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Economics of the Interaction between Land Registries and Cadastres

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Abstract

Land demarcation is a key element in the definition of property rights and plays a prominent role in titling efforts. This paper relies on the sequential-exchange theory of property rights to distinguish between physical and legal land demarcation in order to better understand the costs and benefits of demarcation. It argues that voluntary demarcation is generally optimal. Consistent with its argument, it observes that demarcation conflicts play a minor role in title-related litigation and even seem to increase after physical demarcation is made mandatory. Moreover, a related popular policy, leading to merge and link cadastres and land registries, does not necessarily correlate with lower transaction costs.

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