

Tenancy in "Anticommons"? A Theoretical and Empirical Analysis of Co-ownership

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Motivation

Tenancy in common:

- Tragedy of the commons? **No!**
- Tragedy of the anti-commons? **No!**
- Loss of Black farms? **Misunderstood.**

Theoretical arguments

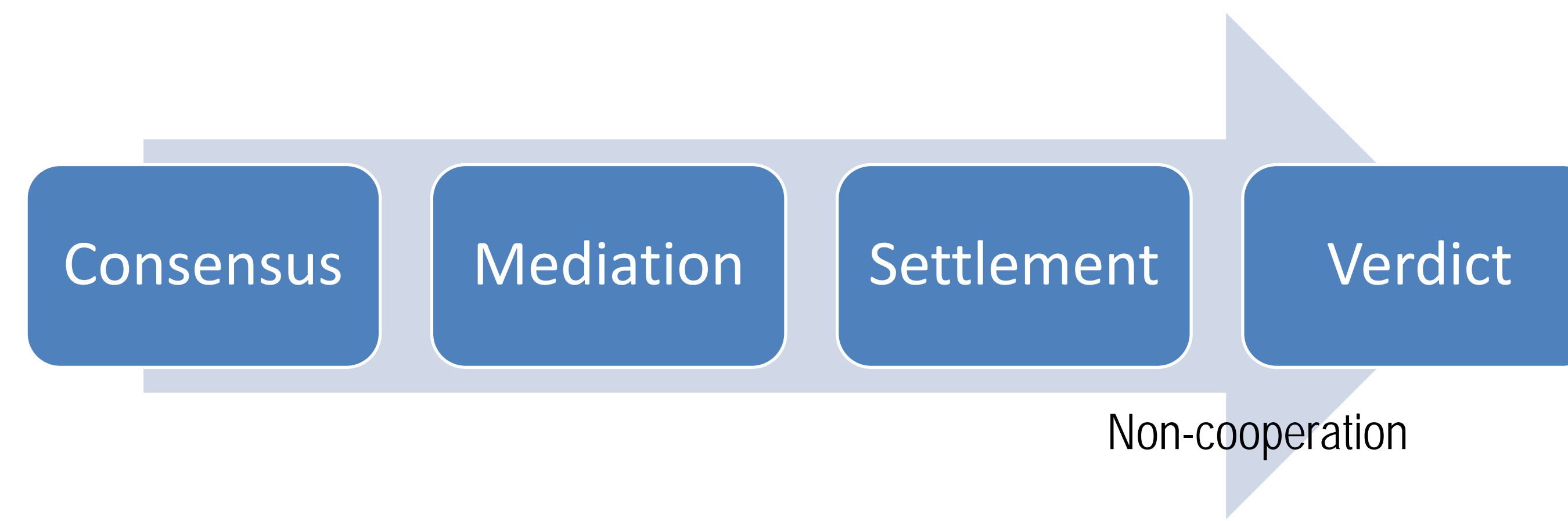
Better framework

- **Fragmentary share problem**
- Underuse and underinvestment = **anticommons**
- But NOT tragic
- Unilateral partition right as the escape hatch
- **Fragmentary land problem**
- Conditions
 - Small size of co-owned land
 - Large number of co-tenants
 - Physical division

Empirics: Data

- Data 1:
 - Taiwan, 2005 – 2010
 - All registrations of partition by consensus, mediation, settlement, or adjudication
 - Not including: partitions by sale
 - N>56,000
- Data 2:
 - all district court verdicts in Taiwan, 2005 – 2010
 - N=6790
- Data 3:
 - Stratified random sample of 25% of all district court verdicts in Taiwan in 2008–2010.
 - N=619.
- Data 4:
 - Distribution of the # of co-owners on Feb.11, 2011 in Taiwan
 - N>17 million

Does cooperation among co-tenants often fail?



Empirical Strategy

		Partition methods	
		Voluntary	Involuntary
Partition approaches	Divide	Partition in kind by consensus	Partition in kind by court
	Sell	Partition by sale by consensus	Partition by sale by court
	Hybrid	Partial partition by consensus	Partial partition by court

