

## Theory On Land Reform: An Overview

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### Abstract

In its traditional and generally accepted sense, land reform always meant the redistribution of property rights in land for the benefit of the landless peasants, small farmers and tenants. Land reform has been introduced with the existence of the neo-classical theory. With the advancement of technology in the agricultural and industrial arena, land reform can be related to the economic development which is frequently identified with economic growth that is the average annual rate of increase in real output per capita. This paper attempts to overview the neo-classical theory of land reform in an effort to find out if such theory is still applicable in the present development.

### 1.0 Introduction

Land is one of the most valuable natural resources of a country. It represents the principal form of wealth and the main source of economic and political power. Land can be seen as a vehicle for human development as well as resource for food production.

Land tenure institutions have a direct bearing on questions of development and help to shape the pattern of income distribution. Particularly in non-industrialised societies, the land tenure system reflects social class structures and relations. When defects in a tenure system impede economic and social development, land reform is usually necessary to reorganise the institutional framework of tenure structures and to eliminate obstacles to progress. In its traditional and generally accepted sense, land reform always meant the redistribution of property rights in land for the benefit of the landless peasant, small farmers and tenants.

Land reform has been introduced with the existence of the neoclassical theory. Today, with the advancement of technology in the agricultural and industrial arena can be related to the economic growth that is the average annual rate of increase in real output per capita.

## 2.0 Definition Of Land Reform

There are different meanings or definition of land reform. However, according to Doner(1972) most of them appear to share two common elements. The elements are:

- (a) land reform is invariably a more or less direct, publicly controlled change in the existing of land ownerships;
- (b) it normally attempts a diffusion of wealth, income or productive capacity throughout the society.

According to King(1974), on broader view there are three motives of land reform which are political, social and economic. The political motives is often consider as the last resort but the most decisive. It is the balance of political power in a country which ultimately determines the extent of a reform, and the political factors help to explain the frequency wide discrepancy between the provisions of a reform law and their eventual practical effects. Many governments use land reform, or the promise of it, to gain or retain power. The social motive is basically concerted on social equality or social justice, while the economic motive is based on the issue of efficiency. The last two motives are never separated and sometimes regarded as the fulfilment of one objective may retard another.

Recent literature on land reform( Dorner,1972; King,1977; Dorner,1977), however, stress that economic and social goals need not conflict. Indeed, they must be seen to be welded together in the land reform approach to development in general. Dorner(1977) explains that the conflict between distributive justice and economic efficiency is not the real issues. Conflicts only arise if the present ownerships structure of land and capital is assumed fixed.

Land reform in a narrow sense refers to measures to redistribute land in favour of peasants and small farmers. Land reform in its traditional sense is the demand for greater equality or social justice. It is important as a developmental implication and to its possible contribution to improve agricultural productivity and expended employment. Land reform is necessary for it to be undertaken in conjunction with a variety of supporting institutional improvements including better credit provision, marketing facilities and extension and advisory services.

Beside the above definition of land reform, it also means changing and restructuring these rules and procedures in an attempt to make the land tenure system consistent with the overall requirements of economic development.

### 3.0 Land Reform And Land Tenure

Land reform involved changes in the efficient traditional tenure system. This usually means passing of power, property and political power to be associated with landed interest. In a status from one group to another. It is common for economic and democratic set up, this reform faces problems of implementation. All the efforts of implementation has to be made within the existing political and administrative framework. Also vested interest cannot be ignored totally in a democratic rule. Obstacles arise from the political and financially influential groups. It used to be that, the elected government depends on the vote and financial support of the big landlord and big businesses.

There can also be internal obstacles because land reform policy needs active participation of local people. Lack of rural organisation may prevent the efficient administration of any land reform. Ineffective legislation may also pose problems. Lack of specific criteria for land taking, financial disincentives in purchasing expropriated land, preoccupation with consolidating small unit rather than large one, complex and excessive legalistic procedures and irregular or inadequate financing of the administration body are the few obstacles to land reform.

In under-developed countries, the break-out of land and redistribution of land can be one form of land reform. This may be politically desirable but in practice, although it can be a first step in overcoming other obstacles, it may create small holdings and cannot guarantee a productive land system nor a higher rate of growth. Mere redistribution of land may not transform farm workers into more efficient farmers through the incentive of ownership alone. Where land productivity are low, a change in ownership alone cannot result in the accumulation of capital on a scale of sufficient to meet the requirement of agriculture. A sort of field organisation to assist the farmer have to become an integral part of the programme.

