economic analysis of property rights political economy of institutions and decisions

#property rights economics #political economy #institutional economics #decision making analysis #resource allocation

Delve into the critical economic analysis of property rights, exploring their foundational impact on market structures and resource allocation. This study also examines the political economy of institutions and the intricate processes behind decision making, offering key insights into how governance and societal frameworks influence economic outcomes and individual choices.

Economic Analysis of Property Rights

This is a study of the way individuals organise the use of resources in order to maximise the value of their economic rights over these resources.

Economic Analysis of Property Rights

Economic property rights are the fundamental unit of economic analysis, necessary to resource allocation, organizations, and institutions.

The Economics of Property Rights

To understand recent developments in Eastern Europe requires a method of analysis that is capable of internalizing into a theoretical framework (i) the logical premises deduced from the costs of transactions and incentive structures generated by various institutions and (ii) the evidence for refutable implications of those premises. The economics of property rights is such a theory. It expands the scope of the ability of economic analysis to explain a wide range of institutional structures and provides empirical corroboration of its logical implications. The economics of property rights is, then, an effective scholarly instrument that offers more significant understanding of the three current issues in the area of comparative economic studies: (i) evaluating the performance of alternative institutional arrangements, (ii) explaining the failure of socialist institutions in Eastern Europe, and (iii) identifying the costs (political as well as economic) of institutional reforms in that part of the world. In that sense, the book is both timely and relevant. In the late 1980s East Europeans crossed the threshold of fear and forced their leaders to abandon Marxism. With that theory of history dead and buried, the cost of current sacrifices in the pursuit of socialism has risen relative to the present value of its expected future benefits.

The Origins and Consequences of Property Rights

Property rights are the rules governing ownership in society. This Element offers an analytical framework to understand the origins and consequences of property rights. It conceptualizes of the political economy of property rights as a concern with the follow questions: What explains the origins of economic and legal property rights? What are the consequences of different property rights institutions for wealth creation, conservation, and political order? Why do property institutions change? Why do legal reforms relating to property rights such as land redistribution and legal titling improve livelihoods in some contexts but not others? In analyzing property rights, the authors emphasize the complementarity of insights from a diversity of disciplinary perspectives, including Austrian economics, public choice, and institutional economics, including the Bloomington School of institutional analysis and political economy.

Property Law and Economics

This book contains illuminating and carefully written literature reviews on the central topics of the economics of property rights and institutions. As a bonus, it includes two fascinating chapters on topics off the beaten path slavery and new types of property rights in environmental goods. This book will be indispensible for students and experienced scholars alike. Eric Posner, University of Chicago Law School, US This study covers property law and property rights, providing a full summary and comprehensive bibliography of the existing law, together with discussion from an economic perspective on the most important aspects of property law. Leading experts have brought together their knowledge and insight on a full range of issues including comparative property law and the history of property law to create a truly autonomous interdisciplinary resource. This essential reference work will strongly appeal to scholars and students enrolled in academic programmes of law and economics. Academic lawyers involved in research and teaching of private (common) law, practicing lawyers in the field of real estate law, as well as economists involved in researching development economics and transition economics will also find this an invaluable resource.

Economic Analysis of Property Law Cases

The discipline of law and economics has earned a reputation for developing plausible and empirically testable theories on the social functions and the impact of legal institutions. Property rights are a field in which this has been very successful. In this book, economic property rights theories are applied to case law in order to examine the practice and solution of real life conflicts. The author examines the economic problems which are dealt with in these cases and evaluate the courts’ decisions from an economic angle. Cases are examined from across the UK, the US, Germany, Belgium and Canada to allow international comparisons to be made. These comparisons reveal that, regardless of the legal system, many legal issues have similar economic roots and therefore similar models of economic analysis can be applied. The analysis of these cases also shows that the discipline of law and economics is not only successful in developing explanatory models but also useful to generate better considerations and solutions for legal conflicts in individual cases. This book aims to bridge the gap between the academic and professional literature and demonstrate the benefits of the economic analysis of property rights cases to all those who are interested in law and economics.

