The New Institutional Economics  
Econ 4504

Professor Lee J. Alston       Fall 2011
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http://www.colorado.edu/ibs/EB/alston/

I. COURSE DESCRIPTION
The basis of the New Institutional Economics (NIE) is that formal institutions, e.g., laws, and informal institutions, e.g., norms and culture, are important determinants of individual and group behavior. Behavior, including contracts, affect socio-economic development. Our initial focus is to understand how institutions lead to different socio-economic paths of development. After understanding the grand forces at play in shaping development paths, we will explore at a more micro level the outcomes of institutions, e.g. the rights that individuals and groups have to resources (property rights); and the forms of organization of production and exchange (markets and contracts). For economics this course will complement courses in economic development, economic history, industrial organization and regulation.

II. REQUIREMENTS
This is an upper division economics course that places a heavy emphasis on the participation of students as well as critical writing assignments. Class attendance is strongly recommended, unless you are ill. NOTE: repeated absence (more than 10%) will result in a low class participation grade unless due to illness. Students are expected to attend class sessions and complete the assigned readings prior to class. It is required that students have successfully completed both Microeconomics and Macroeconomics prior to the start of this course.

The final grade is determined as follows:
Class participation: 25%
Term Paper Presentation and draft: 25%
Revision of Term Paper: 20%
Critiques of term papers of other students: 15%
Critiques of Institutions Workshop Papers: 15%

III. READINGS
Readings will include books and articles. Assigned articles and book chapters are listed in the course schedule.
Required: Institutions, Institutional Change and Economic Performance by Douglass North
Course website: http://www.colorado.edu/ibs/eb/alston/

*If reading assignments change somewhat during the course of the semester, you will be notified in advance.
IV. SCHEDULE

Aug 22  Do I Want To Take This Class?

Aug 24  The NIE: What is it?
        Alston, Lee J. “The New Institutional Economics” (posted on website)

Aug 26  Understanding the Big Picture I
        Alston, Eggertsson and North: Introductions and Epilogue (posted on the website)

Aug 29 & 31  Understanding the Big Picture II
             North, Institutions, Institutional Change and Economic Performance

Sept 2 & 7  Understanding the Big Picture III
            Acemoglu, Johnson and Robinson, “Institutions as the Fundamental Cause of Long-Run Growth” (posted on the website)

Sept 9  Critique of Paper at Institutions Workshop
        I will email to the class

Sept 12  Understanding the Big Picture IV
         Shirley, Institutions and Development: p.611-638 (posted on website)

Sept 14  Understanding the Big Picture V
         North, Wallis and Weingast “Social Orders and Violence” (posted on website)

Sept 16  Critique of Paper at Institutions Workshop
         I will email to the class

Sept 19  Understanding the Big Picture VI
         Wallis, “Institutions, Organizations, Impersonality, and Interests: The Dynamics of Institutions” (posted on website)

Sept 21  Understanding the Big Picture VII
         Mokyr

Sept 23  Critique of Paper at Institutions Workshop
         I will email to the class

Sept 26  Understanding the Big Picture VIII
         Alston, Melo, Mueller and Pereira “Understanding Development in the Modern World: Power, Beliefs and Institutions” (posted on the website)

Sept 30  Critique of Paper at Institutions Workshop
         I will email to the class
Oct 3  
Understanding the Big Picture IX  
Ma, “Law and the Great Divergence: a ‘legal origin’ approach to traditional Chinese Economy” (will be posted on the web)

Oct 5  
Understanding the Big Picture X  
Alston and Gallo, “Electoral Fraud, the Rise of Peron and Decline in Checks and Balances” (posted on the website)

Oct 7  
**Critique of Paper at Institutions Workshop**  
I will email to the class

Oct 10  
Property Rights I – Where it all began  
Coase, “The Problem of Social Costs” (posted on website)

Oct 12  
Property Rights II  
Alston, Libecap and Schneider, “The Determinants and Impact of Property Rights: Census Data and Survey Results for Land Titles on the Brazilian Frontier” (posted on website)

