

Institutional Analysis: Concepts and Applications
POLS Y673/ECON E724/SPEA P710/LAW B592
TR 1:00–2:15 p.m.
Ostrom Workshop, 513 N. Park Ave. Tocqueville Room, 1st Floor

Prof. Lee J. Alston

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Office Hours: 2:30–3:30 TR and by appt.

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COURSE DESCRIPTION

The basis of institutional analysis is that institutions (e.g., laws and written and unwritten rules in organizations and families) and norms are important determinants of individual and group behavior. Behavior, in turn, affects socio-economic development. In the first part of the course, our initial focus is to take institutions as exogenous and understand how institutions lead to different modes of contracting and economic performance. 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). In Part II of the course, we explore the outcomes of formal political institutions (interest groups, legislative, executive and judicial branches, and the bureaucracy) on political outcomes. We take as exogenous the basic constitutional rules and the current realization of economic performance. In part III, we analyze the circumstances under which norms and beliefs can change and how those changes can lead to transitions to different economic and political trajectories with different beliefs. Throughout the course, we use case studies as well as econometric evidence to help students engage in applied work in institutional analysis.

REQUIREMENTS

This is a participation-heavy course. Students should be prepared to summarize the main arguments in the weekly readings, and formulate observations and questions. Each Thursday session a student will lead off with her/his ***10 minute*** summary. Summaries should relate the readings to each other and with material covered in the previous weeks. She or he will be the first to reply to questions about the readings from others in the class. Finally, a good portion of your grade in this course will depend on the final research paper. Each student will present an outline of the paper in class in week 9 and receive feedback from fellow students and instructors. Students will submit an electronic copy of their complete outline with bibliography no later than October 14 at 5pm. We will repeat the same exercise in week 13 for the first draft of the paper, which is due no later than November 12 at noon. This time, however, students will not present in class. Instead, the papers will be made available to students on CANVAS ahead of time. It will be your responsibility to read the papers and come prepared with comments and suggestions. The final draft of the paper is due on Sunday December 3 at 5 pm. The course culminates in a mini-

conference. More information about the mini-conference is available at <https://ostromworkshop.indiana.edu/resources/archives/mini-conference.html>.

GOALS OF THE COURSE

The basic goal of this class is to provide you with a toolkit that will sharpen your ability to analyze institutions in their social, political, economic, and legal context; to see institutions as a major driver of development in historical as well as contemporary societies; and to learn from what worked and what did not work in the development of institutions through time in order to better understand societal challenges ahead. This kind of analysis requires an interdisciplinary approach, which is best developed when students with different disciplinary backgrounds come together to share ideas. Finally, this course aims at improving your verbal, writing and presentation skills.

REQUIRED READINGS

All readings on the syllabus are required. Links to selected readings as well as working papers are available on the online copy of the syllabus (<https://ostromworkshop.indiana.edu/opportunities/courses/index.html> or ON CANVAS). If you wish more sources relevant to any area that we cover, especially in preparation for your final paper, please let us know.

COMPONENTS OF GRADE

Class participation 40%
First draft and presentation 25%
Final paper 25%

STUDENTS WITH DISABILITIES

If any student will require assistance or academic accommodations for a disability, please contact us after class, during our office hours, or by individual appointment. You must have established your eligibility for disability support services through the Office of Disability Services for Students in Wells Library W302, 812-855-7578.

RELIGIOUS HOLIDAYS

It is the policy of Indiana University that instructors must reasonably accommodate students who want to observe their religious holidays at times when academic requirements conflict with those observances. This policy is intended to ensure that both faculty and students are fully aware of their rights and responsibilities in the accommodation of students' religious observances. If a conflict with a religious observance exists, a student must make a request to the instructor for a reasonable accommodation for that observance by the end of the second week of the course. Students seeking accommodations for religious observances can find the necessary form here: <http://vpfaa.indiana.edu/forms/index.shtml>.

ACADEMIC MISCONDUCT

Academic misconduct is defined as any activity that tends to undermine the academic integrity of the institution. Academic misconduct includes, but is not limited to, the following: cheating, fabrication, plagiarism, interference, violation of course rules, and facilitating academic dishonesty. The faculty member may take into account the seriousness of the violation in assessing a penalty for acts of academic misconduct. The faculty member must report all cases of academic misconduct to the dean of students, or appropriate official. The university may discipline a student for academic misconduct.

SYLLABUS

Week 1: Introduction to the Course August 22-24

Tuesday: Overview of the course and requirements
No readings

Thursday: The Framework: Three Levels of Institutional Analysis
- Alston et al. Introduction and Introduction to Part I (ON CANVAS)

Week 2: Institutions August 29- 31

Tuesday: Institutions and Property Rights
- Alston et al. Chapter 1 (ON CANVAS)

Thursday: Institutions and Norms: Applications
- Alston, Lee J., Shannan Mattiace, and Tomas Nonnenmacher. 2009. [“Coercion, Culture and Debt-Contracts: The Henequen Industry: Yucatán, Mexico, 1870–1915.”](#) *Journal of Economic History*, Vol. 69, No. 1 (March): 104–137
- Moser, Petra [“How Do Patent Laws Influence Innovation? Evidence from Nineteenth-Century World’s Fairs.”](#) *American Economic Review*, Vol. 95, No. 4, September 2005: 1214-1236.