Economic Analysis of Property Rights

The property rights model; The public domain: Rationing by waiting and price controls; Contract choice: The tenancy contract; Divided ownership; The old firm and the new organization; The formation of rights; Slavery; Wealth-maximizing constraints on property rights; Property rights and non-market allocation; Additional property rights applications; The property rights model: Recapitulation.

Political Economy of Institutions, Democracy and Voting

This book presents the latest research in the field of Political Economy, dealing with the integration of economics and politics and the way institutions affect social decisions. The authors are eminent scholars from the U.S., Canada, Britain, Spain, Italy, Mexico and the Philippines. Many of them have been influenced by Nobel laureate Douglass North, who pioneered the new institutional social sciences, or by William H. Riker who contributed to the field of positive political theory. The book focuses on topics such as: case studies in institutional analysis; research on war and the formation of states; the analysis of corruption; new techniques for analyzing elections, involving game theory and empirical methods; comparing elections under plurality and proportional rule, and in developed and new democracies.

Institutions, Property Rights, and Economic Growth

"After ten rounds of playing the prisoners' dilemma game, subjects were given the possibility of eliminating one of the two actions by plurality. Each subject voted on whether to keep all actions, eliminate D, or eliminate C. After voting, the subject participated in ten more rounds depending on the decision made by plurality. To study the effect of subjects' understanding of the game on voting decisions I modify how game is presented to the subjects. In half the sessions, the computer screen shows the payoff matrix with the subject action as rows and their partners as columns. Feedback about the outcome is also provided by highlighting the chosen row and column. The other half of the sessions did not see the payoffs displayed as a matrix and feedback did not stress the behavior of the partner by highlighting his/her behavior in the matrix (but this behavior was reported). Figure 1 shows a screen shot of each treatment (payoffs are set in cents). I hypothesize that not showing the game as a matrix may diminish subjects' understanding of the structure of the game and the likely effect of modifying the game by eliminating a strategy. I called these two treatments as "See Matrix" and "Do Not See Matrix" treatments, respectively. The participants were 80 Brown University or RISD undergraduates. Half the subjects participated in each of the treatments. As Figure 2 shows, in the first ten rounds the evolution of cooperation is consistent to what has been found in the literature: a significant cooperation rate that decreases with experience (see Andreoni and Miller 1993, and Dal B

Empirical Studies in Institutional Change

Empirical Studies in Institutional Change is a collection of nine empirical studies by fourteen scholars. Dealing with issues ranging from the evolution of secure markets in seventeenth-century England to the origins of property rights in airport slots in modern America, the contributors analyse institutions and institutional change in various parts of the world and at various periods of time. The volume is a contribution to the new economics of institutions, which emphasises the role of transaction costs and property rights in shaping incentives and results in the economic arena. To make the papers accessible to a wide audience, including students of economics and other social sciences, the editors have written an introduction to each study and added three theoretical essays to the volume, including Douglass North's Nobel Prize address, which reflect their collective views as to the present status of institutional analysis and where it is headed.

Economic Analysis of Institutions and Systems

Economic Analysis of Institutions and Systems aims to redirect the study of what was previously referred to as comparative economic systems toward analysis of the history and development of institutions, and the effects of alternative institutional arrangements on economic behavior. To this end, the book internalizes into a theoretical framework: (i) the effects of alternative institutions on the costs of transactions and incentive structures; (ii) the effects of the costs of transactions and incentives on economic behavior, and (iii) the evidence for refutable implications of those effects. In the process, it provides the logical premises for various institutions from which refutable implications can be deduced.