Oct 14  
**Critique of Paper at Institutions Workshop**  
I will email to the class

Oct 17  
Property Rights on Historical Frontiers  
Alston, Harris and Mueller, “De Facto and De Jure Property Rights: Land Settlement and Land Conflict on the Australian, Brazilian and U.S. Frontiers” (posted on website)

Oct 19  
Property Rights and the State: Why don’t we get it right?  
Alston and Mueller, “Property Rights and the State.” (posted on the website)

Oct 21  
**Critique of Paper at Institutions Workshop**  
I will email to the class

Oct 24  
Why do firms exist?  
Coase, The Nature of the Firm

Oct 26  
The Firm/Market Boundary Expanded  
Alston and Gillespie, “Resource Coordination and Transaction Costs: A Framework for Analyzing the Firm/Market Boundary” (posted on website)

Oct 28  
**Critique of Paper at Institutions Workshop**  
I will email to the class

Oct 31  
Technology, Transaction Costs and Contracts in Agriculture  
Alston and Higgs: "Contractual Mix in Southern Agriculture Since the Civil War: Facts, Hypotheses and Tests," (posted on the website)
Nov 2  Agricultural Contracts and the Growth of the Welfare State
"Paternalism in Agricultural Labor Contracts in the U.S. South: Implications for the Growth of the Welfare State” (posted on website)

Nov 4  Norms and Contracts
Alston, Mattiace, and Nonnenmacher “Coercion, Culture and Debt-Contracts: The Henequen Industry: Yucatán, Mexico, 1870-1915” (posted on website)

Nov 7  Political Exchanges
Alston and Mueller “Pork for Policy: Executive and Legislative Exchange in Brazil” (posted on website)

Nov 9  Student Presentations
Nov 11 Student Presentations
Nov 14 Student Presentations
Nov 16 Student Presentations
Nov 18 Student Presentations
Nov 28 Student Presentations
Nov 30 Student Presentations

Dec 2  Critique of Paper at Institutions Workshop
I will email to the class

Dec 5  Student Presentations
Dec 7  Student Presentations

Dec 9  What have we learned?

V. THINGS YOU NEED TO KNOW / ACADEMIC POLICIES

Learning disabilities
If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services in a timely manner so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. Contact: 303-492-8671, Willard 322, and www.Colorado.EDU/disabilityservices

Religious Observance
Campus policy regarding religious observances requires that faculty make every effort to reasonably and fairly deal with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. The above remark on timely signaling of special accommodation needs applies also to religious observance needs. See full details at http://www.colorado.edu/policies/fac_relig.html

Class Behavior
Students and faculty each have responsibility for maintaining an appropriate learning environment. Students who fail to adhere to such behavioral standards may be subject to discipline. Faculty members have the professional responsibility to treat all students with understanding, dignity and
respect, to guide classroom discussion and to set reasonable limits on the manner in which they and their students express opinions. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, culture, religion, politics, sexual orientation, gender variance, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. See policies at http://www.colorado.edu/policies/classbehavior.html and at http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code

Academic Integrity
All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council (honor@colorado.edu; 303-725-2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at http://www.colorado.edu/policies/honor.html and at http://www.colorado.edu/academics/honorcode/

Discrimination & Harassment
The University of Colorado at Boulder policy on Discrimination and Harassment (http://www.colorado.edu/policies/discrimination.html, the University of Colorado policy on Sexual Harassment and the University of Colorado policy on Amorous Relationships applies to all students, staff and faculty. Any student, staff or faculty member who believes s/he has been the subject of discrimination or harassment based upon race, color, national origin, sex, age, disability, religion, sexual orientation, or veteran status should contact the Office of Discrimination and Harassment (ODH) at 303-492-2127 or the Office of Judicial Affairs at 303-492-5550. Information about the ODH and the campus resources available to assist individuals regarding discrimination or harassment can be obtained at: http://www.colorado.edu/odh