

"Implications of Interests Group Politics on Institutional Change: Land Tenure System Reforms in post-Communist Transition"

Dissertation Prospectus

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Contents

Introduction.....	3
1. Background.....	4
1.1 Definition of Land Tenure Systems	7
1.2 Project Relevance	9
1.3 Land tenures and institutional literature	12
2. Concept formation and theoretical framework	16
3. Research design and methodology	19
3.1 Research design:.....	19
3.2 Scope conditions	20
3.3 Universe of cases.....	22
3.4 Methodology	23
3.5 Operationalization.....	23
4. Expected findings	24
4.1 Expected argument	24
4.2 Hypothesis	25
5. Conclusion	25
Works Cited:	26

Introduction

Almost all types of social scientific research regarding the transition process of former Communist countries are associated with the study of land reforms following the collapse of the Soviet regime. Choice of specific land tenure systems, through definition of property rights, and subsequent economic reform trajectories of a country, are widely acknowledged to matter for several non-economic processes such as democratization and institution building, as well as economic processes such as capitalism building and growth.

The given project aims to trace back to the starting point of the post-Communist transition and analyze idiosyncratic and systemic circumstances that characterized land tenure system choices, which, in turn, led to specific economic reformation path. By investigating salience of several economic, social and political issues at the critical juncture of regime, the project aims to identify importance of initial political, social and economic conditions for the choice of particular timing and sequencing of land reforms. The studied political, economic and social issues are considered critical for land reform processes, because they influenced the political decision makers of respective countries and shaped the specific tendencies behind a particular land tenure system choice. To be more precise, the role of interest groups, political power balance, or lack thereof, and conditions for promoting economic incentives are identified as primary explanatory variables behind a choice of a specific land tenure system. These variables will be defined in more detail in the chapter about research methodology and operationalization of the project.

1. Background

The Collapse of Communism and break-up of the Soviet Union constitutes a fundamental historical event at the end of the twentieth century.¹ Dissolution of Communism created newly established independent states and generated a process of political hardships and economic struggles in the former Socialist countries. Resulting intensified inequalities, social dislocations and human insecurity have coincided with a redefinition of the “political” in the emerging world order.²

Varying success of post-Socialist countries in terms of their ability to rebound from initial economic collapse resulting in stabilization and growth of economy provides us with sufficient tools in terms of identifying and analyzing key focal points behind the political and economic transformation in a respective country. The relative success of the Central European and Baltic states in terms of mobilization of their institutional structures and integration into the EU creates basis for comparison and analysis with previously institutionally similar post-Soviet states that are still struggling in terms of maintaining steady economic growth and combating market constraining elements.

The collapse of Communism was significant in multiple aspects. Removal of the centralized command economy and dissolution of the common trade market created severe economic problems and led to impoverishment of newly independent states. All countries found themselves in a challenging situation of having to overcome fiscal, social and political dilemmas solely through their national capabilities and without the support from the powerful

¹ Stiglitz, J. E. (1992), “Another Century of Economic Science”, in Hey, J. D. (ed.), *The Future of Economics*, Blackwell, Oxford: p. 137

² Gill, Stephen. “Constitutionalizing Inequality and the Clash of Globalizations”. *International Studies Review*, Vol. 4, No. 2, *International Relations and the New Inequality*, 2002, pp. 47-65

Land tenures and interest groups in post-Communism

central system, on which the economies of these respective countries were built and revolving around.

The economic collapse and deterioration of state infrastructures, no longer supported by the power of the Communist party and incompatible with the new developing political processes of state independence and self-governance, created the need for realignment of economic policies and institutions conducive for recovery. Economic reform package of stabilization, liberalization and privatization strategies were designed to jump start slowing economies and ensure efficient functioning of production capacities by removing centralized economic directives, liberalizing market-like structures and transferring property ownership into the hands of individuals. A reform package customarily consisted of four main reform areas: Liberalisation of production, trade and prices; Inflation stabilisation; Privatisation of, respectively, land and property, as well as small and large state firms; and structural reforms, institution building and underpinning of markets³

One of the primary catalysts of further political and economic disintegration of the post-Communist countries was lack of secure land and property ownership institutions, with land tenure systems vaguely defined and subject to competing interpretations. In this context, one should point out that emergence of property rights and definition of appropriate institutions are important components of any political process.⁴ Saliency of property rights and contract enforcements is especially important in the post-Communist context, due to the fact that creation of these two elements coincided with the period of nation building and building blocks of post-Communist government structures. Furthermore, it is important to note that, the land tenure institutions were

³ Aslund, Anders. „Building Capitalism: The Transformation of the Former Soviet Bloc”, Cambridge University Press. 2002

⁴ Libecap G. D. 1989. *Contracting for Property Rights*. ISBN 0-521-36620-8. Cambridge University Press. Cambridge USA.

