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Land tenure, ownership and control

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LAND, in economic theory, is one of the three major factors of production. In this respect, to the economist, it has a special meaning and function—it belongs to the natural virgin order of things, given, God-created. But that is only one way of looking at it. Capital, man-created wealth, can be so firmly and inextricably attached to the land that it becomes physically part of it. Lawyers, in their views of land, usually take the broader outlook. Land for them includes not only the virgin soil but all that is affixed and admixed with it as buildings, waterways, roads and so on. The lawyers' concept is the more realistic of the two in the sense that it sees things as they appear to be in the practical world. When a man says, "This is my land", he generally means the soil, the buildings, the pathways, gates and fences but not the cattle, the crops and motor-cars. And there is another difficulty: a man who says, "This is my camera", can show what he means by taking it away from somebody else and carrying it himself. The man who says, "This is my land", cannot snatch it away—buildings and all—from someone else. As owner of land, he can only demonstrate his ownership by doing things on the land.

What, then, is of supreme importance in the practical world are the rights which ownership bestows over land and which sets limits to what an owner can and cannot do with it. It is rather pointless to tell a man to do certain things with his land in order to maximise the marginal output from it, if what we are telling him to do is something which the law, and the land tenure system fashioned by it, forbids him to do. It is as important that the farm manager should know how the land tenure system under which the land is held influences and determines what he can and cannot do with the land, as it is for him to know of the economic principles which show him what he should and should not do.

In short, we can say that land tenure sets up the framework within which the manager of land must take his decisions about the land, its use and its development. In this paper we take a very brief look at the main structures of land tenure as the decision-making framework within which the management of land as a factor of production has to be conducted.

The proprietary land unit

The business of the industrial and commercial world is done by firms. Each firm runs an enterprise.

The firm is the unit within which decisions are taken by management about the use of the assets so as to make the firm as effective as possible in going about its business. A farm is a firm whether it is run by family-farmer or a large corporation. Whoever runs the firm must have rights of some sort in the land over which the firm operates; otherwise he would be law be guilty of trespass. He, or the corporation which runs the firm, may have rights in land which are far greater than what are needed to manage the enterprise. A man who runs a hairdressing business in his house may use only one room for the enterprise while his proprietary rights in land extend to the whole house. A railway company may run on the land it owns, a railway and a station hotel—two enterprises, two firms, operating within one proprietary or ownership unit of land.

The owner of an extensive freehold farm may run on and from his freehold, an active agricultural engineering firm; the farm and the engineering service are two enterprises operating in one proprietary land unit. It is incumbent, therefore, for management to distinguish between the enterprise unit (usually run by a firm) and the proprietary unit in the land on which the enterprise is run. Quite often the land area of the activities of the enterprise and the physical extent of the proprietary land unit within which the enterprise operates are the same.

A proprietary land unit is created by the prevailing land tenure system. We can think of it as being rather like a human person in that it has two sides; a physical, visual side, resembling the body; and an invisible side resembling the spirit or soul. The physical side of a proprietary land unit is the soil itself and all that is fixed to it, land in the lawyer's sense of the word; the invisible or abstract side of the unit is made up of the rights of property which give power to the owner of the unit to use the land and fixtures in whatever way he will. The rights of property recognised by a particular land tenure system, and the distribution of those rights over the land of a district or country, make up the pattern of proprietary land units and determine the characteristics of each unit.

Proprietary land units, whatever the land tenure system which fashions them and wherever they may be, are composed of standard characteristics. This is not the same as saying all proprietary land units are identical. We know a human being when we see o

because the anatomy of each one of us follows a standard pattern; variations take place within the standard forms—each man has a nose but not all noses are alike. So it is with the proprietary land unit. The characteristics of each unit depend upon the size, shape, development pattern, duration and proprietary character form of the unit.

When we look at a landscape the eye can pick out a mosque, a cultivated field, a railway and we can be reasonably certain of the size and shape of each from what we see. It is not so with a proprietary land unit. The size and shape can be seen—they belong to the visible side of its attributes—but only when the evidence is explained to us; somebody or some written description must point out the boundaries. Once the boundaries of a proprietary unit have been identified, the eye can also take in the development pattern and decide what the dominant land use is—agriculture, forestry, water, residential purposes, industry and so forth.

