support for this “transaction (supervision) costs” reasoning. The rice paddies variable is significant at the 5 percent level, which lends support to the idea that the costly supervision of labor in wet-rice cultivation was likely a key determinant behind the predominance of the land rental markets in south China. We should however take the results as indicative rather than conclusive because of the small sample size. The pertinent regression results are available upon request.
Now contrast the situation in the south with that in the north. Received wisdom suggests that the North China Plain (Hebei, Henan, and Shandong) collectively boasted a much higher percentage of owner-cultivators than the national average. Take Hebei and Shandong, the two main provinces on the North China Plain, as examples. While the national average of owner-cultivators between 1912 and 1937 was slightly less than 50 percent, the average of independent farmers in these two provinces ranged from about 68 to 75 percent during the same period (Shi, 1994, pp. 95–96). Indeed, the self-sufficient nature of rural north China was an important reason behind the inactive land rental market there. Moreover, the “team” nature of agricultural organization in dry farming implies that owners of “managerial farms” (which amounted to roughly 10 percent according to Huang (1985)) were more likely predisposed toward hiring labor than to renting out their surplus land, with the upper size limit of such farms being constrained largely by the aforementioned supervision considerations.20 It thus follows that chances were less likely that landlord families in north China would fall into the category of rentier class.

Last but not least let us give an account of the important role played by “absentee landlordism” in shaping the activeness of the land rental market in south China. The demand for rented land in south China was massive (as demonstrated by the village survey conducted by Chen and Sun, cited by Kung et al. (2011)), and could not be met by supply from within the same villages—only a mere 13 percent of the households rented out 15 percent of their land. This huge lacuna between the demand and supply of rented land suggests that the bulk of rented land was likely supplied by landlords who did not reside in the same villages—namely the “absentee landlords.”

Although data on the residential preferences of landlords are far less complete than other socioeconomic indicators, nonetheless a perusal of Table 1 easily shows the asymmetry in the percentage of “absentee landlords” between the two regions. In north China, not only were landlords rare, where they existed they also tended to reside in villages; only about 7 percent lived in more urbanized settings (column 5, Panel A, Table 1). In contrast, up to 32.3 percent of their counterparts in the south resided outside of the villages where they apparently owned and rented land (column 5, Panel B, Table 1).

Several factors likely gave rise to this phenomenon. First, from the late Qing period onwards, political upheavals and the resulting social unrest had prompted wealthy families to move to cities and townships for better protection (Economic Committee of Jiangxi Province, 1934; Mao, 1991; Zhang, 1957; Sun, 2004).21 But there was also a “pull” factor—the rich landowners in the south were also attracted by the more developed commercial environments in the cities and townships. In any case, the increase in the concentration of the richest rural populace in urban areas resulted in the development of a variety of innovative contractual practices governing the rental of land, which allowed landlords to own and rent land without necessarily residing in villages (Yang, 2007; Ci, 2006). In fact, landlords in Jiangsu, Zhejiang, Jiangxi, and Anhui provinces set up rent-collecting agencies and in some instances even hired private police to ensure that tenants honored their rental obligations (Chen, 1996; Xu, 2002; Statistical Bureau of the Republican Government, 1937; Duan, 1977; Zheng, 1977; Shen, 1977; Li, 1977; East China’s Military and Administrative Committee, 1952).22 The coexistence of a large number of “absentee landlords” and the high incidence of land rental in this part of China was therefore not fortuitous (columns 4 and 5, both panels, Table 1).

To test the rigor of this conceptual framework, we put the institutional choice of renting land versus hiring labor at the center of our analysis and correlate these two choices with all the pertinent variables we have thus far examined. The hypothesized relationships are shown in Fig. 3. Intuitively, we hypothesize that an active land rental market or conversely an inactive farm labor market should be correlated with high prevailing inequality in landownership, a high incidence of absentee landlords, and a high proportion of rice paddies in overall cultivable land, but negatively correlated with per capita arable land, for reasons already rehearsed. The correlation matrix is presented in the bottom panel of Fig. 3, which confirms both the direction of the postulated relationship and, equally important, the significance, albeit at only the 10 percent level. Moreover, the negative correlation between north China and rental incidence augurs well for our reasoning that the land rental market was inactive in that region.

