

**A symposium on property rights in emerging economies**

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Institutions play a key role in shaping economic development. In a transition context, property rights and their enforcement are thought to be of critical importance.<sup>2</sup> Property rights are a particular concern in Central Asia where they are often limited by weak legal institutions, corruption, and the lack of checks and balances on government. At the same time, the actual institutional and political frameworks show a remarkable variety both within the region and in comparison to other transition countries. In September 2017, the authors organized a workshop, “Property Rights in Emerging Economies,” at KIMEP University to shed light on aspects of property rights regimes across the region.<sup>3</sup> This symposium includes three papers that are based on presentations at the workshop.

In his contribution, Gerald Pech emphasizes the interrelation between property rights enforcement and the distribution of power in governance institutions and draws out the significance of relevant citizen-state and citizen-citizen relationships. He argues that observed variability in protection of property rights among transition economies must be analyzed in the context of the diverse path of transformation of socio-political institutions in these countries. With this aim in mind a research agenda is proposed that illustrates the mechanism via which a governing institution’s ability to commit to protect property rights is co-determined by its ability to sustain its position of authority depending on the structure of this institution (partisan versus elitist) and its representation of social interests (democratic versus authoritarian). Based on these insights Pech challenges the common perception that in a transition economy a more democratically elected government is one with wider representation of social interests and that established property rights unequivocally imply a lower degree of corruption.

Emiliya Lazarova and Corrado Di Maria redirect the focus from an alleged dichotomy between the presence of enforceable individual property rights and their absence to the social relationships within which rights pertaining to different aspects of an asset can be exercised. They argue that with an open-ended, relational contract, parties’ interest in sustaining their relationship will guide them towards a (constrained) optimal use of a resource even in situations where the external enforcement of a contract is difficult. Their paper applies this framework to the lessee-lessor relationship typical of the agricultural sector in Kazakhstan. It explores

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<sup>2</sup> See e.g., Hartwell (2016).

<sup>3</sup> See Lazarova and Pech (2017).

the rationale behind the widespread rejection of the Kazakhstani land-reform law of 2016 by farmers who were offered to purchase the land they had previously leased. While the prospect of benefitting from any increase in the land value should have persuaded farmers to prefer ownership of the land, mistrust in the sales process or concerns about access to finance may revert this preference. Lazarova and Di Maria also point out that under Kazakhstani law, the lessee may be at an advantage compared to the owner if the leased land is expropriated.

Also Yelena Novikova, in her paper on the sharing economy in a post-Soviet context emphasizes the different aspects of a good that can be shared but also the variety of economic relationships that underlie the sharing economy. Drawing on survey data, she acknowledges that because of different historical junctures, the idea of sharing rather than owning might have to overcome more skepticism in transition countries, compared to the West: Sharing is historically stigmatized and the level of trust in society is low. Yet sharing platforms now play an important role in the services and mobility sector. For users, economic benefits and a positive attitude towards economizing spending are driving forces behind participating in the sharing economy. Yet Novikova also highlights the role of social recognition and the social relationships within which sharing takes place.

## **1. References**

Hartwell, C. A. (2016), "Determinants of property rights in Poland and Ukraine: the polity or politicians?," *Journal of Institutional Economics*, Vol. 13, pp. 1-28

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