



**KTH Architecture and
the Built Environment**

REAL ESTATE PLANNING AND LAND LAW
PETER EKBÄCK

Course instructions:

Real Estate Theory (FAI3022) 7,5 credits

2022

Course objectives

Real estate – or real property – refers to land and stationary fixtures on land. The terms are also used for reference to ownership of land and appurtenances, including anything of a permanent nature, such as structures, trees, minerals, and the interest, benefits, and inherited rights from these.

A real property right is the exclusive authority to determine how a resource is used. All economic goods have some kind of property rights attribute, e.g. the right to use the good, the right to earn income from the good, or the right to transfer the good to others.

Property rights to a resource must be defined, their use must be monitored, and possession of rights must be enforced. The costs of defining, monitoring, and enforcing property rights are sometimes termed transaction costs. Depending on the level of transaction costs, various forms of property rights institutions may develop, such as open access (*res nullius*), common property, or private property. The development of property rights can come about by contracting or through the political process.

The comprehensive aim of this course in real estate theory, is to provide deeper knowledge and understanding of the significance in society of real property, property rights, and other land use rights, based on theories within the disciplines of economics, law, philosophy, and political science.

Course contents

The course is conducted in the form of an introductory lecture, followed by seminars or workshops, where the participants before each workshop shall read and analyze some specified articles or books.

During the workshops, one person will be chosen randomly to be responsible as seminar leader. This means that everyone must be prepared to take up interesting topics and questions based on the texts for the workshop, and to lead the discussion.

As a concluding assignment, the participants shall write a paper that connects the theoretical course content to the subject of their own research project. The paper shall have a scope of 5-10 pages (normal page layout), and may be written either in English or Swedish. In addition to the course literature, the participants shall use the recommendations for additional and supplementary literature given in the appendix, as sources of inspiration.

Requirements and examination

Active participation in seminars and workshops.

A paper (5-10 pages) shall be handed in at the end of the course, by e-mail to Peter Ekbäck (peter.ekback@abe.kth.se), at latest **December 16**. The paper will be scrutinized and assessed before approval.

Readings

The course literature consists of books, articles, reports, excerpts etc. See below under “Structure of activities”.

The course literature will be distributed to the participants via mail attachments.

Course management

Peter Ekbäck at the Division of Real Estate Planning and Land Law is responsible and examiner for the course.

Contact information:

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Structure of activities

Preliminary: August 23, at 09-12 (via Zoom)

Introductory lecture

Course introduction

Lecture on real property, ownership and other property rights

Preliminary: September 8, at 09-12 (via Zoom)

Seminar 1: Property rights approach

Readings:

Snare, Frank (1972) “The Concept of Property.” *American Philosophical Quarterly*, vol. 9. No. 2 (April 1972), pp. 200-206.

Demsetz, Harold (1967) “Toward a Theory of Property Rights.” *American Economic Review*, vol. 57 (*Papers and Proceedings Issue May 1967*), pp. 347-359.

Hardin, Garrett (1968) “The Tragedy of the Commons.” *Science*, vol. 162, pp.1243-1248.

Alchian, Armen & Demsetz, Harold (1973) “The Property Rights Paradigm.” *Journal of Economic History*, vol. 33, no. 1 (March 1973), pp. 16-27.

Umbeck, John R. (1981) *A Theory of Property Rights. With Application to the Californian Gold Rush (excerpt, pages 1-64)*. Iowa State University Press, Ames.

Preliminary: September 22, at 09-12 (via Zoom)

Seminar 2: Institutional change

Readings:

Libecap, Gary D. (1989) *Contracting for Property Rights*. Cambridge University Press, Cambridge.

Preliminary: October 5, at 09-12 (via Zoom)

Seminar 3: Different property rights regimes

Readings:

Field, Barry C. (1989) "The Evolution of Property Rights." *Kyklos*, vol. 42, no. 3, pp. 319-345.

Stevenson, Glenn G. (1991) *Common Property Economics. A General Theory and Land Use Applications (excerpt, chapters 1-3 and 7)*. Cambridge University Press, Cambridge.

Ekbäck, Peter (2009) "Private, Commons, and Open Access Property Rights in Land – An Investigation of Economic Principles and Legislation." *Nordic Journal of Surveying and Real Estate Research*, vol. 2, no. 2, pp. 57-74.

Preliminary: October 20, at 09-12 (via Zoom)

Seminar 4: Property rights – the political dimension

Readings:

Sened, Itai (1997) *The Political Institution of Private Property*. Cambridge University Press, Cambridge. (For the sake of simplicity, you may skip the appendices and other formalized mathematical discourses while reading.)

Friday, December 16

Written report shall be handed in by e-mail to Peter Ekbäck (peter.ekback@abe.kth.se).

Peter Ekbäck

Appendix: Some recommendations for additional and supplementary literature in the field of real property theory

Anderson, Terry L. & McChesney, Fred S. [Eds.] (2003) *Property Rights. Cooperation, Conflict, and Law*. Princeton University Press, Princeton.

Barzel, Yoram (1997) *Economic Analysis of Property Rights*. 2 ed. Cambridge University Press, Cambridge.

Coase, R. H. (1960) "The Problem of Social Cost." *Journal of Law and Economics*, vol. 3, no. 2 (October 1960), pp. 1-44.

Cooter, Robert & Ulen, Thomas (2000) *Law and Economics (chapters 4-5 on Property)*. 3 ed. Addison Wesley Longman, Reading.

