

Land rights insecurity and structural change: Efficiency and distributive issues.

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Abstract

Land is the main -if not the only- asset for a majority of people in developing countries. The legal definition and the judicial allocation and protection of rights over land are then naturally essential aspects of individuals' daily lives, as well as critical determinants of social and economic development. In particular, the securing of individual rights on land allows rural workers to rent out or sell land in order to work in off-farm occupations, and can then hasten structural change. Secure land transfer rights should thus increase economic efficiency, and land rights security has thus been a long-lasting policy recommendation of international agencies such as the World Bank.

However, on the other hand, this process of land rights securing has not always endogenously taken place in developing countries rural areas, and, when exogenously implemented, it has been sometimes opposed. People living in developing countries can then expressed preferences over the institutional arrangements they are proposed on land, and may not always want secure transfer rights.

This paper aims at showing, through a simple theoretical model, that secure transfer rights can be opposed in a rural community, despite overall efficiency loss, because of distributive issues. Indeed, potential efficiency gains are not likely to be evenly distributed. Land and labor transfers will provide more profit to some individuals, and it is even possible that some workers are net losers of land rights security. If potential losers constitute a majority, then land rights will remain insecure.

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Keywords: land rights, land rights security, land transfers, structural change.

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