# The Rule of Law and Economic Development: A Cause or a Result?

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#### 1. Introduction

The legal reform has become the major category of international aid, as it has been recognized that the institutional reform matters in development (World Bank 2002). Now the development can be restated as the comprehensive reform of institutional structure in the developing societies. The rule of law has become the symbol of the institutional reform and the rule-of-law projects have been undertaken all over the world.

However, the outcome of those projects is now questioned: what has been brought about through the rule-of-law projects? If we focus on the relevant problem of the relationship between the rule of law and economic development, discussions continue between the opposite views. On the one hand, there is a belief that the rule of law facilitates the economic activities and it is a necessary precondition for economic growth (see 2 (1) below). On the other side of the view, it is criticized that the rule of law is not "a path to development" but "a highly desirable result of development" (Upham 2001).

This chicken-or-egg like question seems to depend ultimately on the definition of the rule of law. According to the *formal definition*<sup>1</sup>, the rule of law is measured by some objective criteria such as the existence of a set of legislations, the fair execution of law by the executive, the independent and impartial judiciary, etc., and it can be an instrument to be *made* and *used* for the promotion of economic transactions and other activities of the people. On the other hand, if we rely on the *substantive definition*, the rule of law is regarded as the rule of *good* law which is normatively just and fair (Dworkin 1985). In this sense the rule of law is postulated as the objective to be sought rather than the mere instrument and is valued as such rather than is measured by incidental outcomes. The *functional definition* of the rule of law focuses on "how well the law and legal system perform some function" such as constraining the government discretion, making legal decisions predictable, etc. (Stephenson 2001b). It seems to be the instrument, but may be the objective depending on the contents and degree of the function to be required.

Whatever the definition we will use and whatever the contents we will require of the rule of law, however, it is worthwhile to make clear the causal relationship between the rule of law and economic development. For we must be certain whether and how the rule of law would lead to development before we embark on the rule-of-law project.

In this paper various views on the causal interaction between the rule of law and economic

<sup>&</sup>lt;sup>1</sup> The rule of law is formally defined as the rule of laws which are made by the legislature in accordance with the constitutional rules on law-making, made public, applied precisely and not retroactively, executed certainly by the executive, judged openly and fairly by the independent judiciary, etc.

performance will be reviewed. We will analyze some variables and conditions which relate to economic growth together with or independent of the rule of law. If the rule of law is not merely the derivative or epiphenomenal result but can be a possible cause under certain circumstances, then it will be considered how the rule of law may be implemented together with some additional conditions. Then the rule of law will be faced with the question of how it relates to good government, for a certain aspect of the good government seems difficult to be compatible with the rule of law. Finally we will come back to the question of what at all the rule of law is and how it will contribute to economic development.

# 2. The Rule of Law and Economic Performance

## (1) Positive Views

The rule of law especially defined as the existence of a set of formal rules and an enforcement mechanism has been regarded as the basic condition for economic development. For it protects the rights of individuals, execute contracts, and thus provides the people with *predictability* of the actions of contractual parties as well as those of government. For instance, the property rights protection by creating the formal transferable title system reduced *transaction cost* to constantly test the title of the transferor and removed obstacles to rapid transaction, increased *certainty* of the property and facilitated the mortgage system, provided the financial transactions with *calculability* and attracted investments, and thus fostered economic development (Mehren and Sawers 1992). Mehren and Sawers presented the thesis that "the development of legalism in general, and the specific conceptual innovation of title in particular, has had an important impact on the economic development of Thailand's agricultural sector" (Mehren and Sawers 1992: p. 68).

There is also a report according to which the land law reform in Arab countries liberalized the land ownership, defeated the stranglehold by the comparatively few notables and military classes over agricultural land, weakened or abolished institutions which imposed restrictions on the freedom of contract, allowed non-possessory or deferred mortgages to obtain credit, instituted programs of agrarian reform and thus removed some obstacles to the economic development (Ziadeh 1985).

Another study analyzed a positive correlation between the security of property rights by removing the risk of expropriation, security of contractual rights through contract enforceability, and the efficiency of provision of public goods and creation of policies by the governments on the one hand, and the amount of investments and the speed of growth on the other (Knack and Keefer 1995).

A survey which focuses on the judicial independence as "a crucial aspect of the rule of law" testifies that "[w]hile de iure judicial independence does not have an impact on economic growth, de facto judicial independence positively influences real GDP growth per capita" (Feld and Voigt 2002).