The other two standard features mentioned—duration and the proprietary character form—belong entirely to the abstract side of the unit and cannot be seen by the eye.

Duration is easily understood: it is the time in which a proprietary unit remains in existence. You will, for example, hear a man in England say “my family have owned this estate (proprietary land unit) for centuries”. He is right. He is thinking of something which has retained its identity for hundreds of years—as the estate owned by the particular family—although it may have altered in size and shape over that long period; alike again to a human person whose appearance changes with the passage of time.

As a proprietary land unit can have an existence which runs backwards in time, so it can have a duration into the future—the rights of the owner can run for a week, for years or for an endless chain of descendants who are to come after him. For another example of duration, we can turn to the stool lands of Ghana. The king (hene) holds rights in the land which help to make up the proprietary land units in the name and for the benefit of his people who are living today and their forebears of the past generations and all who shall come after them.

Proprietary character form is more difficult to understand. We say of a man that he acts true to his nature; we mean that he dresses, behaves, speaks and uses his body (the visible side of him) in accordance with his personality, his spirit (the invisible side of him). Give him a different personality, and he will use his body differently. So it is with the proprietary land unit. Always in some measure it takes its character from the type of owner. If a proprietary land unit is owned by a limited liability company, the exercise of the rights of ownership over the land will be determined by what a corporation can do or not do as a corporation. Ownership by the corporation

has given the proprietary land unit its particular proprietary character.

Throughout all land tenure systems, we can identify three standard types of proprietary character forms:

- (i) the simple;
- (ii) the fictitious; and
- (iii) the fiduciary.

The simple type is the individual, adult person. There is nothing confusing about this type and it needs no further explanation. The fictitious type is more difficult to understand. In the experience of all civilised peoples, occasions arise when we want to speak of a group of people as if the group were one person and we want to give the group powers which an ordinary, simple individual person has. So in the eyes of the law, the group is looked upon as if it were a person, but because it is not so in reality, the conception is fictitious and we say of the group that it is a fictitious person. Lawyers in medieval Europe were especially worried by this problem. There were many groups in society at that time, the priors and monks of abbeys, the master and fellows of colleges, the mayor and citizens of towns and so on. They decided to give the groups a body and to pretend that each could act as if it were a simple person and so they said of each group that it was a “corporation”. A corporation is one form of fictitious owner and there are others known to the differing legal systems.

The fiduciary type of proprietary character comes into being and has a special part to play whenever a proprietary land unit is put into the hands of one person to hold it for the benefit of another. Again, such fiduciary arrangements take different forms according to legal outlook and doctrine—in Iran the *vaqf* is a useful example. Sometimes a proprietary land unit has a proprietary character form which is the combination of two or all three of the standard types. A group of people may be incorporated into a corporation (made a fictitious person) and given the ownership of a proprietary land unit on the condition that the unit is used for a particular purpose or for the benefit of a particular person or persons. The proprietary land unit then has a fictitious-fiduciary proprietary character form. The farm corporations recently set up in Iran are of this type. All the villagers holding farmland (*nassagh*) are welded into a single fictitious person—the corporation—and in their corporate state hold rights in the village land on condition that the land is used for efficient agriculture and the social amelioration of the villages of the corporation.

Types of tenure

A proprietary land unit may be held individually or jointly on some communal principle. The border line between the two types of land tenure is not always easy to trace. Rights in land owned by a corporation may be a kind of communal ownership if the corpora-

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tion is made up of two or more persons. A corporation however, can be represented by a single real person; at law under English practice this would be a corporation sole. A good example is the Bishop of London who has existed for centuries and whose embodiment has been represented down the years by a long line of real persons who have occupied the bishop's throne in succession. A husband and wife, on the other hand, who own a farm exclusively, appear, by contrast to a co-operative or collective farm, to be holding it on individual tenure but in fact are joint owners and hence in logic are holding their land communally. In contrast, what looks like communal tenure is often found on close scrutiny to be a complex of clear-cut individual interests; peasants cultivating their smallholdings scattered in a strip mosaic within the confines of a village, for example, as in the early farming systems of Britain, do acts of husbandry together and give the appearance of communal ownership, but the work they do is done on and for each man's plot held as an individual holding. The best thing to do is to forget about individual and communal as categories of tenure and to think of a proprietary land unit as capable of being held in one of the following standard ways, of which many local variants are to be found:

