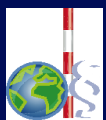


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# A Theoretical Basis for Cadastral Development

Lectured 2.-4. December 2008 in the context of  
The Master's Programme in Land Management, Unit for Real Estate Planning and Land Law,  
The Royal Institute of Technology, Stockholm, Sweden



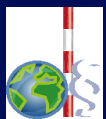
# The first paradigm: Focus on technology and economy

Development is caused by (better) property information systems  $\sim$  information technology

- Dale, Peter & John McLaughlin (1988) Land Information Management. Clarendon Press, Oxford, UK.
- Larsson, Gerhard (1991; 1996) Land registration and cadastral systems - Tools for land information management. Longman, Essex, UK.
- Dale, Peter & John McLaughlin (1999) Land Administration. Oxford University Press.

Development (in economic sense) is caused by individual property rights:

- Chalamwong, Y & Feder, G(1986) "Land Ownership Security and Land Values in Rural Thailand," World Bank Staff Working Paper no. 790.



# The motivation for secure titling

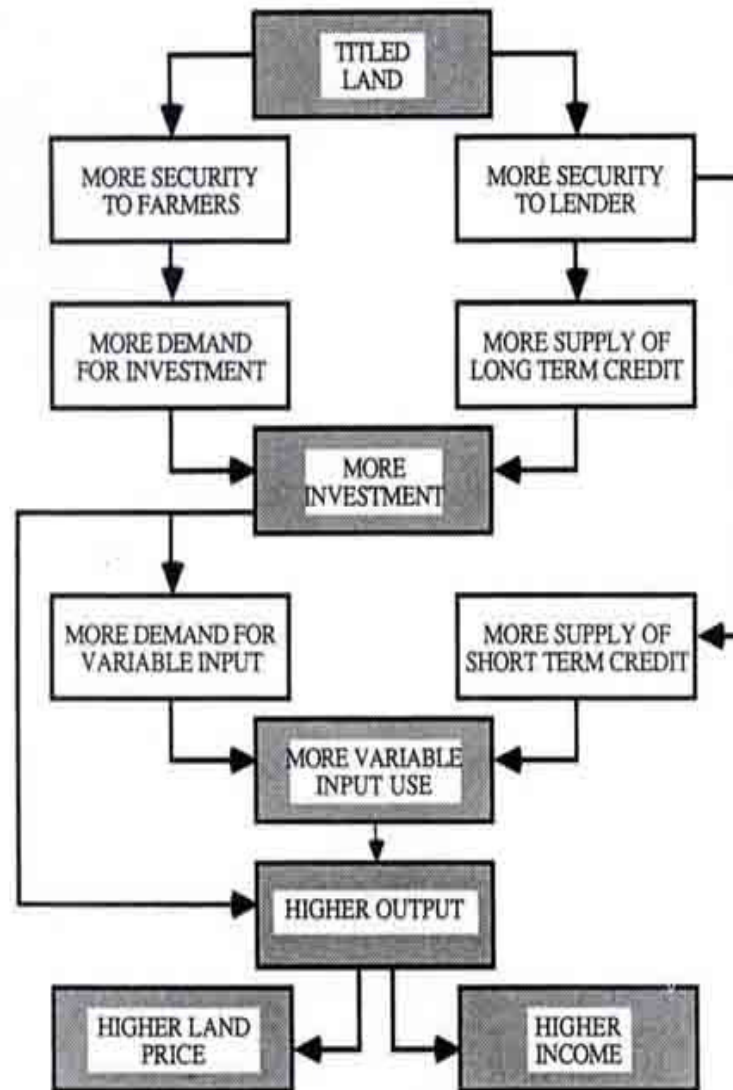


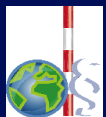
Fig. 9.1 Ownership security and farm productivity (from Feder, G.<sup>8</sup>)

Dale, McLaughlin, 1988

G. Larsson, 1991

Dale, McLaughlin, 1999

all refer to Feder's reasoning

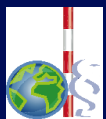


# World Bank experiences as of 1990s

World Bank project components:

