

## **Paths to Property**

Approaches to Institutional Change in  
International Development

### **SUMMARY**

- Economic development requires the creation of sound political and legal institutions – in particular, secure and functional property rights.
- Among policy-makers there is still widespread ignorance about how to design, create and secure functional property rights systems in the developing world. Detailed institutional analysis may therefore be more productive than engaging in the old ‘nationalisation’ versus ‘privatisation’ debate.
- Successful programmes of property rights reform recognise the complexity and uniqueness of existing property environments. Each individual context calls for a discrete response. Quick-fix, universal solutions are likely to fail.
- Because there is no unique solution to fit all cases, one needs to think of property rights policy as a strategic process, not a blueprint-based social engineering undertaking.
- The available strategies of property rights creation are defined by the various combinations of two basic paths: evolutionary (spontaneous, bottom-up) and legislative (top-down, fiat).
- Understanding whether or not the de facto property environment matches or tracks de jure rules is crucial. Caution against over-reliance on fiat and legislation should be paralleled by balanced and realistic expectations regarding the power and limits of the evolutionary approach.

- Property rights could hardly exist without institutional and technological means of defining, monitoring and enforcing them. ‘Property-rights technologies’ are a key consideration in any strategy of creating property rights.
- Property rights have an economic basis. There are economic thresholds beyond which it makes economic sense to introduce property rights and thresholds under which costs hinder the emergence of specific property arrangements.
- A process view of property rights reform shifts the attention from the creation of a static configuration of rules and laws to the creation of a flexible and resilient system which can adapt to changes in costs, technologies and social circumstances.
- Expectations regarding property-rights-based development policies are high and rising. It is therefore essential that implementation strategies take adequate account of their cultural and institutional contexts. Disappointing outcomes resulting from defective implementation may lead eventually to the dismissal of the idea that robust property-rights systems are essential for economic growth.