### 4.0 Neoclassical Theory Of Land Reform

The neoclassical theory of land reform looks at land reform as an integral part of the strategy and policy of economic development (Doner, 1972; Warriner, 1969; Zahir Ahmad, 1975). Economic development was frequently identified with economic growth measured by average annual rates of increase in real output or economic per capita.

However, economic growth alone may not be the sole factor of development. Other indicators such as poverty, unemployment and inequality in the economy need particular attention to the policy making

body. Although the productivity increase indicate growth, the distributional factor of the income generated by the growth may be unequally distributed, and unemployment need not necessarily fall.

Therefore, a policy which attempt to bring about development should not only consider economic growth but also should take into account the interrelation between these factors. Supporting policy will have to be adopted to deal with these matters of social welfare, the redistribution of gain and losses of society. In short, economic development must be broadly concerned not only on expansion of opportunities and productivity, but also the enhancement of human capabilities needed to exploit them along with a general reduction of mass poverty, unemployment and inequality.

Agriculture development (particularly in undeveloped countries) has a vital role to play in economic development. In the early stages of industrialisation, agriculture comprises the major activity of a large proportion of a country's population. Overall, development must include and often must begin with agricultural development. Agriculture not only in the main form of employment, but the rural population forms the bulk of the market for industrial and consumer goods. Apart from supplying food to the population, the surplus income is also to finance capital expenditure. In the transformation process of development, the transfer of manpower to non-agriculture occupation is inherent, and agriculture sector will need to release labour. The land tenure system of the agriculture sector thus play an important part to the process of development. Rural land ownership or other secure form of tenure which assure the farmer of some control over the returns from his labour, is the real and only practical means of participation in the political and economic life of the country. It is those legal and contractual or customary arrangement whereby people in farming gains access to productive opportunities on the land. Land reform thus means changing and restructuring these rules and procedure in an attempt to make the land tenure system consistent to the overall requirement of economic development.

If land reform is regarded as the changing and restructuring of tenure rules and procedures in an attempt to make the system consistent with overall requirements of economic development, then such new institutional arrangements will only be set up if the private benefits of their creation promise to exceed the costs. The creating, specifying and enacting of property rights are costly and are affected by the state of technology and organisation. As the potential for private gains to exceed cost gains, effect will be made to reform. From another perspective, any pressure to reform land emerges only as the land resource become increasingly scarce relative to society's wants.

If a land tenure system facilitates wealth increases or wealth maximisation via the market, then the implication is that it is favourable to the rapid development of agriculture which in turn will facilitate rapid socio-economic development. This tallies with the neo-classical view that there is a direct relationship between land reform and economic development. In such circumstances, the reformed tenure system becomes a major force in maximising accretionary formation of capital in agriculture and in ensuring that surpluses above sustenance levels will be reinvested in productive economic activity.

Whilst land reform is often essential for providing a stable base for a country's future economic development, it does not follow that reform will guarantee development. This is because land tenure is only one component of an agrarian system and the dimensions and future security of farming opportunities are affected by labour, capital and product markets too. Therefore land reform must be accompanied by changes in the pre-reform structure of supporting services that are agriculture credit, marketing, research and extension, input supplies, processing and storage. Nevertheless, the absence of an efficient land tenure system retards the speed of commercialisation and the elimination of subsistence economics which offer no incentives to raise productivity. In a process of development, labour force must eventually move from agriculture to industry. A controlled release of labour from agriculture may be necessary.

## 5.0 Concluding Remarks

Land reform programs are bound to vary from country to country. Specific reform programs in any particular country need to be related to the problems presented by the agrarian structure and the social, economic and political background in which these problems are sought to be solved. Land tenure system reflect specific historic and geographical conditions, which may be unique to the particular country.

The main menu of the agrarian reform is to improve the standard of living of the peasants, redistribution of land by introducing the new registration of land, redistribution of income through creation of employment and increased in productivity of agricultural product by using insecticide and fertilizers, open-up more land for example resettlement by building-up roads and also improve the irrigation channels.

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