1. as a unit, exclusive to a single owner and unassociated in any way with the rights pertaining to neighbouring or contiguous units:
2. as a unit, exclusive to a single owner but benefiting from rights over and subjected to obligations in respect of other land wherein similar rights and obligations are enjoyed or discharged by others; a frequently found example of this are rights enjoyed by the owners of farms to put their cattle on neighbouring land to graze it in common:
3. as a unit exclusive to a single owner but held on the condition that the owner would work co-operatively with other single owners in a group to supply common services; this is the orthodox form of servicing co-operative:
4. jointly by two or more real persons whose interests in the unit are not divided into distinct shares; when one member of the group dies or leaves, his share is not held by an heir or transferee as the unit is held jointly by the remaining members of the group:
5. jointly by two or more real persons whose interests in the unit are proportionately divided so that when one member dies his share devolves on his heir:
6. by a group as a fictitious person (corporation or collective body) in such a way that each member of the group has a claim to a definite proportion of the land and can leave the group and take with him an area of land from the unit equivalent to the area over which he has a claim:

7. by a group as a fictitious person (corporation or collective body) in such a way that each member of the group has no claim to a proportion of land of the unit but to a proportion of the wealth of the collective group which will permit him to leave the group and take his share of wealth to buy an individual plot of land equivalent in value to the value of his share:

8. by a group as a fictitious person (corporation or collective body) in such a way that each member of the group has no personal claim over actual or proportionate share of the land of the unit or of the wealth of the group:

9. where a group as a fictitious person (corporation or collective body) owns the unit or the "land" and operates in association with real persons or other fictitious persons under the conditions described in (2) above:

10. where a group as a fictitious person (corporation or collective body) owns the unit jointly with real persons or other fictitious persons under conditions described in (4) and (5) above.

Property rights many and few

We have been looking at the unit within which decisions are taken about the use of land as a factor in production in the farming process. We have seen that it is a composition of the physical soil with its fixed and of property rights. We have seen also that it can be held in a number of different ways, but so far we have said nothing about the rights themselves.

When might was right, a man would hold land in a sovereign, absolute manner acknowledging no law nor sanction. He used the land and abused it as he pleased and as fancy led him. His rights were absolute, lawless. In a civilised society, order is conditioned by law. Chaos would result if each and every man held his land as his will led him. Law and order require that the sum total of what may be regarded as absolute rights is cut down to provide reciprocal benefits among the holders of them and in the interests of those members of society who do not hold land in land at all. The cutting down process shapes the number and range of the property rights which exist on the abstract side, of a proprietary land unit. In any one proprietary land unit the rights might be many or few. A share-cropper holding root-rights in Jalalabad before the Iranian land reforms could be said to have a form of proprietary land unit but with rights which made up the abstract side of his tenure would be very few. The owner of a family unit in the American West, when the American frontiersman was opening up the West, would have probably a proprietary land unit of 160 acres but his property rights in land would be many allowing him wide liberty to do what he wished.

There are four standard ways in which the cutting down process operates. All four may be four

work at once on a particular proprietary land unit. They are the following:

- (i) restrictions of a universal character imposed by the sovereign law of the state; current law in Iran which requires cultivated land held by landowners and not subject to the land reform laws to be farmed by modern mechanical methods is an illustration of what is meant here.
- (ii) restrictions of a particular character imposed in the interests of one proprietary land unit upon the use of the land of another contiguous to it or nearby; as when two contiguous proprietary land units share a common water course and the owner of the upper unit is restrained from so using the water that he deprives the lower unit of a necessary supply.
- (iii) restrictions of a particular character imposed upon an inferior proprietary land unit in the interests of a superior proprietary land unit out of which the inferior unit is derived; an example of this is the restraint a landlord (owner of the superior unit) imposes on his tenant (owner of the inferior unit) requiring the tenant to grow certain crops and not other crops.
- (iv) restrictions of a particular character which are the reciprocal of (iii) and are imposed on the use of the superior land unit in favour of the inferior unit derived from it.