We reiterate our hypothesis as follows. Due to differences in resource endowments between north and south China, agriculture was organized differently in the two regions. In the south, land-abundant households were more likely to rent out

20 In explaining why managerial farms were capped under 200 mu Huang (1985) pointed to the constraint imposed upon a managerial farmer by the cost of labor supervision: “He (referring to the managerial farmer) could personally oversee the work of his four hired men and move with them from one parcel to the next as a team. However, if his scale of operation were doubled to 250 mu and eight hired workers with no change in the parcel size, he would clearly be faced with some severe problems of management” (p. 172). For Huang, larger managerial farms enjoyed no apparent technological superiority over their smaller counterparts. It is perhaps necessary to recognize/establish, at this juncture, that even though the farm labor market was on the whole more active in rural north China (Bradt, 1987; Myers, 1970, among others), it was nonetheless confined largely to the hiring of casual or short-term labor during peak agricultural seasons, when a series of farm tasks between planting and harvesting had to be performed in close sequence. The survey findings from Wuxi and Baoding counties referred to earlier help shed light on this nuanced finding (see Kung et al. 2011). For instance in Baoding county, Hebei province, in 1930, of those surveyed farm households that did hire laborers, between 25 and 28 percent hired laborers only during peak agricultural seasons, and only 10–12 percent of the households hired on a yearlong basis—a result that was remarkably close to Huang’s (Huang, 1985, p. 83) estimate (12.5 percent) for north China.

21 Prominent examples of political upheavals and social unrest at the time included the Taiping Rebellion, the disturbances caused by the warlords, and subsequently the political tensions between the Republican Government and the Communists.

22 Tawney’s (1966) description of the elaborate rent enforcement mechanisms innovated by the landlords in southern Jiangsu during the early twentieth century neatly captures the political economy of “absentee-landlordism” there: “In southern Kiangsu, it was recently reported, landlords combined to maintain an agency which acts as an intermediary between them and their tenants, selecting the latter, seeing that rents are paid at the proper terms, setting in motion, when payments are in arrears, the machinery for eviction, and, with the connivance of the authorities, actually detaining defaulters in a private prison and inflicting physical punishment on them” (p. 68).
land than to farm with the aid of hired labor, whereas those in the north were more likely to utilize their “surplus” land by hiring labor. This fundamental difference, together with sharp differences in other socioeconomic characteristics between the two regions, resulted in a much more active land rental market in the south. Given that landlords were defined in terms of a rentier class in the context of land reform, it follows that the link between renting out land and receiving the landlord class label was likely much stronger in the south than in the north (Hypothesis 1).23 That there were few households actively engaged in renting land in north China also meant that, unless a landlord hired distinctly more labor—which was unlikely given the low degree of land inequality and that labor hiring was confined to primarily the peak season—it would not be easy to discern a landlord from a rich peasant household based on their socioeconomic characteristics.24 This led to the misclassification of the rich peasants as landlords (Hypothesis 2).

4. Data, model and variables

4.1. Data

Given that our goal is to compare how classes were determined in the two radically different socioeconomic Chinese contexts but under essentially a single class policy, our empirical test requires the following sets of information. First, we need information on the exact class label assigned to each family during land reform—the dependent variable in our estimation. Second, we also need to know whether a household had rented land or hired labor, or both. Finally, it is also important that we control for a number of other key household (socioeconomic) characteristics such as education (proxied by whether one is literate, for instance) and ownership of a variety of properties, family business included, in the pertinent period and context.

23 By this, we do not mean that there were no landlords in north China, but rather that the probability of identifying landlords as the rentier class there was sharply smaller given the inherent resource endowment and its distributive outcome in that region.

24 It is ironic that this situation was of immaterial consequence in north China because of the equal land division rule employed in that region. It was only when the CCP shifted its reform goal at a later stage (in the south) from satisfying the needs of the poor exclusively to assisting the poor while “preserving the rich peasant economy” that it became meaningful to separate the landlord class from the rich peasant class (Kung, 2008).
All this information is available from a nationally representative survey called "Life History and Social Change in Contemporary China", conducted in 1996 (Treiman and Walder, 1996). Using a multi-stage stratified probability sampling procedure, the survey obtained a representative sample of all adult residents (ages 20–69) registered either as "urban" or "rural" nationwide, on which basis field interviews were conducted with a total number of 6090 subjects (Treiman and Walder, 1996). In the retrospective part ("Life History") of this survey, enumerators collected detailed information on a number of key socioeconomic aspects about the respondents’ family background in 1948, the year prior to the victory of the Communist Party across China. These household characteristics included the educational attainment and occupation of one’s grandfather or father, ownership of arable land, residential and other type(s) of properties, businesses, and not the least their engagement in the factor–land and labor–markets.

