

Land Administration and Globalization

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ABSTRACT

Globalization is being driven by global economic integration, the spread of technology and the democratization of information. In the process it is fundamentally altering the way we think about economic, social and cultural development. This paper reviews what is meant by globalization from a variety of perspectives and then briefly examines the impact it is having on the land administration field.

"The collective power of people to shape the future is greater now than ever before, and the need to exercise it is more compelling. Mobilizing that power to make life in the 21st century more democratic, more secure and more sustainable is the foremost challenge of this generation."

Commission on Global Governance, 1998

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INTRODUCTION

The world is changing at an increasingly rapid pace, with the scope and impact of that change having multiple dimensions and implications transcending political and cultural boundaries. A new international dynamic based upon market-driven development and advanced communications technologies is progressively breaking down traditional economic, ideological and cultural boundaries. This dynamic is called globalization.

Globalization is not a single phenomenon, rather it is a complex catch-all concept describing a broad range of trends and forces changing the face of the world. As an economic phenomenon, globalization represents a shift from a world of distinct national economies to one in which production is internationalized and financial capital flows freely and efficiently between countries. It is also a world in which "multinational enterprises wield vast economic power, while anonymous institutional investors influence currency rates, the availability and price of international capital, and interest rates. And the framework of rules within which economic activity takes place is increasingly defined in the international framework of the WTO, the IMF, the World Bank, the OECD, and G7 summits, and is heavily influenced by regional trading blocks such as APEC, the European Union, and NAFTA."¹

Beyond the economic perspective, the term globalization also relates to such phenomenon as the emergence of a global culture ("McWorld" as Shawn Tully² has described it), the issues associated with global climate change specifically and the global environment more generally, the threats to global peace and security, and the problems associated with global underdevelopment and poverty. It also incorporates what many social scientists have called the globalization of normative super-structures which are influencing both economic and social transactions at all levels and undermining traditional state controls.

Globalization may be distinguished from "internationalization" in the sense that it "denotes a process of denationalization, whereas internationalization refers to the cooperative activities of national actors. In some instances, the concerns of globalization may be motivated by the common good of humanity, whereas internationalization fulfills the national interest. The key feature which underlies the concept of globalization and distinguishes it from internationalization is the erosion and irrelevance of national boundaries in markets which can truly be described as global."³

Globalization is both a cause and a consequence of the revolution in information and communication technologies, a revolution which has fundamentally altered the nature of global markets, transformed economic and social interactions and increasingly even redefined what we mean by work. Factors which have spurred on the IT/communications revolution include exponential increases in computing power coupled with lower costs, and the development of global information networks such as the Internet. These IT/communication technologies have broken down the barriers of physical distance. A wide variety of international interest groups, including business, labour and NGO organizations, now function across national borders. Even the framework of social policies affecting individual citizens is becoming more sensitive to international influences, including the global news media (witness the reach and influence of CNN).

Finally it should be noted that the trend towards the global is not necessarily uni-directional. As the current World Bank Development Report notes in an examination of the world from the perspective of the nation-state: globalization "will require the nation-state to reach out to international partners in order to manage changes affecting trade, financial flows, and the global environmental. Localization, reflecting the assertion of regional identities, will push the nation-state to reach down to regions and cities in order to manage changes affecting domestic politics and patterns of growth."⁴

In this paper I will briefly describe the phenomenon of globalization from three perspectives:

- most specifically, in terms of the evolution of a shared infrastructure for global development and integration (with special emphasis on the information infrastructure);
- more generally, in terms of advancing the objectives of a market-driven global economy;
- finally, and most importantly, in terms of the evolution towards a global society.

I will then even more briefly sketch out some of the ways in which globalization is impacting the land administration field.

