

## The Decision of the Duration of Land Tenure Contracts during the Japanese Colonial Period

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### ABSTRACT

In arranging the duration of land tenure contracts during the Japanese colonial period, the main consideration is efficiency. At the turn of 1930, the duration for most of the first contracts for the rented land of the common crops changed from 1 to 3-5 years. Before the start of the 1930s, agricultural technology rendered all sorts of variable inputs. Although installing irrigation facilities to the common crops land required big investments, the renting system enabled a lot of farmers to use low cost irrigated water, thus allowing them to reap fruits of their labor in a relatively short period of time. We also find that the introduction of the new rice strain called pon-lai-mi in the 1930s called for more intensive fertilization, which led to the extension of the duration of contracts. Decade earlier, because of the transaction costs, Taiwanese landlords were reluctant to sign long-term contracts with their tenants. But in order to provide incentives to their tenants and to encourage them to invest in new technology, landlords by the 1930s generally agreed to extend the duration of contracts. In addition, we also find that if neither party broke the contracts, most of the contracts were renewed and the extension sustained and honored. In this way, some contracts lasted for quite a long time. Based upon the above analysis, we conclude that the rule of efficiency were the deciding factors of the duration of land tenure contracts.

**Keywords:** The Japanese colonial period, Taiwan, tenanted land, the duration of land tenure contract, transaction costs