An obvious caveat of this dataset is that it does not contain information pertaining to the ownership of production like it does on factor market participation. For instance, while the respondent was asked whether one’s father or grandfather had rented out land or hired labor to work his farm, the survey was reticent about the amount of land one’s grandfather or father owned, or, for that matter, how many laborers the grandfather or father hired. Obviously, in the absence of such information, we are unable to differentiate, for example, a big landlord who owned thousands of mu of land from a small landlord who owned just a few surplus mu. The same caveat applies to hired labor. This limitation notwithstanding, the categorical information on factor market participation is good enough for testing the determinants of class status in the two different regions in question. For instance, holding constant the socioeconomic (regional) characteristics, a land-renting household would more likely be classified as a landlord than as a non-landlord. By the same token, under the CCP’s classificatory scheme, we expect that the chances of labor-hiring households ending up as rich peasants are great. Moreover, the survey design also helps to minimize measurement error owing to lapses of memory: the set of retrospective questions after all focused on events that had occurred but a half century before. In any case, this dataset is, to our knowledge, the only available source of information that allows us to conduct an empirical study of the CCP’s class policy on a national basis at this important historical juncture of China’s politico–economic transition.

Since we are primarily concerned with class determination in the context of land reform, which took place in a rural setting, we confine our analysis of social class categories to only those commonly employed in this context, namely Poor Peasants, Middle Peasants, Rich Peasants, and Landlords. While Revolutionary Cadres, Soldiers, Martys, etc. are also relevant to the rural context, they made up such a small proportion (2.37 percent) of the overall sample that we decided to exclude them from our analysis. Other categories, such as Workers, Capitalists, Rightists, Urban Residents, etc., are excluded because they were relevant to only the urban context. Altogether, 891 observations were deleted from the original 6090 cases and 5176 observations were left for analysis—including those whose fathers or grandfathers lived in the rural areas in 1949. Based on the foregoing set of explanatory variables, our empirical strategy was to identify which of the variables were statistically significant determinants of social class in rural China during the Communist transition.

4.2. Model and variables

Our dependent variable is a four-category class label assigned to a farm household (1 = poor peasant, 2 = middle peasant, 3 = rich peasant, 4 = landlord). Our main goal is to examine, based on both participation in factor markets before the land reform and a vector of socioeconomic characteristics, the odds of farm households being assigned to a particular social class. In light of this objective, the multinomial logit model would be the most appropriate empirical model choice.

The multinomial logit model can be viewed as an extension of the binary logit model (Powers and Xie, 2000). For an outcome variable, \( Y \), with four categories (\( J = 4 \)), and, using the poor peasant as the reference group (\( J = 1 \)), the log odds between categories \( j \) and 1 can be rewritten as a linear function of \( x \):

\[
\log \left( \frac{P_j}{P_1} \right) = x_j \beta_j, \quad \text{for } j = 2, 3, 4.
\]

where \( x \) represents a set of independent variables with coefficient \( \beta \) for a specific category \( j \).

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25 By “nationally representative” we are referring to the 1996 survey rather than to the situation half a century earlier. This may explain the discrepancy found in the distribution of the poor peasants between the received wisdom, for instance, which estimated poor peasants to have accounted for roughly 70 percent of the national total (see Zhang, 1991, p. 6), and the 1996 survey finding of 85 percent (Table 2). We do not think that the discrepancy is due to intentional misreporting, however, primarily because class label was no longer a cause for concern in the mid-1990s (Walder and Hu, 2009). Moreover, as it shall become more evident later, the various social classes exhibited distinct differences in a number of socioeconomic respects—most notably education and factor markets behavior (Table 2). The observed discrepancy may simply be due in part to sample attrition, and to the possibility that those who were classified as lower-middle peasants—a finer category that was once used to differentiate the better-off middle peasants from their poorer counterparts—saw themselves as belonging to the poor peasants category when they had to choose between the broader categories of middle and poor peasants. In addition, to gauge if the discrepancy may be due to the potential problem of memory recall by our younger respondents, we dropped those who were born after 1974 and still we came up with the same percentage distributions. In any event, the fact that we have proportionately more poor peasants should not affect our empirical analysis as our primary interest lies in comparing the odds with which the better-to-do households were classified as landlords vis-à-vis rich peasants.