GLOBAL INFORMATION INFRASTRUCTURE

The foundation infrastructure for globalization consists of a complex system of interrelated elements: transportation, electric power, communications, oil and gas supply, financial institutions, etc. Of these, none has been more fundamental than the emergence of a comprehensive and integrated IT/communications infrastructure. As the world becomes more interconnected and interdependent, the world of telecommunications policy has been increasing in importance. Bundled under the label of a global information infrastructure, such policy is increasingly driven by the belief that communications and information infrastructures collectively represent a principal "transforming technology" serving crucial social goals, and that development of these infrastructures is fundamental to economic growth. As well, it reflects an increased movement towards the privatization of services and increased competition in the telecommunications sector.

These developments go back at least to Marshall McLuhan's concept of a "global village", and reflect both the beliefs developed and lessons learned from various initiatives over the past 25 years. For example:

- In the mid 1970s, the French government released a report describing the imminent emergence of an "information society." Among many other issues, the report addressed questions of national technological sovereignty and introduced the term "telematique." At about the same time, Canadians were promoting the Telidon technology as the foundation for the "electronic highway."
- In 1983, Japan's Ministry of Posts and Telecommunications unveiled its "Teletopia Plan" to support the spread of advanced telecommunications across the country and to promote high-level information and communications functions for regional cities.
- In 1987, the European Commission released a Green Paper on telecommunications which talked about modern communications networks constituting the nervous system of modern social and economic life; the paper argued that European unity would depend in large measure on a unified, ubiquitous and advanced European communications infrastructure.
- By 1993, U.S. Vice President Al Gore was promoting the concept of an "information superhighway" and pushing the idea that an advanced communications and information infrastructure should be a national priority. In support of this idea, Gore stressed five key policy elements: (i) maximum possible reliance on private enterprise; (ii) promoting and protecting competition; (iii) ensuring open networks and universal access; (iv) avoiding information haves and have-nots; (v) maintaining flexible, adaptable rules and regulations. Subsequently, at the first World Telecommunication Development Conference held in Buenos Aires in March 1994,

he presented a similar list of principals as the foundation for a Global Information Infrastructure.

- In May 1994 the European Commission published *Europe and the Global Information Society*. Commonly referred to as the "Bangemann Report", it presented the findings of a high level group of business people and community leaders brought together under the chairmanship of European Commissioner Dr. Martin Bangemann. This report formed the basis for much of the subsequent work of the European Commission on strategic planning for the Information Society.

By far the most significant development has been the emergence of the Internet communications model. A worldwide system of computer networks (in reality a network of networks), the Internet is based upon the metaphor of linked pages and the graphical web browser - first introduced by Marc Andressen in February 1993. The Internet has had a brief but explosive history to date. Born in 1969 as an experiment within the US Department of Defense to create a computer network that would continue to function in the event of disaster (and subsequently developed as a research and education network by the U.S. National Science Foundation), the Internet has been annually doubling in size for almost a decade.

As of the summer of 1999, there are an estimated 50 million hosts on the Internet and estimated 150 million users worldwide.⁵ While the majority of these users reside in North America, its penetration into other markets is now expanding quickly; indeed, it is estimated that within the next 5 years the Internet will exceed the size of the global telephone network (both wired and wireless). As high bandwidth access becomes the norm, through digital subscriber loops, cable modems and digital terrestrial and satellite radio links, "the convergence of media available on the Internet will become obvious. Television, radio, telephony and the traditional print media will find counterparts on the Internet - and will be changed in profound ways by the presence of software that transforms the one-way media into interactive resources, shareable by many. The Internet is proving to be one of the most powerful amplifiers of speech ever invented. It offers a global megaphone for voices that might otherwise be heard only feebly, if at all. It invites and facilitates multiple points of view and dialog in ways not implementable by the traditional, one-way, mass media."⁶

Currently the most dramatic Internet developments relate to electronic commerce. As highlighted in a recent issue of *The Economist* : the "Internet is turning business upside down and inside out. It is fundamentally changing the way companies operate, whether in high-tech or metal bashing. This goes far beyond buying and selling over the Internet, and deep into the processes and culture of an enterprise."⁷ Estimates of the potential market for e-commerce products and services range as high as \$1.3 trillion by the year 2003 (Forrester Research figures.)

