

# **Securing Property and Ensuring Economic Growth**

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What exactly is meant by private property rights? In what context do property rights develop and what are the necessary parameters in which they exist? Can property rights be imposed or do they develop out of the culture, values, and traditions of a society? Is there a direct connection between the provision of property rights and economic progress? What examples can be presented to indicate whether such a connection exists?

These are the questions to be addressed in this paper. The answers come not from any original or primary research by the author, but rather from a review of the literature developed by economists, political scientists, legal scholars, and real estate experts over the past several years. It is in this context that the present paper will attempt to provide an understanding of the economic importance of developing property rights and why securing private property rights is an essential element in promoting economic growth.

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Thirty-five years ago, Frank H. Knight summarized the proposition that property rights promote economic growth when he stated in his work, Risk, Uncertainty and Profit that:

The social justification of private ownership is that the coupling of control of resources with enjoyment of the fruits of their use is supposed to give an incentive to use the goods effectively in production. (Knight, 319)

Knight maintains that property rights are, in fact, the essential prerequisite for economic progress in society. More recently, Tom Bethell has provided an overview of the importance of property rights and why their significance has often been neglected (Bethell). In the years prior to the demise of the Soviet Union, this view was held by many, but certainly far from all, economists and political leaders. Capitalism and its reliance on private property was only one of the prevailing approaches to economic growth. In the 20<sup>th</sup> century it was defended against the claims of socialism and centralized planning by authors such as Friedrich Hayek in his classic The Road to Serfdom and Milton Friedman in Capitalism and Freedom. Over the last fifteen years, however, capitalism has clearly become the dominant economic model in nearly all areas of the world.

To understand the conditions for economic growth in a capitalist economy, one must consider the definition of private property rights, the context or framework in which they develop and become enforceable, and the significance of property rights in promoting economic growth. Thus, any discussion of property rights must start with a definition, realizing at the same time that economists, legal scholars, political scientists, and real estate practitioners may all hold to differing views or modifications of a common definition.

Many legal scholars maintain that a right must have a correlative duty, following Hohfeld's system of jural relations. Thus, while an owner has a right to property, one also has a duty or obligation not to interfere with another's possession (Cole and Grossman, 318-320). At the same time, economists and real estate practitioners speak of private property as consisting of a "bundle of rights" (Appraisal Institute, 68-70).

The total range of ownership interests in real property is called the bundle of rights...including the right to use the real estate, sell it, lease it, enter it, and give it away, and each "stick" can be separated from the bundle and traded in the market (Appraisal Institute, 8).

Still others refine this description by calling it a "bundle of nested rights" since they are viewed as building upon each other (Getzler, 654).

While different authors may describe the characteristics of private property rights differently, most would agree on three fundamental elements. First, property rights include utilization, the right to use, change and manage the asset. Second, it includes possession, the right to receive the fruits of the property, both to receive any income from it as well as assume responsibility for any negative products or outcomes. Third, property rights include the right of alienation, the ability to transfer these rights to another (Putterman, 1049).

Property rights are important because they provide a degree of security, stabilize expectations about other's behavior and diminish transaction costs (Leblang, 7). A formal property system makes the asset "fungible" – able to be formulated to suit any transaction (De Soto, 56). To have significance such rights must be perceived to be permanent and not transitory, the holder must have the right to use the resources as he sees fit, and the owner must possess the exclusive right to voluntarily transfer or partition the rights (O'Driscoll and Hoskins, 8-9).

Perhaps the most important aspect of property rights, and one of essential importance to real estate practitioners, is the ability to transfer property from one person to another while ensuring clear ownership (Baird and Jackson, 299-300). As Steven Eagle maintains:

The key is transferability. Property rights must easily be exchangeable to allow property to migrate to its most efficient use. Otherwise, property use will remain inefficient and the market will not be allowed to grow (Eagle, 15).

Beyond the mere possession of land, property rights can be viewed as contributing to the measurement of assets, the monitoring of activity, and the enforcement of agreements. Just as important, however, property rights help to predict future behavior so that a degree of predictability occurs. As Leblang observes, “if a high degree of uncertainty prevails – if property rights do not exist or are not well defined – then the incentive for immediate consumption will exceed the incentive to save and invest” (Leblang, 20).

