

考 試 科 目	專業英文	所 別	地政學系	考 試 時 間	5 月 11 日(六)第節
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A. Please read following passage, then answer the following questions in Chinese.

1. Why should the economists focus on the property rights? (25%)
2. Do you think Taiwan needs to modify the existing property rights institutions? (25%)

Property rights are the social institutions that define or delimit the range of privileges granted to individuals to specific assets, such as parcels of land or water. Private ownership of these assets may involve a variety of rights, including the right to exclude nonowners from access, the right to appropriate the stream of rents from use of and investments in the resource, and the right to sell or otherwise transfer the resource to others. Property rights institutions range from formal arrangements, including constitutional provisions, statutes, and judicial rulings, to informal conventions and customs regarding the allocations and use of property. Such institutions critically affect decision making regarding resource use and, hence, affect economic behavior and performance. By allocating decision-making authority, they also determine who are the economic actors in a system and define the distribution of wealth in a society. Because of their important social role, property rights institutions have been the subject of attention by economists and economic historians, as well as by political scientists and sociologists. Surveys of the economics and economic history literature are provided by Furubotn and Pejovich (1972), North (1978), De Alessi (1980), and Libecap (1986). The focus of this literature largely has been on how various property rights arrangements affect behavior, which ranges from the wasteful practices associated with open-access or common pool settings to the wealth-maximizing actions possible with secure private property rights.

Because of the overwhelming advantages of secure property rights, economic agents often are hypothesized to adopt or to modify property

rights in order to mitigate the losses of the common pool, as soon as the private benefits of so doing outweigh the private costs. Forces that drive these adjustments in property rights include new market prices and production possibilities to which old arrangements are poorly attuned (Demsetz, 1967). Davis and North (1971, p. 39) are explicit in the argument: "It is the possibility of profits that cannot be captured within the existing arrangement structure that leads to the formation of new (or the mutation of old) institutional arrangements." In other words, it is argued that market forces tend to erode property rights institutions that are ill suited for responding to new economic opportunities. If the existing rights structure limits or blocks reaction to changes in relative prices or technology, the existence of unexploited potential gains will lead individuals to adopt more accommodating property rights.