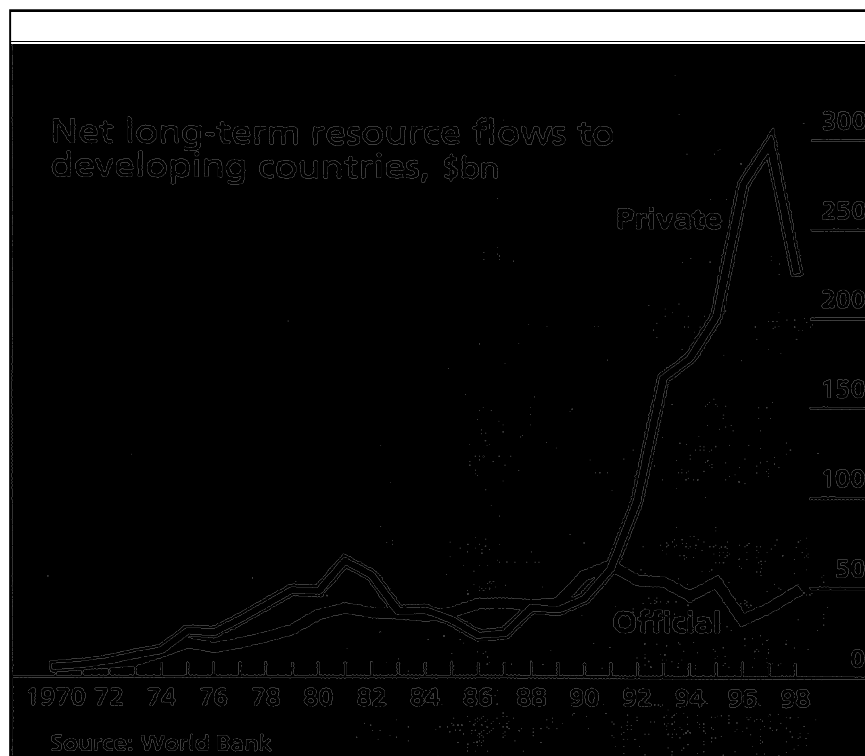
GLOBAL ECONOMY

The trend towards globalization has been evident in the pattern of sustained growth in world trade and investment flows. Its modern origins can be traced to the postwar

creation of a set of international institutions to promote free trade, full employment and economic stability and to regulate international finance. The UN Relief and Rehabilitation Administration, the Bretton Woods institutions and the General Agreement on Tariffs and Trade helped lay the foundation for the most rapid and sustained expansion of the international economy in history.

Over the ensuing decades growth in the world economy expanded at historically unprecedented rates (between 1950 and 1990 real output increased fivefold), in the process becoming far more trade-intensive.⁸ In parallel, international flows of capital and technology have become significantly more important than flows of goods as determinants of economic returns. One key driving force in this process has been the convergence of national economic and social systems. "In terms of the structure and specific nature of industrial and consumer demand and in distribution systems, marketing and infrastructure, countries are becoming increasingly similar. Convergence in the product demand and factor costs leads to convergence in the demand for new technologies."⁹

George Soros, in his widely reported article in *Foreign Policy*, noted the fundamental significance of the free movement of capital to the global economic system. "The system can be envisaged as a gigantic circulatory system, sucking capital into the financial markets and institutions at the center and then pumping it out to the periphery, either directly in the form of credits and portfolio investments or indirectly through multinational corporations."¹⁰ Through most of the 1990s the system worked quite effectively, with markets growing in size and importance and emerging markets in particular obtaining an ever increasing supply of capital. This may be illustrated, for example, by the accompanying figure on net long-term resource flows to developing countries; by the early 1990s there was a dramatic increase in private resource flows.



