

## POSTCARD

## 52. Land redistribution: opportunities and traps

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In the places where the poor farm, a heavy concentration of land ownership is a major cause of poverty. Land reform – legislation to redistribute farmland ownership, claims or rights, thus raising poor people's status, power and income – has a continuous, worldwide history from Messenia, Sparta, in around 540 BCE (Buckley, 2010; Powelson, 1987). In modern times, radicals and liberals alike have backed equal, small-scale farms: 'No man made the land. It is no hardship to be excluded from what others have produced. But it is some hardship to be born and to find all nature's gifts previously engrossed' (J. S. Mill).<sup>1</sup> Supporters claim that land reform equalizes opportunity. Opponents retort that it violates legitimate incumbents' security, makes returns uncertain and deters investment.

Settling this stand-off in a particular case depends on whether unequal opportunity or insecure property is the graver problem; on whether the poor have few or many off-farm opportunities; and on whether smaller-scale farming is more, or less, efficient and innovative after reform. Small-scale farms have lower transaction costs, but this applies only to low-income, labour-intensive agriculture in principally farming economies. That makes a strong equity and efficiency case for individually redistributive land reforms there.

Following Korea and Taiwan, China (1945–53), many Asian and Latin American countries have enacted ceilings on individual ownership. They have also brought in tenurial controls, for example on rents and evictions. Despite evasion and avoidance, ceilings on land ownership have created incentives to sell or bequeath land in small units, with massive redistributive effects. Tenurial controls, however, created incentives to shift land from rental to larger-scale owner-farming – often damaging the poor unless ownership ceilings were also enforced.

Alongside these effects are those of collective and state farming. Even when they have been equalizing in motive, both have transferred power from farmers to distant bureaucrats and to urban extractors of farm surplus. This process has disempowered the poor, and killed many millions in state-induced famines, but has also led to efficient reform after the failure of the centralized approach. Russia (1917), China (1948) and (North) Viet Nam (1954–58) enlisted peasant support for communism by redistributing big private farms. These were seized for collective or state farming from 1928, from 1956–59 and from 1958–60 respectively, with awful results. But farming in China between 1981 and 1984, from 1990 in Viet Nam and in some ex-communist countries in Eastern Europe and the former USSR, reverted for the second time to small-scale family farming: a relatively happy end to a terrible double detour.

In much of Asia and Latin America, land reforms preceded a 'green revolution'. Hundreds of millions of smallholders, often created by land reforms and their aftermath, massively improved yields and incomes. Small-scale farming and carefully managed land reform are powerful solvents of deep-seated inequalities in low-income countries, and the argument that they militate against agricultural efficiency and progress cannot be sustained. Enough is known for land reforms that are efficiency-inducing and politically sustainable to be designed for specific cases. However, land distribution, tenure, reform and alienation in the form of land grabs are all political and corruptible: as in chess, the mistakes are all there, waiting to be made.

**Note**

1. Mill is cited in Lipton (2009), which provides a fuller account of these and other economic and moral issues associated with land reform as a means towards greater equality.

**Bibliography**

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