It seems to be recognized with evidence that the predictability on the part of judiciary, the less likelihood of government repudiation of contracts, the lower level of corruption, the reduction of risk of government expropriation, the quality of bureaucracy, and overall maintenance of the rule of law significantly influence and positively associated with the levels of income, rates of growth and amounts of investment (Davis and Trebilcock 2001: pp. 26, 28).

# (2) Objections

However, there are also evidences which indicated that reforms of the formal legal system had little effects on economic and social conditions in developing countries (Trubek & Galanter 1974). Recently empirical studies have been accumulated which attempt to show the causal relation between a reform of particular field of law and a specific effect<sup>2</sup>.

With respect to land reforms designed to facilitate the privatization of land, for example, the evidences concerning the impact on productivity is regarded as mixed. With regard to the economic effects of the formalization of title to land, its impact on incentives to invest in the acquisition or improvement of real property is also seen as mixed.

Rather the feasibility and effectiveness of land redistribution programs to enhance agricultural productivity and reduce inequalities were significantly undermined by the interests of dominant groups in a society. Some relatively successful land redistributions such as those in South Korea, Taiwan, Japan, etc. were mostly undertaken during the period of radical reform just after the World War II under the strong pressure or supervision from outside (Davis and Trebilcock 2001: p. 28).

Also the land titling programs faced difficulty to change the customary patterns of land holdings and land dealings which were "stubbornly persistent", because the introduction of land title system not only affected the interests of the privileged class but simultaneously created new uncertainties for other groups who had traditionally enjoyed usufructuary rights and feared a risk of being denied their customary rights to land during the registration process (Platteau, 1996).

We have also data which indicate that the economic growth does not always positively correlate with the rule of law. For instance, the rule-of-law indicator adopted by the UNDP does not seem to show the correlation with economic growth, especially in Asian countries (see [Table 1]). Here the rule-of-law indicator is measured by the aggregate of a variety of individual factors such as (a) black markets, (b) enforceability of private and government contracts, (c) corruption in banking, (d) crime and theft as obstacles to business, (e) losses from and costs of crime, and (f) unpredictability of the judiciary (UNDP 2002: p. 37)<sup>3</sup>. More than five percent GDP growth rate may be accomplished not only under the higher sore of the rule-of-law as is the case of Singapore, but also under the lower score of the rule of law as observed in China, Vietnam, Thailand, Myanmar, Korea, etc.

Of course it cannot be neglected that the Asian financial crisis which occurred during this period highlighted the failure of the rule-of-law reforms such as the lack of transparency and accountability and it affected the economic growth. This implied that the Asian miracle economies are unstable without the rule of law (Carothers 1998: pp. 105–106), and the rule of law becomes significant in the second stage of development. Besides, the data cover only a limited period and it is too short to identify the real effects of the rule of law on the long-term economic growth that matters in development. Anyway we need much more data including those of the change in the rule-of-law indicator to analyze the correlation more accurately.

<sup>&</sup>lt;sup>2</sup> Those empirical studies are collected and summarized in Davis and Trebilcock 2001: pp. 27–30.

<sup>&</sup>lt;sup>3</sup> Government effectiveness is measured by the factors such as (a) bureaucratic quality, (b) transactions costs, (c) quality of public health care, and (d) government stability (UNDP 2002: p. 37).

[Table 1] The Rule of Law and Economic Growth

	Rule of Law 2000-2001	Government Effectiveness 2000–2001	GDP per capita annual growth rate (%)	
			1975-2002	1990-2002
U. K.	1.61	1.77	2.1	-2.4
France	1.22	1.24	1.7	-1.6
Germany	1.57	1.67	2.0	-1.3
Kenya	-1.21	-0.76	0.3	-0.6
U. S. A.	1.58	1.58	2.0	-2.0
Brazil	-0.26	-0.27	0.8	-1.3
China	-0.10	0.14	8.2	-8.6
Vietnam	-0.57	-0.30	5.0*	-5.9
Thailand	0.44	0.10	5.2	-2.9
Myanmar	-1.02	-1.25	1.8*	-5.7*
Indonesia	-0.87	0.50	4.2	-2.1
Singapore	1.85	2.16	5.0	-3.8
Korea	0.55	0.44	6.1	-4.7
Japan	1.59	0.93	2.6	-1.0

Source: UNDP 2002 (for Rule of Law Indicator); UNDP 2004 (for GDP per capita).

