

**Institutional Change in the Horn of Africa:
the allocation of property rights and implications for development**

by

Sandra Fullerton Joireman

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Institutional Change in the Horn of Africa: the allocation of property rights and
implications for development

A dissertation submitted in partial satisfaction of the
requirements for the degree Doctor of Philosophy
in Political Science

by

Sandra Fullerton Joireman

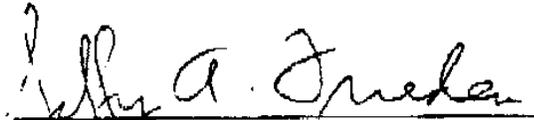
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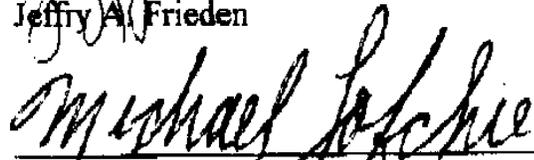
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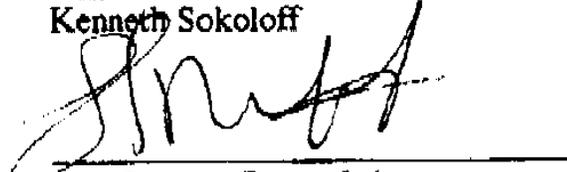
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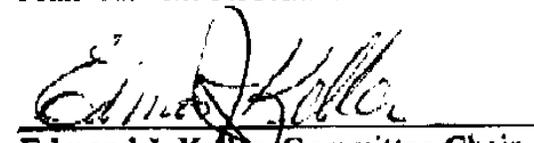
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for Paul

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Acknowledgments

Before I begin thanking the many people to whom I am indebted, I would like to briefly describe an incident which occurred early in my fieldwork which I believe well illustrates the importance of land in Ethiopia. My first attempt to get data from northern Shoa was in Menzenagesha sub-province, which was an entirely communal area. After traveling some distance to arrive there, I found that the court records in which I was interested had been burned. I interviewed the chief judge for the sub-provincial court and he informed me that during the last change in government in Ethiopia (from 1989-1991), peasants would come in and steal the records of the cases they had lodged or were participants in before and after the revolution. This carried on throughout the time of insecurity and at one point the whole court building was set on fire and burned to the ground. When I inquired as to which side in the conflict were the perpetrators, I was told that it was neither the government nor the rebel army, but the peasants themselves who came and set fire to the building. The records which were burned stretched all the way back to the years preceding the revolution. This incident occurred early on in my fieldwork and convinced me that the peasantry still feared a resurgence of traditional claims to land and were unconvinced of the security of their current land holdings. This fear is not surprising, given the changing regimes at the national level. In the past, regime change has meant a drastic redistribution of land. The policies of the current government as they freed areas of the countryside from the control of the communist government, such as allocating land to women and all men over eighteen, bolstered those fears in the peasantry. As this dissertation is finished there remains great uncertainty as to what the rights to land in each area of the country will be. Unfortunately, the uncertainty of land holding in the countryside is one constant of twentieth century development in Ethiopia.

I owe a great debt to the many people who aided me in developing the idea for this dissertation, completing the fieldwork and writing it up. First, I must thank the Fulbright Foundation for providing the financial support to enable my research in Ethiopia. Without their support I would not have been able to spend as much time in the Horn and in the actual research involved in this project. In addition, International Studies and Overseas Programs at the University of California, Los Angeles was extremely generous in providing supplementary funding that allowed the addition of Eritrea to the study and essential follow-up research in Rome after I had begun writing.

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much more pleasant, as well as helpful in their intellectual contributions which are all displayed at different points in this thesis. Jim and Barbara Singleton both prepared the way for my arrival and made my stay in Ethiopia richer and more pleasant than it would have been without them by introducing me to many of their friends and providing a great deal of personal support.

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Paul Joireman, my husband, has been a model of support and encouragement throughout the whole process of research and writing. He sacrificed his time and immediate career prospects in order to accompany me to Ethiopia, then worked diligently teaching at the University of Addis Ababa while I traveled around the country. He supported me financially while I was writing up and patiently read every chapter more than once. My debt to him is great and this work is, appropriately, dedicated to him.

