Institutional economics proceeds from the premise that many distinctive aspects of an economy stem from the nature of its institutions, conventionally defined as the humanly constructed rules that structure economic (and political) interactions. The origin and formation of institutions is an essential element of economic history and economic development. The properties and the effects of institutions can only be understood by applying systematic analysis. Such analysis requires theory and empirics, complemented by knowledge of the particularities of the pertinent institutions and their setting. In recent years, economists have come to view culture as having properties and effects very similar to those of institutions and therefore the course examines also the new literature on culture.

The comparative element recognizes the fact that institutions are often available only in discrete alternatives, which frequently differ considerably. Therefore, the standard mode of analysis is comparison between quite distinct institutional alternatives. Moreover, an essential characteristic of many institutions is that they apply to a whole society or a distinctive sub-part, such as a sector or a cultural group. Since this implies lessened scope for observational variation if study is confined to one country, cross-country comparisons are an essential element of institutional economics.

The following reading list includes many more topics than can be covered in a one-semester introductory course. It also has more items within topics than students are expected to read when the topics are taught. The reading list is intended to be more than a reading list for a class; it offers a guide to students who want to study a specific area more deeply than can be accomplished in class. Which readings are most pertinent for the course will be clarified as the semester proceeds.

Availability of copies of the readings: Most of the readings for this course are available on the internet and copies will be easily located using Google. In the few cases where it is not obvious how to access a reading, I have provided some indication of where to look. I can make available copies of readings not available on the internet, either by lending a physical copy or by emailing.

***This reading list is always a work in progress. A small number of readings will be subtracted and added during the course of the semester.***
0. General Background


Robert Boyd. Audio of introductory anthropology course at UCLA. Posted on ELMS.

I. Introduction


Gintis, Herbert "Solving the Puzzle of Prosociality" *Rationality and Society* 2003 15: 155

II. Three Fundamental Institutions: Property, Decentralization, and Contract

II.1 Property

II.1.A General


Lueck, Dean and Thomas J. Miceli "Property Rights And Property Law" In Polinsky & Shavell eds., Handbook of Law and Economics. Available online at ssrn.com


II.1.B. Analysis of Property Rights in Standard Environments


II.1.C. The Effects of Ownership on the Institutional Environment

See section III.3.

II.1.D. Effects of Non-standard Ownership Forms


II.2 Decentralization


II.3 Transactions, Relationships, and Contract

II.3.A The Transactional Problem: Theory and Predictions


II.3.B Solutions to the Transactional Problem: Formal and Informal


II.3.C Empirical Studies on Transactions

III. Institutional Change and Institutional Choice: Origins and Causes

III.1 The 'Accidents' of History

See also Section V: case studies on England, Italy, and Legal Origins.


III.2 Persistence


III.3 Wealth: resources, productivity, and inherited institutions


III.4. Culture, Custom, and Convention

III.4.A General


III.4.B Theory


Manapat, Michael, Martin A. Nowak, and David G. Rand. 2012. "Information, irrationality, and the evolution of trust".
III.4.C Empirical


III.5 Politics and Political Economy


III.6 Choosing, designing institutions


IV. The Effects of Institutions and Culture

IV.1 Cross-country studies: macroeconomics of institutional development and growth


IV.2 Miscellaneous micro-economic studies


……many more could be added
V. Case studies

V.1 Transition: destroying the old and constructing the new

http://www.econ.umd.edu/~murrell/Reform.html


V.2 Culture in Italy


http://www.kellogg.northwestern.edu/faculty/sapienza/htm/putnam.pdf

V.3 England's Early Development


V.4 China: Incremental Reform Using Second-Best Institutions


Donald Clarke, Peter Murrell, and Susan Whiting, "The Role of Law in China’s Economic Development" In *China's Great Economic Transformation*, Loren Brandt and Thomas Rawski eds. Cambridge University, Press 2009 as "Law, Property Rights and Institutions"


Che and Qian, "Insecure Property Rights and Government Ownership of Firms," *QJE*, May, 1998


Bai, Chong-En, David D. Li, Yingyi Qian, and Yijiang Wang, "Commitment, Incentives, and Information: The Case of Anonymous Banking" August 2004.

http://elsa.berkeley.edu/~yqian/anonymous%20banking.pdf


Lu, Yi, Ivan P.L. Png, and Zhigang Tao "Do institutions not matter in China? Evidence from enterprise level productivity growth"

V.5 Legal Origins


VI. Measuring Institutions