Land tenures and interest groups in post-Communism

crucial for the transitional recovery of the post-Communist countries as they served three major purposes.

First, a clearly defined land tenure system is expected to jumpstart the agricultural sector and serves as the basis for economic recovery.⁵ This core concept of developmental economics is straightforwardly applicable to the former socialist countries with large agricultural sectors and uncompetitive industrial and service segments to locate their competitive niches in the global market. In this sense, one could argue that economic recovery of post-Communist countries had to start with strengthening of agricultural production, that, in turn, would finance government budget and provide funds for investing in competitiveness of other production sectors. In order to do so, states had to adopt secure land institutions to provide secure property rights and facilitate positive economic incentives to generate economic growth.

In addition to their role of jump starting economic recovery, land institutions have important functional and distributional effects. The functional effect relates to the fact that "once a set of institutions is in place, actors adapt their strategies in ways that reflect but also reinforce the 'logic' of the system."⁶ In other words, land tenure systems have the purpose of providing security and predictability in chaotic post-Communist states deprived of the stiff supervision from the Communist party.

Besides the functional part, changes in land tenures serve an important distributional role. Distributional effects of land tenure realignment refer to the power asymmetries that are reinforced by institutions. In this way, they marginalize other actors in the political processes who may have an

⁵ North, Douglas. "Understanding the process of economic change". Princeton University Press. Princeton, New Jersey, 2005

⁶ Thelen, K. 1999. Historical institutionalism in comparative politics. *Annual Review of Political Science* 2: 369-404.

Land tenures and interest groups in post-Communism

interest in alternative institutional arrangement.⁷ This means that institutionalization of new land tenure structures provides universal rules and protects against promotion of selfish interests and ensuing state capture. More significantly, land tenure realignment is important as it corresponds to shift in political and economic power balance. Land is an important source of economic wealth and power leverage that comes with it. Therefore, one could argue that by transferring rights to and tenures of land to wider public, post-Communist countries disentangled concentrated control over land along with subsequent power leverages and expanded political decision-making equation by marginalizing previous power holders and incorporating wider representation and citizen input.

Considering the above mentioned significance of land tenure systems to initiate recovery, provide positive economic incentives and guard against rent-seeking, one could argue that development of stable land institutions is a critical step in the path of transition after a systematic change. Despite the fact that the post-Communist states underwent a severe systematic change, most failed to develop sufficient land tenure systems conducive for economic recovery and facilitation of market encouraging transition process.

1.1 Definition of Land Tenure Systems

Before going into the details of understanding land tenures and systems that institutionalize them, it is important to point out that land administration in a transition period falls under the authority of state management.⁸ Land administration includes the regulations and measures of the rights to land, here forth referred to as land tenure, the use of land and the valuation of land.⁹

⁷ Thelen, K. 1999. Historical institutionalism in comparative politics. *Annual Review of Political Science* 2: 369-404.

⁸ Dale, Peter and McLaughlin, John 1988. *Land Information Management; an Introduction with Special Reference to Cadastral Problems in Third World Countries*. Oxford University Press. London.

⁹ GTZ, 1998. *Land Tenure in Development Cooperation; Guiding Principles*. Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH. Schriftenreihe der GTZ, No. 264. Wiesbaden.