Map 1

Provincial Boundaries and Study Areas in Imperial Ethiopia



ABSTRACT OF THE DISSERTATION

Institutional Change in the Horn of Africa: the allocation of property rights and implications for development

by

Sandra Fullerton Joireman

Doctor of Philosophy in Political Science

University of California, Los Angeles, 1995

Professor Edmond J. Keller, Chair

Traditional theories of property rights change have posited an evolutionary progression of property rights towards private property in response to changes in the relative price ratio of land compared to the other factors of production. Using case studies from two areas of Ethiopia and one area of Eritrea the dissertation demonstrates the role of political factors such as interest group preference and state intervention in directing property rights development away from a linear path. The case studies trace the development of three separate systems of property rights throughout the twentieth century up to the Ethiopian revolution of 1974. Analysis of history and litigation in the three areas demonstrates that in none did property rights evolve spontaneously towards privatization. In one area of the study relative price changes did not lead to changes in the system of property rights as the theory predicts. In the other two areas, changes in property rights followed a change in the relative price of land, but these changes were brought about exogenously, by the intervention of the government or interest groups in guiding property rights in a particular direction. There are two theoretical conclusions to the study 1) property rights development does not always occur when we expect it to, other factors such as vested interests and government reluctance can intervene with their development and 2) even if property rights do change in response to relative price changes, they may not always move

towards privatization or greater specification. In addition, one interesting empirical result of the research was that in communal systems of land tenure the transaction costs of land transfer are higher, leading to a drag on economic efficiency in the overall economy of the region. Generally, the incorporation of political factors into the model of changing property rights leads to a less parsimonious, but more accurate description of the progression of land rights in developing countries in particular.

1 Introduction

When academics and policy makers discuss development, the primary concern is that of poverty and trying to forestall its continuation. The effects of poverty: malnourishment, disease, poor education, lack of an adequate water supply, etc., are relatively simple to measure. One can weigh a child and determine if it is malnourished, test a woman for literacy, or assess the living conditions of a family. It is far more difficult to isolate the causes of poverty. This is particularly true in Africa, where extreme poverty has ceased to be a cause for wonder, instead, it is the appearance of relative affluence which is anomalous. The causes of poverty are layered in population growth, production shortfalls and in institutional structures that inhibit growth. This will be clearly demonstrated in any analysis of the agricultural sector of poor countries such as the ones examined in this study, Eritrea and Ethiopia. As the layers are pulled back in the following chapters, it will become apparent that the local institutions governing land access and property rights are fundamental in effecting the distribution of wealth as well as the efficiency of production of a region, thereby influencing the level of poverty or wealth that exists.

The Horn of Africa encompasses the countries of Ethiopia, Eritrea, Djibouti and Somalia. These countries share similar peoples, languages, and geographical endowments. There are several reasons behind the concentration on Ethiopia and Eritrea. First, Ethiopia never was colonized by a European power; it is only one of two countries

in Africa (the other is Liberia) for which this is true. Italian attempts to colonize Ethiopia during the late 1800s were only successful in gaining the land that composed the area of Eritrea, which had been incorporated loosely into Abyssinia, the precursing political entity to the Ethiopian state. Eritrea became federated with Ethiopia in 1952, but that federation was dissolved into complete unity in 1962, against the preferences of many Eritreans. Eritrea later formally gained its independence in 1993 after a thirty year revolutionary struggle.¹ The similarity of the two countries of Eritrea and Ethiopia, and particularly the fact that they shared political boundaries at one time allows for comparison between the two and an assessment of the effect colonization had on the property rights of the Eritrean highland area. The Horn of Africa, especially Ethiopia and Eritrea have been selected for this study because they aptly demonstrate how alterations in land holding institutions can be diverted from the goal of improved economic efficiency or development.

The second, and most compelling reason to study these two countries, is that property rights in Ethiopia, and to a lesser degree, those in Eritrea, did not move towards privatization with the development of commercialized agriculture. As stated earlier, the movement toward privatization when market development occurs was both the pattern followed in different parts of the world and that which many scholars associate with

¹ Eritrea won its war for independence in 1991 and became *de facto* independent at that time, however *de jure*, it remained part of the Ethiopian state until a referendum in 1993 established its formal independence.

development² Yet, even with the limited development that the Horn of Africa experienced and a documented evolution of markets, communal patterns of land tenure continued to dominate the most fertile areas of Ethiopia and the less fertile territory of Eritrea.

