

Swiss Land Improvement Syndicates (LIS): An Impure Coasian Solution?

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Abstract

A small but increasing number of planners and economists have identified the relevance of the Coase Theorem to the resolution of planning and development issues. According to Coase (1960), market interventions are not always desirable from an efficiency perspective, so long as the transaction costs of exchange are nil and property rights are well defined and freely tradeable. As neither zero transaction costs nor fully defined and tradeable property rights exist in the real world, the Coase Theorem is really about accounting for the costs of coordination and the definition of property rights. The Coase Theorem can be interpreted as meaning that the role of government intervention is to designate and enforce well-defined property rights as well as to minimise transaction costs. While, a pure Coasian solution (where transaction costs are zero and property rights are well defined and freely tradeable) is rare, if exist at all, in the planning contexts, under certain conditions, 'Impure' Coasian solutions may still be possible. In fact, different authorities have used these 'Impure' Coasian solutions, perhaps unknowingly, in different jurisdictions.

This paper aims to examine the conditions that provide for the use of 'Impure' Coasian solutions through analysing a Swiss policy instrument, Land Improvement Syndicates (LIS) that is used to facilitate land development processes involving multiple landowners. LIS aim to assist landowners reaching agreements regarding the development of their properties through creating an assembly of involved landowners. In line with the Coasian solutions, the main roles of local authorities in the LIS process are to minimise the transaction costs and facilitate the re-allocation of development rights. This paper explains how Swiss planners utilise LIS to coordinate and conduct land readjustments and zoning changes procedures simultaneously and within the same mechanism, which unless otherwise might need separate and disconnected lengthy processes.

Keywords

Land Improvement Syndicates, Coase Theorem, Transaction Costs, Property Rights.