

## Property Rights

- use
- sell
- exclude others - receive comp.

Land → surface rights  
          mineral " "  
          timber rights

## Transaction cost

- search & payment
- contract → enforcement
- spot vs. future ↗
- verifying exchange

Previous Lecture

## Institutions Matter.

↳ Legal - Banking.

↳ Political

↳ Social. / Informal. ]

→ Lags in Appalachia development  
- institutional failure

## Patterns

- ① Institutions - efficiency enhancing
- capital market
  - security of land tenure
    - ↳ collateralize - debt.

Harry Caudill - <sup>capital</sup> Night ...

## ② Geographic Determinism

- ↳ terrain → mountains
- narrow valleys
- rivers non-navigable
- + rail development.

### ③ Major events

- wars
- disasters
- innovation - car -  
↳ productivity

### ④ External influences

- perception - "lagging"
- location decisions - don't favor area.

### ⑤ "Great man" theory ✓

## Institutions

### - Legislation

- Weeks Act - National Forests  
↳ protection of stream flows

- Labor legislation

- safety

- hours

- min pay

- Ag Regs

- Banking - reserve requirements

Begin.

- subsistence ag

- plots - patent land. - title.

reduce tax obligations <sup>tax</sup>  
using 50 - 60 ac.

[ 10 ac <sup>crop house</sup> - titled.  
40 ac - using forage - not taxed.  
property right to animals - marks  
" " to land - ambiguous

" Adverse possession." - period occupied  
"quiet enjoyment"

- ag - yields ↓ soil depleted.
- ac ↓ - divided among heirs

Pudup ~~A~~ Limits of subsistence

ag  
→ surplus yields ↓ - less income  
volatility ↑