–Cooperation: **partition by consensus**

–Non-cooperation: **partition by court**

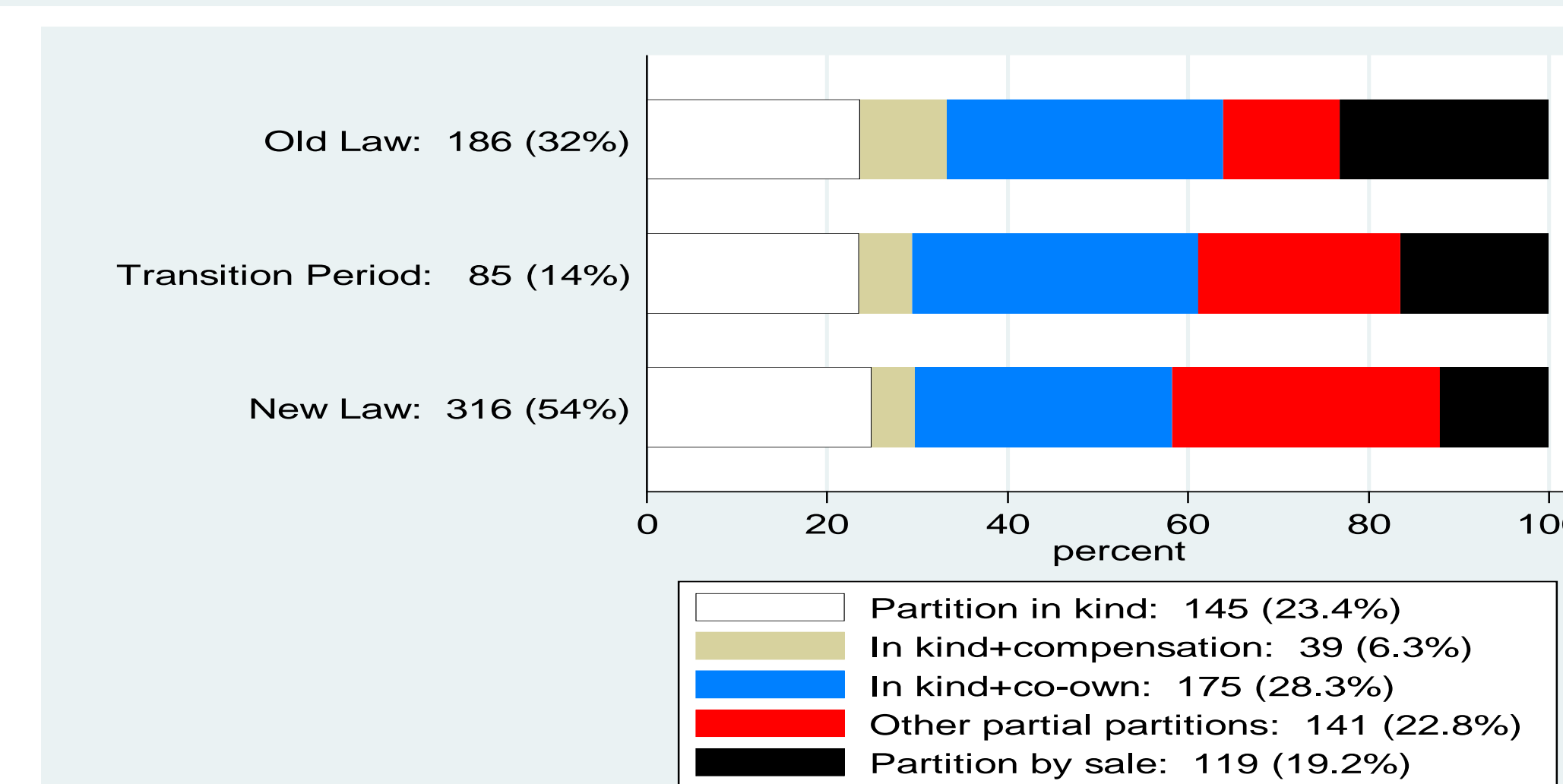
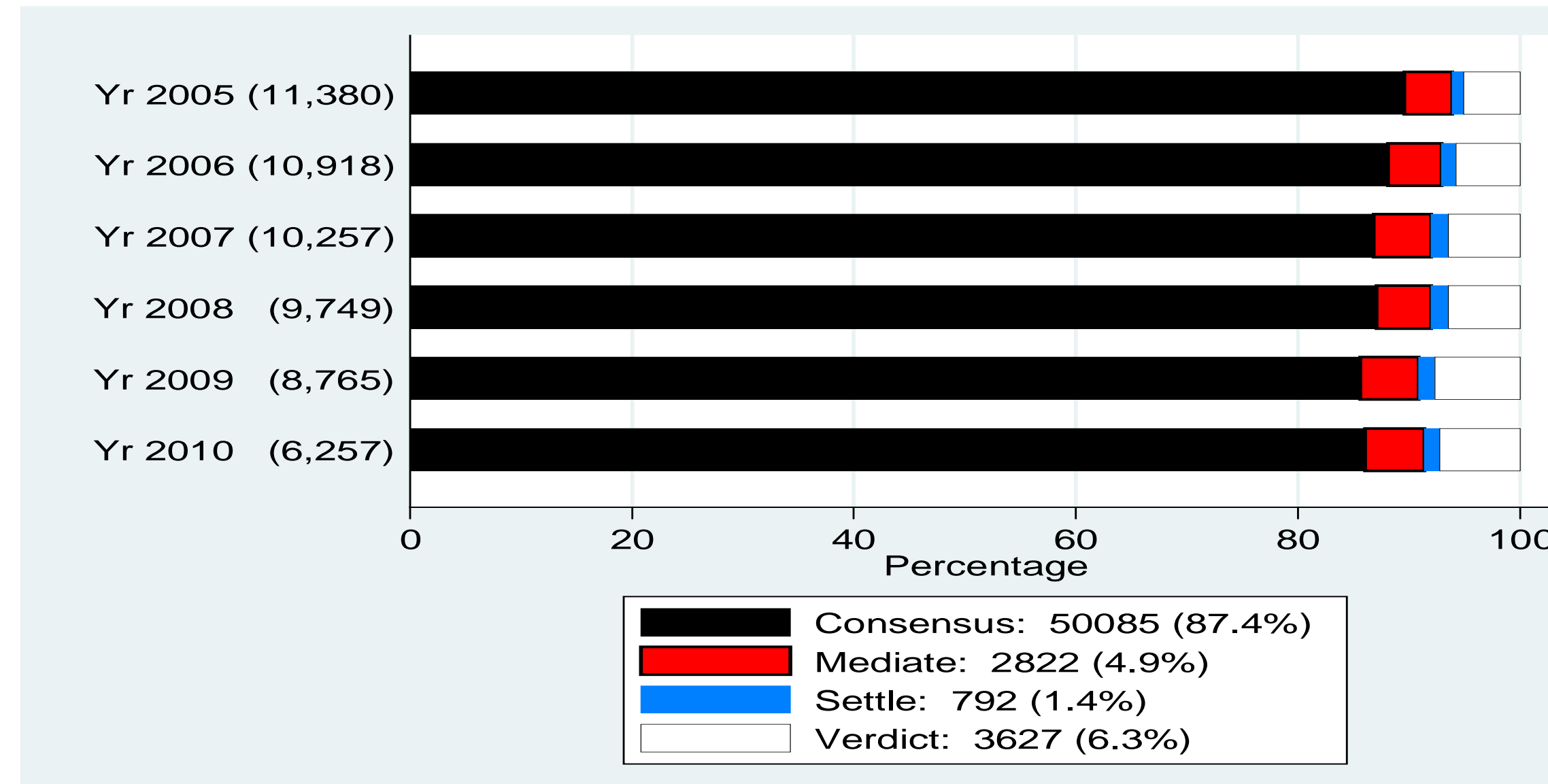
	By consensus	Through mediation in a local mediation committee	Through other types of mediation	Through settlement	By court	Total
Partition in kind and partial partition	50,085	284	2,538	74	3,627	56,608
Partition by sale	0	0	2,538	718	862	4,118
Total	50,085	284	5,076	792	4,489	60,726

