

Introduction

The purpose of this special issue of the *Statsvetenskaplig Tidskrift* is to present contributions in economics which are closely related to the subject matter of other social sciences. The papers printed are a sample of the contributions to the symposium on the Economic Theory of Institutions held at Frostavallen outside Lund in September 1979. This symposium was sponsored by the Arne Ryde Memorial Fund and the administrative responsibility was undertaken by the Department of Economics of the University of Lund. The scope of the symposium was to discuss the behaviour of, and the interactions among, institutions in a society of the mixed-economy type. The main areas of interest were property rights and contracts, public choice and institutions such as unions, bureaucracies and different types of enterprises.

It is fitting that these papers should be published by the *Statsvetenskaplig Tidskrift* (The Swedish Journal of Political Science). For a long time the *Statsvetenskaplig Tidskrift* has contained contributions not only in political science but also in economics. When neo-classical micro-theory and Keynesian macro-theory dominated economic science, Johan Åkerman, Professor of Economics in Lund between 1944 and 1961 argued strongly for a more synthetic approach to research in economics in which the institutional framework and political behaviour are an integral part. Åkerman was a pioneer in studies of the interaction between economic and political developments. From his many contributions in this area one cannot escape the feeling that many problems that now seem new and fresh were actually part of earlier economic science and that the interaction between economics and politics has been sadly neglected over the past couple of decades.

Economic science in Lund has a long, although interrupted, tradition in being integrated with other social sciences, especially political science.

Erik Lindahl's thesis *Die Gerechtigkeit der Besteuerung* was admitted in Lund in 1919. He was obviously building on the work of one of the giants of economic science, Knut Wicksell, who was Professor of Economics and Fiscal Law in Lund between 1900 and 1916. Wicksell's seminal work *Finanztheoretische Untersuchungen* in 1896 marks the beginning of much of what is now called public choice. Not only did he formulate the unanimity principle for the determination of optimal allocation of public goods but he also studied the implications of different voting rules.

We can, perhaps stretching the point a little, trace the tradition further back through the centuries. Just after the University of Lund was founded in 1668, the German scholar Samuel von Pufendorf was appointed Professor in Law and Jurisprudence. From his work *De officio hominis et civis juxta legem naturalem*, first published in Lund in 1673, we quote the introduction to his chapter on price formation:

"After ownership had been introduced, and since all things were not of the same nature, and did not yield the same services to human necessities, and no one had that abundance which he desired for his needs, it soon became customary among men to exchange commodities." (English translation from the Latin original in the edition published in New York in 1927.)

Appropriately, this volume begins with a paper on property rights in which Carl J. Dahlman attempts to establish the nature of the connection between property rights and economic institutions. The second paper by Mats Lundahl analyses how the system of property rights in Haitian agriculture has been influenced by population growth.

The next two papers by James M. Buchanan and Dennis C. Mueller develop aspects of organizations that are largely neglected in traditional micro-theory. Buchanan discusses the role of en-

trepreneurship and Mueller develops an analogy between power and profits as driving forces.

The contributions by Svetozar Pejovich and Per-Olof Bjuggren each provide examples of enterprises that differ from the conventional neo-classical "capitalist" firms with regard to ownership and incentive structure. Both authors treat some important aspects of the behaviour of labour-managed firms with special reference to firms of the Yugoslav type. Bjuggren's paper also contains an empirical comparison between firms of a traditional type owned by private stockholders and firms owned by producer cooperatives.

Levis A. Kochin estimates the social costs of unions due to the mis-allocation of labour between unionized sectors with relatively high wages and non-unionized sectors with lower wages and to different types of rent-seeking behaviour.

The last three papers consider different features of government. Michael D. Bordo and Daniel Landau interpret government as being essentially a "protection agency" for the lives, property and permanent income of its citizens. Friedrich Schneider and Werner W. Pommerehne discuss

the issue of fiscal illusion. Finally, Thomas Wilson examines the role of economists and welfare theory with respect to the welfare state.

This collection of papers is not intended to provide comprehensive coverage of the economic theory of institutions. Rather, the aim is to show how new thinking in economics might facilitate a better understanding of some areas of mutual interest to economists and other social scientists.

The editors would like to express their great appreciation for the financial support received from the Arne Ryde Memorial Foundation. We are also indebted to The Swedish Council for Research in the Humanities and Social Sciences, and to Torbjörn Vallinder, the editor of *Statsvetenskaplig Tidskrift*, who has provided us with generous assistance in editing this volume. James and Jane Love have given us valuable linguistic guidance on several of the contributions of non-native English-speaking authors.

Lund, February 1981

Lars Jonung

Ingemar Ståhl