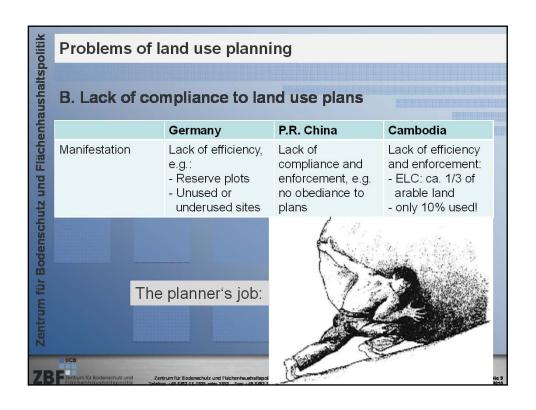
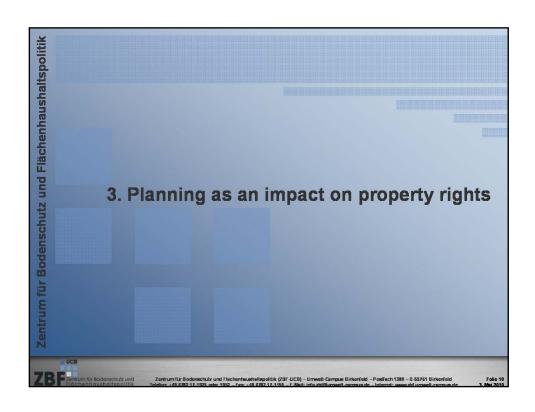


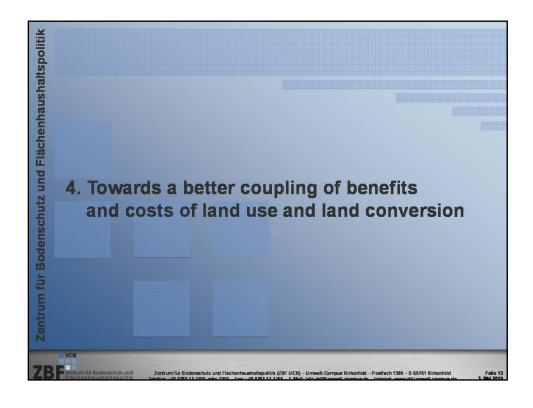
Land conversion	Germany	P.R. China	Cambodia
From:	Farmland	Farmland	State public land protected land
Into:	Construction land	Construction land	State private land economic exploitation
Rents / Incremental value, shared by	farmersdevelopersmunicipality	 (farmers??) developers municipalities	developersgovernmentcorrupt. benefits
Costs, shifted on	Land degradation, economic and social costs of urban sprawl etc.	Food security, land degradation, dislocations etc.	Landless and land poor people, ecological degradation, evictions
Political target:	2020: reduction of daily consumption to 30 ha / day	120.0 million ha as "red line"	"rectangular strategy" of RGC





olitik	Regulations always	egulations always dilute property rights!		
ushaltsp	Exclusive rights, based on	rent and value	control and use	
Zentrum für Bodenschutz und Flächenhaushaltspolitik	Asset (stock)	Right to sell the asset and to participate in its value (disposal, Latin: "ius abutendi")	Right to control and to change the asset according to one's needs (Latin: "abusus")	
	Utility (flow)	Right to appropriate any returns on the asset (Latin; "usus fructus")	Right to use the asset (Latin: "usus")	
	Public control about private behavior by	Financial incentives: Negative, such as tax or leasehold (BUT: not positive, e.g. subsidies)	"A great deal of red tape"	
	Tenure security	does not require strong rights, based on rent and value,	but needs strong user rights!	

Examples: Restrictions for private property by public law Examples (Germany): Building orders (Baugebot, § 176 BauGB) Modernisation order (Modernisierungs- und Instandhaltungsgebot, § 177 BauGB) Development reduction order (Rückbau- und Entsiegelungsgebot, § 179 BauGB) Compulsory purchase, related to urban development plans (Enteignungen im Kontext mit städtebaulichen Sanierungsmaßnahmen) Elimination of revitalization blockades (Behebung von Revitalisierungsblockaden, BBodSchG) Etc. etc. the success is limited ...