Land tenures and interest groups in post-Communism

Number of contributions has been made in the literature of developmental economics about theories of country development from the point of view of land property institutions.¹⁰ Starting with the development of a land policy that fits in with national objectives and leads to concrete actions is considered to be of the utmost importance for a country trying to reorganize its land management structures.¹¹ However, contrary to this belief, land matters in the post-Communist countries were often dealt with by numerous, scattered organizations without a common strategy, aim or cooperation.¹²

Having explored the intricacies of land tenure institutions and government's role, or lack thereof, in their development, it is now important to define the concept of land tenure itself. Scholars from various fields of social sciences, such as economics, political science and sociology, provide comparable connotations of land tenure. From a rather narrow point of view land tenure is considered as being the manner of holding a real property.¹³ Others see land tenure as relationships between individuals and groups that define their relation to land.¹⁴ For the purposes of the project, land tenure is treated as a right to ownership and exploitation of land. This distinction is important as the given project treats land tenure as an important source and objective of power struggle in a post-Communist society.

In addition to its definition, land tenure can be classified into two main categories: statutory and customary.¹⁵ Statutory land tenures are written and codified rules that define the relationship between land and people. Customary land tenures are rights and restrictions obeyed by a society and are based on customs and social norms rather than embodiments in constitutions or other legal stipulations.

¹⁰ De Soto, Hernando 2000. *The Mystery of Capital; Why Capitalism Triumphs in the West and Fails Everywhere Else*. Bantam Press. London.

¹¹ Williamson, I. and L. Ting. 2001. *Land Administration and Cadastral Trends - A Framework for Re-Engineering. Computers, Environmental and Urban Systems*, 2001, 339-366

¹² Dale, Peter and McLaughlin, John 1988. *Land Information Management; an Introduction with Special Reference to Cadastral Problems in Third World Countries*. Oxford University Press. London

¹³ Simpson S. R. 1976. *Land Law and Registration*. Cambridge University Press. Cambridge

¹⁴ Birgegård, Lars-Erik 1993. *Natural Resource Tenure - A Review of Issues and Experiences with Emphasis on Sub-Saharan Africa*. Swedish University of Agricultural Sciences, International Rural Development Centre. Rural Development Studies no. 31. Uppsala

¹⁵ Deininger, K. and Binswanger H. 1998. *The Evolution of the World Bank's Land Policy: Principles, Experiences, and Future Challenges*. Internal Discussion Paper. The World Bank. Washington DC.

Land tenures and interest groups in post-Communism

Whichever the category, developing countries and countries in transition frequently lack overall clarity in relation to land tenures.¹⁶ After the collapse of the Communist party and ensuing institutional chaos, land tenures in most states became customary rather than statutory, meaning they were not, and in some cases still are not, enforceable by legal institutions.

1.2 Project Relevance

Despite the fact that we are almost 20 years removed from the collapse of Communism, implications of its dissolution and ensuing processes of regime change through institutional design and political transformation are still very relevant today both in terms of normative and theoretical applications. Expected findings of this paper will articulate on effects of initial conditions on transformation processes of post-Socialist countries, provide potential policy implications of specific land tenure systems for the future liberalization processes of underdeveloped countries of Africa and Asia, and most importantly produce the New Institutionalist theoretical account for exploring the intricate interplay between economic, political and social factors for the institution building at the critical juncture of regime change.

In terms of its application to the former Communist states the given project is important for a number of reasons. First, the analysis of political and economic choices, expressed through the choice of a specific land tenure system, at the critical juncture of sovereign nation-building processes of former Communist countries provide us with the analytical tools to understand and elaborate on the current political and economic specificities of those respective countries. Second, the study of property right specificities sheds light on the mysteries of transition process from command economy to liberalization and capitalism

¹⁶ De Soto, Hernando 2000. *The Mystery of Capital; Why Capitalism Triumphs in the West and Fails Everywhere Else*. Bantam Press. London.

Land tenures and interest groups in post-Communism

through reform-induced restructuring rather than evolutionary process of capitalism building as witnessed in the US and Western European states among others. Third, the investigation of the starting points of respective countries after the dissolution of Communism enables us to evaluate and contrast success/failure of a country in terms of economic transformation and, therefore, assist us in identifying improvement potential for relatively unsuccessful transitional states.

In addition to its application to the former Communist countries analyzed in the research, the project can provide important land policy implications for the potential economic transformations of the underdeveloped African and Asian states. By identifying and evaluating central criterion for successful economic liberalization the project will provide a number of constructive implications¹⁷. First, the study of success/failure of a state allows us to identify importance of government's ability to capably deal with market externalities and inefficiencies. Second, the analysis of production specializations of a country helps us consider various scenarios for government's capacity to correctly manage productivity and wealth resources. Third, the identification of specific political and institutional systems conducive to specific economic reforms facilitates definition of an appropriate economic reform packages for a given country.

