Abstract:
We present a general model of the interaction between settlement and the emergence of de facto property rights on frontiers prior to governments establishing and enforcing de jure property rights. Settlers have an incentive to establish de facto property rights to avoid the dissipation associated with open access conditions. The potential rent associated with more exclusivity drives the “demand” for commons arrangements. As the potential rental stream from land increases due to enhanced scarcity there is a greater demand for more exclusivity beyond what can be sustained with commons arrangements.

Settlers typically petition the government for de jure property rights to their claims – formal titles. To the extent that governments supply property rights to those with first possession, land conflict will be minimal. But, governments face differing political constituencies and may not allocate de jure rights to the current claimants. Moreover, governments may assign de jure rights but not be willing to enforce the rights. This may generate potential or actual conflict over land depending on the violence potentials held by the de facto and de jure land claimants. We examine land settlement and land conflict on the frontiers of Australia, the U.S. and the Brazilian Amazon. We are particularly interested in examining the emergence, sustainability, and collapse of commons arrangements in specific historical contexts. Our tentative analysis indicates that on all three frontiers the emergence of demand driven de facto property rights arrangements was relatively peaceful especially in contrast to the conflict generated by the establishment of de jure property rights with insufficient government enforcement.

Biography:
Lee Alston is Professor of Economics and the Director of the Program on Environment and Society at the University of Colorado. Alston is a Research Associate at the NBER. He was recently President of the International Society for the New Institutional Economics 2006-2007. Lee Alston has focused his research in two broad areas: 1) the role of contracts and institutions in shaping agricultural land use in the historical U.S. and contemporary Brazil; and 2) the important role of institutions in the economy. His publications have appeared in leading journals including The American Economic Review, Journal of Economic History, and Explorations in Economic History.