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Empirical Research in Transaction Cost Economics: Challenges, Progress, Directions

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As recent surveys amply document (see Joskow, 1988; Shelanski, 1992; Crocker and Masten 1994), “the research that must be performed to estimate the exogenous parameters and to test the theory” is well underway.

“Transaction costs have a well-deserved bad name as a theoretical de vice... [partly] because there is a suspicion that almost anything can be rationalized by invoking suitably specified transaction costs.”

S. Fischer, 1977 (as quoted in Williamson, 1979)

“Since [transaction costs] are typically introduced into the analysis in a casual way, with no empirical support except to appeal to introspection and common sense, mechanisms of these sorts have proliferated in the literature, giving it a very *ad hoc* flavor.... Until [the empirical research that must be performed to

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