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Comparing Development in India and China

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Video URL: <http://ecorner.stanford.edu/videos/1896/Comparing-Development-in-India-and-China>

Tarun Khanna, Professor at Harvard Business School, summarizes insights from one of his books by comparing private and public rights in India and China. Khanna argues that in India, private rights are favored over the public interest whereas in China the opposite is true. These tradeoffs affect the nature of doing business in each country and development. Elsewhere in his presentation, Khanna also suggests that India and China differ in that India has weak hard infrastructure (roads, etc.) but strong soft infrastructure (human assets, etc.) whereas in China the opposite is true, a duality that is clearly related to the public and private rights distinction discussed in this video segment.



Transcript

The point that I was making earlier, faced with the choice between private interests and public rights, China will always chose in the interest of public rights to the detriment of the indigenous population but to the advantage of people in this room and to me because you get to go to a modern China and you get to build up factories in China and utilize low cost labor but it is coming at the cost of the indigenous Chinese in many instances or at least a segment of the indigenous Chinese who are being asked to move their properties away. So here you see the dual-ness of China India story. In India you see the shantytowns that you cannot get rid of. At an individual level there is something satisfying about that, at a collective level it's a big problem. In China the opposite, as an individual you are out of luck but as a country level success story you have roads, hydroelectric power, televisions for everybody, things of that nature that have also an attractive material nature to them. And again, my intent in this book, in this exercise is very, very clearly not to say that one society is unambiguously better than the other because it is very hard for me to rank on the one side people who's individual lives and dignity are being protected but are hungry but on the other side people whose hunger and basic needs are being met but who are told that there are things they are absolutely not allowed to do. So that's really the tradeoff.