

UNIVERSITY OF CANTERBURY

Department of Economics

The Theory of Economic Property Rights

Professor Douglas Allen

Office hours: Any time, by appointment.

The economics of property rights provides the theoretical underpinning to at least three branches of economics: law and economics, new institutional economics, and the new economic history. In addition, key ideas in this area are found in information economics, modern theories of the firm, and contract theory. This course is an introduction to the fundamental concepts in this research field, with applications to organization and institutions. There will be considerable reading, the emphasis will be theoretical, and a large numbers of topics will be touched on.

Students are expected to have read all work before class and be prepared to the material. Grades will be determined by participation 20%, 30% midterm, and a final exam 50%.

The textbook for the course is:

Barzel, Y. and D.W. Allen, *Economic Analysis of Property Rights* (Cambridge: Cambridge University Press, 2023).

Articles are available at:

<http://www.sfu.ca/~allen/newzealand.html>

Some journals do not allow their articles to be put on websites. Therefore, where indicated you will need to obtain the articles from the university library, through JSTOR, or some other electronic means.

COURSE OUTLINE

Week 1. The Coase Theorem and Economic Property Rights

- a. Coase “The Problem of Social Cost” first six sections.
- b. B&A Chapter 1 and 2.

Week 2. Transaction and Information Costs

- a. B&A Chapter 3 and 4.

Week 3. The Theory of EPRs

- a. Coase “The Problem of Social Cost” remainder of paper.
- b. B&A Chapter 5.

Week 4. Contract Choice and Firms

- a. B&A Chapter 6 and 7.

Week 5. Institutions and Capture

- a. B&A Chapter 8 and 9.

Week 6. Forming EPRs and Homesteading

- a. B&A Chapter 10 and 11.