Description
This class surveys the wide-ranging and rapidly growing literature on the economics of institutions and organizations, with an emphasis on applications and evidence. We begin with the methods and fundamental concepts (property rights, transaction costs, agency costs, information costs) that underlie research in the "new institutional economics." We turn next to a study of the institutional environment, the background constraints, or "rules of the game," that guide individuals' behavior. These can be both formal, explicit rules (constitutions, laws, property rights) and informal, often implicit rules (social conventions, norms). We conclude with a study of institutional arrangements, specific guidelines designed by trading partners to mediate particular economic relationships. Business firms, long-term contracts, public bureaucracies, nonprofit organizations, and other contractual agreements are examples of institutional arrangements. Class methods include readings, lectures, group discussions, and student presentations. Knowledge of economic theory at the intermediate undergraduate level is assumed.

Schedule and reading list
The following schedule indicates the topics and readings for each class meeting. Please be sure to read the assigned material before the meeting. Required readings are preceded by an asterisk (*); recommended supplementary or background readings are preceded by a dagger (+). Other items are included for bibliographic completeness. (Beginning with Part Four, students will be assigned to lead the discussion on particular articles, so the "required" and "recommended" identifiers are subject to change. I also welcome student suggestions for articles to be added to the list.)

Items in gold below are in the "Course Materials" section of Blackboard. The rest are linked below. (Some of these links will work only from on-campus computer. To access these materials from off-campus computers, you will need to install the VPN client.)

The schedule is preliminary and subject to change, so check back frequently for updates.

PART ONE: INTRODUCTION
Week of August 25: Introduction


**PART TWO: METHOD**

**Week of September 1: Method**

Methodological individualism


Comparative institutional analysis


Economics and sister disciplines


PART THREE: FOUNDATIONAL CONCEPTS

Week of September 8: Property rights and transaction costs

Property rights


Transaction costs


Review of Austrian Economics 26, no. 4 (December 2013), articles by McCloskey, Mokyr and Espín-Sánchez, Langlois, and Allen.


Week of September 15: Agency and information costs

Agency costs

Information costs


PART FOUR: THE INSTITUTIONAL ENVIRONMENT

Week of September 22: The legal environment and property rights


The research paper list at freetheworld.com.

Week of September 29: Norms, culture, and social conventions


**Week of October 6: Political economy**

* Jonathan Cohn, "When Did Political Science Forget About Politics?" *New Republic*, October 25, 1999.


**Week of October 13: Applications to economic history and development**


Thursday, October 23: Midterm exam

**PART FIVE: INSTITUTIONAL ARRANGEMENTS**

**Week of October 27: Coase and the nature of the firm**


**Week of November 3: Moral hazard and agency**


**Weeks of November 10 and 17: Transaction cost economics**


**Week of November 24: Thanksgiving holiday**

**Week of December 1: The property-rights approach**


**If time: Resource-based theories**


**PART SIX: WRAP-UP**

**Week of December 8: Review**


**Tuesday, December 16: Final exam (7:30-9:30am)**