In addition to its practical implications for the former Communist states and policy implications for the African and Asian states that will embark on an economic transition path someday, the project holds important theoretical considerations as well. First, by considering

¹⁷ It is important to clarify the meaning of successful economic liberalization. One way to go about this is to consider transition indexes of liberalization, privatization, stabilization and institution building scores produced by a number of international agencies and organizations such as the World Bank, IMF, EBRD, Standards & Poor Business Scores, UN evaluations and ratings produced by other scholars in the literature. By combining and contrasting the attained indicators, the project will be able to identify the magnitude of liberalization success for each country

Land tenures and interest groups in post-Communism

the intricate interplay between political, economic and social factors during the regime change, the project is located among varying camps of New Institutional theories debate about the primary drivers for institution building during a period of critical juncture. Second, by analyzing the magnitude of political power dispersion and centralization of decision making, the project enters the debate between maximalist and minimalist government propagators about the proper size of the government undertaking the daunting task of economic transformation. Third, by estimating the effect of threat of electoral backlash and risk of losing electoral power, the project contributes to the debate between scholars arguing for the importance of civic participation on the one hand and necessity of political insulation on the other.

Most importantly, intricacies and difficulties of land distribution in different part of the world are well documented. Land redistribution is generally perceived as a complicated process due to difficulties associated with taking property rights away from the previous land owners. In the post-Communist countries the process of land redistribution is rather unique and comparatively less complex, because the previous holder, a communist state, no longer exists and its successor, newly reformed post-Communist state, does not have either interest or capacity to hold on to the land.

In this sense, the given project is important as it provides a detailed account and link between land tenure and property rights in the post-Communist transition. While protection of property rights is a widely researched topic in the transitology field, relatively less attention is devoted to land tenures and their role in economic and political power realignment. With this regard, the given project looks at land tenure transformations, or lack thereof, under different post-Communist circumstances. Preliminary findings demonstrate no or insignificant changes in

Land tenures and interest groups in post-Communism

land tenures in Belarus, Kyrgyzstan, Turkmenistan and Uzbekistan. Since these countries are generally undemocratic, the given findings confirm hypothesis proposed by numerous political theories about relationship between democracy and property rights.¹⁸

In addition to the above-mentioned findings in the non-democratic countries of the post-Communist sphere, the project also incorporates discussion of successful cases where land tenures were privatized. All of the countries of the Central and Eastern Europe, along with some other former Soviet countries, in varying degrees, managed to successfully reform their land tenure structures. By analyzing land tenure reform developments in these countries and contrasting them to the above mentioned cases of absence of land tenure change, the given project aims to recognize key players and preconditions for land privatization in post-Communist transition.

1.3 Land tenures and institutional literature

Most of the scholars working in the field of land tenure institutionalization employ institutional change approaches to analyze observed phenomenon. Three categories of theories of institutional change offer important conceptual foundations for studying the transformation of land property rights in post-Communism.¹⁹

The efficiency theory is based on economics and views institutional change as an evolutionary process, where reforms are undertaken to decrease transaction costs and improve the collective gains of the society. Resource scarcities and competition between actors are identified as most important variables. Actors adjust to new scarcities by looking for

¹⁸ Clague, Christopher, Philip Keefer, Stephen Knack, and Mancur Olson. "Property and Contract Rights in Autocracies and Democracies." *Journal of Economic Growth* 1: 1996 pp. 243-276

¹⁹ Weimer D.L., 1997. *The Political Economy of Property Rights*. Cambridge University Press.

Land tenures and interest groups in post-Communism

favorable institutional solutions. As a result, institutional change arises from cost-benefit comparison between different institutional arrangements.²⁰

According to the judgment of this theory, land tenure reform in the post-Communist country had to follow the logic of market. It predicts that land will become available for privatization and actors with the interest and capacity will compete to obtain tenures to it. By doing so, actors will allow the market to determine the real value of the land and lay out specific incentives associated with acquiring the land. Consequently, rational actors will calculate their cost-benefit analysis of acquiring land. As a result, land will be transformed to those actors that have the greatest interest and also highest economic returns from using land.