Managing the proprietary land unit

The manager of an enterprise, because he has to handle the three factors of production—land, labour and capital—must make decisions about land and the fixed capital associated with it which, as we have seen, contribute to the composition of a proprietary land unit by providing the physical attributes of the unit. He must learn to dispose the resources of a proprietary land unit with due regard for how his decisions will affect the running of his enterprise. An example may help here: a farmer who is running a farm on the land he owns must see himself as playing two parts—as a farmer (running an enterprise) and a landowner (disposing of the resources of a proprietary land unit).

As a farmer, he needs house-room to house his farmworkers. He has two cottages which would do well enough. As a farmer running the enterprise he is happy enough to put the cottages at the disposal of the farmworkers. But as the owner of a proprietary land unit he realises that he can sell the cottages in the residential house market at prices which will enable him to build one cottage for a farmworker and invest the rest of the money so as to earn him a greater marginal income than the income he will forgo by operating the farm enterprise with only one

worker. So he sells the two cottages and reduces the size of his proprietary land unit. He builds a new cottage by utilising part of the soil of the curtailed proprietary land unit for the purpose and by the combined operations alters the development pattern of the proprietary land unit and the marginal returns from the land, labour and capital employed in the farming enterprises.

The management of a proprietary land unit is thus seen to be a skill essential to the manager of a farming enterprise. Full treatment of what is involved in managing a proprietary land unit cannot be given in this single lecture. All that can be done in the time available is to point out one or two of the main considerations which the manager should understand and bear in mind. We can refer to them as:

- (i) manoeuvrability;
- (ii) motives;
- (iii) predisposing functions; and
- (iv) universal constraints.

Manoeuvrability. He who has to manage a proprietary land unit should try and imagine that he is designing a mosaic floor. The land itself and the items of fixed capital can be arranged in a great variety of patterns. The manager's skill lies in knowing which arrangement will suit his purpose best.

This way of looking at land and fixed capital assets as component parts of a whole anatomy is known as the morphological theory of capital. Using the word "capital" to mean the sum of wealth including land, the morphological theory sees capital not as the financier sees it as so many pounds sterling or a lump sum. Capital in the eyes of the theory is an assortment of land and of things standing on the land and arranged in such a way that each piece of equipment or other fixture acts together in a functional way as the complement of one or more of the other pieces of equipment or fixed assets; there is no sense in making farm roads too narrow and infirm for the traffic required on the farm roads, tractors and other vehicles act together in an inter-complementary way as a functional order of assets to provide a means of communication and the distribution of services.

The manager's job with a proprietary land unit is to plan the dispositions of the land and its fixed assets, to see how the plan works and to be ready to alter the plan to deal with any unforeseen change. The ability of the manager to alter plans will depend upon the ease with which he is able to change assets around and to replace them with others if need be; in other words, upon the manoeuvrability of the fixed assets. The degree of manoeuvrability among the assets of a proprietary land unit at any one time depends upon the following variable factors:

- (a) the amount of wealth owned by the owner of the proprietary land unit, other than the unit itself;

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- (b) the cost of removing any one or more items;
- (c) the amount of land available for putting replacements on other land within the unit;
- (d) the amount of land space required by replacements; and
- (e) any item which must remain where it is to fulfil the purpose for which the unit is used.

One illustration must suffice by way of comment on these five factors and their influence upon management. Where land is plentiful within the boundaries of the proprietary land unit, it is usually more economical to make replacements on other land in the unit (c) and to leave the old fixture or piece of equipment to decay. The new pumps provided on land to which the villagers have common access in some of the villages of Iran have been financed by the rural co-operatives and set up by the villagers to replace the old well-heads which have been left to rot away. It would not have been possible to do this unless one villager had a proprietary land unit big enough to hold both the old site and the new pump house and he was willing to allow his neighbours to come on to his land to use the new pump house; or there was enough land in a number of contiguous proprietary land units to spare a portion from each to make up a new proprietary land unit to hold the new pump house and to be owned in common by the users of it.