The process of guaranteeing the continued existence of private property rights introduces the need for a legal system devoted to the rule of law. Hernando De Soto points out two essential contributions of a comprehensive legal system to the protection of property rights. Such a system reduces the costs of knowing the economic qualities of assets and eases the ability to agree on how to use assets to create further production (De Soto, 63):

This brings the discussion to an acknowledgement of the role of government in the process of ensuring private property rights. Douglass North stresses that there is not a conflict between property rights and government but, rather a recognition of the

centrality of government's positive role as a referee, a mediator, and a facilitator.

Speaking of the relationship of private property to government, North makes clear that

You do not get government out of it. What you try to get government, either directly by rules and regulations and property rights, or indirectly, to do, is to structure the game so you force the players to compete by price and quality rather than compete in other ways" (North, 20).

That is the same perspective that Fareed Zakaria presents when he maintains that only a well organized and functioning state with legitimacy can establish the rules and laws that guarantee property rights and, in turn, make capitalism work for all its citizens.

At the very least, without a government capable of protecting property rights and human rights, press freedoms and business contracts, anti-trust laws and consumer demands, a society gets not the rule of law but the rule of the strong (Zakaria, 77).

It is in this context that the rule of law becomes an essential underpinning for guaranteeing the rights of private property.

This position was echoed by United Nations Secretary General Kofi Annan in his June 10, 1999 address to the United States Chamber of Commerce where he stated that "without rules governing contracts and property rights; without confidence based on the rule of law; without trust and transparency – there could be no well-functioning markets" (Eagle, 7). Political, legal, and cultural institutions directly influence the actions of economic players and, with that, economic development. The rules of the game provide the framework within which actions take place and provide greater certainty and predictability (Boettke and Coyne, 1).

Without the rule of law in a stable government, the ability to predict and plan becomes difficult and extralegal activities become the norm. This is because unstable legal institutions produce an environment where enforcement is arbitrary and corruption

becomes dominant. In such a situation, entrepreneurs find it easier to ignore the law or operate in opposition to it, spending valuable resources on unproductive and evasive efforts.

...evasion is the only way that productive opportunities can be made profitable. Because engaging in evasive activities involves a large amount of resources, the welfare implications of these efforts constitute a significant dead weight loss for society as a whole (Coyne and Leeson, 244)

For the efforts of entrepreneurs to be motivated in a positive direction, operating to the benefit of all society as opposed to undertaking evasive and hidden activities, there needs to exist well defined property rights backed by the rule of law. After analyzing five post-communist European countries, Boettke and Coyne conclude that it is these two essential institutions that distinguish growing economies from those that remain stagnant (Boettke and Coyne, 15).

In defining the rule of law, most observers would agree that such a system comprises five key elements. First, there must be capacity, rules that are able to provide guidance to people. Second, is the need for efficacy, such that the rules actually do guide people in their behavior. Third, there must be stability, an awareness that people can plan and act over time. Fourth, such a system should ensure supremacy so that the law rules both officials and citizens. Fifth, a system ensuring the rule of law must provide impartiality, one that guarantees fair enforcement and procedures (Eagle, 2).

To promote economic growth, governments must not only follow actions that are supportive of secure property rights and freedom of exchange, they must also make a convincing and credible commitment that the policies will be maintained in the future (Gwartney, Holcombe and Lawson, 206).

It is in this context that what is essential is the knowledge by entrepreneurs and others in society that such rights are stable and will not be abrogated in the future.

Much of the world's property remains, however, in an extralegal framework or environment. De Soto and his research team cite the number of steps required and the length of time taken to obtain government approval to legally build a house or open a business in several countries. In such an environment, evasion and extralegal activities are not a choice, but a virtual necessity. Moreover, they found that it is almost as difficult – and counterproductive to economic growth – to stay legal as to become legal (De Soto, 18-28). From their calculations in 1997 – nine years ago – the total value at that time of extralegal real estate held by the poor in Third World countries and former communist nations was estimated to be worth 9.3 trillion US dollars – dead capital that could not be used as collateral for economic expansion and, thus, did not contribute to economic growth (De Soto, 35-36).

Clearly, extra legality has existed for years and occurs when governments fail to integrate law with the way people live and work. To this extent, law must be both practical as well as principled. Indeed, as De Soto relates, this situation has been an ongoing challenge and one that confronted most of the West not that long ago. It was only in the 19<sup>th</sup> and early 20<sup>th</sup> centuries that law was adapted to the needs of the common people in much of Western Europe (De Soto, 102).