However, this school of thought ignores the importance of politics and power relations in shaping the institutional change and power conflict associated with redistribution of land. According to this school, the state plays a marginal role of a mere facilitator. As the transitions of the former countries showed, governments played a key role, whether dictating or accommodating, in almost all economic, political and social developments, including intricacies of land redistribution, in these states.

Parallel to the efficiency theory, several economists develop theory that considers state's involvement to be important in determining institutional change²¹. According to this theory, also referred to as the public choice theory of institutional change, political actors are motivated by self-interest of reelections and attaining power. Political actors accommodate interests of certain clientele groups and undertake institutional changes favorable for their

²⁰ Hagedorn, K., (1993). Institutions and Agricultural Economics. *Journal of Economic Issues* 27, No. 3

²¹ North, Douglass C., and Robert P. Thomas, (1973) *The Rise of the Western World: A New Economic History*, Cambridge: Cambridge University Press.

Land tenures and interest groups in post-Communism

clientele.²² Subsequently, institutional change takes place as a political process by transforming institutions through legislation.²³ The main idea of this school of thought is that government selects formal rules which best accommodate for achievement of goals of major political actors involved. Political actors develop either encompassing or narrow interests.²⁴ Encompassing interests favor institutional arrangements conducive for overall development of society, whereas, narrow interests are targeted to satisfy selfish interests of clientele groups.

According to this theory, land redistribution in the post-Communist transition would have to be based on the political power balance and size of constituencies associated with power holders. Politicians, through their influence on drafting laws and putting forward specific provisions and requirements for land privatization, would pre-determine outcomes of land redistribution that would be favorable to their narrow interests and also benefit their respective supporters, constituencies and clientele.

In contrast to the efficiency and public choice theories, the distributional theory of institutional change is based on analysis of power structures in a society. New institutional arrangements arise as a result of new power endowments after critical junctures and are caused by repeated conflicts about the distribution of resources in the society. Here, distributional gains and losses of actors are the most important variables. Actors negotiate for institutional changes, but outcomes are not as optimal as proclaimed by the efficiency theory. The driving force of institutional change is the power of actors involved and institutional

²² McChesney, F.S. (1997). *Money for Nothing: Politicians, Rent Extraction and Political Extortion*. Cambridge: Harvard University Press.

²³ W. H. Riker and Itai Sened. 1991. "A Political Theory of the Origin of Property Rights," *American Journal of Political Science*, Vol. 35, No. 4: 951-969.

²⁴ Olson, Mancur. 1982. *The rise and decline of nations: Economic growth, stagflation, and social rigidities*. New Haven: Yale University Press.

Land tenures and interest groups in post-Communism

outcomes reflect power asymmetries. According to this school, institutions are a product of strategic bargaining and may change spontaneously.

According to the distributional theory, the redistribution of land after the collapse of the communist regime reflected the power balance, or lack thereof, between different groups in a society. These groups would form on the basis of interest association and engage in competition over land resources. Such competition would force groups to negotiate and align with other groups in order to gain sufficient leverage to achieve their desired objectives. As a result a constellation of groups that managed to find common grounds for association and was superior to others in terms of political influence and economic leverage would win and determine the schemes and criteria for land redistribution.

In addition to the key contemporary institutional change theories discussed above, one has to also address the concept of path dependency of institutions. The concept of path dependency is related to the difficulties of institutional change. Path is understood to be a way in which institutions "structure a nation's response to new challenges."²⁵ The path dependency theory claims that past experiences and policy legacies influence and determine present actions. In other words, conduct or character of institutions that existed already will be used again to adapt to changing conditions. Pierson explains path dependency based on efficiency theory with the concept of increasing returns: the benefits of staying on the specific institutional path increase while the cost of alternative choice is higher.²⁶

The notion of path dependency is particularly relevant for the post-Communist transition. Long period of communist regime strengthened and made institutions "sticky" even after the dissolution of the

²⁵ Hall, P.A. and Taylor, R.C.R. 1996. Political science and the three new institutionalisms. *Political Studies* 44(5): 936-957.

²⁶ Pierson, P. 2000. Increasing returns, path dependence, and the study of politics. *American Political Science Review* (94)1: 251-267.

Land tenures and interest groups in post-Communism

regime.²⁷ The subsequent terms of land transfer to private and corporate ownership became ambiguous and subject to relative interpretation, and therefore generated a considerable competition between different actors in a society.