Manoeuvrability also depends upon the abstract side of a proprietary land unit. The manager must look at both sides. He may have all the money necessary and the land available to change the fixtures and other items of equipment of a proprietary land unit into a new pattern but cannot do so because the rights of ownership which make up the abstract side of the unit do not permit him to do so. In the case of the farmer who had two cottages, mentioned above by way of illustration, it would not have been possible for him to change the pattern of his assets and provide a new cottage to replace one of the old ones he had sold, if the planning authority had put a restriction on his land prohibiting the erection of new cottages.

Motive. When a man is managing a commercial enterprise or farm he has a single purpose in view, to make the most income from the land, labour and capital employed. The management of a proprietary land unit is often not so single-minded. Where a proprietary land unit is wholly at the disposal of a commercial enterprise then it will be managed with the same objective in view as the enterprise has—the maximisation of profit. But frequently the proprietary land unit does not accommodate a commercial enterprise, or if it does so the enterprise does not utilise all the land solely for its purpose. For the manager of a proprietary land unit to be able to plan the dispositions of the assets of the unit and to take advantage of such manoeuvrability as he has, he must be clear in mind

what the motive of the owner of the unit is and direct his energies and his plans to satisfying that motive. Motive then is the criterion by which plans and functional complementarity of land and its assets are judged when managing a proprietary land unit.

The importance of motive to the management of a proprietary land unit can best be illustrated taking a simple example. The new farm corporations in Iran have been set up to experiment with ways of making the reformed land of the peasants more productive and economically more efficient as to raise the standard of living in the villages. The central purpose of a farm corporation is therefore a farm enterprise. Alongside this, however, are other purposes—the development of village industries especially carpet-weaving; the running of medical clinics; the establishment of a school; the service of a mosque, and others. The size of the proprietary land unit owned by the farm corporation is extensive enough to accommodate all these activities and therefore is larger than required to provide the land fixed assets for the farming enterprise.

The manager of the proprietary land unit has a single motive—to plan the land and assets of the unit to serve, not only the farming enterprise, but all other enterprises together and in as close a harmony as possible. His single motive is to achieve many purposes and to put his proprietary land unit to maximum use. Now, houses are needed for the members of the farm corporation who work on the land and for other inhabitants of the villages who are not members of the farm corporation—the khoshneshin. Buildings are required for animals and stores. If there was a single purpose to be achieved—the running of a farm enterprise efficiently—it would, in the usual course, be wise to provide the houses and buildings for farm workers as near as possible to the land they were to work upon. But the policy of a farm corporation is multi-purposed. The need for farm land and houses to be near to each other would mean leaving the farm workers to live where they are and siting the cultural house, clinic, school and so on in a new development away from the houses and buildings of the workers. To do so, however, could lessen the harmony between the residential and social activities and spoil the appearance of the settlement.

The manager would have to decide which arrangement would come closest to achieving the overall motive of the corporation. He should always consider all aspects. A possible solution might be found in housing the khoshneshin in the newly developed centre away from the old habitation and the new fields. To move these people out into the new place would leave more room for improving the housing and farmsteadings of the old settlement while leaving the farmworkers housed in the best position for the farm enterprise. If the new houses had no buildings this solution could be even more desirable for the farmworkers and in the interests of economic

efficiency—but there may be social issues to override it.

Predisposing function. The third of the factors, alongside manoeuvrability and motive, which will influence a manager in making his plans for a proprietary land unit and which the prudent man should recognise and take into account, is the way in which decisions taken by others influence the potentialities of the unit and predispose his mind to follow a certain line rather than another.

The potentialities of a proprietary land unit are liable to be influenced in this way by forces coming from one or more of three directions.

- (i) antecedent decisions;
- (ii) other proprietary land units; and
- (iii) superior interests.