In the United States, the process of ensuring property rights and promoting the rule of law only took place with a recognition of the existing reality already in place. What began in the early years of the nation was an acceptance of squatters and the validity of social contracts born outside official law. As De Soto notes, “the legal

innovation of allowing a settler to buy the land he had improved before it was offered for public sale was known as preemption” (De Soto, 120). De Soto traces the history of 19<sup>th</sup> century claim associations and miner organizations which helped to define property rights and, thereby, added value to the land (De Soto, 136). It is in this context that he views integrating extralegal property rights into the legal system – rather than attempting to destroy, abolish, negate, or ignore them – as an essential ingredient in the growth of capital in the United States. The lesson, however, is not merely one of American history but, rather, has application to the larger world.

...the American experience is very much like what is going on today in Third World and former communist countries. The official law has not been able to keep up with popular initiative, and government has lost control” (De Soto, 148-149).

The rule of law then becomes the foundation of any stable and lasting system of property rights for, as Baird and Jackson note, “legal rules, by minimizing the problem of conflicting ownership claims, can increase the value of property in the hands of its owners” (Baird and Jackson, 301). But as the foundation of property rights, law must be based not so much on theoretical and rational philosophical principles as on an acceptance of the customs, mores, and traditions that are inherent in a population. The process begins not in the library or in comparing the statutes and rules of other nations but in the culture and norms of the population to be served. To North, law must be based on an acceptance of the preexisting elements in society. He reminds us that “the culture of a society is a cumulative structure of rules, norms, and beliefs, that we inherit from the past, that shape our present, and that influence our future” (North, 9).

The process by which a society incorporates these cultural elements into a legal system is a critical question for the successful integration of all property into a productive economy. Well-defined property rights must be guaranteed within the framework of the rule of law that in turn must be developed by government within the context of existing extralegal agreements, customs and social contracts.

...creating an integrated system is not about drafting laws and regulations that look good on paper but rather about designing norms that are rooted in people's beliefs and are thus more likely to be obeyed and enforced.... Without succeeding on these legal and political fronts, no nation can overcome the legal apartheid between those who can create capital and those who cannot (De Soto, 159).

Only with the guarantee of property rights can the dead capital present in extralegal real estate be released to promote greater economic growth. Moreover, when changes in formal rules are in harmony with the prevailing informal rules, the incentives they create for compliance will reduce the costs imposed by avoidance and evasion and free additional resources for the production of wealth (Pejovich, 2).

Seth W. Norton cites a number of studies from various nations, all of which show that well-defined property rights, the rule of law, and public policies that do not lessen property rights support the generation of economic growth and the accumulation of wealth (Norton, 234). A similar situation was found when Steven Eagle reviewed the economic progress over the past fifteen years in Russia, Georgia, Poland, and Kosovo. He concluded that adherence to the rule of law, including property law, is a necessary condition for economic development. As he observed,

The pace of privatization can be rapid if the individual country's traditions and history so allow, but such privatization should not begin until the appropriate government institutions for protecting individual property rights are in place (Eagle, 20).

In this fashion Eagle stresses the importance of recognizing culture and norms in the development of the framework in which property rights are secured.

Boettke and Coyne also analyzed five post-communist countries and concluded that “the two countries placed in the ‘backward group’ diverged from the others largely due to differences in protection of property. The study also confirmed that these countries had the weakest rule of law” (Boettke and Coyne, 15). Paddy Ashdown drew a similar conclusion from practical experience gained while serving as High Representative for Bosnia and Herzegovina from 2002 to 2006. “In hindsight we should have put the establishment of the rule of law first, for everything else depends on it” (Zakaria, 259). Eagle’s conclusions on the Russian experience are similar to those of Ashdown in that he also stresses the importance of first establishing institutions that interact with the market and with existing patterns of behavior to form an efficient private sector. As he observes, “prosperity did not follow because the institutions supporting the property rights were virtually non-existent” (Eagle, 19-20). Thus, it is only with a legal infrastructure and the rule of law that private property rights can exist and economic growth occur.

Bestani and Klein have observed similar problems in their description of housing finance in Asia. They maintain that in too many countries

...the housing markets of the region are stifled by legal and regulatory issues. Foreclosure laws are weak across Asia; without legal recourse to collect on collateral, formal channels are reluctant to lend. Titling laws are also weak; laws relating to land ownership are unclear, and private lenders are cautious to come in when ownership is easily disputed (Bestani and Klein, 26).

