

Reading List: ECON 827

THE ECONOMICS OF PROPERTY RIGHTS

These papers constitute the reading material for the course. They are categorized in parts in a way that matches the outline of the course. Within the parts, they are ordered by publication date. Generally, reading them in this way will be most revealing. The reading list like the course covers a lot of material. All the papers on the list marked “basic” should be read carefully. You should begin reading them now. Read ahead. Take notes on what you read. The papers that are marked “secondary” can be read as we work through the material in class. The rest are papers that you should be aware of if you are interested in doing further work on the topic.

Code: * basic; ** secondary; *** related, but tertiary

PART I: Introduction to Contracts and Contracting Problems**1.**

* Coase, Ronald. “The Nature of the Firm” in Economica. Vol 4. 1937. P386-405.

*** Cheung, “Theory of Price Control” in Journal of Law and Economics. Vol 17. 1974. P53-71.

**Cheung, Steven N.S. “The Contractual Nature of the Firm” in Journal of Law and Economics, vol XXVI, April 1983.

*Alchian, Armen and Demsetz, Harold. “Production, Information Costs and Economic Organization” in American Economic Review, Vol 62. 1972. P777-795.

***Alchian, Armen. “Costs and Outputs” in Economic Forces at Work.

***Alchian, Armen and Susan Woodward. “Reflections on the Theory of the Firm” in Journal of Institutional and Theoretical Economics, vol 143 (1987), 110-136.

***Fama, Eugene and Michael Jensen. “Separation of Ownership and Control” in Journal of Law and Economics, June 1983, 301-350.

**Jensen, Michael and William Meckling, “The Theory of the Firm: Managerial Behavior, Agency Cost and Ownership Structure” in Journal of Financial Economics, 1976.

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* Klein, Benjamin, Crawford, Robert and Alchian Armen. “Vertical Integration, Appropriable Rents and the Competitive Contracting Process” in Journal of Law and Economics. Vol 21. 1978. P297-326.

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* Barzel, Yoram. “Measurement Cost and the Organization of Markets” in Journal of Law and Economics. Vol 25. 1982. P27-48.

***Lindsay, Cotton M. and M.T. Maloney, "Economies of Scale", manuscript, Clemson University

***Maloney, Michael T. and R.E. McCormick. "Intermittent Production, Cost, and the Multiproduct Firm," in Journal of Business, April 1983, P139-154

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*** McManus. "Cost of Alternative Economic Organization" in Canadian Journal of Economics. Vol 18. 1976. P334-350

**Stigler, George J. "Division of Labor is Limited by the Extent of the market" in Journal of Political Economy, June 1951

PART II: Opportunistic Behavior

*Klein, Ben. "Fisher-General Motors and the Nature of the Firm" in Journal of Law and Economics, April 2000, P105-142.

* Mulherin, J. Harold. "Complexity in Long-Term Contracts: An Analysis of Natural Gas Contractual Provisions" in Journal of Law, Economics and Organization. Vol 2. 1986. P105-117.

** Goldberg, Victor P. and Erickson, John R. "Quantity and Price Adjustment in Long-Term Contracts: A Case Study of Petroleum Coke" in Journal of Law and Economics. Vol 30. 1987. P369-398.

*** Leffler, Keith B. and Rucker, R. R. "Transaction Costs and The Efficient Organization of Production: A Study of Timber-Harvesting Contracts" in Journal of Political Economy. Vol 99. 1991. P1060-1087

*** Croker, Keith J. and Masten, Scott E. "Pretia Ex Machine? Price and Process in Long-Term Contracts" in Journal of Law and Economics. Vol 34. 1991. P69.

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* Pirrong, Stephan Craig. "Contracting Practices in Bulk Shipping Markets: A Transaction cost Explanation" in Journal of Law and Economics. Vol 36. 1993. P937-976.

* Coase, R. H. "Payola in Radio and Television Broadcasting" in Journal of Law and Economics. Vol. 21. 1979. P269-328.

6.

