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‘Land reform and public goods in the long-run: Evidence from Kenya’s settlement schemes’

What are the long run consequences of land reform? While we know that land reforms have the potential to increase income in the short-run, less is known whether these gains are maintained in the long-run. Land reforms include redistribution of land and titling, but are often part of a wider ‘rural development’ policy where roads and public facilities are also provided. Such programs could impact not only agricultural outcomes, but also education and health of populations. The existing papers on consequences of land reform in developing countries either follow the farmers for a few years (e.g. Keswell and Carter, 2014) or measure outcomes at the level of very large aggregates, e.g. Indian states as in Besley and Burgess (2000). In this paper, we use micro-level data to study long run consequences of a land reform program.

We study the impact of the settlement scheme program, a vast land reform program that took place in Kenya between 1963 and 1972. Following independence in 1963, the Kenyan government redistributed part of the land formerly owned by European settlers to Kenyan farmers. The settlement scheme program aimed to propel smallholder agriculture and defuse land hunger (Boone et al., 2020). Our analysis considers two counterfactuals. We first compare the settlement schemes to similar areas where Africans could own land during the colonial period (former African Land Units). We then compare the settlement schemes with other parts of the former Scheduled Areas, where Africans could not own land during the colonial period, and where redistribution did not take place.

Our paper relies on a spatial regression discontinuity design. We use two types of borders: i) between settlement schemes and adjacent African Land Units (reserves) and ii) between settlement schemes and adjacent land that also belonged to the Scheduled Areas. Our identifying assumption is that these exact borders between plots selected into the schemes and adjacent lands is as good as random. We confirm that pre-treatment covariates do not differ across the border and that there is no discontinuity at the border when considering altitude. To do so, we use a new, geo-referenced dataset that reports the precise location of schemes (Lukalo et al., 2019), historical data from the British and Kenyan archives and recent survey data.

Our tentative results suggest that population density tends to be higher in the schemes as compared to both the control areas (land in the former Scheduled Areas) and to the land that was part of the African Land Units (former “Native reserves”). However, this average masks significant heterogeneity across the schemes. The results on population density are driven by schemes located in the Rift Valley (Nyandarua South and North) and by schemes with low income potential. Conversely, the population density is lower on the schemes than in the former African Land Units only when considering schemes with a high income potential. With respect to public good provision, in all regressions, we find no difference in the density of schools or pupil numbers.