

Question 1

- Why is land distribution so unequal in many countries?
 - Give possible reasons for unequal land holdings.
 - Are there scale advantages in agriculture and what are possible implications?
 - Rosenzweig and Binswanger (1983) (cited in Ray p 454) emphasize that smaller farms are more productive, on average, than larger farms. What can be the reason?

Question 2

- Many economists from Adam Smith to Alfred Marshall claim that share cropping is inefficient.
 - What is the argument?
 - Can you provide counterarguments why share cropping actually can be efficient?
 - How would you test the theories?
 - How would you critically argue that sharecropping is a compromise between a concern for work incentives and for insurance?
 - How would you find empirical evidence?
- Can the landowner and the peasant both gain from a transaction where the land owner sells the land to the peasant? If so, give some reasons why these possible gains from trade are not realized.
- Compromise between work incentives and insurance: Consider table 1: Wage contract provides little work incentives for the tiller, but also little exposure to risks. A fix rent contract, in contrast, provide high work incentives for the tiller, but also a high exposure to risks r since he must pay a fixed land rent no matter what the output is. A share cropping contract offers a compromise between work incentives

Table 1: Effort and insurance

Mode	Wage labor	Share cropping	Fixed rental
Work incentives	Low	Middle	High
Insurance for the worker	High	Middle	Low

and insurance. Perhaps this is why it has been so much used all of the world? Is inefficient work organization in agriculture a substitute for the lack of reasonable formal insurance arrangements?

- In a recent (recent relative to Adam Smith and Alfred Marshall) article Martin Garret and Zhenhui Xu (2003) discuss the North American experience of sharecropping: "Efficiency of Sharecropping: Evidence from Postbellum South". They claim, after a long empirical exercise, that "this study helps explain why landlords and tenants in the postbellum South chose sharecropping over other forms of production ... and that a combination of landlord expertise and sharecropping labor results in greater efficiency than other types of tenure systems.." (p 594). The empirical investigation is interesting and goes somewhat against our emphasis – and that of Adam Smith and Alfred Marshall. Check it up!

– Their claim is also worth discussing – there are similar claims in the literature. But: What kind of expertise is it that the present landlords may have that the present sharecroppers cannot acquire if they took over the land? Are some people simply born better than others? If so, how comes that just they own the land?

- Can you argue why in a land scare regime, all landless people may be excluded from agriculture?
- How can a redistribution of land from big and rich land lords to landless people reduces poverty, increase agricultural output?
- Would a reform that redistributed land from land lords to small holders have similar effects?

- Can you explain how a more land rich regime can give rise to access demand for land?
- How would a land reform work in that case?
- Can you demonstrate how unequal ownership to land can give rise to unnecessary poverty in the sense that a more equal distribution of land would potentially feed everybody and eliminate poverty and malnutrition?

Question 3

- There are success stories and failures when it comes to land reform.
 - Can you list some examples of both?
 - Why do you think that there is such a variation in the results of attempts to redistribute land?