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A Theoretical Basis for Cadastral Development

Part 3 of 3

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Unit for Real Estate Planning and Land Law,
The Royal Institute of Technology, Stockholm, Sweden

Summary and outlook

1. Dec.	2. Dec.	3. Dec.
<ul style="list-style-type: none"> • Cadastral system defined • Institutional economics • Global inequality; Causal factors, country cases 	<ul style="list-style-type: none"> • Spatial Reference Frames • Business processes • Sociology of organisations 	<ol style="list-style-type: none"> 1. Development strategies 2. De Soto (2000) 3. Understanding institutions 4. Institutional transactions 5. Why did Denmark develop?

Overview Part 3: International and Centennial Scope

1. Development strategies by donor agencies, incl. WB, 1970-2000
2. De Soto (2000) and the role of real property rights
3. Understanding institutions (different from organisations)
4. Institutional transactions
5. Why did Denmark develop to count among wealthy nations?

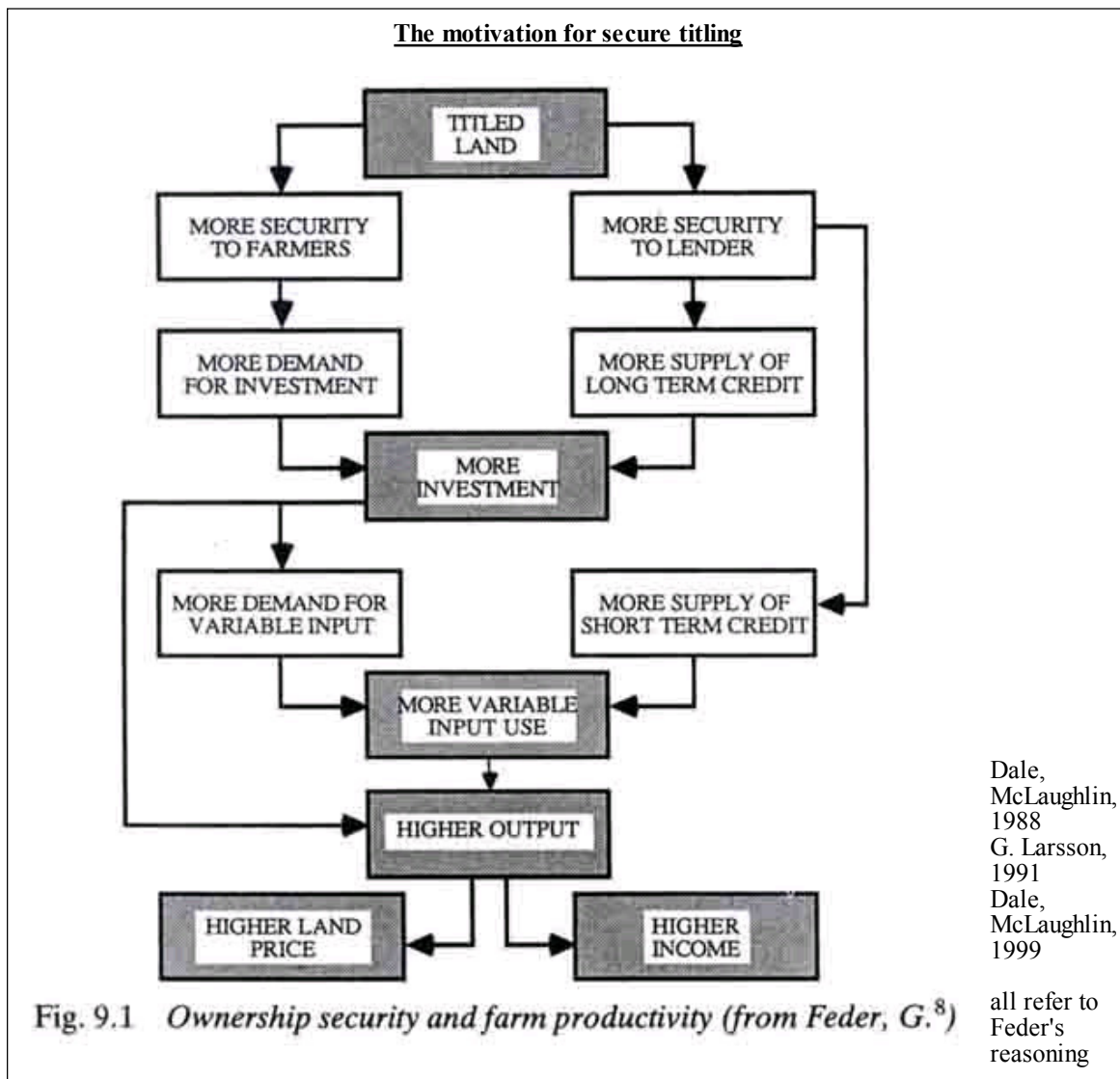
1.The first development paradigm: Focus on technology and economy

