

A Quantitative Analysis of Lighthouse Provision

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Abstract

Using a national survey data on lighthouses conducted by the Japanese government in 1883, we provide quantitative evidence for Coase (1974)'s argument that private sectors played a significant role in lighthouse provision. Lighthouses founded by private sectors accounted for half of the lighthouses existed as of the timing of the survey, and we found no systematic difference in quality between private lighthouses and public ones. We found, however, that lighthouses operated by private sectors had shorter longevity than those operated by public sectors, which suggests a possibility that private sectors faced with free rider problem.

Keywords: lighthouse, public goods, free rider problem

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