The absence of clear guarantees of private property rights and title serves as a barrier to the development of capital that could otherwise be used to promote economic growth.

In reviewing the impact of foreign aid in Sub-Saharan Africa, Brett Schaefer cites a 1997 World Bank analysis that concluded

...while assistance positively affects growth in countries with good economic policies (free markets, fiscal discipline, and the rule of law), countries with poor economic policies did not experience sustained economic growth regardless of the amount of foreign assistance received (Schaefer, 4).

Coyne and Leeson reached similar conclusions about Romania. In that country they found that property rights are not strong due to the absence of an effective court system. The result is that many entrepreneurs hold assets outside the law since the cost of engaging within the system is viewed as too high (Coyne and Leeson, 246). After reviewing the situation in several countries, Hoskins and Eiras concluded that the independence, transparency, and effectiveness of the judicial system were key factors in a country's prospects for strong economic growth (Hoskins and Eiras, 39).

Still others have traced the effect of property rights on the Brazilian frontier. These researchers studied the impact of formal title by government on the land value along the Brazilian frontier and how having clear title changes the patterns of investment and economic behavior. They maintain that without well-defined property rights, wasteful land use such as rapid deforestation is more likely to occur (Alston, Libecap, and Schneider, 26).

Louis Putterman provides an overview of the Chinese economy and its substantial economic growth for nearly thirty years even though he viewed property rights reform as gradual and limited in most areas of the country. He reminds us that institutions need time to take root and grow in a society, that they must evolve out of the traditions present in that society. Changes in property rights have been most significant in the shift from teams to households as production units in the agricultural sector

(Putterman, 1062). For the future path in China, “continuing movement towards a more conventional market economy, including largely private ownership of resources and enterprises, appears the more likely outcome” (Putterman, 1063). Thus, the move to private ownership is predicted as a long-term solution to motivating profit-seeking behavior, something that Putterman sees as occurring over time.

Even within the framework of property rights established under a rule of law developed from the accepted traditions, customs and values of the population, a caveat must be entered. Property rights – as with all other liberties guaranteed by government – can change or be restricted over time. As Hoskins and Eiras observe, “...the extent to which governments carry out their responsibility to respect and protect property rights does much to determine the extent to which economic growth is possible” (Hoskins and Eiras, 37). A property owner’s liability for debts can be limited by a corporate structure or by bankruptcy provisions of law. The ability to utilize one’s property can be impacted by laws governing employment or zoning restrictions. Transfer of ownership and the implicit value of one’s property can be influenced by laws limiting foreign ownership (Putterman, 1049). Governments can infringe on property rights through inflation, regulations, and government ownership of scarce resources. All of these actions can serve to hinder economic growth (Hoskins and Eiras, 37).

In his study of the economy of India, Arvind Panagariya mentions these other factors as initially impeding economic growth. With the liberalization of its economic policies in the early 1990s, India lifted import controls, allowed more direct foreign investment, abolished investment licensing and exchange controls and ended the public

sector monopoly in many fields. The result was that Gross Domestic Product grew at a rate of 6.1% from 1992 to 2002 (Panagariya, 1 -2).

While we speak of the centrality of property rights as a contributor to economic growth, it must be remembered that they operate fully only in a framework that allows the freedom of contract backed by an independent judiciary operating in a constitutional framework (Pejovich, 11). Individuals respond to the incentives that are presented to them and those incentives for action or inaction develop out of the institutions that operate in society (Boettke, Coyne, Leeson and Sautet, 20). If the appropriate legal, economic and political institutions exist, then the market system provides the incentives to invest in both physical and human capital. This in turn encourages the development of improved production methods through further division of labor and innovation (Gwartney, Holcombe and Lawson, 207, 213).

As Wolfgang Kasper notes, “Effective institutions, therefore, not only determine the value of property in a society, but also the ease of active property uses” (Kasper, 55). The greater the degree of protection provided by private property rights, the less significant become the costs of excluding others from that property (whether by rules, regulations, bribery, protection, or any number of other means) and the more productive become the potential uses of that property.

This brings us back to De Soto and his perspective on the vast amount of wealth held by the poor of the world, wealth that remains as dead capital due to the lack of an effective legal structure guaranteeing private property rights for much of the world’s population. According to De Soto

What the poor lack is easy access to the property mechanisms that could legally fix the economic potential of their assets so that they

could be used to produce, secure, or guarantee greater value in the expanded market (De Soto, 48).