Institutions, Institutional Change and Economic Performance

Continuing his groundbreaking analysis of economic structures, Douglass North develops an analytical framework for explaining the ways in which institutions and institutional change affect the performance of economies, both at a given time and over time. Institutions exist, he argues, due to the uncertainties involved in human interaction; they are the constraints devised to structure that interaction. Yet, institutions vary widely in their consequences for economic performance; some economies develop institutions that produce growth and development, while others develop institutions that produce stagnation. North first explores the nature of institutions and explains the role of transaction and production costs in their development. The second part of the book deals with institutional change. Institutions create the incentive structure in an economy, and organisations will be created to take advantage of the opportunities provided within a given institutional framework. North argues that the kinds of skills and knowledge fostered by the structure of an economy will shape the direction of change and gradually alter the institutional framework. He then explains how institutional development may lead to a path-dependent pattern of development. In the final part of the book, North explains the implications of this analysis for economic theory and economic history. He indicates how institutional analysis must be incorporated into neo-classical theory and explores the potential for the construction of a dynamic theory of long-term economic change. Douglass C. North is Director of the Center of Political Economy and Professor of Economics and History at Washington University in St. Louis. He is a past president of the Economic History Association and Western Economics Association and a Fellow, American Academy of Arts and Sciences. He has written over sixty articles for a variety of journals and is the author of The Rise of the Western World: A New Economic History (CUP, 1973, with R.P. Thomas) and Structure and Change in Economic History (Norton, 1981). Professor North is included in Great Economists Since Keynes edited by M. Blaug (CUP, 1988 paperback ed.)

A Review of the Political Economy of Governance

A 1997 investigation of the transformation of property rights in post-communist countries and China.

The Political Economy of Property Rights

The character of economic life] in a society is dependent upon, among 2 other things, its political-legal-economic institutional setting. Within that institutional structure, the individuals who comprise that society attempt to cooperate with one another to their mutual advantage so as to accommodate their joint utility-maximizing endeavors. In addition, these same individuals call upon certain societal institutions to adjust the con flicting claims of different individuals and groups. In this regard, a society is perceived as both a cooperative venture for mutual advantage where there are an identity of interests and, as well, an arena of conflict where there exists a mutual interdependence of conflicting claims or interests. The manner in which a society structures its political-legal-economic institutions 1) to enhance the scope of its cooperative endeavors and 2) to channel internal political-legal-economic conflicts toward resolution, shapes the character of economic life in that society. In contemplating the structure of its institutions intended to promote cooperation and channel conflict, a society confronts several issues. At the most general level an enduring issue is how a society both perceives and then ideologically transmits (perhaps teaches or rationalizes), inter nally and/or externally, its perceptions of so-called "cooperative en deavors" and "arenas of conflict." There can be no doubt that the resultant structure of a society's institutions will reflect that society's perception as to what cooperation entails and what conflict constitutes.

Law and Economics

This book addresses a puzzle in political economy: why is it that political instability does not necessarily translate into economic stagnation or collapse? In order to address this puzzle, it advances a theory about property rights systems in many less developed countries. In this theory, governments do not have to enforce property rights as a public good. Instead, they may enforce property rights selectively (as a private good), and share the resulting rents with the group of asset holders who are integrated into the government. Focusing on Mexico, this book explains how the property rights system was constructed during the Porfirio Díaz dictatorship (1876-1911) and then explores how this property rights system either survived, or was reconstructed. The result is an analytic economic history of Mexico under both stability and instability, and a generalizable framework about the interaction of political and economic institutions.

The Politics of Property Rights

The productive work of widely distributed academic research has contributed substantially, over the postwar period, to important advances in our understanding. It has also offered a clearer recognition of many unresolved problems. Never theless, the progress achieved over the last decades, ex hibited by the systematic application of "theory" to actual issues and observable problems, could not overcome a per vasive sense of dissatisfaction. Some academic endeavors pursued within a traditional range of economic analysis have appeared increasingly remote from broad social issues, motivating the social and intellectual unrest experienced in recent years. Conditioned by the traditional use of economic analysis, many have naturally concluded that the "most relevant" social issues agitating our times are beyond the reach of economics. Purist advocates of a traditional view thus condemn any extension of economic analysis to social issues as an escape into "ideology". Others argue the need for an "inter-disciplinary approach" involving sociology, social psychology, or anthropology as necessary strands in a useful understanding of social, institutional, and human problems of contemporary societies. We note here, in par ticular, the subtle attraction inherent in Marxian thought. It appears to offer a unified approach, with a coherent inter pretation, to all matters and aspects of human society, in cluding even nature.