Computed number. Estimated number. Assumed number.

Cooperation rate = 82.5% = 50085 / 60726

Non-cooperation rate = 7.5% = 4489 / 60726

Partition in kind and partial partition of co-owned land



Do co-tenants or courts tend to "share-chop"?

- 2 multinomial logistic regression models
- Dep. var.: choice among partition by sale, partition in kind, and partial partition.
- Whether the **court** / **plaintiff** tends to choose partition by sale when "co-tenant's / plaintiff's minimum land size" is small.

The court model

	Dependent variable: partition approaches ordered by the court (Partition by sale as the base)	
	Partition in kind (1)	Partial partition (2)
Natural log of co-tenant's minimum land size	0.6189*** (0.1533)	0.5851*** (0.0869)
Natural log of plaintiff number	-0.1646 (0.7081)	-0.3745 (0.7293)
Natural log of defendant number	-0.9739* (0.4022)	-0.2582 (0.2346)
=1 if any plaintiff prefers partition in kind	2.6966** (0.8469)	-1.6209+ (0.9708)
=1 if any defendant prefers partition in kind	1.4990+ (0.8207)	0.2323 (0.8710)
=1 if before amendment was passed	-2.1777*** (0.6030)	-0.9204 (0.5761)
=1 if after amendment was passed but before effective	-0.7255 (1.2985)	-0.8094 (0.6441)
constant	-2.2588* (1.0233)	0.1633 (0.7251)
Zoning dummies	Yes	Yes
Pseudo R-Square	0.5060	
N	404	

The plaintiff model

	Dependent variable: partition approaches petitioned by the plaintiff (Partition by sale as the base)	
	Partition in kind (1)	Partial partition (2)
Natural log of plaintiff's minimum land size	0.7000*** (0.1593)	0.6925*** (0.1114)
Natural log of plaintiff number	-0.3034 (0.8025)	-0.3058 (0.4870)
Natural log of defendant number	-1.0775*** (0.2543)	0.1093 (0.1756)
=1 if any defendant prefers partition in kind	2.6835*** (0.6557)	-1.1724 (0.8472)
=1 if before amendment was passed	1.3125** (0.4468)	0.3481 (0.4173)
=1 if after amendment was passed but before effective	0.3187 (0.5995)	0.4559 (0.7543)
constant	-2.8462*** (0.8368)	-2.8539*** (0.8160)
Zoning dummies	Yes	Yes
Pseudo R-Square	0.4144	
N	396	