As he points out, much of the world's poor have houses – but not titles to property; crops – but not deeds reflecting ownership; business enterprises – but not articles of incorporation. Their possessions are not legally documented and thus cannot be readily turned into capital and used as collateral for a loan or as a share against an investment. This is why they have assets which combined are worth trillions in US dollars but assets which cannot be employed to their fullest to produce economic growth and expansion (De Soto, 6).

John W. Allen sends a similar message when he stresses stability in property rights and consistent enforcement of these rights as critical to economic growth. A sustained flow of investment in new capital goods is a key ingredient in economic growth and this investment can only occur where permanence and stability in property rights is present (Allen, 36). De Soto stresses the importance of capital when he notes

Only capital provides the means to support specialization and the production and exchange of assets in the expanded market. It is capital that is the source of increasing productivity and therefore the wealth of nations (De Soto, 209).

A similar message is sent by Boettke, Coyne, Leeson, and Sautet when they observe that “the formality of property holdings is required for individuals to be able to use their property to raise live capital that can generate new wealth creating activities” (Boettke, Coyne, Leeson, and Sautet, 30). Thus, by guaranteeing property rights, society frees up capital, including the dead capital held by the poor, which is essential to economic growth.

Moreover, even beyond freeing up capital, the security of private property rights serves to encourage the willingness of its owners to engage in risk-taking and entrepreneurial efforts. Knowledge that their ownership of property is guaranteed allows them to turn their efforts and resources from protection and evasion and direct those efforts in a positive and productive manner which benefits the economy as a whole. As Allen observes

The genius of a private property system is that it takes people as they are and transforms the pursuit of individual self-interest into a wealth-generating machine fueled by creativity, ingenuity, inventiveness, competition and cooperation...If we want economic growth, we want an economic system that inspires productive activities, one that provides an incentive for people to use resources efficiently, to produce those goods and services people value most highly (Allen, 25).

While a private property system is not a sufficient condition for prosperity, Allen maintains that it is a necessary condition. Private property rights must exist and be secured in a system where the rule of law prevails, one which allows for the predictability and security of ownership rights and contractual obligations.

What then are the results in the real world when private property rights are secured – and when they are not – in terms of economic growth. As has been shown already, property rights do not exist in a vacuum – they must develop out of the values and customs of society, they must be guaranteed by the rule of law, and they should extend to the entire population, if not out of equity then to maximize the effective use of capital in society.

In his review of contemporary conditions in several countries, Kasper concludes that one of the causes of social problems in many nations is the lack of secure property rights. Kasper believes that

The consequences of uncertain titles of property in land and enterprises is that the poor cannot use these assets to raise loans for growing their businesses and have to incur great costs in defending their possessions (Kasper,66).

Where property rights are formalized and protected, individuals are allowed to invest and undertake new opportunities for business growth. The more this is encouraged and allowed to occur, the greater the overall economic growth in that society.

Beginning in 2001, the Cato Institute in Washington, D.C. (USA) has published an annual report on “Economic Freedom of the World” which measures the degree to which the policies and institutions of various countries support economic freedom, including especially private property rights. Likewise, the Heritage Foundation (which is also headquartered in Washington, D.C) in conjunction with the Wall Street Journal, has been compiling an “Index of Economic Freedom” for the past twelve years. These two sources provide much of the data base for economic researchers attempting to measure the relevance of property rights to economic growth.

James Gwartney and Robert A. Lawson used the 2005 Cato Institute data to measure both per capita Gross Domestic Product (GDP) and economic growth. While those nations ranking in the top 20% on economic freedom had an average per capita GDP of US \$25,062, those nations in the lowest quintile had a per capita GDP of \$2,409. The annual economic growth rate for the top 20% of nations was 2.5% while for the bottom 20% it was only 0.6% (Gwartney and Lawson, 3).

Bernard Heitger cites a number of empirical studies that measure the extent of property rights and compare nations on the basis of economic growth. He found a significant relationship between the quality of property rights and positive economic growth in a country. According to Heitger

...secure and transferable property rights are the key to economic efficiency and wealth. Legal definitions of rights and responsibilities based on firmly understood private property rights are the major instrument for economic progress while at the same time ensure the sustainability of production (Heitger, 385).

