

# Property Rights

- use
- sell
- exclude

- gains ↔ losses

# Transaction Costs

Measure & verify

free riding  
can't exclude non payers

Symmetric information  
Buyer & seller same  
info

Political economy  
Public choice

Rules  
- vote ?  
- outcome  
what voters wanted ?

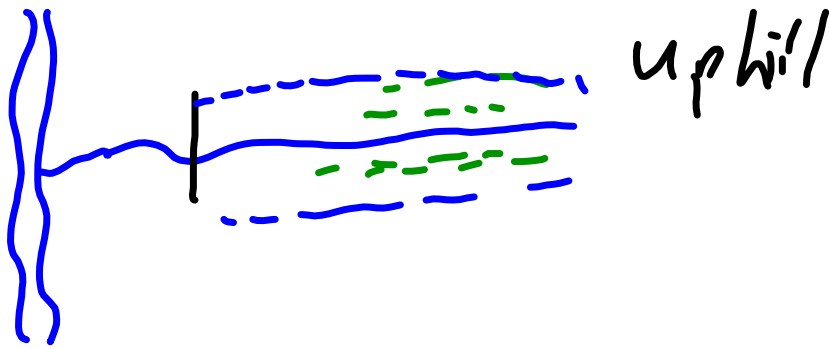
Region

- homogeneity - geography  
 - population  
 - economy

focus: KY - east of I-75  
 WV  
 VA south west  
 NC/TN Blue ridge  
 east of I-75

- path dependence
- subsistence agric. 1740 -
- 5-10 AC fee simple
- 50-60 forest land } no title
- grazing } ↓
- avoid tax
- Surplus small
- (trade) - coffee
- salt
- clothing
- implements

- yields ↓ soil depletion
  - no fallow fields
  - no crop rotation
  - corn
- timber - leases timber rights
  - rails
  - ↳ fee simple title
  - open land - free
- technology - clear cut
  - run on streams
  - spring runoff





- soil degradation - runoff
- farm yields ↓
- animals ↓ deer etc
  - income ↓
  - grazing ↓ domestic animals

- Coal. - leases sub surface  
- family owns surface  
pays taxes  
& farms.

- lease → broad form deed  
- extract coal "by any  
& all means practicable"

KY 1987

- ag
    - timber
    - minerals
  - degraded landscape
    - production opportunities
  - asymmetric information
- } property rights  
of landowners  
minimal.

- migration - Chicago | demographic  
North - Detroit | -aging  
- Akron | -less  
educated

- 1900 - low quality ag
- wage labor mines
- tenant farmers
- land ownership - outside Appalachia

Who  
owns  
Appalachia?

- externality - negative

- externality - third party effect
  - 'A' sells X to person 'B'
  - harms 'C'
  - Beneficial - subsidy to encourage more
  - Harmful - tax - more expensive - less

- social institutions - substitute for absence of formal institutions
  - family
  - churches
- Signal - abide by  
contract  
trusted
- banish
  - no future deals

- barter & borrow
  - ↳ no cash
  - ↳ trust complete
  - ↳ trade
  - ↳ implements costly, only cash.
- community / trust
- if move away ~ community loses part of barter & borrow system
- social capital
  - ↳ Robert Putnam
  - ↳ Bowling Alone



Knack & Keefer  
- repeated interaction.

Brand name - signal of quality

Tylenol