

Some Determinants of the Dynamics of Land Sale in the Third World Agriculture

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The behaviour of peasant in third world countries is subject to various kinds of analysis (Strauss, 1986). However, the question whether the selling of land constitutes a dynamic aspect of their behaviour is debated by various authors. Sau (1981) and Dutt (1984) believe that land market is frozen in a typical third world country, like India. Bliss and Stern (1982), while admitting that land sales are unusual events, claim that they have very important effect on the time-series movements of land-ownership. Panikar's data (1970) and NCAER's survey (1972) support this. Bardhan (1984) and Basu (1986) stress the fact that peasants sell land only under extremely difficult circumstances, since for many peasants, land is the only secure asset. The result is that almost all the theories concerning land-allocation in third world countries take land-ownership as given and concentrate on the crop-specific land-use pattern (Bliss and Stern, 1982, Ch.3). In this article, an effort is made to capture the dynamics of changes in the land-ownership pattern, assuming a single agricultural good is produced in the economy.

THE MODEL

The following is a two-period scheme of utility maximisation of the peasants. The following exercise will show the importance of the initial land endowments regarding the decision to buy or sell land. Thus, the decision to sell land by the poor peasants as well as that to buy by the richer peasants will result from the