The Central European states, which already had certain elements of private land ownership in the late Socialist period of 1985-1989, were better positioned for unproblematic reform of their land tenure policies. Indeed the preliminary analysis of these countries demonstrate that intricacies of moving from state to private and corporate land tenures were relatively less troublesome than in the former Soviet countries and Eastern European states. This finding confirms and supports the importance of institutional path dependency in the post-Communist transition. With the exception of some radical land reformers, such as Georgia and Albania, transfer of land tenures from public to private and corporate ownership was a prolonged process in most FSU and Eastern European states, where state ownership of land was strongly embedded in the economic production systems and land tenure institutions were “sticky”. Furthermore, land tenure changes in such cases were closely associated with dissatisfaction and power struggle of different social groups with important stakes in land ownership and exploitation.

2. Concept formation and theoretical framework

The study of methods of land redistribution and analysis of strategic incentives of key actors involved can provide important considerations for understanding diverging paths of transition trajectories of post-Communist countries. By investigating the conflicts over land distribution between different constituencies in former Communist countries, the project contributes to the transitology literature in investigating salience of interest groups, strength of governments to withstand social pressures and importance of various social, economic and political conditions for facilitating the institutionalization of land redistribution.

²⁷ Pierson, Paul. “Politics in Time: History, Institutions, and Social Analysis.” Princeton: Princeton University Press. 2004.

Land tenures and interest groups in post-Communism

Distribution of land is important for a number of political and economic reasons. First, it serves an important purpose of promoting economic incentives and accelerating production and trade activities. In turn such developments help strengthen liberal market-like structures emerging after a move away from the Communist command economy. By providing exclusive rights to land ownership and use, land redistribution creates private land tenant entrepreneurs and enhances land utilization efficiency. Efficiency increase primarily derives from the fact that newly established land tenants have higher stakes in proficiently using land and stronger personal interest in maximizing production value. Maximization of land utilization follows from the fact that benefits from land use are allocated to newly created land tenants directly, instead of being transferred to central communist planner and then redistributed to land users through wages and/or other payment.

In addition to promoting economic incentives, land redistribution serves an important political role as well. By reorganizing land tenures, redistribution effects allocation of economic gains from land use and therefore affects political and economic power balance in a society. Those with stronger claims and rights to land have stronger power leverages as they gain competitive advantage relative to non-land owners, due to their ability to draw economic rents and influence citizens by providing employment opportunities through the virtue of owning and operating larger land tenures. Importance of political role of land distribution is most apparent in the Latin American countries, where large land owners exercise significant political and economic control over non-landowners through the land owners' ability to influence policy choices and political decisions as a result of their relative bargaining leverages.

Land tenures and interest groups in post-Communism

Closely connected to the political role of land distribution on power balance in a society, is the concept of wealth sharing after a regime change. Due to the specific nature of the Communist system, land belonged to everyone but was owned by no one. Such an arrangement was to enforce the strength of the Communist party and eliminate sources of emergence of possible opposition. However, with the collapse of the Communist party, numerous claimants to land emerged and post-Communist states were faced with a dilemma of fairly redistributing land. It is important to note that, land, under the circumstances of severe deterioration of economic production following the collapse of COMECON, was the primary source of wealth generation and even physical subsistence.

Therefore, intricacies of land distribution were associated with several economic and political incentives. By investigating the practices of land redistribution in different countries, the given project provides basis for understanding important actors and preconditions for general political and economic power struggle developments in respective countries.

In order to do so, the land redistribution processes are grouped into three time periods. First the project analyzes specificities of land tenures for the late socialist period defined as 1985-1999. The main goal is to understand land tenure structures before the system change. As mentioned above, during this period, the states of Central Europe already had certain private land tenure practices. Such practices, vis-à-vis absolute state ownership of land in the former Soviet Union and Eastern European states, facilitated less troublesome power struggle for land after the collapse of the Communist regime.

The investigation proceeds with the second time period of 1991-1995 when IMF intervened and proposed several economic reforms of stabilization, liberalization and privatization,

Land tenures and interest groups in post-Communism

including land redistribution schemes. It is important to note that, the proposed reform packages were coordinated and bargained with specific economic and political demands of each country. The governments had to concede to the IMF proposals in order to receive necessary assistance to undertake the reforms. The IMF, on the other hand was very much interested in stabilization of the post-Communist countries and made efforts to accommodate national political considerations and advised reform packages in accordance with the perceived economic and political needs of a specific country.