** Sass and Gisser. "Agency Cost, Firm Size and Exclusive Dealing" in Journal of Law and Economics. Vol 32. 1989. P381-400.

** Marvel, Howard P. "Exclusive Dealing" in Journal of Law and Economics. Vol 25. 1982. P1-26.

** Bernheim, B. Douglas and Whinston, Michael D. "Exclusive Dealing" in Journal of Political Economy. Vol 106. 1998. P64-103.

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PART III: Shirking

Section A:

* Rubin, Paul H. "The Theory of the Firm and the Structure of the Franchise Contract" in Journal of Law and Economics. Vol 21. 1978. P223-233.

** Smith II, Richard L. "Franchise Regulation: An Economic Analysis of State Restrictions on Automobile Distribution" in Journal of Law and Economics. Vol 25. 1982. P125-157.

** Mathewson, G. Frank and Winter, Ralph A. "The Economics of Franchise Contracts" in Journal of Law and Economics. Vol 28. 1985. P503-526.

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* Klein, Benjamin and Saft, Lester F. "The Law and Economics of Franchise Tying Contracts" in Journal of Law and Economics. Vol 28. 1985. P345-361.

** Norton. "Empirical Look at Franchising as Organization Form" in Journal of Business. Vol 61. 1988. P197-218.

** Brickley, James A., Dark, Frederick H and Weisback, Michael. "The Economic effects of Franchise Termination Laws" in Journal of Law and Economics. Vol 34. 1991. P101-132.

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** Sass, Tim R. and Saurman, David. "Mandated Exclusive Territory and Economic Efficiency: An Empirical Analysis of Malt-Beverage Industry" in Journal of Law and Economics. Vol 36. 1993. P153-177.

* Kaufmann, Patrick J. and Lafontaine, Francine. "Costs of Control: The Source of Economic Rents for McDonald's Franchisees" in Journal of Law and Economics. Vol 37. 1994. P417-453.

*** Butz, David. "Vertical Price Controls with Uncertain Demand" in Journal of Law and Economics. Vol 40. 1997. P433-459..

*** Triantis, Alexander J. and Triantis, George G. "Timing Problems in Contract Breach Decisions" in Journal of Law and Economics. Vol 41. 1998. P163-207.

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Section B:

- ** Lazear, Edward P. and Rosen, Sherwin. "Rank-Order Tournament on Optimal Labor Contract" in Journal of Political Economy. Vol 89. 1981. P841-864.
- *** Green, Jerry R. and Stokey, Nancy L. "A Conmarison of Tournaments and Contracts" in Journal of Political Economy. Vol 91. 1983. P349-364.
- ** Lazear, Edward P. "Salaries and Piece Rates" in Journal of Business. Vol 59. 1986. P405-431.
- *** Barzel, Y. "The Entrepreneur's Reward for Self Policing" in Economic Inquiry. Vol 25. 1987. P103-120.
- *** Porter, Philip K. and Scully, Gerald W. "Economic Efficiency in Cooperative" in Journal of Law and Economics. Vol 30. 1987. P489-512.
- * Knoeber, Charles R. and Thurman, Walter N. "Testing the theory of Tournaments: An Empirical Analysis of Broiler Production" in Journal of Labor Economics. Vol 12. 1994. P155-179.

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PART IV: Pricing**Section A:**

- *(repeat) Mulherin, J. Harold. "Complexity in Long-Term Contracts: An Analysis of Natural Gas Contractual Provisions" in Journal of Law, Economics and Organization. Vol 2. 1986. P105-117.
- ***(repeat) Goldberg, Victor P. and Erickson, John R. "Quantity and Price Adjustment in Long-Term Contracts: A Case Study of Petroleum Coke" in Journal of Law and Economics. Vol 30. 1987. P369-398.
- ** Masten, Scott E. and Crocker, Keith J. "Efficient Adaptation in Long Term Contracts: Take-or-Pay Provisions for Natural Gas" in American Economic Review. 1985. P1083-1093.
- ** Joskow. "Vertical Integration and Long-Term Contracts: A Case of Coal Burning Electrical Generation Plant" in Journal of Law, Economics and Organization. Vol 1. 1985. P33-80.

