

The Law & Economics of Property Rights

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Course Objectives and Organization:

The course introduces key law and economics analyses of property rights. The students are expected to learn how to analyze the evolution and impact of property rights from an economic point of view and, in general, how law is built into a formal model. From a policy viewpoint moreover, the students will learn how to critically evaluate the observed variation in property rights and propose possible reforms. The course is organized in three classes.

Course Contents:

In the first class, I will introduce the economic notions of “property and contracting institutions” and the related legal notions of “property, liability or inalienability rules” and of “legal traditions.” Moreover, I will detail the evidence on the single role of each of these institutional arrangements produced by a well-known literature considering them as exogenous. In the remaining classes, I will illustrate a new strand of literature analyzing the determinants of the extent of protection of private property and providing through their explicit consideration new conflicting evidence of the role of property rights. In the last class finally, I will discuss several avenues open to further research and how the final essays should try to access them.

Assessment:

Each student is expected to write a 1500 words essay on a possible application of the models discussed in class. The proposal should highlight the relation with the course material, illustrate the institutional background, and detail the policy implication of the analysis. The paper should be sent to c.guerriero@unibo.it by 02/03/2018.

Reading List

Class 1 – From Exogenous to Endogenous Property Rights

- Coase, Ronald H. 1960. "The Problem of Social Cost." *Journal of Law and Economics*, 3: 1-44.
- Acemoglu, Daron, and Simon Johnson. 2005. "Unbundling Institutions." *Journal of Political Economy*, 113: 949-995.
- Besley, Timothy, and Maitreesh Ghatak. 2010. "Property Rights and Economic Development." In *Handbook of Development Economics*, Vol. V. Mark Rosenzweig and Dani Rodrik, eds. Amsterdam: Elsevier, 4525-4589.
- Calabresi, Guido and Melamed, A. Douglas. 1972. "Property Rules, Liability Rules and Inalienability: One View of the Cathedral." *Harvard Law Review*, 85: 1089-1128.

Class 2 – Endogenous Property Rights, Transaction Costs, and Diversity

- Guerriero, Carmine. 2017a. "Property Rights, Transaction Costs, and the Limits of the Market." Unpublished, see <https://sites.google.com/site/carmineguerrieroshhomepage/>
- Guerriero, Carmine. 2016. "Endogenous Property Rights." *Journal of Law and Economics*, 59: 313-358.

Class 3 – Endogenous Property Rights and a Culture of Self-Reliance

- Dari-Mattiacci, Giuseppe, and Carmine, Guerriero. 2015. "Law and Culture: A Theory of Comparative Variation in Bona Fide Purchase Rules." *Oxford Journal of Legal Studies*, 35: 543-574.
- Guerriero, Carmine. 2017b. "Property Rights and Development: Taking Stock, Looking Ahead," in Menard, Claude and Mary M. Shirley (eds.), *A Research Agenda for New Institutional Economics*, Edward Elgar, Cheltenham, Forthcoming.
- Question time about the final essay.