26 Whether a respondent was referring to his father or grandfather depended purely on his/her age. A case can be made that respondents in their early 20s who were asked whether their grandfather had owned land or hired labor to work his farm, the survey was reticent about the amount of land owned by their grandfather or father, or, for that matter, how many laborers the grandfather or father hired. Obviously, in the absence of such information, we are unable to differentiate, for example, a big landlord who owned thousands of mu of land from a small landlord who owned just a few surplus mu. The same caveat applies to hired labor. This limitation notwithstanding, the categorical information on factor market participation is good enough for testing the determinants of class status in the two different regions in question. For instance, holding constant the socioeconomic (regional) characteristics, a land-renting household would more likely be classified as a landlord than as a non-landlord. By the same token, under the CCP’s classificatory scheme, we expect that the chances of labor-hiring households ending up as rich peasants are great. Moreover, the survey design also helps to minimize measurement error owing to lapses of memory: the set of retrospective questions after all focused on events that had occurred but a half century before. In any case, this dataset is, to our knowledge, the only available source of information that allows us to conduct an empirical study of the CCP’s class policy on a national basis at this important historical juncture of China’s politico–economic transition.
The model can be extended to a contrast between any two categories, $j$ and $j'$, by taking into account the coefficients for both the $j$ and $j'$ categories, namely,

$$\log \left( \frac{p_{ij}}{p_{ij'}} \right) = x_i (\beta_j - \beta_{j'}) .$$

This is tantamount to changing the reference group so that we can assess the relative change in the odds between any two categories, because a more rigorous test of our hypotheses requires us to compare the decisive differences specifically between the landlords and rich peasants and also to separate north China from south China in order to examine how and to what extent the determinants may vary between the two regions.

Our key independent variable is factor markets participation, which can either be hiring labor, renting land, or both. Hire labor (hire) is measured as a binary variable (coded 1 if a household had hired any labor to farm its land before the land reform and 0 otherwise). Rent land (rent) is similarly measured as a binary variable (coded 1 if a household had rented out land to others before the land reform and 0 otherwise).

We also include two household socioeconomic characteristic variables as controls. First, we employ the respondent's grandfather's education to proxy for a family's level of human capital at the time of the land reform, under the assumption that educational attainment and social class are positively correlated. This is a dummy variable, coded 1 if the respondent's grandfather was at least literate, and 0 if illiterate.\(^{28}\)

The other control variable is household property (property). As an indicator of a household's socioeconomic status, this variable summarizes five different (but highly correlated) aspects of a household's wealth before 1949. These five aspects are: (1) whether a respondent's grandfather (or father) owned any residential property prior to the land reform; (2) whether he owned any property other than his residence prior to the land reform; (3) whether he owned any building(s) other than his own residence prior to the land reform; (4) whether he owned any arable land prior to the land reform; and (5) whether he owned any shop or business prior to the land reform. All of these questions are coded as dummy variables (yes = 1, otherwise = 0). As these variables are likely highly correlated with each other, to avoid multicollinearity, we construct a single variable called "property" by counting the frequency of the "1" answers to these five questions.

As only one class policy was implemented in two broad regions with radically different socioeconomic characteristics, we divide the Chinese provinces into two regions, namely north China and south China. As discussed earlier, north China included Hebei, Shanxi, Henan, Shaanxi, Gansu, Shandong provinces, and northern Jiangsu province; all other provinces listed in Panel B of Table 1 belonged to the south (see also Fig. 1). The dummy variable region indicates the specific region to which a province belonged, with a northern province denoted 1 and a southern province denoted 0.

The mean of both key explanatory and control variables (including a breakdown of household property) is reported in Table 2. At least three striking results can be observed. First, it is clear that the landlords and to a lesser extent rich peasants were on the

\(^{28}\) We grouped all the respondents who claimed that their grandfathers were literate and those who reportedly had received varying years of schooling together.
whole more actively engaged in factor market transactions than both middle and poor peasants, regardless of region. For instance, the poor peasants, as expected, rarely participated in the labor market as employers. There was noticeable difference in factor market behavior, however, at the other end of the class spectrum. Whereas rich peasants in north China were more actively engaged in the labor market than their counterparts in the south (0.469 compared with 0.232), proportionally more landlords in the latter engaged in land rental transactions (0.472 compared with 0.214). Third, as anticipated, the grandfathers’ educational attainment increased monotonically with social class status. For instance, roughly 54 percent of the landlord families were literate, compared to a mere 18 percent among the poor peasant families. We shall consider in the following section whether these differences are significantly borne out in our empirical estimations.