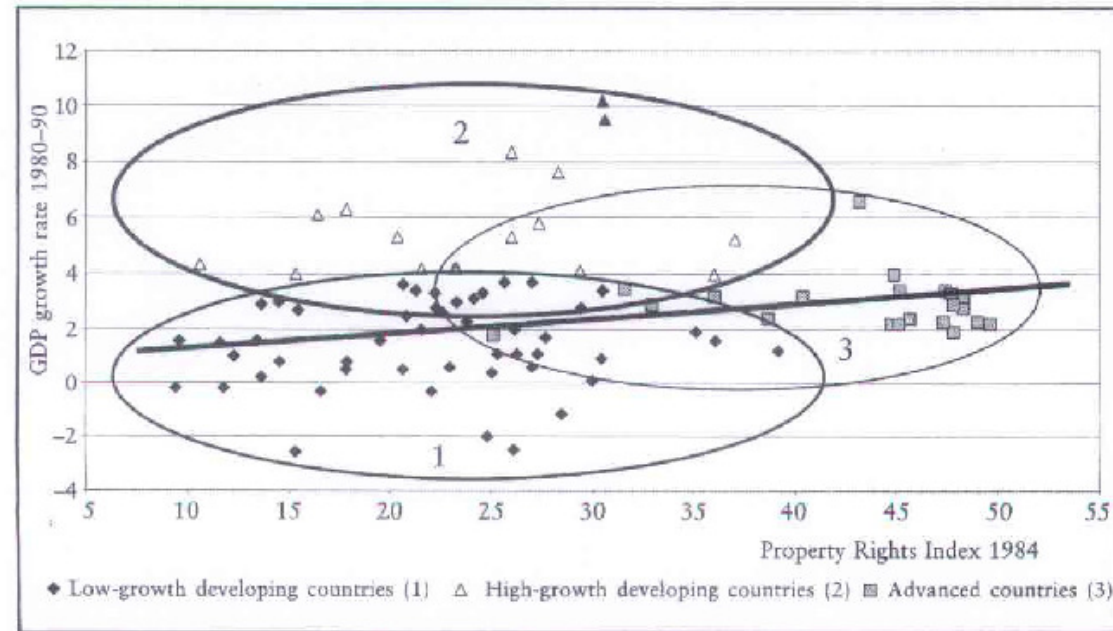
- Improvement of legal framework
- Base mapping (cadastral mapping)
- Adjudication, recording of possessory holdings
- Cadastral surveying and mapping (parcel identification)
- Title issuance and recording
- Information technology support
- Institutional development and project management
- Human resource development, provision of advisers

"..of 12 operations, most performed poorly .." (L. Holstein, 1992)

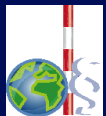


# Stable property rights (PR index, 1984) vs growth rate 1980-90

FIGURE 1 *Relationship between Stable Property Rights and Growth*



The Origins of Economic Development. How Schools of Economic Thought have Addressed Development (2005),  
Erik S Reinert & KS Jomo. London: Zed / New Delhi: Tulika.



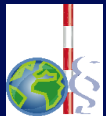
## Comments on World Bank practises (2003):

Klaus Deininger, the author of

*Land Policies for Growth and Poverty Reduction*

Oxford University Press and the World Bank 2003,  
said at the introduction of the report:

Formally recognizing the land rights of poor people is a clear win-win policy. Perhaps surprisingly, we also found that land rentals make a tremendous contribution poor people's well-being. Land rentals make it easier for poor or landless people with the necessary skills to use land productively, and to gain land access or to expand their holdings. This benefits everybody.



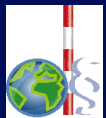
## Comments on World Bank practises (2003):

Robin Palmer, Land Policy Adviser, Oxfam, Great Britain

This report represents a major and welcome shift in World Bank thinking on land policy by offering an increased openness and flexibility in thinking, a readiness to admit to past mistakes, and an avoidance of dogmatism.

The critical test will be to ensure that the report's relatively more enlightened approach and principles will be turned into better Bank practice at the country level.

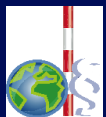
This will require genuine commitment from senior management in the Bank and continued pressure from civil society advocates who defend the land rights of the poor.