This study focuses on two countries in order to identify the variables which influence decision-making and change at the local and regional, as well as the national level. Both single-country and several-country research is needed to study the changes in property rights. Research, such as that undertaken here, may be justly accused of selecting on the dependent variable by choosing as its subject the two countries in which property rights clearly did not progress, instead of undertaking a multinational study of changing land rights in many developing countries. It is our hope that the substantial reference to the research of other scholars and countries, particularly in Kenya and Uganda, will help to offset this fault. Due to the need for institutional detail and because of the diversity of institutional arrangements that existed in Ethiopia, two very distinct regions in Ethiopia have been chosen for the study and one region in Eritrea. With this breadth of study at the regional level, there will be some compensation for the narrowness of the study at the national level.

The cases illustrate the dual policy and intellectual problems that property rights in the developing world pose. The obvious policy problem is one of defining property

2 Gershon Feder et. al., "Land Ownership Security and Access to Credit in Rural Thailand," Agriculture and Rural Development Department, Agricultural Unit Discussion Paper, (Washington: The World Bank, 1986) and M.A. Seligson, "Agrarian reform in Costa Rica: The Impact of the Titles Security Program," *Inter-American Economic Affairs*, Vol. 35, No.4, 1982, 31-56.

rights in such a way as to encourage economic development. Yet, the conflict over how this should be done, which is discussed at length in the following chapters, is indicative of an underlying intellectual problem. Intellectually, the difficulty is that, though the end result of a redefinition of property rights is found in economic gain, neo-classical economic theory fails in explaining the process of achieving those gains. Because the answers to the policy and intellectual problems are closely bound together, this study will attempt to disentangle the political and economic factors which combine to make the very important issue of defined and secure property rights, such an elusive thing. The goal of this thesis is to use the case study approach, combined with a quantitative investigation of litigation, to articulate a political economy model of changing property rights in the developing world which will suggest a solution to the intellectual dilemma and inform the policy question.

1.1 The Importance of Land

The fundamental input of production in agricultural societies is land. Just as the pursuit of capital is a driving market force in countries where access to capital is the key to potential future profits, in many developing countries, access to land occupies the same role. In most developed countries, institutions governing access to land are woven into the pattern of the economy and have been for so long that discussion of them is inconsequential. On the contrary, in developing countries, particularly those that became independent in the last century, institutions governing land allocation are not at all

ingrained. Often, conflict over access to land and the rights that accompany it, is profuse, especially in areas where traditional institutions governing land allocation conflict with the rights to land that are both needed and demanded by a developing economy.

Other factors of production, capital and labor, remain important in developing countries, but are less flexible either because of extreme scarcity (capital) or abundance (labor). At the margins, the availability of capital is often dependent on land ownership and title either for income generation or for use as collateral on loans. In Ethiopia and Eritrea, there is currently, and has been in the past, very little institutional credit available, even in the most accessible areas of the countryside. It would be incorrect to attribute this scarcity to the lack of ownership or titling of land as so many other factors were at work in the country, yet, as a rule, title does constrain access to rural credit.³

Generally speaking, property rights to land in developing countries are important because they undergird the market and set the conditions for its functioning. Ill-defined property rights in the developing world are a problem that many countries are only beginning to address.

Research on property rights has been conducted almost entirely in the context of the developed world. As a consequence of this emphasis, the literature review that follows begins with a discussion of the important literature regarding property rights

³ See Seligson's study of Costa Rica, or Feder and others on Thailand. M.A. Seligson, "Agrarian reform in Costa Rica," *Inter-American Economic Affairs*, Vol. 35, No.4, 1982, 31-56. Gershon Feder et. al., "Land Ownership Security," (1986). On the other hand, local credit arrangements proliferate in the third world, though they may not provide large amounts of credit.

development in the West, which set the agenda for the theory of property rights. After a brief outline of the theory, its application in the developing world is discussed. Finally, the important literature for the Horn of Africa relating to land tenure institutions is put forth.