The last time period of the project is the post-IMF period of 1995-2004. The important thing here is that political economies of the countries were severely altered as a result of the implementation of IMF-advised economic reforms and resulting economic realignment of power. Some of the land tenants or those generating economic rents and exercising influence from rights to land use during the late socialism (the first period of research) became losers of land tenure reforms and organized to lobby their governments to halt or reverse altogether implementation of some of the land reform packages. Depending on the relative interest homogeneity and strength of interest groups in influencing government decisions to proceed with, halt or reverse land reforms, the countries proceeded to adopt or maintain specific land tenure systems.

3. Research design and methodology

3.1 Research design:

The design for undertaking the given project is a top-down approach. It resembles Lieberman's method of nested analysis where scope of investigation begins at the general

Land tenures and interest groups in post-Communism

abstract level of post-Communist countries and applying different scope conditions some countries are eliminated from the universe of cases. After narrowing down the number of cases that confirm with all the scope conditions and can be applicable in terms of the developed theoretical framework, the research will focus on two comparative case studies. The reasoning behind having two case comparative studies within one research design is to be able to control for a number of intervening variables, which include, but are not limited to country's belonging to the Soviet Union or not; and proximity to West often identified as an explanatory variable for many puzzles in the post-Communist transition studies. In these comparative case studies various methods of qualitative research will be undertaken in order to gather the necessary data.

3.2 Scope conditions

The units of analysis are countries. The universe of cases is determined by country's conformity with the four general scope conditions. All of these conditions are specific to the topic under research and are therefore important for the process of theory building by eliminating cases with intervening variables.

The first condition is that a country under research is a former Communist state either from the Central Eastern Europe or the former Soviet Union. This condition is important to control for the Communist influence on land production policies and generation of subsequent problems that states under research had to face after the collapse of Communism. Furthermore, it is important to note that, due to the uniqueness of the COMECON, economic trade network of the Communist countries, system, incorporation of other possible cases from outside of the region discussed is bound to pose more methodological and theoretical problems for the research than any benefits that incorporation of outside-the-region cases

Land tenures and interest groups in post-Communism

could bring in terms of theory expandability and generalizability. In short, only post-Communist countries of Europe and Central Asia are considered in the research.

In addition to the Communist past and Geographic location, states under study are controlled for having a significant, understood as at least 10% of GDP, share of agriculture in their 1985-1991 production levels. This condition is important to pose, because in countries, such as Czechoslovakia with agriculture share of GDP were around 5-7%, redistribution of land for agriculture did not generate high political significance and lead to social movements and creation of interest associations as in other countries. Therefore, in order to be able to account for political significance of land reforms, countries with lower stakes in agriculture are removed from potential cases for comparative case studies and in-depth analysis.

The third important condition for the research design is absence/presence of military/violent conflict. Here, such a conflict is defined as any violent occurrence that threatened a medium-term (more than a month) peace sustainability and affected non-peaceful redistribution of political power leverages within a society. This condition is important to consider as presence of such a conflict is most certain to lead to emergence of a triumphant from such a conflict who will try to monopolize political power and decision-making process on land redistribution due to the merit of being victorious. In other words, this scope condition is introduced in order to control for another commonly identified explanatory variable in the post-Communist transition literature, presence of violent conflict.

The fourth and final scope condition for the proposed research is interference of the International Monetary Fund in the economic restructuring processes of the respective countries. This condition is important to account for the 1991-1995 period scope, when, more or less comparable political economies of the post-Communist countries during the late

Land tenures and interest groups in post-Communism

Socialist period, became vastly diverse after the introduction of treatment reforms and policy packages, which were partly advocated by the IMF. The resulting differences in political economies of the respective countries, could serve as an useful indicator for variance in land tenure institutionalization processes in the respective countries. It is important to note here that the author is not of the opinion that economic reforms in the post-Communist countries were undertaken under the directives of the IMF. Instead presence of IMF accelerated the speed of privatization in the respective countries and laid grounds for redistribution of land tenures at a very critical phase of economic circumstances in a country.