A manager cannot alter the past. He must start planning with things as they are at the present time. Other men in the past will have handled the land, its fixtures and equipment which at the present time are his responsibility. He must start where they have left off. He must accept the arrangements as they are in making his own plans. His mind cannot help being predisposed by the decisions of antecedents who have come before him and arranged the layout of the land and capital equipment. The outworking of their ideas upon the physical side of his proprietary land unit sets the frame within which he must conceive his own plans. This truth is important in a practical way for the manager who has to decide whether or not to take on the responsibility of management. It should also be borne in mind by him in making plans for the disposition of land and capital equipment over the long term.

The manager of a proprietary land unit must also learn to look over the fence at his neighbour's unit and other nearby units. What happens on them can exert a profound predisposing influence on his own. An outstanding example of this kind of influence was provided in Iran in the early stages of land reform. In many villages the peasants were given titles to the ownership of proprietary land units in land which the landlords had sold to the Ministry of Agriculture through the offices of the Land Reform Organisation. But the potentialities of most of these emancipated units were dependent upon a proper water supply. Now, the water was often a feature of the physical attributes of adjoining proprietary land units owned by people who had been the landlords of the peasants' land before the reform.

What the peasant could do with his newly acquired proprietary land unit after land reform was consequently largely dependent on the attitude of the owners of the contiguous units which carried the water. Their proprietary land units exercised a far-reaching predisposing function on the units of the peasants. This clear example illustrates the principle

of the predisposing function of other proprietary land units on a particular unit; the principle takes numerous forms, many of which will be readily recognised in practice. What is important here is the need for the manager to recognise and understand the principle.

Where an inferior proprietary land unit is derived from a superior one, as when a landlord lets land to a tenant, the decisions taken by the landlord about the amount of land and the fixtures and improvements on it set the frame within which the tenant, as owner of the inferior land unit, must plan for that unit. In this manner superior proprietary land units exert a predisposing function on the affairs of an inferior proprietary land unit.

Universal constraints. The fourth of the main considerations which the manager of a proprietary land unit should have in mind as having a direct bearing upon his policy-making goes far beyond the acts of neighbours near and adjoining and reaches to the seat of government. Government as a law-maker and government as policy-maker take actions which cannot but influence the fortunes and misfortunes of the owners and managers of proprietary land units. Laws impose new restraints or alleviate old ones and government policies exert pressures of various kinds coaxing or coercing the citizens to do this or that.

The laws affect directly the rights of property which constitute the abstract side of a proprietary land unit. A law enforcing landowners to supply water to lands adjoining their own on demand from the neighbours or from local government organisation cuts down the range of rights pertaining to the proprietary land units of the landowners with the water. Government economic or social policy exerts its pressures either directly or indirectly; on the one hand there are directives to do this and that or to refrain from doing so, and on the other indirect inducements or checks, usually of a financial kind. Why we distinguish these sources of influence from the predisposing functions of other proprietary land units is because, unlike the latter, they operate universally and are not the result of local conditions and contiguities peculiar to units lying in a particular relationship to each other.

Clearly one who is managing the resources of a proprietary land unit should inform himself of government policy and changes of law. The latter he must conform to and the former consider lest he miss opportunities for improving his fortunes which the government intend him to take in the fulfilment of government policy. Not infrequently a government's intentions are not fulfilled or are only fulfilled with difficulty because their intelligence of local conditions is faulty. The man on the spot, the manager trying to manage his affairs, would be well advised to try and understand what the government is trying to do and with his superior local wisdom patiently show what amendments or adjustments of government policy are required to meet local problems.

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Congruity and farm management

In conclusion it is important to point to the ideal arrangement, that is, where the attributes of a proprietary land unit are congruous with the motive behind the planned use of the resources of the unit.

We are concerned with farm management. While it is possible to hold a proprietary land unit and to farm its land, the character and attributes of the proprietary land unit are often not fully congruous with the management objectives which, we must suppose, are to maximise farm profits. From the strictly economic and managerial viewpoints, if we take the United Kingdom as an example, a proprietary land unit derived from a superior unit is preferable to one which is non-derivative in this sense; particularly is this so when the form of derivative unit is a yearly tenancy held from a landlord owning the freehold in the land. The derivative unit or tenancy is preferable to the freehold in possession because the former, the tenancy, ensures a proprietary land unit whose abstract attributes, rights of property, do not readily accommodate uses of the land other than farming. As a consequence, a farmer-tenant is required by the market to pay for his proprietary land unit a yearly rent or its equivalent which is congruous with the use of land as a factor of agricultural production.