1.2 The Western Tradition

Most developed countries have land allocation institutions that have evolved through a process of institutional change to the conclusion of private property rights.⁴ An example, is the case of England.⁵ The modification and evolution of English property rights is well-documented through historical accounts and well-preserved records and is representative of the progression followed by other European countries. From the manor and the serf, to private property in the countryside, the literature gives testimony to a system of land rights that adapted in response to the development of a market and the corresponding change in relative prices. One example of this literature is the work of Douglass North and Robert Thomas on the English manor system that posits the progression of change from the desmene, which protected both lord and serf, to the landed peasant.⁶ North and Thomas attribute the alteration in property rights to the

4 Throughout this thesis the term property rights is used synonymously with land rights and land tenure institutions.

5 Joan Thirsk, *The Agrarian History of England and Wales*, Vol. 5, (Cambridge: Cambridge University Press, 1985), Douglass North and Robert Thomas, "The Rise and Fall of the Manorial System: A Theoretical Model, *Journal of Economic History*, Vol. 31, (1971) and Donald N. McCloskey, "The Persistence of English Common Fields" and "The Economics of Enclosure: A Market Analysis," in *European Peasants and Their Markets*, Edited by William N. Parker and Eric L. Jones, (Princeton, NJ: Princeton University Press, 1975).

6 Douglass C. North and Robert Paul Thomas, "An Economic Theory of the Growth of the Western World," *The Economic History Review*, Second Series, Volume XXIII, No. 1, 1970, pp. 1-17.

decrease of banditry and the ability of peasants to safely transport surplus goods small distances to local markets where they were sold.

The United States does not correspond to the European model because land ownership was privatized throughout the country from the beginning of agricultural settlement. Because immigrant settlement throughout most of the country occurred in the 19th century and a lack of experience with feudalism, the US experienced no progression of rights through a series of stages of development.

By the beginning of the 20th century, private land for family farming existed all over Europe and America. However, in Latin America, large landowners still owned much of the land and lent it out to smaller, tenant farmers. This type of patron-client arrangement also existed in certain parts of Africa, while other areas of Africa maintained communal land rights allocated according to lineage, clan or group status. Yet, the most compelling distinction between property rights on the Northern and the Southern continents has been the existence of colonialism and the effect that it has had on property rights in the states which it touched. In developing countries, colonization altered the natural progression of land rights in several ways: through the appropriation of large tracts of land for the use of the colonial administration; the imposition of land rights intended to contribute to the development of the country; or through the preservation of the perceived traditional system of land tenure. In all of these instances, the existence of a metropole brought the codification of legal rights to land which was, in situations where laws were previously uncoded, a meaningful development in the legal

system with ramifications for land use and the allocation of rights. That these ‘colonial’ institutions were almost always imposed from above, makes it difficult to trace the direction in which land tenure and the allocation of land rights may have progressed in the absence of colonial influence. Apart from its immediate impact, institutional changes brought about by colonialism left in their wake a systems of laws and institutions of land holding which often were viewed negatively by the population because of the colonial influence. Additionally, many of the imposed institutions were not suited to existing indigenous institutions within the society such as leadership structures and existing local government.

The indefinite system of property rights that resulted from this combination of traditional and imposed institutions created problems that have yet to be resolved in many African states. Countries such as Tanzania, Zimbabwe, Kenya and Ethiopia have been actively struggling with issues regarding the allocation of land for years. With the transition to a democratic system, we can also add South Africa to the list of countries having difficulties with the allocation of legal rights to property. A few of these countries, Tanzania and Ethiopia are examples, have also embarked on socialist land reform at some point in their recent history. The land reforms generally failed to achieve their objectives of increased productivity and further complicated the unraveling of a coherent system of property rights.

1.3 Property Rights Theory

A discussion of the theory of property rights provides the agenda for this dissertation.⁷ Property rights, refer to the rights of control over an object, a piece of land, or a resource, within the bounds of the law. Land tenure systems are property rights allocation regimes. Rights to land or other resources are controlled by the legal system of a country, and to the extent that the legal system of a country is under the control of the state, or a part of the state, we can think of these rights as being determined and enforced by the state. There may also be instances in which the state allocates property rights through methods other than law. Trade restrictions, quotas, and government appointments give examples of the state's assignment of rights that occur outside the legal system. In areas that are beyond the control of the state or in which other institution making bodies are stronger than the state, the decision of a government to allocate property rights in a certain way may be irrelevant.