Economics Social Institutions

The histories of rights to minerals, range, timber land, fishery and crude oil production in the U.S. are examined to reveal the problems encountered in negotiations among claimants and the political and economic considerations that influence property rights arrangements.

Contracting for Property Rights

This volume serves as an introduction to the field of positive political economy and the economic and political processes with which it is concerned. This new research tradition is distinct from both normative and historical approaches to political economy. Grounded in the rational-actor methodology of microeconomics, positive political economy is the study of rational decisions in a context of political and economic institutions. More analytical than traditional approaches, it is concerned with the derivation of principles and propositions against which real-world experience may be compared. Its focus is on empirical regularities, and its goal is theoretical explanation. The field has focused on three main areas of research: models of collective action, constraints on competitive market processes, and the analysis of transaction costs. Developments in all of these areas are covered in the book. The first part of the volume surveys the field, while the second part displays positive political economy at work, examining a variety of subjects. The final part contains essays by leading political economists on the theoretical foundations of the field.

Perspectives on Positive Political Economy

This book explores the political process by which property rights are defined and enforced in two traditional states in colonial Ghana. The case studies within the book ask how colonial institutions transformed indigenous political and economic life; and how colonization and decolonization affected prospects for future economic development and stability in Africa. The introductory chapter outlines a theory of the transformation of property rights system while the remaining empirical chapters refine this theory through a detailed analysis of the transformation of property rights within an African context.

The Transformation of Property Rights in the Gold Coast

Publisher Description

Institutions and the Path to the Modern Economy

Property Rights in Land widens our understanding of property rights by looking through the lenses of social history and sociology, discussing mainstream theory of new institutional economics and the derived grand narrative of economic development. As neo-institutional development theory has become a narrative in global history and political economy, the problem of promoting global development has arisen from creating the conditions for ‘good’ institutions to take root in the global economy and in developing societies. Written by a collection of expert authors, the chapters delve into social processes through which property relations became institutionalized and were used in social action for the appropriation of resources and rent. This was in order to gain a better understanding of the social processes intervening between the institutionalized ‘rules of the game’ and their economic and social outcomes. This collection of essays is of great interest to those who study economic history, historical sociology and economic sociology, as well as Agrarian and rural history.

Property Rights in Land

New Institutional Economics (NIE) has skyrocketed in scope and influence over the last three decades. This first Handbook of NIE provides a unique and timely overview of recent developments and broad orientations. Contributions analyse the domain and perspectives of NIE; sections on legal institutions, political institutions, transaction cost economics, governance, contracting, institutional change, and more capture NIE's interdisciplinary nature. This Handbook will be of interest to economists, political scientists, legal scholars, management specialists, sociologists, and others wishing to learn more about this important subject and gain insight into progress made by institutionalists from other disciplines. This compendium of analyses by some of the foremost NIE specialists, including Ronald Coase, Douglass North, Elinor Ostrom, and Oliver Williamson, gives students and new researchers an introduction to the topic and offers established scholars a reference book for their research.

Handbook of New Institutional Economics

This book models the emergence and evolution of the rule-of-law state. The protector or ruler is assumed to be self-seeking. Individuals will install a protector only after they create institutions to control him. Organized protection engenders legal institutions that enforce rights. A "state of nature" then gradually turns into a rule-of-law state. Individuals employ both the state and other third parties for enforcement. The fraction of agreements that the state enforces determines its scope. Rule-of-law states encourage market transactions and standards that facilitate trade. The larger the domain of the state's ultimate enforcer, the greater the advantage of scale economies to contracting. This force may explain the creation of rule-of-law empires.