5. Empirical results

Results of the multinomial logistic regressions are presented in Table 3, where all observations are pooled together and regional variations are controlled for using a regional dummy variable (north China = 1). The first three columns summarize the odds of being assigned a class label of middle peasant, rich peasant, and landlord relative to being assigned a class label of poor peasant—the reference group. A striking finding of this baseline estimate is that, relative to the poor peasant class, all four of our explanatory variables, hire, rent, grandfather’s education, and property, significantly explain the odds of being assigned a particular class vis-à-vis that of the poor peasant. Moreover, as the gap or “distance” between two social classes widens (compare, for instance, the difference between a poor peasant and a landlord relative to the difference between a poor and middle peasant), the pertinent coefficients of hire, rent, and grandfather’s education increase monotonically. This baseline estimate lends confidence with regard to the quality of our dataset.

But clearly our analytical interest lies in comparing the odds of class assignment between the rich and middle peasants, the landlord and the middle peasant, and in particular the landlord and the rich peasant. A striking finding in this connection is that, while it is possible to differentiate the landlords and rich peasants as a group from the middle peasants in terms of hiring labor (hire), there is no statistical significance between landlords and rich peasants (columns 4–6). It is only in terms of renting land (rent) that we are able to differentiate between the two (column 6). There is no significant difference in education between any of the three pairs of comparison in columns 4 through 6, suggesting that education was not an important determinant of class save for those who were especially disadvantaged, viz. the poor peasants.

While the significance of rent in differentiating the landlord from the rich peasant class powerfully substantiates the CCP’s class policy of using rental income to identify the landlords, the specific test of our hypotheses requires that we distinguish between the two Chinese regions and analyze factor market behaviors in these separate contexts—a task to which we now turn.

A new set of analyses are thus performed and presented in Table 4, in which results pertaining to north China are summarized in the upper panel, whereas those pertaining to south China are in the lower panel. Since our main concern lies in comparing the odds of being classified as a landlord, rich peasant or middle peasant, we proceed directly to the results in columns 4–6. Consistent with Hypothesis 1, the results in Table 4 clearly show that the variable rent is significant in only the south—the region where land rental markets were sharply more active than elsewhere in China. Of course, if it is possible to tell the difference between a landlord and a rich peasant, it is likely that the difference between a landlord and a middle peasant would be even more striking; indeed, both the level of statistical significance and coefficient size are larger in the latter case. These results firmly support Hypothesis 1.

Hypothesis 2 states that, owing to the low incidence of land rental activities in north China, hiring labor would likely replace land rental as the more active of the two factor markets and would thus provide the basis for identifying the landlord class in this part of China. However, the prevailing low inequality in land distribution there meant that there may be so few landlords that