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- ** Waldman, Michael. "Eliminating the Market for Secondhand Good: An Alternative Explanation for Leasing" in Journal of Law and Economics. Vol 40. 1997. P61-92.

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Section B:

- * Telser, Lester G. "Why Should Manufacturers Want Fair Trade?" in Journal of Law and Economics. Vol 3. 1960. P86-105.
- *** Goldberg, V. "Free Rider Problem, Imperfect Pricing and Economics of Retail Service" in Northwestern University Law Review. Vol 79. 1984. P736-757.
- ** Marvel, Howard P and McCafferty, Stephen. "The Welfare Effects of Resale Price Maintenance" in Journal of Law and Economics. Vol 28. 1985. P363-404.

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- ** Ippolito, Pauline M. "Retail Price Maintenance: Economic Evidence from Litigation" in Journal of Law and Economics. Vol 34. 1991. P263-294.
- * Ippolito, Pauline M. and Overstreet, Thomas R. "Resale Price Maintenance: An Economic Assessment of FTC's Case Against Corning Glass" in Journal of Law and Economics. Vol 39. 1996. P285-328.

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Section C:

- *** Stigler, George J. "US vs Loew's, Inc.: A Note on Block Bookings" in Supreme Court Review. 1963. P152-157.
- * Kenney, Roy W. and Klein, Benjamin. "The Economics of Block Booking" in Journal of Law and Economics. Vol 26. 1983. P497-540.

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Section D:

- *** Eswaran, Mukesh and Kotwal, Ashok. "A Theory of Contractual Structure in Agriculture" in American Economic Review. Vol 75. 1985. P352-367.
- * Allen, Douglas W. and Lueck, Dean. "Contract Choice in Modern Agriculture: Cropshare Versus Cash Rent" in Journal of Law and Economics. Vol 35. 1992. P397-426.
- ** Allen, Douglas W. and Lueck, Dean. "The Back Forty on a Handshake: Specific Assets, Reputation and the Structure of Farmland Contracts" in Journal of Law, Economics and Organization. Vol 8. 1992. P366-376.
- *** Allen, Douglas W. and Lueck, Dean. "Transaction Costs and the Design of Cropshare Contracts" in Rand Journal of Economics. Vol 24. 1993. P78-100.

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Section E:

- * Klein, Benjamin and Murphy, Kevin M. “Vertical Restraints as Contract Enforcement Mechanism” in Journal of Law and Economics. Vol 31. 1988. P265-297.
- ** Telser, Lester G. “Why Should Manufacturers Want Fair Trade II?” in Journal of Law and Economics. Vol 33. 1990. 409-417.

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PART V: Measurement**Section A:**

- *** Akerlof, George. “The Market for ‘Lemons’: Quality Uncertainty and the Market Mechanism” in Quarterly Journal of Economics. Vol 84. 1970. P488-500.
- *** Spence, A Michael. “Job Market Signaling” in Quarterly Journal of Economics. Vol 87. 1973. P355-379.
- * Hall, Christopher D. “Market Enforced Information Asymmetry: A Study of Claiming Races” in Economic Inquiry. Vol 24. 1986. P271-291.
- * Allen, Douglas W. “Pot-Bellies, Cattle Breeds and Revealing Signals” in Economic Inquiry. Vol 31. 1993. P481-487.