3.3 Universe of cases

Based on the scope conditions provided above most of the post-Communist countries were eliminated due to their non-conformity with the outlined criteria. As a result, the universe of cases for the given project consists of states of Bulgaria, Latvia, Lithuania, Poland, Romania, Slovakia and Ukraine.

Each of this countries is significant for the research as all of them share presence of communist institutions and the immediate history of command rule. Furthermore, these countries faced a significant reliance on agriculture in order to make up for the output losses as a result of disappearance of the Soviet-led military production.

In addition to communist history and reliance on agriculture, each case in the universe lacked market economy and had ambiguously defined and or limited property rights. All cases went through a relatively peaceful period of system change with lack of emergence of winners or losers from military/violent conflict. And most importantly, there was a change in land ownership structures after IMF treatment in each of the cases.

3.4 Methodology

As discussed above, the given project will be based on two comparative case studies. First comparative case study will examine land tenures and emergence of agricultural interest groups in Latvia and Lithuania. Both of these countries share many similarities, such as the Soviet history, country size and Geographic location.

Within the similar lines of logic of the first comparative study, Bulgaria and Romania will be compared in the second study. These countries also share communist past and Geographic location. Most importantly, both of these countries faced similar incentives and challenges to accession into the European Union.

The cases under comparative analysis will be contrasted based on the methods of agreement and disagreement. Furthermore, elements of qualitative research such as process tracing, longitudinal analysis, personal interviews and content analysis will be undertaken to reconstruct the relevant picture from the extremely data scarce period of transition.

3.5 Operationalization

Due to the fact that given project deals with a qualitative research, operationalization of variables will be based on in-depth analysis of emergence and behavior of agricultural interest groups. Strength and size of interest groups, as well as their demands will be used as proxies to identify significance of an interest group in lobbying and influencing governmental policy choices with regards to land tenure systems.

Technical elements regarding land tenure types will be incorporated. From preliminary analysis, one can conclude that the post-Communist states had three options for defining land

Land tenures and interest groups in post-Communism

tenures. First option was to have state owned land, where the government controlled and determined production and utilization of land. Second option had to deal with corporate or cooperative land tenures, where groups of individuals or private firms were entitled to land property. And third option was full privatization of land, meaning individual possessed the right to use the land. In the third case elements of ownership, usage and right to sell are also important to consider as such elements varied across countries.

In addition to interest group salience and technical features of land tenures, political freedom of expression will be analyzed as well. This proxy is important to consider, because states with relatively more democratic governance structures allowed emergence of interest groups, while others tried to coerce and silence them.

4. Expected findings

Due to the fact that the given project is at a relatively early stage of research and constant modification, it is difficult to pin down some of the findings that might arise as a result of the final findings. Nevertheless, there is a preliminary argument and number of hypothesis that are based on the author's estimations and hunch.

4.1 Expected argument

States, where net agricultural losers from IMF-induced economic reforms managed to organize themselves into strong lobby interest groups, reverted the land reform processes and/or accommodated the demands of organized losers.

4.2 Hypothesis

Based on the preliminary research and overview of existing literature on land tenures and interest group formation there are four hypothesis to be put forward:

- 1) States with higher initial agricultural shares in GDP are more vulnerable to pressures from organized agricultural interest groups
- 2) Net losers from IMF recommended land reforms are more likely to organize themselves in countries with higher shares of land in individual use
- 3) Reversals or amendments of land reforms will be stronger in states with higher share of individual/private production in aggregate agricultural output
- 4) Interest groups are more likely to be formed and express their interest in countries where government structures allow freedom of expression

5. Conclusion

The outlined project aims to contribute to the literature on post-Communist transition by studying the process of land tenure reforms in the respective countries. Definition of land property is vital for generation of economic incentives and facilitation of market functioning. Land tenure definition was especially vital in the case of the post-Communist countries due to severe economic contraction after the dissolution of the Communist party.

By examining three time periods the given project looks at changes in land tenure policies across countries and strives to assess importance of agricultural interest groups in the observed changes. By undertaking two comparative cases studies, one for the former Soviet Union countries and the second one for the Eastern European countries, the project aims to

Land tenures and interest groups in post-Communism

control for the effects of a number of intervening variables that are predominantly considered as explanatory variables in the post-Communist transition literature.

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