Econ 829: The Economics of Institutions

Fall 2022: 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 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 pm on Thursday, December 8, 2022 as well as a class presentation on Thursday, December 1, 2022. 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). **Topics must be pre-approved** and should normally have an empirical component, usually an econometric test or a well-specified case study.**

My office hours in Carow 5A are from Wed 1:30 to 3 pm or by appt. via email.

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**


*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.