Development is caused by (better) property information systems ~=
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.



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)

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 to 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.

2. 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

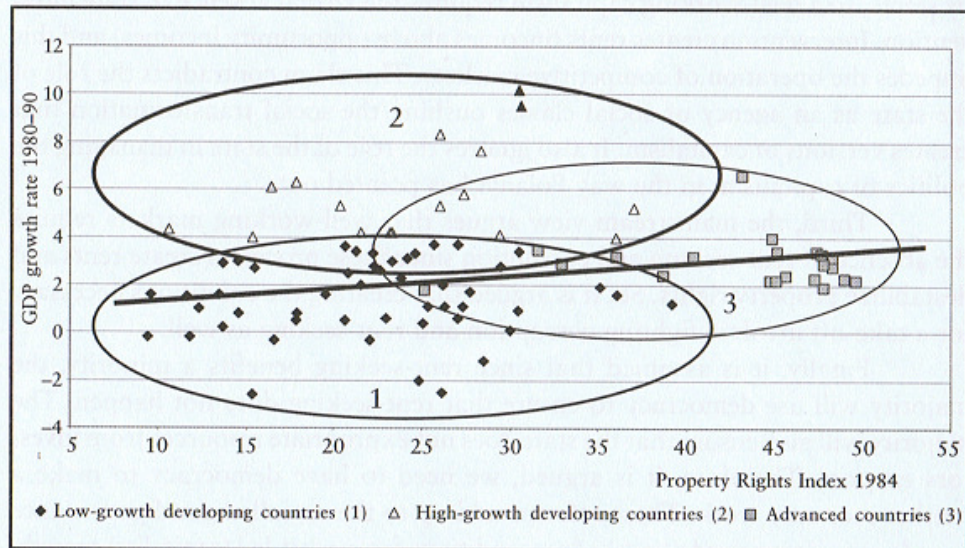
Suggestion: Go for politicians that show leadership: "It is a political task to persuade technocracy to make itself over and support change" p. 187 So far,

- 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

Critique of de Soto: 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.

3. Understanding institutions: 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

4. Institutional transactions: L3 interactions to change L4 activities

An institution is changed by

- change of organizational units: New units, or changed mandates or competencies
- change of information channel network (new, reorganised)
- change of content of information flows
- establishment or change of 'legal instruments' or symbols/ marks
- change of norms and attitudes

Stakeholder analysis

Stakeholders	Active opposition	Passive opposition	Not committed	Passive support	Active support
Suppliers			XO		
Executive directors				X —————→	O
Staff	X —————→		O		
National politicians				XO	
Finance Director				O ←————	X
Local politicians		XO			

X = current position

O = required position

Figure 42.7 Stakeholder commitment matrix

Interactions takes place among 'Actors' (~='Stakeholder')

An *Actor* is a physical person,
acting on behalf of an organisation(al unit), e.g. a director

The *actor* is free as any human, e.g. to meet another person or not,
but bound by the norms and articles of the organisation s/he represents.