# Hernando De Soto: Why does capitalism triumph in the West .. ?

- "The reason .. is because most of the assets in Western nations have been integrated into one formal representational system" (p. 44)
- "It is an implicit legal infrastructure hidden deep within their property systems, of which ownership is but the tip of the iceberg" (p. 7)
- "The Western nations have so successfully integrated their poor into their economies that they have lost even the memory of how it was done, how the creation of capital began .." (p. 9)
- ".. That history must be recovered." (p. 8)

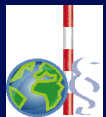
De Soto (2000) The Mystery of Capital





# De Soto's findings and suggestions

- Ordinary people have collected enormous assets, e.g. in terms of dwellings
- These assets are 'dead capital', because they are not formalized and mortgaged
- Technicians and lawyers are not in a position to make changes
- Analyses of the history of Western nations contribute towards a solution

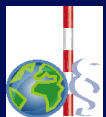


# De Soto on technicians and lawyers

Suggestion: Go for politicians that show leadership: "It is a political task to persuade technocracy to make itself over and support change" p. 187 So far,

- technicians have spent moneys on maps, which show no owners ("Property is not really part of the physical world" p. 185)
- lawyers are considered the "natural enemy" by reformers. "No group - aside from terrorists - is better positioned to sabotage capitalist expansion. And .. lawyers know how to do it legally" p. 180."

Reformist lawyers' "work tends to go unnoticed in the higher reaches of government.. pushed to the margins of political decision-making" 180-2



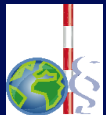
# Bureaucracy and patrimonialism

Democratic transition has been successful in only a few countries in sub-Saharan Africa. In most countries a mixed system prevails, which has prevented the beginnings of a *rational and legal* administration asserting themselves against continuing *patrimonial* power structures. Decisions are taken not on the basis of institutionalised rules, but in favour of personal relationships and to personal advantage. ... the assertion of rational-legal administration and legal systems [is] the most important precondition for Africa's development.

<http://www.inwent.org/E+Z/1997-2002/de102-4.htm>

## Patrimony

The sum total of all personal and real entitlements, including movable and immovable property, belonging to a person.

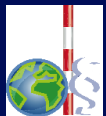


# The colonial legacy

The colonial state was not a modern rational state but a mixed structure of a rational and traditional one. British indirect rule defined the phenomenon ...

The rational state existed only as a core in the central administrations of the colonies' capitals. To deal with the native 'subjects' and secure its rule, the colonial administration used local authorities, meaning genuine or fictitious indigenous rulers. This realm of indirect rule remained the domain of patrimonial rule in which the local rulers confirmed by the colonial power could exercise their own power personally, arbitrarily, clientele-oriented and corruptly within the limits set by the colonial state.

Gero Erdmann (2002) Neo-Patrimonial Rule - Transition to Democracy has not Succeeded *D+C Development and Cooperation* No. 1, p. 8-11



# Patrimonialism in Russia

Calling Russia "patrimonial" I find much more useful, since it captures the essence of what I believe Russia is and not what it might become.

By patrimonial, I mean those regimes, where political authority and property ownership are fused.

In patrimonial regimes the elites -- be it the czar, the oligarchs, the bureaucracy, or Putin -- view themselves and are seen by their subjects as *both ruler of the realm and its owner*.

In particular, in patrimonial states the legal and practical distinction between political power and private property either does not exist or is blurred. This blurring of power and property is much different from the situation in the United States or Western Europe, where the law draws a strong distinction between the two.

The Washington Times, April 1, 2004 <http://www.washtimes.com>



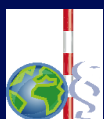
# Social Network Analysis: Formal and informal relations

	Strong (formal) regulation	Weak (formal) regulation
Strong social integration	Hierarchical: Exchange according to authorized rules	Egalitarian culture: cf. Human relations approach
Weak social integration	Culture of indifference, fatalistic: No initiative is a rational position	Individualistic: Quid pro quo for each transaction

Social regulation: Degree of individual freedom towards authority

Social integration: Degree of partnership in groups or networks

Omran; van Etten (2007) Spatial-Data Sharing.. IJGIS



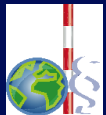
# The role of property rights in explaining economic growth



ISBN  
0-8126-9615-8  
512 pages  
Spring 2007

## The Mystery of Capital and the Construction of Social Reality

Edited by Barry Smith, David Mark, and Isaac Ehrlich. Two recent and independent analyses of social and economic life have sparked a revolution in thinking about international development. Ever since Hernando De Soto's bestseller *The Mystery of Capital* ignited debate among experts in international economic development, and John Searle's *The Construction of Social Reality* challenged conventional wisdoms about the permanence of social institutions, scholars have been reconceptualizing social institutions and economic development.