As the decade draws to a close, however, there are increasing concerns about the nature and direction of economic globalization. These include:

- most immediately, concerns associated with the Asian financial crisis beginning in 1997 and the subsequent Russian default in August 1998. The Asian crisis reversed the flows from international capital markets (bonds, loans and equity), with the net flows to developing countries falling to approximately \$70 billion in 1998, down from \$135 billion in 1997. As well, following the Russian debt moratorium, investors deserted emerging market instruments for the safety and liquidity of assets closer to home. While it may be argued that the underlying determinants of the capital flow markets remain in place, Soros is undoubtedly right in arguing that the prevailing ideology of the global economy is facing a historic challenge: "The financial markets are playing a role very different from the one assigned to them by economic theory and the prevailing ideology of market fundamentalism, which says that competitive markets are always right - or at least they produce results that cannot be improved on through the intervention of nonmarket institutions and politicians....The current crisis has shown this ideology to be irredeemably flawed and the very notion of equilibrium to be inapplicable to financial markets."¹¹

- providing meaningful and long lasting support for Heavily Indebted Poor Countries (HIPCS). While economic integration has accelerated dramatically over the past decade, too many developing countries became caught in a debt trap, unable to maintain interest payments, forced to curtail investment and imports. The fundamental importance of this subject to the future of the global economy has been graphically documented by Jubilee 2000, an international coalition of church groups and other non-governmental organizations that campaigns for debt relief. Using Nicaragua as an example of the potential impact of an effective debt reduction programme, they note that savings from debt cancellation could make available \$350 million a year for human development. With debt relief, Nicaragua could "provide free universal primary education build 1,100 preschool classrooms and 350 schools and increase the level of children completing primary school from 34 per cent to 60 per cent refurbish 400 health centres and 20 hospitals and improve access to basic health services for 900,000 poor people improve water distribution to 450,000 people in rural areas and provide complete sanitation cover for the rural population develop programmes to help regenerate the rural economy through microcredit and training schemes."¹²

The first comprehensive HIPCS debt-relief plan, dating from 1996, aimed to reduce the debts of countries that maintained good economic policies to a "sustainable" level, calculated as a stock of debt equal to no more than 200-250% of annual exports. The original HIPCS plan proved slow and limited in impact (only Uganda, Bolivia and Guyana have been beneficiaries to date). Most recently, based on the "Cologne Initiative", the G7 group of industrialized countries have agreed in principle to provide more debt relief, more quickly, to more poor countries (this new debt-relief plan was scheduled for discussion at the September IMF-World Bank meetings).

- more generally, the whole issue of providing effective development aid. In the post-war era rich nations have given an estimated \$1 trillion in aid to poor ones. This aid should presumably have boosted recipient countries' growth rates and helped hundreds of millions to escape from poverty. "Yet countless studies have failed to find a link between aid and faster economic growth. Poor countries that receive lots of aid do no better, on average, than those that receive very little."¹³ Africa, for example, is today poorer than at the start of the 1970s. Many donors, including the World Bank, are in the process of rethinking their approach to aid. The Bank has estimated that an extra \$10 billion in aid could lift 25m people a year out of poverty, assuming that it went to poor countries that manage their economies well.¹⁴ It is therefore not surprising to see a shift in the operations of aid agencies, from an entitlement to an effectiveness approach (accompanied by a greater selectivity in allocating aid). An even more radical change in development cooperation programs is the increasing use of global resources to provide international public goods. There are a large array of transnational problems impacting on the development process, problems that require different alliances of governments, business and NGOs and different priorities and mechanisms than the mainstays of conventional country-based assistance.¹⁵

- finally it must be acknowledged that while global economic integration is clearly advancing at an increasing pace, it is not the only reality. Perhaps as many as eighty percent of the approximately six billion people in the world still live outside global consumer networks (with many of them subsisting on less than \$1 a day).¹⁶

Despite these concerns and reservations, on the eve of the 21st century there are increasing signs that we truly are witnessing a great transformation in world economic history. Many commentators have been struck by how we now seem to be picking up where the 19th century advances towards a global economy left off, just before a series of gross political miscalculations led to two world wars and the Great Depression. This time, barring another round of gross political miscalculations, the forces of integration would seem irreversible.