# (3) Focusing on Factors Other than the Rule of Law

One of the possible answers to these different views may be that the rule of law is not an independent or autonomous variable in the process of socio-economic change. Rather its effectiveness must be contingent on that of other factors including the political stability, government effectiveness, informal system of dispute resolution or trade networks, domestic and international socio-economic circumstances, religious attitude, etc. As a result, it is not surprising that if two countries recorded the same rule-of-law score, they may differ in the economic growth. The rule of law would reinforce as well as retard the economic development depending on other variables. For instance, the land title system introduced in Thailand reinforced the economic growth under the specific conditions of the Thailand's entry into the world market through the Bowring Treaty, the increasing demand for rice and the concomitant increase in the price of rice and land and the rise of commercialized agriculture. In this context legal reform played "a more modest, though important reinforcing role" (Mehren and Sewers 1992: p. 93).

The effectiveness of a legal reform may also differ depending on the cultural factors developed in each country or region. Perry attempts to present a culture-based approach toward the relationship between legal reform and economic development. Relying on Geert Hofstede's study of variance of cultural values, he focuses on the general character of the people such as the (i) uncertainty avoidance, (ii) collectivism or individualism, (iii) power distance (differences in the power distribution between citizens and the state), (iv) femininity or masculinity, and (v) long-term orientation or short-term orientation. Perry analyzes their significance, for

<sup>\*:</sup> Data refer to a period shorter than that specified.

instance, as follows:

People from countries with a high UAI [uncertainty avoidance index] score tend to have an 'emotional' need for rules ... more precise laws than those with low UAI scores. ... By contrast, low UAI countries have 'an emotional horror of formal rules' and resort to them only 'in case of absolute necessity'. Paradoxically, 'although rules in countries with weak uncertainty avoidance are less sacred, they are generally more respected' (Perry 2002: pp. 296–297).

... economic actors in East Asian collectivist cultures tend to rely on more on networks of personal relationships and negotiation than on legalism and written contracts. Such flexible relationships require a good deal of state discretion (Perry 2002: p. 304).

In small power distance countries (..., for example, Great Britain), 'a feeling dominates that the use of power should be legitimate and subject to the judgement between good and evil'; that inequality is 'basically undesirable' ...; and that the 'law should guarantee that everybody, regardless of status, has equal rights'. ... small power distance countries are characterized by rule-based (less discretionary) state.

In large power distance countries (..., for example, the Philippines), 'power is seen as a basic fact of society which precedes the choice between good and evil', and '[i]ts legitimacy is irrelevant' because '[m]ight prevails over right' (Perry 2002: pp. 301–302).

Countries that combine strong uncertainty avoidance with individualism (for example, France) tend to favour rules that are 'explicit and written'; while countries which combine strong uncertainty avoidance with collectivism (for example, Japan) tend to favour rules which are 'implicit and rooted in tradition' (Perry 2002: p. 300).

Based on this approach, Perry criticizes the "contemporary prescription for legal reform" which emphasizes the "market-allocative" and "rule-based" and thus "private-sector-led development policy held by the international financial institutions. Those variables may influence the function of legal reform and economic development, and will guide to make more flexible development policies depending on the cultural variance.

Upham pays attention to the role of *informal rules* in the economic development. He notes that the rule of law is not a necessary condition for development and sometimes even counterproductive when the "informal mechanisms" which foster economic growth are more effective and efficient than the formal rules (Upham 2001). For instance, in the case of Japan, Upham states, formal legal rules have very little to do with the economic growth and instead other causes have been functioning. He indicates: (a) the Japanese allowed interaction between bureaucrats in the powerful Ministry of International Trade and Industry, politicians, and private business to guide economic policy; (b) the Japanese also rely on a system of informal mechanisms to handle disputes including the Big Four Pollution Cases in the 1970s. Upham concludes that in its extensive reliance on informal mechanisms, the Japanese legal system would serve as a better model for developing countries than the United States (Upham 2001).