A Theory of the State

How nations can promote peace, prosperity, and stability through cohesive political institutions "Little else is required to carry a state to the highest degree of opulence from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice; all the rest being brought about by the natural course of things." So wrote Adam Smith a quarter of a millennium ago. Using the tools of modern political economics and combining economic theory with a bird's-eye view of the data, this book reinterprets Smith's pillars of prosperity to explain the existence of development clusters—places that tend to combine effective state institutions, the absence of political violence, and high per-capita incomes. To achieve peace, the authors stress the avoidance of repressive government and civil conflict. Easy taxes, they argue, refers not to low taxes, but a tax system with widespread compliance that collects taxes at a reasonable cost from a broad base, like income. And a tolerable administration of justice is about legal infrastructure that can support the enforcement of contracts and property rights in line with the rule of law. The authors show that countries tend to enjoy all three pillars of prosperity when they have evolved cohesive political institutions that promote common interests, guaranteeing the provision of public goods. In line with much historical research, international conflict has also been an important force behind effective states by fostering common interests. The absence of common interests and/or cohesive political institutions can explain the existence of very different development clusters in fragile states that are plagued by poverty, violence, and weak state capacity.

Pillars of Prosperity

Political economy has been an essential realm of inquiry and has attracted myriad intellectual adherents for much of the period of modern scholarship. The discipline's formal split into the distinct studies of political science and economics in the nineteenth-century, while advantageous for certain scientific developments, has biased the way economists and political scientists think about many issues, and has placed artificial constraints on the study of many important social issues. This volume calls for a reaffirmation of the importance of the unified study of political economy, and explores the frontiers of the interaction between politics and markets. This volume brings together intellectual leaders of various areas, drawing upon state-of-the-art theoretical and empirical analysis from each of the underlying disciplines. Each chapter, while beginning with a survey of existing work, focuses on profitable lines of inquiry for future developments. Particular attention is devoted to fields of active current development.

Modern Political Economy

The introductory chapter outlines a theory for the transformation of property rights. The remaining chapters apply this formal theory through an empirical analysis of the transformation of property rights within an African context. These chapters draw explicitly on rational choice theories to analyze indigenous actors' attempts to redefine and enforce property rights to land by "reinventing" the traditions of their respective communities.

The Transformation of Property Rights in the Gold Coast

This volume is intended to serve as a review of the “next generation” of political economy scholars in what can be called the “Wagnerian” tradition, which traces its roots to Buchanan and De Viti De Marco in the 1930s, who argued that any decision that results from a political entity must be the product of individual decision makers operating within some framework of formal and informal rules. To treat these decisions as if they were the product of one single mind, or even simply the additive result of several decisions, is to fundamentally misunderstand and mischaracterize the dynamics of collective action. Today, Richard Wagner is among the most prominent theorists in analyzing the institutional foundations of the economy and the organization of political decision-making. In this collection of original essays, former students schooled in this tradition offer emerging insights on public choice theory, public finance, and political economy, across a range of topics from voting behavior to entrepreneurship.

Emergence, Entanglement, and Political Economy

"After ten rounds of playing the prisoners' dilemma game, subjects were given the possibility of eliminating one of the two actions by plurality. Each subject voted on whether to keep all actions, eliminate D, or eliminate C. After voting, the subject participated in ten more rounds depending on the decision made by plurality. To study the effect of subjects' understanding of the game on voting decisions I modify how game is presented to the subjects. In half the sessions, the computer screen shows the payoff matrix with the subject action as rows and their partners as columns. Feedback about the outcome is also provided by highlighting the chosen row and column. The other half of the sessions did not see the payoffs displayed as a matrix and feedback did not stress the behavior of the partner by highlighting his/her behavior in the matrix (but this behavior was reported). Figure 1 shows a screen shot of each treatment (payoffs are set in cents). I hypothesize that not showing the game as a matrix may diminish subjects' understanding of the structure of the game and the likely effect of modifying the game by eliminating a strategy. I called these two treatments as "See Matrix" and "Do Not See Matrix" treatments, respectively. The participants were 80 Brown University or RISD undergraduates. Half the subjects participated in each of the treatments. As Figure 2 shows, in the first ten rounds the evolution of cooperation is consistent to what has been found in the literature: a significant cooperation rate that decreases with experience (see Andreoni and Miller 1993, and Dal B