De Soto, Hernando (2000) *The Mystery of Capital. Why Capitalism Triumphs in the West and Fails Everywhere Else*. Black Swan, London.

Hann, C. M. [Editor] (1998) *Property relations. Renewing the anthropological tradition*. Cambridge University Press, Cambridge.

North, Douglass C. (1981) *Structure and Change in Economic History*. W. W. Norton & Company, New York.

North, Douglass C. & Thomas, Robert P. (1973) *The Rise of the Western World. A New Economic History*. Cambridge University Press, Cambridge.

Payne, Geoffrey (1996) *Urban Land Tenure and Property Rights in Developing Countries: A Review of the Literature*. Intermediate Technology, London.

Pejovich, Svetozar (1990) *The Economics of Property Rights: Towards a Theory of Comparative Systems*. Kluwer Academic Publishers, Dordrecht.

Pejovich, Svetozar [Ed.] (2001) *The Economics of Property Rights, vol I-II*. Edward Elgar, Cheltenham.

Literature with pronounced property rights approach

Anderson, Terry L. & Hill, P. J. (1975) "The Evolution of Property Rights: A Study of the American West." *Journal of Law and Economics*, vol. 18, pp. 163-179.

Anderson, Terry L. & McChesney, Fred S. (1994) "Raid or Traid? An Economic Model of Indian-White Relations." *Journal of Law and Economics*, vol. 37, no. 1 (April 1994), pp. 39-74.

Dahlman, Carl J. (1980) *The open field system and beyond. A property rights analysis of an economic institution*. Cambridge University Press, Cambridge.

Demsetz, Harold (1964) "The Exchange and Enforcement of Property Rights." *Journal of Law and Economics*, vol. 7 (October 1964), pp. 11-26.

Eggertsson, Thráinn (1990) *Economic behavior and institutions (chapter 2 on Property rights)*. Cambridge University Press, Cambridge.

Jaffe, Austin J. & Demetrios, Louziotis Jr. (1996) "Property Rights and Economic Efficiency: A Survey of Institutional Factors." *Journal of Real Estate Literature*, vol. 4, no. 2 (July 1996), pp. 137-159.

Kanazawa, Mark T. (1998) "Efficiency in Western Water Law: The Development of the California Doctrine, 1850-1911." *Journal of Legal Studies*, vol. 27, no. 1 (January 1998), pp. 159-185.

Musole, Maliti (2009) "Property rights, transaction costs and institutional change: Conceptual framework and literature review." *Progress in Planning*, vol. 71, pp. 43-85.

An abundant source of literature can also be found at the web-site of Encyclopedia of Law and Economics. For instance on Property Rights Approach: https://link.springer.com/referenceworkentry/10.1007/978-1-4614-7883-6_746-1. An extensive exploration of the web-site content is strongly recommended.

Literature with main stress on commons

Bromley, Daniel W. & Cernea, Michael M. (1989) *The Management of Common Property Natural Resources. Some Conceptual and Operational Fallacies*. World Bank Discussion Papers 57. World Bank, Washington, D. C.

Committee on the Human Dimensions of Global Change: Elinor Ostrom et al. [Eds] (2002) *The Drama of the Commons*. National Academy Press, Washington, DC.

Dolšak, Nives & Ostrom, Elinor [Eds] (2003) *The Commons in the New Millenium. Challenges and Adaption*. MIT Press, Cambridge, Mass.

Ostrom, Elinor (1990) *Governing the Commons. The Evolution of Institutions for Collective Action*. Cambridge University Press, Cambridge.

van Gils, Hein; Siegl, Gerhard & Benett, Rohan Mark (2013) "The living commons of West Tyrol, Austria: Lessons for land policy and land administration." *Land Use Policy*, vol. 38, pp. 16-25.

Also for common property, an abundant source of literature can be found at the web-site of Encyclopedia of Law and Economics: https://link.springer.com/referenceworkentry/10.1007/978-1-4614-7883-6_532-1. As stated above, an extensive exploration of the web-site content is strongly recommended.

Philosophical, legal and political perspectives on property

Hohfeld, Wesley Newcomb (1919) *Fundamental Legal Conceptions as Applied in Judicial Reasoning*. Edited by Walter Wheeler Cook. Yale University Press, New Haven.

Marcuse, Peter (1996) "Privatization and its Discontents: Property Rights in Land and Housing in the Transition in Eastern Europe." In: Andrusz, Gregory; Harloe, Michael & Szelenyi, Ivan [Eds.] *Cities after Socialism: Urban and Regional Change and Conflict in Post-Socialist Societies*. Wiley-Blackwell, Oxford.

Munzer, Stephen R. (1990) *A Theory of Property*. Series: Cambridge Studies in Philosophy and Law. Cambridge University Press, Cambridge.

Reeve, Andrew (1986) *Property*. Series: Issues in Political Theory. MacMillan, London.

Riker, William H. & Weimer, David L. (1995). "The Political Economy of Transformation: Liberalization and Property Rights." In: Banks, Jeffrey S. & Hanushek, Erica A. [Eds.] (1995) *Political Economy. Old Topics, New Directions*, pp. 80-107. Cambridge University Press, Cambridge.

Ryan, Alan (1984) *Property and Political Theory*. Basil Blackwell, Oxford.

Social Philosophy and Policy is an interdisciplinary journal with an emphasis on the philosophical underpinnings of enduring social policy debates. The issues are thematic in format, examining a specific area of concern with contributions from scholars in different disciplines, especially philosophy, economics, political science and law. The second issue during 1994 (vol. 11, no. 2, [Summer 1994]) were "Property Rights".