

Econ 829: The Economics of Institutions

Fall 2014: Professor John V.C. Nye (jnye@gmu.edu)

The required book is Gary Miller's *Managerial Dilemmas*. The rest of the material comes from journal articles. This list is just a basic starting point and *papers will be added as deemed necessary*. **Students are fully responsible for any additional readings assigned in class.**

**Grades will be based on a required paper due by 5 p.m. on MONDAY, December 15, 2014. Both a hard copy submitted or mailed to my Carow Hall office, and an emailed file in Word Format are required. It should not exceed 20 double-spaced pages (normal margins, 12 point, Times Roman font). \*\*Topics need to be *preapproved* and should normally have an empirical component, usually an econometric test or a well-specified case study.\*\***

**My office is in Carow 5A and hours are from Wed 1:30 to 3 pm or by appt. 703-993-4272.**

### **Reading List**

#### **Introduction to The New Institutional Economics: Coase and Transactions Costs**

Coase, "The Nature of the Firm" *Economica*

Williamson, O. 2000. "The New Institutional Economics: Taking Stock, Looking Ahead," JEL.

#### **Transactions Costs and the Theory of the Firm**

Alchian, A. and Demsetz, H. "Production, Information Costs, and Economic Organization," AER 1972

Grossman and Hart, 1986, "The Costs and Benefits of Ownership" JPE.

Joskow, P. 1987 "Contract Duration and Relationship Specific Investments" AER

Klein, Crawford, and Alchian, 1978 "Vertical Integration, Appropriable Rents and the Competitive Contracting Process," JLE

Williamson, O. "Credible commitments: Using Hostages to Support Exchange"  
1983 AER.

Crocker and Masten, "Regulation and Administered Contracts Revisited: Lessons  
from Transaction-Cost Economics for Public Utility Regulation" *Journal of Regulatory  
Economics*, 1996.

Masten, Scott. "Modern Evidence on the Firm" AER 2002.

### **Organization and Hierarchy I**

Miller, *Managerial Dilemmas*, Chapters 1-4

### **Organization and Hierarchy II**

Miller, *Managerial Dilemmas*, Chapters 5-7

### **Organization and Hierarchy III**

Miller, *Managerial Dilemmas*, Chapters 8-11

### **Institutions and Political Economy**

North, 1991 "Institutions" JEP

North, 1994 "Economic Performance Through Time" AER

North and Weingast, 1989 "Constitutions and Commitment" JEH.

Demsetz, 1967 "Towards a Theory of Property Rights," AER

### **Interest Groups and Domestic Politics**

Krueger, 1991 "The Political Economy of Controls: American Sugar"

Tullock, Gordon (1967). "The Welfare Costs of Tariffs, Monopolies, and Theft".

*Western Economic Journal (now Economic Inquiry)* 5: 224–32.

Krueger, Anne (1974). "The Political Economy of the Rent-Seeking Society".  
*American Economic Review* **64**: 291–303.

Weingast and Marshall, 1988 "The Industrial Organization of Congress" JPE

### **The Organization of the State**

Olson, and McGuire 1996. "The Economics of Autocracy and Majority Rule" JEL  
Acemoglu and Robinson, 2008 "Persistence of Elites, Power and Institutions",  
AER.

Cox and McCubbins, "The Institutional Determinants of Policy Outcomes"  
Nye, 1997 "Thinking About the State" in Drobak and Nye, eds. *Frontiers of the  
NIE*.

Mokyr and Nye, 2007. "Distributional Coalitions, the Industrial Revolution, and  
the Origins of Economic Growth in Britain", *Southern Economic Journal*

North, Wallis, Weingast, 2006. "A Conceptual Framework for Interpreting  
Recorded Human History," NBER Working Paper 12795

### **Do Economists Care About Institutions?**

Rodrik, Subramanian and Trebbi, "Institutions Rule: The Primacy of Institutions  
Over Geography and Integration in Economic Development"

Acemoglu, Johnson, and Robinson, 2001 "The Colonial Origins of Comparative  
Development" AER

Acemoglu, Johnson, and Robinson, 2005 "The Rise of Europe" AER

Alesina, et al 2012 "Ethnic Inequality". Working paper.

Glaeser, et al. 2004. "Do Institutions Cause Growth?" JEG.

### **Do Formal Laws Matter?**

Stone, Levy, and Paredes, "Public Institutions and Private Transactions in Brazil and Chile"

North, Summerhill, and Weingast "Order, Disorder, and Economic Change: Latin America vs. North America."

Arrunada, 2007 "Pitfalls to Avoid When Measuring the Institutional Environment: Is 'Doing Business' Damaging Business?" *Journal of Comparative Economics*.

Djankov, La Porta, Lopez, and Shleifer, 2002 "The Regulation of Entry" QJE

### **Culture, Social Capital and Institutions**

Greif, "Cultural Beliefs and the Organization of Society," 1994, JPE.

Greif, Iygun, and Sasson 2013 "Social Organization, Risk-Sharing Institutions and Industrialization" forthcoming, AER Papers and Proceedings.

Fisman, R and E. Miguel (2007). "Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets," *Journal of Political Economy*, 115(6), p1020-1048.

Jones and Nye, 2011, "Human Capital in the Creation of Social Capital: Evidence from Parking Tickets." Working paper.

Glaeser, E.L., D. Laibson and B. Sacerdote (2002). "An Economic Approach to Social Capital," *Economic Journal*, 112(November), F437-F458.

Putterman, L., J. Tyran and K. Kamei (2010). "Public Goods and Voting on Formal Sanction Schemes: An Experiment," Working paper, Brown University.