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mid. peasant</th>
<th>Rich peasant</th>
<th>Landlord</th>
<th>Rich peasant vs. Mid. peasant</th>
<th>Landlord vs. Mid. peasant</th>
<th>Landlord vs. Rich peasant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hire</td>
<td>1.395***</td>
<td>2.385***</td>
<td>2.784***</td>
<td>0.990**</td>
<td>1.389***</td>
<td>0.399</td>
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<tr>
<td></td>
<td>(0.223)</td>
<td>(0.310)</td>
<td>(0.336)</td>
<td>(0.302)</td>
<td>(0.328)</td>
<td>(0.387)</td>
</tr>
<tr>
<td>Rent</td>
<td>0.521</td>
<td>1.311**</td>
<td>2.476**</td>
<td>0.790*</td>
<td>1.955**</td>
<td>1.165**</td>
</tr>
<tr>
<td></td>
<td>(0.331)</td>
<td>(0.408)</td>
<td>(0.379)</td>
<td>(0.136)</td>
<td>(0.361)</td>
<td>(0.419)</td>
</tr>
<tr>
<td>Grandfather’s education (can read/higher = 1)</td>
<td>0.648***</td>
<td>0.628**</td>
<td>0.937***</td>
<td>−0.020</td>
<td>0.289</td>
<td>0.310</td>
</tr>
<tr>
<td></td>
<td>(0.097)</td>
<td>(0.221)</td>
<td>(0.256)</td>
<td>(0.229)</td>
<td>(0.261)</td>
<td>(0.313)</td>
</tr>
<tr>
<td>Property index</td>
<td>0.477***</td>
<td>0.695***</td>
<td>0.517***</td>
<td>0.218*</td>
<td>0.040</td>
<td>−0.178</td>
</tr>
<tr>
<td></td>
<td>(0.036)</td>
<td>(0.101)</td>
<td>(0.118)</td>
<td>(0.104)</td>
<td>(0.120)</td>
<td>(0.148)</td>
</tr>
<tr>
<td>North China (= 1)</td>
<td>−0.031</td>
<td>−0.272</td>
<td>−1.106***</td>
<td>−0.241</td>
<td>−1.075***</td>
<td>−0.835*</td>
</tr>
<tr>
<td></td>
<td>(0.092)</td>
<td>(0.227)</td>
<td>(0.322)</td>
<td>(0.235)</td>
<td>(0.320)</td>
<td>(0.372)</td>
</tr>
<tr>
<td>Constant</td>
<td>−3.073***</td>
<td>−5.668***</td>
<td>−5.730***</td>
<td>−2.595***</td>
<td>−2.657***</td>
<td>−0.062</td>
</tr>
<tr>
<td></td>
<td>(0.0995)</td>
<td>(0.302)</td>
<td>(0.339)</td>
<td>(0.312)</td>
<td>(0.348)</td>
<td>(0.439)</td>
</tr>
<tr>
<td>N</td>
<td>5176</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chi-square</td>
<td>853.65</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pseudo R²</td>
<td>0.150</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Notes: Figures in parentheses are standard errors. Two-tailed tests, *** p < .001 ** p < .01 * p < .05 † p < .10.
some rich peasants would likely be misclassified as landlords. Empirically, this should be borne out by the lack of discernable differences in the key socioeconomic characteristics between the landlords and rich peasants in this particular region. That is indeed what we have found — we are still unable to distinguish the landlords from the rich peasants in terms of hiring labor (column 6, Table 4). That this finding applies also to the south suggests that large-scale hiring of laborers was indeed uncommon among landlords in pre-1949 China, for reasons already adduced. Two additional findings are worthy of our attention. First, while we can distinguish between the landlords and middle peasants in both regions in labor hiring practices, the significant difference between the two in terms of land rental market behavior is discernible only in the south (column 5, Table 4). Second, while we are still able to differentiate rich peasants from middle peasants in labor hiring practices in the north, it is no longer the case in the south (column 4, Table 4). Together, these findings suggest that hiring labor was indeed the key criterion for class delineation in areas where the market for hiring labor was the more active of the two factor markets.

To further check the robustness of our estimations, we group the poor and middle peasants together and compare once again the differences (if any) between this group and the one group consisting of the landlords and rich peasants. The results of these estimations are presented in Table 5. Insofar as north China is concerned, the results remain basically the same, namely that there is no discernable difference between landlords and rich peasants in terms of both hiring labor and education. In the south, however, it is possible to distinguish between them in terms of land rental behaviors. In addition, grouping the middle and poor peasants together makes it possible to distinguish them as a whole from the rich peasants—a difference that was not discernable previously (column 4, Table 4). By and large, the results in Table 5 are consistent with those in Table 4, and therefore reinforce the robustness of our earlier findings.

6. Summary and conclusion

Throughout history, inequality of land tenure and social upheavals have always gone hand in hand. China is no exception. The Chinese Communist Party (CCP), which has been ruling the whole of China since 1949, had premised its political legitimacy on the land issue. But China’s land reform, which affected so many people, raises the issue of why the reformers initially behaved so much more radically in areas where the degree of inequality was in fact the lowest, and yet subsequently became distinctly more lenient toward the relatively affluent households in areas characterized by a much sharper inequality? The existing explanation,
which premises on the fact that China’s land reform actually occurred in two distinct stages—with the first being more radical than the second—sought the answer to this paradox in shifting political priorities.