Institutions, Property Rights, and Economic Growth

Acclaim for the first edition: Backhaus s book is a good companion. Pablo Salvador Coderch, Indret A most valuable collection of papers serving to provide the reader both with an overview of some key areas in law and economics and with a biographical introduction to the work of some important, if also neglected, sources of scholarship in the discipline. Anthony I. Ogus, CBE, University of Manchester, UK This thoroughly updated and revised edition of a popular and authoritative reference work introduces the reader to the major concepts and leading contributors in the field of law and economics. The Companion features accessible, informative and provocative entries on all the significant issues, and breaks new ground by bringing together widely dispersed yet theoretically congruent ideas. Following a comprehensive introduction by the editor, the renowned contributors look in detail at several critical areas including: fundamentals of the law and economics approach private law and economics public law and economics labour law and economics regulation, taxation and public enterprise dispute resolution different sources of the law economic analysis of a legal problem classical authors in law and economics. Students and scholars interested in a comprehensive and rigorous overview of the field of law and economics will find this volume to be a unique and welcome resource. The Companion will also have a broad appeal amongst industrial economists and historians of economic thought.

The Elgar Companion to Law and Economics

Law and the State provides a political economy analysis of the legal functioning of a democratic state, illustrating how it builds on informational and legal constraints. It explains, in an organised and thematic fashion, how competitive information enhances democracy while strategic information endangers it, and discusses how legal constraints stress the dilemma of independence versus discretion for judges as well as the elusive role of administrators and experts. Throughout the book, empirical evidence and comparative studies illuminate sometimes provocative theoretical views on issues such as: the place of the rule of law in constitutional and banking systems; regulation of copyright, art and heritage; innovations and technologies of communication and information; terrorism and media manipulation. Both private and public law, applied and theoretical issues are covered comprehensively. Academics and researchers of law and economics and public choice will find much to challenge and inform them within this book.

Law and the State

This book addresses the lively interaction between the disciplines of law and economics. The traditional boundaries of these two disciplines have somehow inhibited a full understanding of the functioning of and the evolution of economic and legal systems. It has often been the case that these boundaries have had to be reshaped, and sometimes abolished, before either one of the two disciplines could successfully clarify the real life problems arising from the complex institutions of contemporary societies. The contributions to this volume encompass some of the core controversial issues in law and economics arising from interactions between legal orderings and economic institutions. They include: the nature of institutional and legislative change and the emergence of strong institutional complementarity in legal positions the relationship between private orderings and the role of the State in enforcing contracts and defining property rights the nature and dynamics of endogenous enforcement and the analysis of governance models and corporate ethics. Part of the renowned Siena Studies in Political Economy series, this book will be an essential read for postgraduates and researchers in the fields of law and economics, and the economics of institutions.

Legal Orderings and Economic Institutions

Leading scholars in the field of law and economics contribute their original theoretical and empirical research to this major Handbook. Each chapter analyzes the basic architecture and important features of the institutions of property law from an economic point of view, while also providing an introduction to the issues and literature.Property rights and property systems vary along a large number of dimensions, and economics has proven very conducive to analyzing these patterns and even the nature of property itself. The contributions found here lend fresh perspectives to the current body of literature, examining topics including: initial acquisition; the commons, anticommons, and semicommons; intellectual property; public rights; abandonment and destruction; standardization of property; property and firms; marital property; bankruptcy as property; titling systems; land surveying; covenants; nuisance; the political economy of property; and takings. The contributors employ a variety of methods and perspectives, demonstrating the fruitfulness of economic modeling, empirical methods, and institutional analysis for the study of both new and familiar problems in property. Legal scholars, economists, and other social scientists interested in property will find this Handbook an often-referenced addition to their libraries.

