

Extended Abstract

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Paper/Poster Title	Does farmland market regulation generate utility? Discussing arguments and actors within the German land transaction law.
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Abstract	200 words max
<p>Farmland market regulation and the respective political instruments are very present in the current discussion, especially since the market faces big price increases. In the European Union, several instruments exist. The evaluation and discussion of those instruments is complex and shaped by subjective arguments. Not only are their utility for the society questioned, but also their accuracy and efficiency. Within those points, different concerned parties might have a different focus and different requirements to the regulation instruments. In this article, we intend to enrich and structure the discussion about farmland market regulation. We present an analytical framework for arguments and parties within farmland market regulation. As an example, the German land transaction law is broken down by process, parties and arguments. The framework allows to weight arguments individually. It implicates two results: First, it considers conflicting interests in a clear form. Second, a linear utility curve can be calculated which determines the minimum share of pre-sales right executions to achieve a positive aggregated utility. Hence, the framework is able to analyze the utility of the German farmland transaction law from different perspectives.</p>	
Keywords	Analytical framework, German farmland transaction law, policy analysis, farmland market, utility theory
JEL Code	Land (Q240), Agricultural Policy (Q180), Land Ownership and Tenure (Q150), Real Estate Law (K250) see: www.aeaweb.org/jel/guide/jel.php?class=Q)
Introduction	100 – 250 words
<p>Non-agricultural activities on farmland markets, price increases and a shrinking farmland supply are quite present in agricultural economics research and discussions (Hüttel et al., 2015; Odening & Hüttel, 2018). Within this, the call for market regulation becomes louder, especially amongst farmers who are in need for farmland. Several regulation instruments already exist, among other things is the German farmland transaction law (<i>Grundstücksverkehrsgesetz</i>), a strong institution in the German farmland market. However, its efficiency and target-orientation are questioned. Reasons for that are based on its age and original targets which are not fully applicable to the modern agricultural structure (it has been established in 1962) and the lack of cases where the pre-sales right has been applied (in 0.004% of all farmland transactions in 2019). Within our work, we want to contribute to the discussion and evaluation of farmland market regulation instruments, with a special regard to the German farmland transaction law. Additionally, we want to provide a structured framework which simplifies the evaluation and a potential revision of the German farmland transaction law.</p>	

Methodology	100 – 250 words
<p>To evaluate the German farmland transaction law, we developed an analytical framework, using the following three concepts from Straffin (1993) and Schelling (2010):</p> <ul style="list-style-type: none"> • Payoffs are used to describe the utility of an outcome. They are mostly defined as numbers in a certain range, which are higher for a higher utility and lower for a lower utility. We adopt the principle of payoffs to define an individual utility value for our arguments. • Actors, often called players in game-theoretical context, are defined as parties which are affected by decisions within the regulation instrument and potentially able to make decisions within it. The German land transaction law affects six different parties (buyer, seller, land society, agricultural offices, residential farmer and society). • Strategies which lead to different utility outcomes is the last concept which will be applied here. Two environmental scenarios are defined which can be achieved through the actor's choice of action. A theoretical scenario of the law's non-existence has been added for evaluation. <p>The analytical framework contains a listing of arguments, which can be weighted with assumed utility outcomes. The weightings are individual for each user. The framework is designed to be easily applicable for politicians, farmers, researchers and other interested parties.</p>	
Results	100 – 250 words
<p>As a result, we provide the analytical framework as an instrument for policy evaluation. It gives the opportunity to structure and weight arguments more efficiently. Additionally, the analytical framework can generate a linear utility curve between the aggregated utility of all parties and the percentage of -pre-sales right executions within all transactions. This curve suggests a share of pre-sales right executions which leads to a positive utility outcome of the law. The utility curve can be calculated individually and differs with different weightings of arguments. It can be used as a discussion basis for evaluating the German farmland transaction law. The analysis discloses the complexity and variety of concerned areas and parties. Several arguments work in opposite directions which makes an evaluation and potential revision of the law even more difficult.</p>	
Discussion and Conclusion	100 – 250 words
<p>To conclude, this analysis of arguments and parties might be useful for politicians and others to value the German land transaction law and create a foundation for their further argumentation. Further research could analyze other regulatory instruments in other European countries, to compare and evaluate them. It might be possible to adjust the analytical framework for other policy instruments in the field of agriculture, which is especially interesting for older instruments which are harder to investigate with quantitative methods due to a lack of data or massive changes of the agricultural structure and the institutional environment. Also, the revealed arguments can be further discussed; for example, whether land use or land rental contract transparency should be implemented. Several circumstances which appear under the current farmland transaction law are worth to be discussed: A "blackbox" concerning land use, which is appearing under the current legal conditions when a non-agricultural investor acquires farmland, might be not desirable for society. Also, the implementation of regulations capturing share deals, where investors can achieve big farmland stocks without regulation, should stay a central point in the current discussion.</p>	