How to analyse Institutional Transactions: Methodology

The research methodology of Volker Schneider:

- Identify scope of study: The law making process
- Collect reports and other written material, to identify *actors*
- Perform preliminary interviews, to identify further *actors*, and locate places, where they meet: *arenas*
- - - - ('Snowball method')
- Prepare and conduct essential interviews, asking for motivation for alliances, agreements, and rejections
- Reconstruct sequence and interrelation of *events* (PERT)
- Establish mutual assessment of *resources*
- - - - e.g. to identify type and amount of *resources* ('power')

Examples of the concept of 'Arena'

- Parliament
- Permanent councils and committees
- Task forces and working groups
- Recurrent events (conferences, seminars) with strong themes
- Professional associations (e.g. of Notaries, or Geodetic Engineers)

Observations made by V. Schneider

Schneider's groups of actors:

- Governmental bodies
- Political parties
- Organised interests (Industry, Trade Unions, 'Green' organisations)
- Scientific bodies
- International organisations

Organisational units for Schneider and cadastre

Governmental bodies	
Management of chemical substances	Cadastral development (examples)
Min of Labour	Cadastral Agency
Min of Agriculture	Courts (Land Registry)
Min of Interior	Property tax authorities
Min of Health	National Statistics
Min of Commerce and Industry	..
Min of Research	Local government
Agency of Materials Testing	
Agency of Security at Work	
...	
Agency of Environment	

Organisational units for Schneider and cadastre

Political parties	
Management of chemical substances	Cadastral development (examples)
SPD, CDU, FDP	MPs in relevant Parliamentary committees
Organised interests (Industry, Trade Unions, 'Green's')	
Association for Chemical Industry Corporation for Chemistry, Paper and Ceramics German Chamber of Commerce ...	Big land owners Foreign, economic interests. Semi-public computer facility management. Computer and software companies. Consultants

Schneider's organ. units, and the corresponding cadastral

Scientific bodies	
Ass. of Chemical Engineers (BGChemie) German Research Corporation (DFG) Expert Committee on Environmental Issues	Association of Geodetic Surveyors; .. of Notaries; University departments
International organisations	
EU OECD Europ. Ass. for Chemical Industry	OECD FIG CLGE

Schneider: 'Similarity of resources'

Knowledge (Expertenwissen, Personal)

- Laboratories (staff and equipment), Expertise

Organisational skills (Entscheidungs-, Finanzen, ..)

- Accomplishing timely decisions, Keeping contact with other decision centres, Motivate high degree of membership
- Direct (govern) use of resources, Making money

Access to news media (Image, Mobilisierungskapazität)

- Reputation, Ability in mobilising interest

Schneider's approach explains the Danish BDR- development

Concept set: actor, network, arena, resources, .. explains the structure of negotiation over (new) rules.

The methodology may be applied generally:

Use concept set to analyse your 'next step' in a development project, like playing Chess

Other literature with similar approach:

Marsden, Peter V. & Nan Lin (publ.): Social structure and network analysis, Sage 1985

Experiences in Slovenia

Task: Assist in adapting the Slovenian study programmes towards a more market oriented society.

Task force made up of A, DK, NL, FIN, S professors

Outcome: Formally approved and more relevant study programmes.

Method:

- Ask for the knowledge profile of graduates: What do they have; What's needed?
- Ask for local opinions/ insight: Visit a more wealthy, and a more poor region. Outcome: Change is needed beyond reasonable doubt!
- Leave the decision to the local decision makers -> They learned to negotiate a solution.
- Be gentle, but keep a stick: Stopping the project would be embarrassing for the local elite.

A lesson from the Slovenian project

Slovenia had (1995+) no articulate (= independent) interest groups, while in Germany you have

- a high level of bureaucratic maturity, articulated goals
- a national appreciation of rational approaches
- specific expertise is objectivised (big and competitive country)

In small countries (DK, SLO, ..), similar investigations may be difficult to perform, because physical persons (rather than competing bodies) control expert knowledge.

Social behaviour is culturally bound (and methodologies should reflect that!). Stakeholder analysis is generally applicable.

5. In search for explanation of economic growth: The case of Denmark



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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.

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% is 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.
'Prince- and 'princess- schools' by 1719. 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)

