

Chapter 6

1. In schoolyard or family settings, children often establish priority over a valued item or right by “calling it.” Discuss this method of establishing property rights.
2. Some economists have argued that the key ingredient to successful economic development is a well-defined and easily enforceable system of property rights. Discuss the logic of this argument.
3. Discuss the challenges facing intellectual property law in the digital age.
4. Orchard owners often allow beekeepers on their land because the bees pollinate the blossoms on the fruit trees, while the nectar from the flowers allows the bees to produce honey. Sometimes beekeepers pay land rent to the orchard owners, and sometimes orchard owners pay the beekeepers. Can you explain these arrangements?
5. Explain the role of patent protection in encouraging entrepreneurs to invest in new products. Are there ways besides patent protection that will give entrepreneurs incentives to invest?
6. In professional sports leagues, new players are usually allocated to teams by a draft system rather than by a free labor market (free agency). In most drafts, teams choose in reverse sequence of their place in the standings in the previous season. Are drafts an efficient way to allocate players? If not, why do you think leagues use them? How does the ability of teams to sell/trade their draft picks affect your answer?
7. Describe the doctrine of “fair use.” What is the economic rationale for allowing someone to make use of another’s creation without first obtaining his or her permission? Doesn’t this weaken the owner’s property right?
8. Both whalers and pirates were typically paid a share of the proceeds (profit or booty) from any voyage. Why was this method used rather than a fixed wage? Suppose it was observed that on average, both earned more than workers in other land-based (and legal) businesses. What would account for this? What if they earned less?