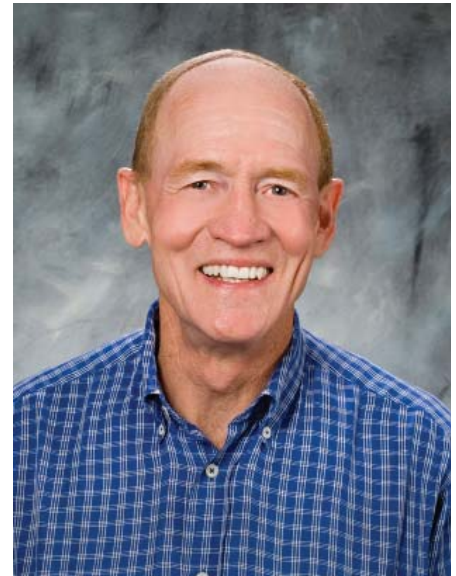


VINCENT AND ELINOR OSTROM MEMORIAL LECTURE

“Environmental Externalities and Coasean Exchange”

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WEDNESDAY, FEBRUARY 10, 2016

IU MAURER SCHOOL OF LAW

MOOT COURT ROOM 123

4:00–5:00 PM

LIVESTREAM URL: <http://www.indiana.edu/~video/stream/liveflash.html?filename=IUMaurer>

Reception immediately following in the Faculty Lounge

ABSTRACT

I follow the development of the literature and policy recommendations on open access problems: taxes, subsidies, regulation. I then turn to implicit criticisms of these approaches by Elinor Ostrom, Oliver Williamson, and especially Ronald Coase. I augment transaction costs by adding those in lobbying politicians and the bureaucracy. Because interest groups, politicians, and agency officials do not bear the full social costs of their actions, there is a second source of externality along with *market failure*—*government failure*. Potential distortions have been neglected in the literature. Vincent Ostrom’s work is a basis for understanding bureaucratic behavior. I then examine how the literature and policy have responded to Coase’s arguments, particularly with cap and trade schemes. I argue that neither have fully incorporated transaction costs in property rights definition and market design. This has important implications for market performance. I conclude with recommendations for further research.



OSTROM WORKSHOP

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