

# Persistent Problem of Land Tenure

By PETER RHODES

THE Food and Agriculture Organisation of the United Nations has just produced a short but comprehensive survey of land legislation. A paragraph from the introduction to the report sets the tone for the contents of the document as a whole and illustrates how pressure for land reform has led to a variety of complex legislative measures throughout the world.

"With the expansion of state intervention in the economic and social sphere, the relations between the owner of agricultural land and the tenant thereof were to become a matter dependent almost as much upon public as upon private law; the state's concern with economic considerations has led it to regulate tenancies in such a manner as to improve, or increase, agricultural production, principally by eliminating absenteeism and promoting continuity of cultivation. The right of ownership, once absolute, has undergone great changes, and it is to be noted that modern legislation usually gives recognition to the principle of the social purpose of property."

The report cites legislative measures from more than thirty-six countries, all of which endeavour to provide for one or more of the following:

1. Setting minimum periods of tenancy and automatic continuation of leases.
2. Restricting the grounds for eviction.
3. Limitation or control of rents.
4. Restriction of sub-letting.
5. Compensation for improvements and disturbance in the case of termination of the lease.
6. Encouragement of peasant proprietorship by appropriate means, as, for instance, the grant of a right of pre-emption in the case of sale of the leased property."

Because conditions vary from country to country, the social and economic problems of land tenure are tabled in different ways. The writers of the report believe that in some highly developed countries the contemporary need is "to reconcile a high degree of security for the tenant farmer with the efficiency of the farming system." In other countries, however, the problem is "to introduce protection for the tenant and make it effective."

Recognising the importance of the type of land tenure system in use, the report says: "Areas with great population pressures on the land are generally regions of extreme insecurity and high rents, since strong competition for the occupancy of land weakens the bargaining power of the tenant and places him at the mercy of the landlord."

This view leads to the support of rent control which is justified in the following terms: "Where there is a con-

siderable population pressure on the land, and tenant holdings are small, and where tenants are in a very weak bargaining position, the income left to the farmer does not give a basis for a satisfactory standard of living. In such areas rent control may be important, since the tenant's living requirements must have prior claim on the produce if efficient cultivation is to be secured.

However, the FAO experts have some reservations about the effect of tenure control, since they point out: "It has been argued that security of tenancy has not only favourable effects, but also the less desirable consequences of keeping the inefficient tenant on the land by eliminating the normal competition between tenants. Provision should be made that security of tenancy should not protect the negligent tenant, since this would actually reward mis-management of land."

It is in the concluding paragraph of the document that the international agricultural land tenure dilemma can be found: "The elimination of payments to previous intermediate right-holders, and the reduction of rent payments to landlords (when the payments are high, relative to their contribution to production), will automatically increase the returns to the active partners in production and have useful direct and indirect effects on agricultural development. The elimination of intermediate right-holders will place direct responsibility on the cultivator, who will increase the cultivation of his land in accordance with his enlarged share in the returns of the land."

Thus, the reduction of agricultural rents through legislation where rents are very high (probably in excess of what a free market would decide) tends to help the agricultural producer. On the other hand, the payment of less than a free market rent tends to produce a protected class of privileged producer.

The various approaches made through legislation to improve the status of farmers throughout the world, as illustrated in this report, only serve to illustrate the task of a fundamental economic approach to land tenure problems. In a political system that acknowledges that site rent should be paid to the state for the use of all land, the problem of *tenure* would not be significant since access to all land and the continued tenancy thereof would be assured upon payment of the rent. Moreover the availability of marginal land would ensure that no landless peasant class could exist.



It is a pity that this analysis by the FAO has been confined to existing methods of agricultural land reform. The advantages of land-value taxation as an instrument of dynamic improvement have consequently been neglected. Perhaps one day the FAO will look in this direction.

*Principles of Land Tenancy Legislation*. 1966. U.N. Food and Agriculture Organisation, Rome. \$2.50 or 12s. 6d.