

Pioneers in Law and Economics: Benjamin Klein

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I've mentioned [previously](#) that my colleague Lloyd Cohen and I are editing a volume for Edward Elgar Publishing on *Pioneers in Law and Economics*. Look for details in this space soon on a full list of contributing authors and subjects as well as where to buy the book! One of the perks of co-editing a volume like this was that I was able to assign myself the chapter on my dissertation advisor and [co-author](#) Benjamin Klein.

Most readers of our blog will be very familiar with the work of UCLA economists Armen Alchian and Harold Demsetz, but perhaps less familiar with the significant and pioneering contributions that Klein has made to L&E. Most fellow L&E travelers will know the canonical pieces: Klein, Crawford and Alchian (1978) on asset specificity and holdup, Klein and Leffler (1981) on brand names, reputational enforcement and quality assurance, Priest & Klein (1984) on settlement and litigation, Klein and Murphy (1988) on vertical restraints, and his many contributions to the theory of the firm including the well known dispute over the meaning of the events surrounding GM's acquisition of Fisher Body in 1926 (1996, 2000, 2007; Klein & Murphy (1997)). Antitrust buffs are also likely to be familiar with Klein & Kenney (2000) on block booking, his more recent work with co-authors Andres Lerner and Kevin Murphy on exclusive dealing, and perhaps even seen his paper on [slotting allowances](#) in the JLE.

In the essay, I try to pull together the two primary strands of Klein's work, the use of brand names and reputational mechanisms in enforcing contractual arrangements and the use of contract terms to prevent holdup and facilitate self-enforcement. Here is the abstract:

This chapter in the book PIONEERS OF LAW AND ECONOMICS explores the contributions of Benjamin Klein to law and economics. I explore the intellectual foundations of Klein's pioneering analysis of the hold-up problem, the theory of the firm, vertical restraints, franchising, and the role of contract terms in facilitating self-enforcement of contractual relationships. I also discuss the significant influence of Klein's work on antitrust law, as well as its implications for contract interpretation. Klein's pioneering work over the past 30 years has not only provided us with a much greater understanding of contractual arrangements, but also a model for law and economics scholars and economists interested in explaining real world phenomenon rather than merely producing blackboard insights.

[Download it!](#) I hope you enjoying reading it as much as I enjoyed writing it. I also want to publicly acknowledge Scott Masten for extensive comments on an earlier draft.

P.S. If you're interested in a preview of other Chapters from the *Pioneers* volume, Larry Ribstein's entry, [Henry Manne: Intellectual Entrepreneur](#), and Kate Litvak's, [Frank Easterbrook and Daniel Fischel](#), are both available on SSRN right now.



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