

The New Institutional Economics

Econ 4504

Professor Lee J. Alston
Email: Lee.Alston@colorado.edu
Office: ECON 202
Office Hours: TTH 1:00-2:00
303 492 4257 (IBS)
303 735 4136 (Econ)
<http://www.colorado.edu/ibs/EB/alston/>

Fall 2013
TTH 1100-12:15
Econ 117

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 (greater than 3) will result in a lowered class participation grade unless due to illness. Students are expected to attend class sessions and complete the assigned readings prior to class. *To assure that you are carefully reading the assignments prior to class, I will call on you randomly during 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: 30% for assigned readings

Term Paper Presentation and draft: 35%

Revision of Term Paper: 20%

Class Participation of term papers of other students: 15%

III. READINGS

Readings will include a book and articles. Assigned articles and book chapters are listed in the course schedule.

Required Book:

Required Articles on 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 27	Do I Want To Take This Class?
Aug 29 & Sept 3	The NIE: What is it? Alston, Lee J. "The New Institutional Economics" (posted on website)
Sept 5 & 12	Property Rights I – Where it all began Coase, "The Problem of Social Costs" (posted on website)
Sept 17	Property Rights on Historical Frontiers Alston, Harris and Mueller, " <i>Development of Property Rights: Endowments, Norms and Politics</i> " (posted on website)
Sept 19	Topic and Reading to be announced. Write preliminary abstract (one paragraph) for term paper and turn in hard copy on Sept 24
Sept 24	Property Rights on Current Frontiers: Why Don't We Get It Right? 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); and Alston and Mueller, "Property Rights and the State." (posted on the website)
Sept 26	Why do firms exist? Coase, The Nature of the Firm Alston and Gillepsie, "Resource Coordination and Transaction Costs: A Framework for Analyzing the Firm/Market Boundary" (posted on website)
Oct 1	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)
Oct 3	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)
Oct 8	Norms and Contracts Alston, Mattiace, and Nonnenmacher "Coercion, Culture and Debt-Contracts: The Henequen Industry: Yucatán, Mexico, 1870-1915" (posted on website)
Oct 10	Understanding the Big Picture I Eggertsson, (posted on website)
Oct 15	Understanding the Big Picture II North, Wallis and Weingast "Social Orders and Violence" (posted on website) Wallis, "Impersonality"

- Oct 17 **Understanding the Big Picture III**
Alston and Gallo, “Electoral Fraud, the Rise of Peron and Decline in Checks and Balances” (posted on the website)
- Oct 22 **Understanding the Big Picture IV-**
Alston, Melo, Mueller and Pereira “Beliefs, Leadership and Critical Transitions – Introduction and Chapter 2
- Oct 24 Understanding the Big Picture V- *Final Abstract of Paper turned in*
Alston, Melo, Mueller and Pereira “Beliefs, Leadership and Critical Transitions – Part II and Chapters 3-6
- Oct 29** *Student Presentations*
- Oct 31** *Student Presentations*
- Nov 5** *Student Presentations*
- Nov 7** *Guest Lecture; Insights from the NIE for Business Management and Strategy*
- Nov 12** *Student Presentations*
- Nov 14** *Student Presentations*
- Nov 19** *Student Presentations*
- Dec 3** *Student Presentations*
- Dec 5** *Student Presentations*
- Dec 10** *Student Presentations*
- Dec 12** **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>