It is true that the existing informal rules may give the predictability, while the newly introduced formal rules may increase the transaction costs. In this context the costs of replacing well-functioning informal institutions with formal ones should not be overlooked in the process of legal reform. However, at the same time, the role of informal rules should not be overemphasized and they must be valued in total including their negative effects. Anyway we must be very before concluding that the rule of law is not a necessary condition for economic development.

Although the rule of law is *not* a panacea, its significance for economic development must be measured in the long-run process of the comprehensive institutional change of the society. Because formal institutions such as the rights-based legal system supported by the government's enforcement mechanism and the people's rights consciousness need fairly long time to be transplanted. But once they begin to take root, they gradually supplant the informal system and become more cost-effective as the economic activities extend and the impersonal transactions become popular around the country. Japanese style of economic development, I believe, may be a typical sample of such a long-run institutional change rather than that of the informal rules.

Another reason for the necessity of the long-term evaluation is that the impact of the rule of law may appear more significantly in "the second phase" of development, for instance, in the stage of building institutions such as tax agencies, customs services, antitrust agencies, etc. which need the governance reform by realizing the stability, transparency and accountability and thus to deepen and consolidate the institutional reform after the first phase of economic liberalization initiated by the introduction or reform of market system (Carothers 1998: p. 98).

## 3. Good Government and the Rule of Law

If the rule of law can be an effective instrument under additional conditions for economic growth, the next question is how to implement it in a particular situation of each country. However, we have learned that this is a quite difficult problem, because the rule of law includes not only (a) the legislation of formal rules, but also (b) the establishment of enforcement mechanism and (c) the change of attitude of the people as well as of the government to respect for the formal rules<sup>4</sup>. In this context the rule-of-law reform must be placed within a part of the comprehensive institutional reform seeking for good government.

If we rely on the substantive definition of the rule of law as the rule of good legal system, the rule of law can be abstractly and easily regarded as an "equivalent to good government" (Thomas 2001). However, if we are actually engaged in the legal reform project bearing in mind the formal or functional definition of the rule of law, "there is no *a priori* reason to believe that the rule of law ... is necessarily always a good thing." Stephenson puts it:

Consider the example of official discretion. Official discretion is often a bad thing – when seen as such, the behavior is often called "arbitrary." On the other hand, sometimes official discretion is a good thing – in these cases, we tend to think of the behavior as "flexible." But flexibility and arbitrariness may be two sides of the same coin. Whether official discretion is used for good or ill depends on a host of other factors. The rule of law, while often a good thing, can in some cases create problems (Stephenson 2001b).

<sup>&</sup>lt;sup>4</sup> Carothers classifies the rule-of-law reform into three types: the first type concentrates on the law themselves such as commercial law, criminal law, etc.; the second type is focusing on the strengthening of law-related institutions to make them more competent, efficient and accountable; and the third type legal reform aims at increasing government's compliance with law. He notes that the rule-of-law projects assisted by the foreign aid have been concentrated on the first and second type which are more easily attained than the third that is concerned with the real change in the government obedience to law and is "the hardest, slowest kind of assistance." As a result the rule-of-law aid "affected the most important elements of the problem least" (Carothers 1998: pp. 99–100, 105).

This implies that one of the virtues of the good government as *predictability* or *credibility* of government decision, that is also a primary factor of the rule of law, is sometimes difficult to be compatible with another virtue of the good government as *flexibility* of the government decision, especially "in times of economic crisis or rapid change." Stephenson also puts it:

[T]he economic impact of a particular set of institutions often depends on context. For example, certain institutions make it difficult for the government to institute policy changes. In some contexts, this is beneficial for economic development, since it makes government commitments more credible (Brunetti and Weder 1994; Henisz 2000).

On the other hand, in times of economic crisis or rapid change, these same institutions can hinder a government's ability to respond effectively (Tsebelis 1995). An independent constitutional court may encourage foreign investment by ensuring the executive does not arbitrarily seize property, but if it were to prevent the rapid adoption of policies needed to counteract a financial crisis, it might also discourage investment. The consensus seems to be that, in developing countries, maintaining credibility tends to be more economically important than retaining flexibility, but the example illustrates the complexity involved in assessing the net economic impact of institutions (Stephenson 2001a).