The groundwork for a theory of property rights rests on the concept of transaction costs. Transaction costs are the costs associated with the exchange of goods, or what Oliver Williamson calls "the economic equivalent of friction."⁸ Information gathering, transportation, and measurement are all examples of transaction costs. Property rights and the limits placed on property rights become important when transaction costs are greater than zero. If transaction costs were zero, prices alone would serve as explanation

⁷ Armen Alchian, one of the pioneers of the theory of property rights, defines property rights as "a method of assigning to particular individuals the authority' to select for specific goods, and use from an unprohibited class of uses." Armen A. Alchian, "Some Economics of Property Rights," *Il Politico*, Vol. 30 No. 4, 1965, pp. 816-829.

for the assignment and allocation of goods and services. Yet, transaction costs are not zero when the market is not functioning perfectly or correctly. A perfect market is an illusion in any country, under any circumstances. In Ethiopia and Eritrea, where there was a restriction on the land market land in some areas of the country, transaction costs, observed in the costs of litigation, were particularly high. Indeed, this is true for most countries in the Third World where the costs of gathering information and conducting any formal transaction are large due to lack of available information, corrupt government and local officials and transportation problems.

According to property rights theory, "A primary function of property rights is that of guiding incentives to achieve a greater internalization of externalities, or what we commonly think of as costs. Every cost and benefit associated with social relations and exchange is a potential externality."⁹ The emergence of new property rights takes place in response to the desires of the interacting persons for adjustment to new cost-benefit possibilities, what Douglass North later calls "a change in relative prices."¹⁰ The cost-benefit possibilities that are of concern in this study are the commercialization of agriculture, the permutations that come with colonization and other regime changes.

⁸ Oliver Williamson, *The Economic Institutions of Capitalism*, (New York: The Free Press, 1985).

⁹ Harold Demsetz, "Toward a Theory of Property Rights," *American Economic Review*, Vol. 57, No. 2, May 1967, 348.

¹⁰ Douglass North, *Institutions, Institutional Change and Economic Performance*, (New York: Cambridge University Press, 1990).

Property rights theory, as articulated by Douglass North, assumes that property rights are allocated in a way to increase revenues to the state.¹¹ North appraised the state as composed of rulers devising property rights in their interests. This specific allocation of property rights for revenue enhancement results in transaction costs and inefficient, unstable property rights. A state will try to manipulate property rights that will maximize rents to the ruler. Yet, in an earlier work, North and Lance Davis supported a theory of the state in which the state can become the "treatment of choice" for groups interested in changes in property rights, because a successful capture of property rights by one group means a loss to some other party.¹² Therefore, government intervention is needed to effect the change. North, Davis, and others in the property rights school focus on the state as the fundamental unit of analysis. The state either acts in its own interests to maximize rents, or it facilitates the capture of property rights by a select group. The state is never considered irrelevant or unimportant.

Contrasting this focus on the state in affecting change is a theory of interest groups, such as that promoted by Jeffrey Frieden¹³ and Guillermo O'Donnell.¹⁴ Whereas property rights theory looks no further than the level of the state, this interest group theory suggests that resource allocation is determined by politicians who vie for the

11 Douglass North made a significant contribution to the study of property rights with his 1981 book *Structure and Change in Economic History*, (New York: W.W. Norton and Company, 1981), in which he addressed property rights and the role of the state.

12 Lance Davis and Douglass North, *Institutional Change and American Economic Growth*. (New York: Cambridge University Press, 1971).

13 Frieden, Jeffrey A., *Debt, Development and Democracy*, (Princeton, NJ: Princeton University Press, 1991).

14 Guillermo O'Donnell, "State and Alliances in Argentina, 1956-1976," *Journal of Development Studies*, Vol. 15, 1978, pp. 3-33.

favors of interest groups in exchange for political or monetary support. Interest group theory examines what happens to decision-making processes within the state and why. At its extreme, interest group theory suggests that resource allocation is determined by interest groups alone and that the state as a unit of analysis is not significant, as it simply acts at the behest of these groups. This theory has been applied principally to democracies, yet similar types of social relations can be found in interactions between different elite groups and the state in autocratic systems like imperial Ethiopia. Examining the role of elite groups will give us an idea of the winners and losers from different government policy decisions and consequently, a conception of the incentives to the government in implementing or sustaining various policies and institutions. This approach enables a more "political" interpretation of resource allocation.