TOWARDS A GLOBAL SOCIETY

The phenomenon of globalization has been especially powerful because it is an idea that has seeped into the imagination of ambitious individuals in all corners of the world. Having witnessed the breakup of the Soviet Union and the collapse of communism as a global challenge to the West, it would appear that the triumph, in ideology if not in practice, of the political and economic model of liberal capitalism is now complete - you may recall Fukuyama's famous vision, conceived in Hegelian terms, of the triumph of liberal capitalist democracy as the end of history, indeed as the conclusion of a universal human struggle for recognition!¹⁷

Philosophers such as Fukuyama and Daniel Bell, together with an almost endless chorus of business consultants, argue that Western societies have entered a new era, with changes so far-reaching we can no longer consider them under their old names or by means of old theories. Under the rubric of the "information/knowledge society", they document the transformations being witnessed in:

- the forces of production, especially changes wrought by the computer and telecommunications;
- the relations of production, especially changes in the organization of work;
- culture, especially the link between image and reality.

And while the recent financial crisis may have revived doubts about globalization, there is still enormous cultural momentum for economic convergence. In the 1980s, everyone seemed to want to imitate Japan; now the United States has become the standard-bearer of an increasingly pervasive global economy. Moreover, as Thomas Friedman has put it, "lower communication costs, expanding free markets and digital technology are shrinking the world from a size medium to a size small." Not only does he broadly see this as a good thing, but Friedman would argue that globalization cannot be stopped, except at a huge cost to human welfare.¹⁸

But there are plenty of critics. While we clearly are living in novel times, not everyone has been persuaded that a new society is upon us. Many would argue rather that "to make a persuasive case for a new social order requires demonstrating new relations between town and country, home and work, men and women, parents and children, moral ethics and political philosophy comparable to the changes ushered in by the industrial revolution.....The fusion of computers with telecommunications is altering relations between space and time, increasing the role of knowledge in the creation of value, generating network forms of organization and stratification, and centering society on the home. But information technology is merely accelerating, rather than causing, these long-term trends. And the information society is still directed by the traditional power and profit goals of political and economic elites."¹⁹

Indeed, debates over the nature and direction of globalization are increasingly taking place from the streets of France to the highest political circles in Malaysia. Edward Luttwak, for example, has received widespread attention for his analysis of the social impact of the supercharged, deregulated global capitalism of the 1990's - what he terms "turbo-capitalism" - that has broken loose from the stabilizers imposed by the post-World War II mixed economy of the nation-state. Luttwak identifies several distinct but interconnected perils of the global economy, an economy producing efficiency but also insecurity and uniformity. It "generates new wealth from all the resources released by the competition-powered destruction of inefficient practices, firms and entire industries...Also, destroyed, of course, are the secure jobs of employees they once sheltered."²⁰ Similarly, critics like John Gray in Britain and Clyde Prestowitz in the United States fear that an overly simplistic pursuit of globalization has the potential to destabilize social arrangements at home, give a free ride to nations that pursue mercantilism and, above all, risk cataclysmic instability at the level of the global economic system itself (views reminiscent of Karl Polanyi's 1944 masterpiece *The Great Transformation*).

Even more fundamentally (as if cataclysmic instability is not enough!), genuine concerns are being raised over the survival of national cultures and the unfairness of rapid change,

even about the nature of political and cultural sovereignty. Ignacio Ramonet, editor of the French monthly *Le monde diplomatique* has been especially outspoken in criticizing *la pensée unique* - the single permitted orthodoxy of market-driven capitalism. He coined the word *globalitarian*: to describe regimes which admit no other policy than a market driven one, subordinate the social rights of citizens to the competitive ethos, and hand over to financial markets complete control of the activities of dominated societies. It's perhaps not surprising that a Frenchman is a leading critic of these global trends (the *exception française* and preserving the *dirigiste* model still being at the heart of the modern French state), but his concerns are widely echoed elsewhere.

