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**COASEAN ECONOMICS:
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For Ronald Coase

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Preface

Upon hearing that Ronald Coase had been awarded the Nobel Prize, a fellow economist's first response was to ask with whom Coase had shared the Prize. Whether this response was idiosyncratic or not, I do not know; I expect not. Part of this type of reaction can no doubt be explained by the fact that Coase has often been characterized as an economist who wrote only two significant or influential papers: "The Nature of the Firm" (1937) and "The Problem of Social Cost" (1960). And by typical professional standards of "significant" and "influential" (i.e., widely read and cited), this perception embodies a great deal of truth, even subsequent to Coase's receipt of the Prize. This is not to say that there have not been other important works — "The Marginal Cost Controversy" (1946) and "The Lighthouse in Economics" (1974) come immediately to mind here — only that in a random sample of, say, one hundred economists, one would likely find few who could list a Coase bibliography beyond the two classic pieces noted above, in spite of Coase's significant publication record.¹

The purpose of this collection is to assess the development of, tensions within, and prospects for Coasean Economics — those aspects of economic analysis that have evolved out of Coase's path-breaking work. Two major strands of research can be identified here: law and economics and the New Institutional Economics. While both law and economics and the analysis of institutions by no means originated with or evolved solely from Coase's work, it is undeniable that his contributions, particularly in "The Nature of the Firm" and "The Problem of Social Cost," played a major role in shaping the contemporary manifestations of these areas of inquiry. Their establishment as fruitful, ongoing research programs justifies an examination of this nature — one which brings together essays by a number of prominent scholars working on issues raised within the Coasean tradition, and doing so from a variety of perspectives. These essays include a number of pieces that are very much within the Coasean tradition and others which are rather sympathetic with certain aspects of the Coasean enterprise, but which also find it to be limited in certain important ways.

For better or for worse, the present collection will do little to dispel the rather narrow view of the extent of Coase's contributions. The essays contained herein focus very heavily on the firm, the Coase theorem, and law and economics — those aspects of economic analysis with which Coase is most closely identified. Along with these come several essays on methodology and one on transitional economies, all against the underlying background of Coase's contributions and influence, and the implications of these for how we do economics. Taken together, these essays offer a unique perspective on several facets of "Coasean Economics" as well as the potential future direction(s) of economic analysis.

Bringing together a volume such as this is never an independent enterprise. I would like to thank Sandy Darity and Warren Samuels for inviting me to assemble this collection, and Zachary Rolnik and the staff at Kluwer for their support and encouragement in seeing the book through to publication. Several of the essays contained in this volume were originally presented at a session on "The Legacy of Ronald Coase: Essays on the Thirty-fifth Anniversary of 'The Problem of Social Cost,'" jointly sponsored by the History of Economics Society and the American Economic Association, which was held at the Allied Social Science Association Meeting in Washington, D.C. in January, 1995. I am grateful to the HES and the AEA for supporting this endeavor. Oliver Williamson's essay was originally published in somewhat different form in *Industrial and Corporate Change* and is published here by permission of Oxford University Press. Most importantly, I would like to thank the authors who agreed to contribute essays to this collection. They have responded admirably to the task, and it was a pleasure to work with them on this project.

S.G.M.

NOTES

1. For a survey of Coase's contributions, see Medema (1994). A number of early works relating to the ideas discussed in the present volume are reprinted in Medema (1995).

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