Neither the property rights, nor the interest group school is entirely correct in explaining institutional change in the Horn of Africa. If one excludes the importance of interest groups in governing, as North seems to in his later work, then the theory may not explain certain policy decisions or how they are made because it neglects the political environment that influences the actions of policy-makers. Yet, if one excludes the independent role of the state, as Frieden and O'Donnell do, we are left with a theory that regards the state as unimportant, or simply another interest group in itself. This is also not empirically appealing as it cannot explain the permanence of certain laws and institutions such as constitutions and the type of state system. Chapter two develops a political theory of property rights development in an attempt to overcome the flaws of

these two schools of thought and an elucidation of a theory based on political economic principals.

1.4 Property Rights in the Developing World

“Just as races were supposed to evolve from a primitive ‘state of nature’ so too was land tenure expected to evolve from the simple form of tribal ownership to individual ownership.”¹⁵

“The evolution of land rights in Sub-Saharan Africa should not necessarily be viewed as a natural process, because some of changes were the result of government intervention (either colonial or post-colonial).”¹⁶

Though divergent in their conclusions, these two quotations represent the two distinct branches of research on property rights in the developing world: those that view a progression towards privatization as natural and those which consider it to be anomalous. The two conclusions are based on different methodologies, one that concentrates on empirical research and one that attempts to pull together the experiences of disparate

15 John Ainsworth and C.W. Hobley, Colonial Office 533/63 Memorandum on Native Policy, 2 October 1909, enclosure in Girouard to Crewe, 13 November 1909 as cited in M.P.K. Sorrenson, *Land Reform in the Kikuyu Country*, (London: Oxford University Press, 1967), 27.

16 Feder, Gershon and Raymond Noronha, “Land Rights Systems and Agricultural Development in Sub-Saharan Africa,” *The World Bank Research Observer*, Vol.2, No. 2, (July 1987), 163.

countries into theoretical categories. Much of the early empirical research was completed using a participant-observer methodology favored by anthropologists¹⁷ or arm-chair commentary by colonial officials who had knowledge of a certain area.¹⁸ As empirical studies move through time they have become more rigorous and occasionally quantitative, yet as the most significant changes in tenure institutions occurred immediately after decolonization in the 1960s, they have been lost to this new method.

As with the empirical studies, the theoretical work has also changed over time with shifting paradigms towards development. During the colonial period a paternalistic attitude toward indigenous patterns of land tenure was the norm. Now it is far more common to examine “traditional” institutions with an eye for adaptability and indigenous responses to change.¹⁹ We review the dominant development theories to highlight the ebb and flow of the relevance of traditional institutions in the intellectual debate on development.

The independence era in former African and Asian colonies was met with the extant theory on development, modernization theory. Modernization theory was concerned, as its name suggests, with how countries developed their institutions, economies and even values in the effort to become more modern and more like the

17 Allan Hoben, *Land Tenure Among the Amhara of Ethiopia*, (Chicago: The University of Chicago Press, 1973) or Angela Cheater, *Idioms of Accumulation: Rural Development and Class Formation among Freeholders in Zimbabwe*, (Harare, Zimbabwe: Mambo Press, 1984), are examples of studies of land tenure that have favored the participant-observer methodology, though Cheater’s work is more flexible in its methodology.

18 C.K. Meek, *Land Law and Custom in the Colonies*, (New York: Oxford University Press, 1949).

19 Jean Ensminger, *Making a Market*, (New York: Cambridge University Press, 1992). See also S.F. Joireman, “Contracting for Land: Lessons from Litigation in a Communal Tenure area of Ethiopia,” *Canadian Journal of African Studies*, (forthcoming 1996).

developed world. When applied to land, the theory dictated that the necessary pattern of tenure institutions in developing countries was that which existed in the developed world and by emulating the institutions of the Western world the developing world would properly and efficiently progress. Samuel Huntington was one of the promoters of modernization theory. His book, *Political Order in Changing Societies*²⁰ is one of the seminal works of the modernization school. In it, Huntington notes that the path toward development is marked by a societal transition towards values that emulate a “Western” model.