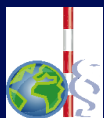


Stubkjær: Cadastral Development - as bound by history

# The spread of formal ownership in Denmark

1600s	Crown owned about half, nobility the other half (~2000 persons out of 600.000)
1800s	Of the 60.000 farms, about half were acquired by tenants as freeholds
2001	1.130.241 detached houses and farm houses, owned by individuals (out of 5.3 mio)

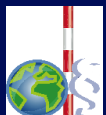
The institutionalization of property rights - The case of Denmark, in: Smith, Mark, Ehrlich, 2008





# The rise of bureaucracy (~= accountability) in Denmark

- 1360 Coronation charter: King and nobles adopt the written law as the guiding principle (cf. *Magna Charta*, 1215)
- 1479 University of Copenhagen founded, providing priests and lawyers
- 1683 *Christian V's Danske Lov*: Codified legislation .. "solid foundation for the stable bureaucratic absolutism of the 18th century". Book 6 structured after the 10 commandments in the Bible.
- 1536 - 1720 Church a "means of indoctrinating the population with the Lutheran dogma of divinity of authority", but also a memento for all on the Day of Judgement
- 1740 Fredric the Great of Prussia wrote *Anti-Machiavel* as a guide for a prince



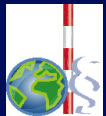
# Preconditions of the Danish land reform: Lutheran attitude to work

A psalm, composed in 1674 and sung in national language at sermons during a century before the land reform

God, join hands with me and grant  
the generous Holy Spirit thrive my vocational work.

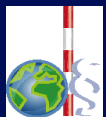
Bless me, oh Lord, of your might!  
If only I today, and every day as well,  
in You and in my industry be satisfied!

Kingo: Nu rinder solen op, 1674; Verse 5



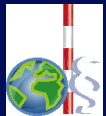
# The Danish land reform around 1800

- From 1750s 'pilot projects' on leading nobles' estates:  
Increased productivity was established
- License for surveyors introduced 1776, 1810
- 1781 Order on lifting of joint cultivation (Frd 23. apr)
  - A single tenant of the village is entitled to trigger the restructuring process
  - All village tenants must pay costs for the restructuring plan
  - No tenant is forced to leave cultivation community
  - Restructuring plan: Maximum 3 lots
- By 1850 only 1% still in joint cultivation
- Independent, self-sufficient farming class developed



# Operating factors of land reform

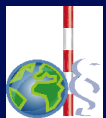
- Increased productivity, higher prices on products
- Landowners interested in selling land, to invest in overseas trading
- Initially mostly (hereditary) copyhold, gradually freehold
- State reward for outlying farm buildings. - (Marginal) loans from state
- Legal protection of remaining tenant farmers, education, care for elderly



# Grundtvig and economic co-operatives

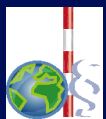
Grundtvig (1783 - 1872) priest, poet (1/3 of Danish psalms), spiritual animator

- Was in opposition to English economists, to a market logic. Agitated for the ideal "that few people had too much, and less too little"
- National self-consciousness, love, joint understanding of tasks and means
- Dignity by becoming economically self-supporting, *spread of real property rights*
- Education, basic education, and continuing education for youngsters (Folk High Schools)



# The spread of accountability

- 1814 Educational act introduces compulsory schooling for everyone. Illiteracy eradicated by 1850
- 1849 General entitlement of creating associations (Constitution § 85). Supported debate and innovation, without hurting the weak
- 1850s Grundtvig provided background for co-operation movement in 1870s: Associations were created to process agricultural products (diaries, bacon factories). Other associations were offering mortgage loans, financed through bonds, which were sold at the stock exchange.
- 1910s-1980s: Social Democrats and Workers' Unions cooperate to channel part of surplus of production to lower strata.
- 1960s -80s: Construction boom. Danish mortgage system and female employment assist blue collar workers in buying detached houses.



# Summary

- History matters! (de Soto; O. Williamson: Levels of social analysis; Danish history of property rights)
- Description of 'business processes'/ information flows/ **current practises** is a precondition for rational change (de Soto; D: C. North; Nordic Cadastral Agencies)
- **Current practises** can be analysed within the theoretical framework of institutional economics (Williamson, North)
- Administrative change, e.g. the establishment of a new LIS, presupposes negotiations. Also these negotiations can be analysed within the same theory as *institutional transactions*.
- "There is nothing so practical as a good theory." --Kurt Lewin (o. 1940)