Research Handbook on the Economics of Property Law

Tackles one of the most enduring and contentious issues of positive political economy: common pool resource management.

Governing the Commons

This book presents a radical institutional approach to the analysis of capitalism. The author discusses a wide range of topics and puts forward a number of arguments that expose common ground in both neoclassical and Marxist orthodoxies.

The Fundamental Institutions of Capitalism

As capitalism defeated socialism in Eastern Europe, the market displaced the state in the developing world. In Beyond the Miracle of the Market, first published in 2005, Bates focuses on Kenya, a country that continued to grow while others declined in Africa, and mounts a prescient critique of the neo-classical turn in development economics. Attributing Kenya's exceptionalism to its economic institutions, this book pioneers the use of 'new institutionalism' in the field of development. In doing so, however, the author accuses the approach of being apolitical. Institutions introduce power into economic life. To account for their impact, economic analysis must therefore be complemented by political analysis; micro-economics must be imbedded in political science. In making this argument, Bates relates Kenya's subsequent economic decline to the change from the Kenyatta to the Moi regime and the subsequent use of the power of economic institutions to redistribute rather than to create wealth.

Beyond the Miracle of the Market

A thorough critique of theories of institutional change followed by the development of a new theory emphasising the role of distributional conflict in the emergence of social institutions.

Institutions and Social Conflict

By providing readers with a noncritical description of the broad contours of each school of thought, Mercuro and Medema convey a strong sense of the important elements of each of these interrelated yet varied traditions.

Economics and the Law

This volume of selections from the Journal of Economic Issues carries the institutional economics analysis of the acquisition and use of economic power into new and critically significant subject areas: law and economics, the public control of economic power, and international implications of public and private use of power to influence the flow of real income on a global scale. Its particular interest is the possession and use of corporate power, especially in relation to the state as a representative of society.

State, Society, and Corporate Power

'This is an excellent piece of work, applying the economic theory of property rights and transaction costs to the complex policy problems associated with water use in irrigation. Challen examines the determination of transaction costs and the way they interact with a realistic specification of property rights. He thereby avoids the two main defects found in much work in this area: first, the use of a simplistic division of property rights schemes, for example one based on polar categories of private property and common property, defined to mean open access, and second, a tendency to use the category of transaction costs as an unexamined "black box".' - John Quiggin, James Cook University, Australia 'A most encouraging trend in economics concerns the careful and non-teleological study of institutions. From an era in which institutions were completely ignored, through an era in which it was thought that institutions were mere constraints on otherwise beneficent behavior in markets, through an era in which it was thought that the purpose of institutions was to promote economic efficiency, we now seem to be firmly in an era in which it is understood that institutions are the very bedrock of economic and social interaction. The analysis of institutions will fall into incoherence if we insist on seeing them as teleological rather than as instrumental. Once there, we must still understand the purposes that different individuals and collectivities ascribe to particular institutional set ups. In this careful book Ray Challen offers clear conceptual guidance to the study of economic institutions. He also shows us how one can undertake the analysis of institutional choice. The problem setting is water resources in eastern Australia. The lessons are profoundly international, and the approach is refreshingly promising.' - Daniel W. Bromley, University of Wisconsin-Madison, US Conventional economic analysis of property rights in natural resources is too narrow and restrictive to allow for effective comparisons between alternative institutional structures. In this book, a conceptual framework is developed for the analysis of these structures with illustrative application to the allocation of water resources.

Institutions, Transaction Costs, and Environmental Policy