Econ 829: The Economics of Institutions

Fall 2019: Professor John V.C. Nye (jnye@gmu.edu)

The required books are Gary Miller’s *Managerial Dilemmas* and Olson’s *The Rise and Decline of Nations*. The rest of the material comes from journal articles. This is 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 4 p.m. on Thursday, December 12, 2019. *Both* a hard copy left in my mailbox 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) and one-sided printing. **Topics must 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*


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


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.


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

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

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


Olson, Mancur. *The Rise and Decline of Nations.*

**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.

Nye, 1997 “Thinking About the State” in Drobak and Nye, eds. *Frontiers of the NIE.*


**Do Economists Care About Institutions?**


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


Culture, Social Capital and Institutions

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