To cope successfully with modernization, a political system must be able first, to innovate policy, that is, to promote social and economic reform by state action. Reform in this context usually means the changing of traditional values and behavior patterns, the expansion of communications and education, the broadening of loyalties from family, village, and tribe to nation, the secularization of public life, the rationalization of authority structures, the promotion of functionally specific organizations, the substitution of achievement criteria for ascriptive ones, and the furthering of a more equitable distribution of material and symbolic resources.²¹

Applied to land holding institutions, the theory demanded a patterning along Western lines with privatization of land as the norm. Yet, attempts to practically apply modernization theory generally failed and the theory lapsed in favor as its weaknesses became apparent. Specifically, scholars in developing countries began to question

20 Samuel Huntington, *Political Order in Changing Societies*, (New Haven: Yale University Press, 1968).

21 Samuel Huntington, *Political Order*, (1968), 140.

whether development, or the lack of it, could be explained by the presence of Western-style value systems. Modernization theory was supplanted by dependency theory in the late seventies and early eighties, as scholars in the developing world began to develop alternate theories of development and underdevelopment. The immediate result of the search for alternate theories was what was called delayed-dependent development, or dependency theory.

Dependency theory is a Marxist step-child first articulated by Fernando Cardoso, Enzo Faletto and Andre Gunder Frank.²² According to the theory, the northern continents developed at the expense of the southern continents, by extracting their resources. Dependency theory was further developed, in the Latin American context, by Raúl Prebisch and the United Nations Economic Commission for Latin America (ECLA).²³ The ECLA scholars made note of the fact that institutions, transportation networks, agriculture and mining activities were all structured to facilitate the expropriation of resources by the metropole.

Beyond historical theory, the dependency school promoted several policies based on economic principals of import substitution and industrialization or ISI. These economic policies prescribed the substitution of necessary imported products with locally

22 Fernando Henrique Cardoso and Enzo Faletto, *Dependencia y desarrollo en América Latina*, (1969). Andre Gunder Frank, *Capitalism and Underdevelopment in Latin America*, (1967). Africans and Africanist scholars were less involved in the articulation of dependency theory but work regarding the African continent and context was later in appearance. See Samir Amin, *Accumulation on a World Scale: a critique of the theory of underdevelopment*, (Hassocks, 1974), and Walter Rodney, *How Europe Underdeveloped Africa*, Second Edition, (London: Bogle - L'Ouverture Publications, 1988).

23 Raúl Prebisch, "Economic Development or Monetary Stability: the False Dilemma," *Economic Bulletin for Latin America*, 6(1), (March 1961). ECLA, *The Economic Development of Latin America in*

made products, thus building up the industrial capacity of developing states. ISI soon fell out of favor with policy makers though not with historians of Latin America because of its ignorance of the dictates of comparative advantage. At the same time, dependency theory was also questioned, because while it could explain why development had not occurred in many parts of the developing world, it could not account for those countries that were able to successfully expand their economies through export-led-growth, such as the newly industrialized countries of Singapore, Taiwan, South Korea and Hong Kong. Dependency theory remains part of the beliefs of some scholars and politicians, but the support for it has waned in the face of contradictory empirical evidence. Now it is far more common to find the Asian economies held up as examples for development through export-led growth. Correspondent to the export-led-growth theory are the policy prescriptions promoted by the World Bank in its Structural Adjustment Programs, that try to implement macroeconomic reforms as the first step to economic development.²⁴

In the 1990s, the theoretical literature has been more ambivalent than that of previous decades. The most recent literature regarding property rights and land holding institutions will be considered below, beginning with empirical studies funded by the World Bank and concluding with the theoretical work that has taken these and other new empirical research into account.

the Postwar Period, (New York) also ECLA, *The Process of Industrial Development in Latin America*, (New York, 1966).

²⁴ See for example, *Adjustment in Africa: Reforms, Results and the Road Ahead*, (New York: Oxford University Press for the World Bank, 1994).