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- *** Sauer, R.D., “The Economics of Wagering Markets,” Journal of Economic Literature, December 1998, pp. 2021-2064

Section B:

- * Klein, Benjamin and Leffler, Keith. “Role of Market Forces in Assuring in Contractual Performance” in Journal of Political Economy. 1981. P615-641.
- *** Shapiro, C. “Premium for High Quality Product as Returns to Reputation” in Quarterly Journal of Economics. Vol 98. 1983. P659-679.
- * Jarrell and Peltzman. “Impact of Product Recall on Wealth of Sellers” in Journal of Political Economy. 1985. P512-536.
- *** Borenstein and Zammarman. “Market Incentive for Safety Commercial Airline Operation” in American Economic Review. 1988. P913-935.
- * Mitchell, Mark L. and Maloney, Michael T. “Crisis in the Cockpit? The Role of Market Forces in Promoting Air Travel Safety” in Journal of Law and Economics. Vol 32. 1989. P329-355.

** Mitchell, Mark L. "The Impact of External Parties on Brand Name Capital- The 1982 Tylenol Poisonings and Subsequent Cases" in Economic Inquiry. Vol 27. 1989. P601-618.

** Png and Reitman. "Why are Some Products Branded and Others Not?" in Journal of Law and Economics. Vol 38. 1995. P207-224.

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PART VI: Legal Protection of Property Rights

Section A:

* Kitch, Edmund W. "Nature and Function of Patent System" in Journal of Law and Economics. Vol 20. 1977. P265-290.

** Yu, Ben T. "Potential Competition and Contracting in Innovation" in Journal of Law and Economics. Vol 24. 1981. P215-238.

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** Liebowitz, S. J. "Copying and Indirect Appropriability: Photocopying of Journals" in Journal of Political Economy. Vol 93. 1985. P945-957.

** Higgins, Richard S. and Rubin, Paul H. "Counterfeit Goods" in Journal of Law and Economics. Vol 29. 1986. P211-230.

* Landes, William M. and Posner, Richard A. "Trademark Law: An Economic Perspective" in Journal of Law and Economics. Vol 30. 1987. P265-309.

*** Bittlingmayer, George. "Property Rights, Progress, and the Aircraft Patent Agreement" in Journal of Law and Economics. Vol 31. 1988. P227-248.

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Section B:

* Demsetz, Harold. "Toward a Theory of Property Rights" in American Economic Review. Vol 57. 1967. P347-359.

** Becker, Gary S. and Stigler, George J. "Law Enforcement, Malfeasance, and Compensation of Enforcers" in Journal of Legal Studies. Vol 3. 1974. P1-18.

* Umbeck, John. "The California Gold Rush: A Study of Emerging Property Rights" in Explorations in Economic History. Vol 14. 1977. P197-226.

*** Umbeck, John. "Might Makes Right: A Theory of the Formation and Initial Distribution of Property Rights" in Economic Inquiry. Vol 19. 1981. P38-59.

*** Allen, Douglas W. "Homesteading and Property Rights or 'How the West was Really Won'" in Journal of Law and Economics. Vol 24. 1991. P1-23.

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PART VII: Common Access Property Rights

* Gordon, H. Scott. "The Economics of a Common Property resource: The Fishery" in The Journal of Political Economy. Vol 62. 1954. P124-142.

* Coase, R. H. "The Problem of Social Cost" in Journal of Law and Economics. Vol 3. 1960. P1-44.

*** Hardin, Garrett. "The Tragedy of the Commons" in Science. Vol 162. 1968. P1243-1248.

** Cheung. "Structure of Contract and Theory of Nonexclusive Resource" in Journal of Law and Economics. Vol 13. 1970. P49-70.

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** Coase, R. H. "The Lighthouse in Economics" in Journal of Law and Economics. Vol 17. 1974. P357-376.

*** Johnson, Ronald and Liebcap, Gary. "Agency Cost and the Assignment of Property rights: The Case of Southwestern Indian Reservations" in Southern Economic Journal. Vol 47. 1980. P332-347.

*** Maloney, Michael T. and Brady, Gordon L. "Capital Turnover and Marketable Pollution Rights" in Journal of Law and Economics. Vol 31. 1988. P203-226.

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** Mulherin, J. Harold, Netter, Jeffery M., and Overdahl, James. "Price are Property: The Organization of Financial Exchanges from Transaction Cost Perspective" in Journal of Law and Economics. Vol 34. 1991. P591.

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