The "good" government includes various elements which can be divided, I believe, into three aspects: (a) the "efficiency" of the government's function, (b) the "righteousness" in the exercise of governmental power and (c) the "benevolence" of the government toward the people<sup>5</sup>. We can not escape from the latent contradiction between the "efficient" government on the one hand, and the "righteous" and "benevolent" government on the other. This means that, for instance, the rule of law which guides the righteous government to provide the people with calculability, predictability, credibility sometimes fall into contradiction with the demand on the efficient government to require a flexible decision making in the context of development. As it is difficult to meet these different aspects of the good government at a time, the only possible way would be that we promote the rule-of-law project as a part of the good-government project step by step, avoiding the "vicious circle" by balancing those aspects toward the "goals of development" (Huntington 1987)<sup>6</sup>. This may be characterized, I believe, as the *incremental and balanced approach* to the rule-of-law reform.

In this context the relationship between the rule of law and economic development is a part of the whole story. We have to take into consideration, at least, the relationship between the rule of law, economic growth and democracy. There are various views on this relationship to the effect that (a) the democracy promotes economic development; (b) it reduces economic growth; or (c) it has no statistically significant impact on economic outcomes (Davis and Trebilcock 2001: p. 26). Anyway the structural obstacle to harmonize the marketization and

<sup>&</sup>lt;sup>5</sup> The efficiency is concerned, for instance, with the policy making and enforcement by the government to support the market system. The righteousness relates to the formal decision making of the government including legislation, judgment of the court and administrative decision in accordance with the rule of law, legality and administrative justice such as accountability, transparency and probity. The benevolence means the government's consideration for the people to open its information, to promote democratic participation and to foster the civil society.

<sup>&</sup>lt;sup>6</sup> Huntington enumerates as the goals of development (a) economic growth, (b) equality, (c) democracy, (d) stability and (e) autonomy, and analyzes the views on the conflict, compatibility and harmonization between them (Huntington 1987).

democratization can not be ignored. By taking the significance of ethnic problem into consideration Chua puts it:

[T]he combined pursuit of marketization and democratization in the developing world is likely to catalyze ethnic tensions, with potentially catastrophic effects, including the subversion of both markets and democracy (Chua 1998: p. 6).

The market will not lift the great majority of citizens out of poverty. Rather, it will aggravate, at least in appearance and probably in reality, the existing ethnic maldistribution of wealth. Democracy will not make all voters imagine themselves as coparticipants in the fraternal national community. Rather, the competition for votes will more likely foster the emergence of ethnic political entrepreneurs (particularly among the impoverished majority) and active ethnonationalist momvements. Markets and democracy cannot be regarded unproblematically as solutions to the dangers of ethnic strife in deeply divided societies. ... marketizing and democratizing lawyers who continue to ignore the developing world's historic distributional problems, especially its ethnodistributional problems, are engaging in "romanticism or worse" (Chua 1998: pp. 106-107).

To solve this puzzle, Chua indicates as "the best of the 'second best' solutions," that is, the "carefully tailored, ethnically conscious market interventions" including affirmative action made by the government on the one hand, and the "ethnically conscious tailoring of the democratic process" led by the government to control the democratization process on the other, depending on the particular situation of individual case (Chua 1998: pp. 62, 77, 91). In this coordinating effort, however, "the second best solutions" should not be perpetuated and they must not be used merely as an excuse for market intervention and democratization control by the government. In this context it is worthwhile, I believe, to reconfirm the basic implication of the rule of law to restrict the government discretion, which will also enable us to avoid the "romanticism or worse," though such an effort must be full of tensions and far from "romanticism."

#### 4. Conclusion

It is not easy to describe clearly and accurately the causal relationship between the rule of law and economic development. There are various factors which disturb the function of the rule-of-law reform. However, these negative factors do not mean to deny the possible correlation between the legal reform and economic development. Further, in the light of the accumulated studies, it seems difficult to conclude that the rule of law is not a necessary condition for economic growth but merely an incidental result contingent on a particular pattern of development. We can not expect the rule of law too much, but never make little of it. For the moment, the agenda for the future discussion may be summarized as follows.

(a) The rule of law is not a single, autonomous and independent cause of economic development. It can be a facilitating factor for economic growth *only if* some basic and additional conditions are satisfied. Those conditions vary depending on the history, culture and initial situation in each country. However, they may be concerned with (i) the domestic and international economic situation such as the degree of commercialization and the extension of impersonal exchange, (ii) the cultural attitude of the people toward law, for example, the reliance on formal rules, (iii) the strength (or weakness), efficiency and rationality of the existing informal rules.