Some of these concerns of course are really about American leadership. Responding to the question about globalization really being a euphemism for Americanization, Francis Fukuyama was prepared to state quite baldly that "I think it has to be Americanization because, in some respects, America is the most advanced capitalist society in the world today, and so its institutions represent the logical development of market forces." Not surprisingly, any people are offended by this!

In response, there is a growing interest in exploring ways and means to preserve and enhance cultural diversity (led by countries such as Canada which are feeling especially vulnerable these days). For developing countries, the crucial concerns relate to preserving and extending indigenous traditions, "which root them strongly in the past and provide their deepest sources of energy and inspiration; and at the same time, to take what's best from the industrialized world without being inundated by it."²¹

IMPACT ON LAND ADMINISTRATION

The impact of globalization upon the development of property systems and their concomitant infrastructure (including land administration) has been profound. Indeed the dominant global ideology of the past decade has placed special emphasis on the importance of institutions such as property to both economic and social development. Moving well beyond the land reform focus of the 1970s and early 1980s, the current focus on property formalization (and especially its entrepreneurial dimension), the relationship of property systems to other key infrastructure developments, and the relationships to the financial markets (including the securitization of assets in both real and personal property) is very much in tune with the globalization agenda.

The renewed interest in property also ties is closely related to efforts to move beyond simplistic macroeconomic approaches to international development. As Alvaro Vargas Llosa has put it, "partial reforms and single-minded focus on macroeconomic management, without commitment to private property, competitive markets and strong judicial and democratic political institutions, result in mercantilistic systems that deny the vast majority the opportunities and benefits of economic growth."²² As well, the flow of private capital is increasingly contributing to renewed interest in property institutions (including new strategies for joint public/private financing of property infrastructure).

Beyond this, there is growing recognition of the potential role of property in advancing a global social development agenda, based around the notions of the civic society a la Putnam²³ and the concepts of property-owning democracy as found in Rawls' *Theory of Justice*²⁴ Increasing the capacity of people to shape their own lives and to assert their rights is at the heart of this agenda; mass property formalization will be crucial to its realization.

Turning more specifically to the land administration function, the last decade has seen the widespread introduction of common technologies, standards and business processes - all leading in fits and starts (willingly and knowingly or otherwise) towards a common property infrastructure (one increasingly dictated by the needs of business customers, both local and foreign, and less by the jurisdiction-specific requirements of the property professions.) Examples include new ideas and strategies re the re engineering of land administration functions, including legal reforms focused on modernizing, standardizing, and simplifying legislation relating to property and registration. There has also been a renewed interest in integrating various property-related functions (in some ways of course an old idea - e.g. the Colonial Lands Offices - but driven both by new demands, and by new technical and organizational strategies.) Similarly, attention has also been given to streamlining the costs of running registries and valuation services, enhancing the revenue capabilities, and requiring a more businesslike operation.

There is also a slow but definite convergence towards a common infrastructure in the land administration field, as evidenced by the adoption of common technologies (especially related to satellite positioning and computerized mapping) and standards (such as the ISO standards for mapping). And the Internet as provided an especially dramatic example. Beginning with Service New Brunswick four years ago²⁵, land administration agencies around the world have constructed Internet-based approaches to managing and accessing parcel-based information. Now they are moving beyond simple browser services to increasingly more sophisticated notice/decision support functions. In the process, they are moving beyond serving their traditional local clientele (lawyers, valuers and other property professionals) to addressing the requirements of a much broader (and increasingly more international) public and commercial audience (such as linking their databases to real estate and financial corporations - note for examples the links to RealtyGuide International²⁵).

And, as with the broader globalization debate, there is much to be concerned about: the relationships of property to the aspirations of aboriginals and women, the role of property in furthering environmental goals, the "Americanization" of the global agenda (as evidenced by the impact GPS technology has had on the surveying profession and the professional terror accompanying the advance of the title insurance concept).

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