

OSTROM WORKSHOP RESEARCH SERIES

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“Institutions and Property Rights”

Wednesday, February 3, 2016

12:00 – 1:00 p.m.

Ostrom Workshop, 513 N. Park

This paper serves as an introduction to institutions and property rights to be used as chapter 2 of Alston, Mueller, and Nonnenmacher’s book, *Institutional and Organizational Analysis: Concepts and Applications*. We begin with a Northian definition of institutions as “the humanly devised constraints that shape human interaction.” These constraints can take the form of laws, norms, and contracts. In a world of zero transaction costs, varying forms of institutions are interchangeable, but in a world of positive transaction costs, institutions matter. For instance, if the costs of creating and enforcing legal rules were zero, then property rights could be perfectly defined by legal rules. But in a positive transaction cost world, the ability to use items is shaped by more than the law. Both social norms and individual behavior matter. Only in a zero transaction cost world can one think of property as a bundle of rights that can be reorganized costlessly into any configuration. In a positive transaction cost world, individuals and organizations face incentives to organize rights in a manner that reduces transaction costs.



Tomas Nonnenmacher is the Patricia Bush Tippie Chair of Economics and department chair at Allegheny College in Meadville, PA. His published research includes papers on debt peonage and its immediate replacements on henequen haciendas in Yucatan, Mexico; the industrial organization of the telegraph industry; and the congressional Salary Grab of 1873. He is currently working on a book on the New Institutional Economics with Lee Alston and Bernardo Mueller ([website](#)).

Presentations are open to the public (see our website for papers). You are welcome to bring your lunch. For questions, contact Allison Sturgeon (sturgeon@iu.edu; 812/855–3151).