An unanswered question, however, is what enabled the CCP to adopt a more moderate policy towards the rich and middle peasants in areas where the degree of land inequality was sharply higher and where many large landowners simply did not reside in the villages where they held land. Differences in factor endowments across China and the differing organization of agriculture and socioeconomic outcomes to which they gave rise, we maintain, powerfully explain the seeming paradox in question. Consider the following counterfactual: had land reform in north China been conducted under socioeconomic conditions similar to those in the south, it would have been conducted much less radically. By the same token, there is no guarantee that the land reform in the south would have been less radically conducted had the prevailing land rental market conditions similar to those in the south, it would have been conducted much less radically. By the same token, there is no guarantee that the land reform in the south would have been less radically conducted had the prevailing land rental market been sharply less active and without a significant proportion of its landlords being absentee landlords

The degree and range of radical behaviors observed in north China can by and large be explained by the ("single-cut") policy of defining the landlord class based on the overriding criterion of land rentals. As we hope to have cogently demonstrated with data that in this part of China it is a rather formidable task to distinguish the landlords from rich peasants regardless of the criterion employed (be it land renting or labor hiring), as there were simply too few landlords and too few differences in the socioeconomic characteristics between these two social classes. Small wonder, therefore, that in north China the reformers can only differentiate the landlords and rich peasants as a group vis-à-vis the middle peasants. To prove that they had successfully conducted land reform according to official instructions, it was thus not uncommon for reformers at the grassroots levels to classify what would be rich peasant households as landlords, for land reform to be conducted several times where land inequality was not particularly severe, and for the pertinent land division rule adopted to be excessively egalitarian, to name but a few examples of radicalism.

It is thus not a mere coincidence that landlords could only be identified in the south and primarily due to their participation in the land rental markets. Precisely, it is only in regions where the prevailing degree of land inequality was distinctly higher, where wet-rice agriculture was not conducive to labor hiring so that the land rental market was sharply more active, and so on, that landlords, as a rentier class, could be identified empirically. It is these fundamental differences, according to our analysis, that produced the different revolutionary outcomes.

Perhaps it is also worth pointing out, by way of conclusion, that our analysis also helps to better clarify the conflicting verdicts regarding the economic necessity of China’s land reform. For example, in instances where land reform was carried out in areas where land and other forms of wealth were far more equally distributed than assumed, it is difficult to avoid the conclusion that land reform could be justified only in political terms.29 On the other hand, land reform is appraised by others in a far more positive light, namely, that it did “bring about a net positive transfer to the rural population …… (of which) the majority was derived from the wealthy absentee landlords” (Roll, 1974, p. 95). None of these assessments is incorrect because it all boils down to which China we have in mind.

29 Shue (1980), for instance, remarks that “land reform made …… a great many people somewhat better off, (b)ut it made no one rich” (p. 90). See also Chen et al. (1993), among others, for the political significance of the land reform.

Table 5
Multinomial logistic regressions predicting a family’s class label assignment. (Three categories: landlords, rich peasants, and others [poor and middle peasants]).

<table>
<thead>
<tr>
<th>Variables</th>
<th>North China</th>
<th>South China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hire</td>
<td>2.575***</td>
<td>2.912***</td>
</tr>
<tr>
<td></td>
<td>(0.491)</td>
<td>(0.702)</td>
</tr>
<tr>
<td>Rent</td>
<td>0.617</td>
<td>0.463</td>
</tr>
<tr>
<td></td>
<td>(0.674)</td>
<td>(0.853)</td>
</tr>
<tr>
<td>Grandfather's education</td>
<td>0.714†</td>
<td>1.098†</td>
</tr>
<tr>
<td>(can read/higher = 1)</td>
<td>(0.402)</td>
<td>(0.606)</td>
</tr>
<tr>
<td>Property index</td>
<td>0.577**</td>
<td>0.608*</td>
</tr>
<tr>
<td></td>
<td>(0.189)</td>
<td>(0.298)</td>
</tr>
<tr>
<td>Constant</td>
<td>−6.111***</td>
<td>−7.407***</td>
</tr>
<tr>
<td></td>
<td>(0.549)</td>
<td>(0.912)</td>
</tr>
<tr>
<td>Number of cases</td>
<td>1949</td>
<td>3227</td>
</tr>
<tr>
<td>Chi-square</td>
<td>133.39</td>
<td>311.86</td>
</tr>
<tr>
<td>Pseudo R²</td>
<td>0.271</td>
<td>0.230</td>
</tr>
</tbody>
</table>

Notes: Figures in parentheses are standard errors. Two-tailed tests, *** p < .001 ** p < .01 * p < .05 † p < .10.
Yang, L., 2007. Qingdai chengju dizhu xingqi de yingxiang (The rise of urban landlords and their influences during the Qing Dynasty). Henan Ligong Daxue Xuebao (Journal of Henan Polytechnic University) 8, 290–293.