Farm rents in England and Wales on the 1969 national assessment (1) averaged £4.8 per acre. Compare this average rent figure with the opportunity cost which the holder of a freehold farm in possession would have to bear. On average the price of an acre of land farmed in freehold was, in 1969, £300 per acre (2). This discrepancy is in large measure the consequence of the differences in the attributes of the respective proprietary land units. A freehold farm in possession tends to fetch in the land market a figure per acre which reflects the fact that the freehold interest is bought to satisfy motives of proprietorship other than farming. Admittedly, in a particular case, the freeholder may have only one motive

himself—to farm land—but the cost to him is the market value of a proprietary land unit which has potentialities for other uses—residential, recreation and financial investment.

This does not mean to say that a tenancy is always to be preferred to a freehold in possession. What means is that if the motive for holding a proprietary land unit is farming and farming alone, it would, under the circumstances at present prevailing in the United Kingdom, be a better economic proposition to hold a tenancy than a freehold; but if he who holds the freehold in possession is looking for other rewards in addition to the farm income, then there could be an economic sense in incurring an opportunity cost of £30 per acre.

The relationship between the proprietary interest in the land and the uses to which those interests permit the land to be put is the key to understanding the apparently wide discrepancy between the level of farm rents in the United Kingdom and the market value of freehold land in possession.

For management, the relationship is of paramount importance although it must mean that he who farms a freehold in possession should, above all other forms of proprietor, clearly distinguish in his mind the objectives he has as the holder of a proprietary land unit and those he has as a farmer-entrepreneur. Often the two are not coincident and the aim of true management should then be to maximise the rewards of a rational compromise; an aim which, in some circumstances, could mean the devotion of the resources to one use only where the reward from that use outweighs more uses.

- (1) *Agriculture*. April 1970, page 168.
- (2) *Farm Sales Prices in 1970*. University of Oxford Institute of Agricultural Economics, October 1970.

LAND TENURE, OWNERSHIP AND CONTROL

DISCUSSION SUMMARY

1. Discussion contributors stressed that any simple comparison between rents and current capital value of farms had little meaning, because of a number of important influences of a non-farming nature which put an extra premium on land ownership. In the main these were the attraction of land as a hedge against inflation; the prestige and status attached to land ownership; amenity value of the farmland, the high residential value of many farmhouses. Under these circumstances rents could be expected to be only a small percentage of capital values.

2. The optimisation of resource use, it was pointed out, was often inhibited by tenure systems—operating in many forms in many countries.

Some severity of tenure provisions militated against landlords up-dating their fixed equipment in a way which would enable best use of the farmland. Rents were often too low to induce the necessary capital investment by landlords. Excessive severity of tenure artificially restricted the market for rented farms; put additional demand pressure on the limited market in farms for sale; curtailed entrepreneurial mobility and tended to inhibit structural improvement.

3. International differences in land prices were

referred to, particularly the differences between two adjoining countries—Belgium and Holland. It was suggested that the much higher prices ruling in Belgium, compared with the Netherlands, were due to differences in tax regulations; certain restrictions on entry into farming in Holland; and the restrictions on absentee farming in Holland.

4. The customary use of land in Africa (reference was made to this in a Nigerian context) was regarded as a hindrance to agricultural progress. The Gezira project in the Sudan was quoted as an example of how some of these problems could be overcome, through State intervention in rationalising investments and restructuring units to provide sizes and layouts of farms more consistent with the technical optima which modern technology makes possible.

5. Tenants and their difficulties. The predicament of tenants was discussed in various contexts at some length. It was thought that they had a good case for personal credits, but it was again pointed out that everything depended on the individual. An idea was suggested that the responsibility and risk could be taken together between tenant and owner.