

Coase v. Scott (1969)

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Abstract

At a 1969 conference, Coase provided rather scathing comment on a paper co-authored by Scott (Economics of Fisheries Management: A Symposium, University of British Columbia, Vancouver, 1970.) That comment is remarkable inasmuch as Scott thought that he was using a transactions cost approach based upon Coase (1960). This paper will argue that the Coase commentary reflects fundamentally different paradigms of neo-classical economists and the “new institutionalists.” The gap between those two paradigms remains today and has a significant influence on the research and policy agenda for fisheries. Neo-classical fisheries economists routinely refer to ITQs as property rights and they tend to conclude that ITQs have “solved” the efficiency problems of fisheries. The new institutionalists would insist that ITQs are simply government regulation, subject to all the failings of regulatory systems. For them, the quest for solutions based on property rights, rather than regulatory rights, remains. The paper will argue that Scott was actually trying to bridge those two paradigms in 1969 and, indeed, has continued work on that bridge throughout his career. Coase’s comment might be interpreted as an objection that such an ideological bridge cannot be built. That economics has for 35 years been unable to move beyond ITQs (despite some heroic contributions by Scott) suggests that Coase’s comment was prescient.