His analysis of the data leads him to conclude that the rule of law and the guarantee of private property rights are positive contributions to the promotion of economic efficiency and produce higher levels of per capita income (Heitger, 395).

Seth W. Norton collected data from a number of countries and concluded also that the more thorough the guarantee of property rights, the higher the likely level of economic progress (Norton, 238). More specifically, he maintains that strong and secure property rights in a society enhance the overall well-being of the poorest inhabitants.

...there is compelling evidence that strong property rights significantly reduce the deprivation of the world's most impoverished people and there is some evidence that weak property rights increase the deprivation of those people.(Norton, 239).

By comparing various countries on the security of property rights and performance on a poverty index, Norton is expanding on De Soto's explanation for why property rights are critical to the poor. It is not only capital that is freed but also overall well being of the poor that is advanced as poverty declines.

In another study, Leblang looked at data for 1960-1990 from fifty countries to measure economic growth. He found that countries protecting and securing private property rights have greater economic growth than countries that do not. At the same time, the type of government structure present influences economic growth only indirectly through its commitment to property rights (Leblang, 5). He maintains that private property rights provide the incentive required for production and exchange and

help stabilize individual expectations about the behavior of others. He concluded that “this research has demonstrated empirically that nations that protect property rights grow faster than nations that do not protect property rights” (Leblang, 21). Over the thirty-year period studied the research findings indicated that the protection of property rights increases a nation’s growth rate by approximately one percent per year.

In a study of data from ninety-nine countries for the period 1980 to 2000, Gwartney, Holcombe and Lawson observed that

Countries with institutions and policies more consistent with economic freedom both grow more rapidly and achieve higher income levels...  
(I)nstitutional quality influences economic growth by affecting the rate of investment as well as through the productivity of resource use  
(Gwartney, Holcombe and Lawson, 230-231).

They further posit that there is a lag time between the improvement of a nation’s institutions protecting property rights and changes in income, a gap which may take from five to ten years for the changes to be realized by the economy.

From a similar study of ninety-eight countries from 1975 to 1995, three other economists concluded that property rights are an important contributing factor to economic growth. They found little support, however, for any positive relationship between political freedom and economic growth (Farr, Lord, and Wolfenbarger, 260). Additional support for this proposition can be found in a historical review provided by Boettke and Coyne where they observe that those countries with well-defined property rights within the framework of the rule of law are nations with a high rate of economic growth. The essential elements of freedom of choice, rules supportive of market development, predictable government activity, and freedom of contract and exchange

appear to them to be the necessary framework within which a higher rate of economic growth occurs (Boettke and Coyne, 19-20).

With a guarantee of property rights, individuals can buy, sell, borrow and invest efficiently, allowing both individuals and firms to undertake all kinds of efforts which will lead to increased economic growth. As Hoskins and Eiras conclude,

“The protection of property rights is the driving force behind wealth generation and higher living standards...Property rights are best preserved in free economies. For that reason, economically free economies are also the wealthiest in the world (Hoskins and Eiras, 46)

To this extent, the guarantee of private property rights must be viewed as an essential element of a free economy which, together with government legitimacy and the rule of law, provides the framework within which economic growth can occur.

Property rights can be seen as including the rights to utilization, possession and alienation. They provide security to those who possess property, predictability about the actions of others, the release of dead capital to be used more effectively in the economy, and facilitate the avoidance of evasive and extralegal activities. Property rights can be guaranteed only when the rule of law prevails under a process that accepts the customs, mores and traditions inherent in a population, including recognition of existing extralegal property claims. Less important is the type of political structure within which property rights exist.

Data from a number of studies all lead to similar conclusions. Where property rights are formalized and protected individuals can invest and undertake new opportunities for business expansion and innovation. Over the past thirty years it is those countries which have formalized property rights that have experienced greater rates of economic growth. Where removal of previous restrictions on property rights

has taken place, such as in India and to a lesser extent in China, economic growth has occurred at a more rapid rate than previously. Moreover, the guarantee of property rights in a society not only leads to a more significant rate of overall economic growth but also to a higher per capita GDP and an alleviation of the impact of poverty on the poor.

The data presented here support the conclusion that there is a positive relationship between the provision and protection of property rights and economic growth. Efforts directed to improving the economic performance of a nation should be concerned with ensuring the necessary components for the promotion of property rights.

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