Both the factors which will prevent the legal system to function and the possible conditions which will facilitate the economic development together with the rule-of-law must be investigated in the specific situation and historical context of a particular country or region. Among those factors cultural elements may be interpreted into informal rules<sup>7</sup>, and they might include what is called "social capital" (Putnam 1993) which facilitates the co-operative activities among the citizens that influence the performance of institutions.

- (b) In the process of the rule-of-law reform, it is not surprising that the legal reform is more costly or even counterproductive when the informal rules have been more effectively and less costly applied to transactions and other activities. However, before it is decided which informal rules should be kept and which should be replaced, the investigation must be made on the *total* effects of the informal rules concerned and the possible effects of a series of legal reforms must be measured not in the light of impact on rapid economic growth but in the long-term process of the comprehensive institutional reform.
- (c) To reduce the costs of legal reform as possible as we can informal rules should not be replaced by formal rules *at a time*. It must be taken into consideration that every legal system consists of the combination of formal rules and informal rules. All the legal reforms must be undertaken by paying enough attention to the existing rules and, if it is possible, by using them. Those existing rules can not be ignored only because their contents are bad. Institutional reform can be performed by starting from the scaffolding of a set of present institutions, and institutional change could only be realized through the existing institution concerning the rule of change. As a result all the legal reform is necessarily incremental in its nature and thus all the possible development is path-dependent (North 1990) and there is no standard pattern.
- (d) Any law can not exist as a single and isolated rule, rather every law is a part of a comprehensive legal system. In the process of the rule-of-law project, comprehensive and long-term planning must be indispensable. Legal reforms performed by the ad hoc-basis or fragmented legal reforms would have little effect, or even counterproductive when they produce contradictions with other legal reform projects. It would affect seriously the consciousness of the people to respect for law, which is in the heart of the rule of law (see (f) below). Although there would be no fixed and standard pattern, the order of legal reform should be investigated and each legal reform project must be placed into the comprehensive and long-term planning of institutional reform.
- (e) In the rule-of-law reform the marketization for economic growth must be coordinated with the democratization. Also in such a coordination process the government's decision must be basically predictable and credible. However, especially in the time of rapid change or economic crisis more flexible policies may be required of the government. However, particularly in this context the special significance of the rule of law must be remembered and reconsidered to identify the flexible decision making by the government which is allowed within the rule of law and arbitrary discretion in the name of flexibility.
- (f) The rule of law in a sense may exist in most societies if we take into account not only formal rules but also informal rules. For the people in every society must be bound by any

<sup>&</sup>lt;sup>7</sup> The interpretation of culture into a set of informal rules may be possible, because a particular element of a particular culture can be regarded as a set of traditional and conventional rules which guide the patterns of conduct of the people in each society.

rules which are actually applied so as to avoid *uncertainties*, though they may be individual, unstable, irrational or inefficient. However, rule of law in its proper sense exists in societies where the formalization system of rules is established, by which law is conceived as a "union" of the *primary rules* to give rights to and impose duties on the people and the *secondary rules* to recognize, adjudicate and change the primary rules (Hart 1961: pp. 79-99). Then, after that step, we can ask whether those rules are actually enforced or not, and whether their contents are normatively valued as good or not.

Thus the rule of law contains (i) the basic attitude of the people as well as the government to obey the rules, (ii) the existence of formalization process of the rules, (iii) the actual implementation mechanism of the laws, and (iv) the normative value of the laws. If all these requirements are satisfied in a society, then it can be said to have the rule of law in the most strict sense.

In the rule-of-law project we must be very careful not to neglect the basic elements such as the basic attitude to obey the rules (above (i)) by emphasizing the importance of other elements such as the normative value of the law (above (iv)). For instance, if the donors overlook the people's original attitude to obey the existing rules (whether informal or formal) and attempt to introduce new legal system rapidly only by paying attention to its contents, it would seriously, however unconsciously, undermine the establishment of the rule of law.

The basic implication of the rule of law which is rooted in the very nature of law and legal system is that once a set of rules are recognized as law in a legal system, they must be obeyed by the people as well as by the government (Raz 1977; Raz 1990) until they are changed in accordance with the rule of change that is included in the legal system. All the legal reforms can be performed only as an extension of the existing rules by using some of them. This basic implication should always be kept in mind in the process of legal reform project.

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