entrum für Bodenschutz und Flächenhaushaltspolitik A "two-legs-approach": Planning + financial incentives! Two-legs-approach: "Good governance" without supporting economic framework is "wish-wash"!!! Economic incentives in order to make good (neutral) plans to make the actors comply with the plans Method: Internalization of external costs of land use change is difficult! Better: Not making privates or planning authorities direct beneficiaries! Property tax on unimproved land Development: Cost covering instead of value capture Financial equalization scheme um für Bödenschulz und Zentrum für Bodenschulz und Flischenhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik Teleforrude EREZ-17.1055 oder 1952 – Epoc +88 EREZ-17.1355 – F. Malit inforbifflumwelt-campus de – Internet - www.mf. umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – Umwelt-Campus Birkenfeld – Postfach 1380 – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – 0.55761 Bit seinhaushaltspolitik (ZBF-UCB) – 0.55761 Bit seinhaushaltspolitik (ZBF-U

Towards a decapitalization	Land markets today	Land markets, targe state
Social benefits		
- <u>private</u>	Land rent	Use, not value / rent
- external / public	Few	Land rent / value
Social costs		
- private	Few	Few
- external / public	Indirect and opportunity costs of planning	Indirect and opportun
Approach:	Decoupling of benefits and costs	Coupling of benefits and costs

Site value tax Advantages: Easy implementation, without big changes in property rights Positive experiences, made e.g. in Denmark, Australia and also Qingdao (青岛) in 1898 (!) Land value tax supports planning! Many land use experts and even liberal economists such as Milton Friedman support this kind of tax because of it's efficiency Problems: Only second-best solution, because land rent cannot be skimmed off completely Valuation system has to be set up!

Developing: Cost covering instead of value capture **Developing:**

- Infrastructure is basically a public good
- On the other hand: It is not the task of the state to drive trucks - private developing is ok!

Financing:

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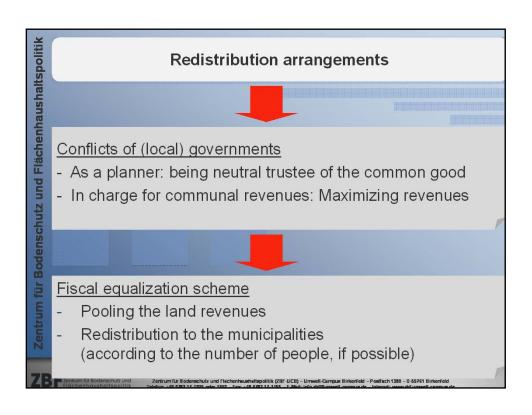
- But: Public goods should be financed out of taxes!
- Value capture is a licence for rent seeking!
- Value capture causes lack of transparency of costs and benefits of development => bad governance
- Instead: Covering costs according to transparent rules!

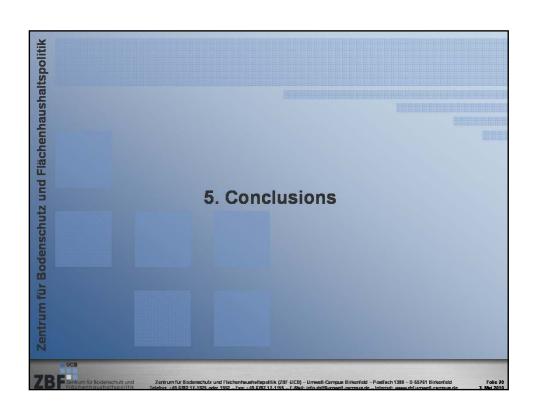
entrum für Bodenschutz und Flächenhaushaltspolitik Financial equalization scheme requirements Situation in China and Germany:

- Besides lobbying and corruption (also in Germany), local governments depend on tax or lease revenues
- Hence, also local governments have an incentive to promote farmland conversion

Ergo: Make the local government a neutral actor!!

- Nobody, also not local governments should be direct beneficiary of farmland conversion!
- Redistribution arrangements





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Against the countervailing forces of misleading incentives

- Despite of different institutions and governance, patterns of failure are similar in developed countries, threshold countries and underdeveloped countries
- No neutral planning due to externalization phenomena:
 - Beneficiaries (land rent, incremental value) are well organized and in close collusion with (local) governments
 - A big part of the costs of farmland conversion is shifted to poor organized groups or to society as a whole
- Lack of enforcement and compliance to the plans
- Planning should be escorted by financial scheme:
 - Coupling of benefits and costs is best done by skimming off parts of the land rent (site value tax or leasehold)
 - No direct participation of the (local) governments in incremental value in order to make them neutral actors