Week 3: Property Rights
September 5-7

Tuesday: Property Rights and Transaction Costs

- Alston et al. Chapter 2 (ON CANVAS)

Thursday: Property Rights from the Father, Ronald Coase

- Coase, R. 1960. ["The Problem of Social Cost,"](#) *The Journal of Law & Economics*, Vol. 3, pp. 1-44.

Week 4: Property Rights/Conflict
September 12

Tuesday

- Ellickson, R. 1986. ["Of Coase and Cattle: Dispute Resolution Among Neighbors in Shasta County,"](#) 38 *STAN. L. REV.* 623-87.
- Alston, Harris and Mueller
http://www.colorado.edu/ibs/es/alston/papers/JEH_Development_of_Property_Rights_on_Frontiers_June_2012.pdf

Thursday: **No class**; work on a proposal and submit a one paragraph idea on Tuesday, Sept 19

Week 5: Organization and Contracts
September 19-22

Tuesday:

- Alston et al. Chapter 3 (ON CANVAS)

Thursday:

- Alston, Lee J. and Robert Higgs. 1982. ["Contractual Mix in Southern Agriculture...."](#) *Journal of Economic History*, Vol. 42, No. 2 (June 1982), pp. 327-353.
- Henderson and Helper. <https://www.aeaweb.org/articles?id=10.1257/jep.28.1.49>

Week 6: From Economic Outcomes to Political Performance
September 26-28

Tuesday:

- Alston et al. Part II (ON CANVAS)
- Alston et al. Chapter 4 (ON CANVAS)

Thursday:

- Denzau, A. T. and M. C. Munger, 1986. ["Legislators and Interest Groups: How Unorganized Interests get Represented."](#) *The American Political Science Review*, Vol. 80, No. 1: 89-106.
- Libecap, G. 1992. ["The Rise of the Chicago Packers and the Origins of Meat Inspection and Antitrust."](#) *Economic Inquiry*, Vol. 30, No. 2 (1992): 242-62.
- Olmstead, A. and P. Rhode. 2004. ["The "Tuberculosis Cattle Trust": Disease Contagion in an Era of Regulatory Uncertainty."](#) *Journal of Economic History*, 64: 929-963.

Week 7: Legislative and Executive
October 3-5

Tuesday:

- Alston et al. Chapter 5 (ON CANVAS)

Thursday:

- Weingast B.R. and Marshall, W.J. 1988. ["The Industrial Organization of Congress; or, Why Legislatures, Like Firms, Are Not Organized as Markets,"](#) *Journal of Political Economy*, Vol. 96, No. 1, pp. 132-163.
- Alston, L. J., and B. Mueller. 2006. ["Pork for Policy: Executive and Legislative Exchange in Brazil."](#) *Journal of Law, Economics, and Organization* 22(1) (Spring): 87-114.
- Alston, L. J., J.A. Jenkins, and T. Nonnenmacher. 2006. ["Who Should Govern Congress? Access to Power and the Salary Grab of 1873."](#) *Journal of Economic History* 66(3) (September): 674-706.

Week 8: Levi Fest
October 10-12

Tuesday:

- Levi, Margaret. 1998. "Conscription, the Price of Citizenship," in *Analytic Narratives*

Thursday:

- Levi, Margaret. 2000. ["Political Trust and Trustworthiness"](#) (with Laura Stoker). *Annual Review of Political Science*, Vol. 3: 475-507.
- Levi, Margaret. 2009. ["Conceptualizing Legitimacy, Measuring Legitimizing Beliefs"](#) (with Audrey Sacks and Tom Tyler). *American Behavioral Scientist*. Vol 53, No. 3: 354-375.

**Week 9: Student Presentations
Outline and Bibliography
October 17- 19**

**Week 10: Bureaucracies
October 24-26**

Tuesday:

- Alston et al. Chapter 6 (ON CANVAS)

Thursday:

- Johnson and Libecap. 1994. "[Patronage to Merit and Control of the Federal Government Labor Force.](#)" *Explorations in Economic History* 31: 91-119
- Stickers, David E., David Gerard, and Paul S. Fischbeck "The Political Economy of Setting Risk Regulations: An Empirical Study of U.S. Transportation Fuels." Center for the Study & Improvement of Regulation, Carnegie Mellon University. (ON CANVAS)

**Week 11: Judiciary
October 31- November 2**

Tuesday:

- Alston et al. Chapter 7 (ON CANVAS)

Thursday:

- Hanssen, A.F. 2004. "[Learning About Judicial Independence: Institutional Change in the State Courts](#)", *Journal of Legal Studies*, 33: 431-474
- Garoupa, Nuno and Tom Ginsburg. 2015. "The Selection and Monitoring of Judges: The Spread of Judicial Councils." in *Judicial Reputation: A Comparative Theory*. University of Chicago Press. (ON CANVAS)

**Week 12: The Dynamics of Economic and Political Development
November 7-9**

Tuesday:

- Alston et al. Part III and Chapter 8 (ON CANVAS)

Thursday

- Alston et al. Chapter 9 (ON CANVAS)
- Alston, L. 2017. "[Beyond Institutions: Beliefs and Leadership.](#)" *Journal of Economic History* 77(2): 353-372.

Week 13: The Dynamics of Economic and Political Development (Continued)
November 14-16

Tuesday:

- North, D.C. and B.R. Weingast, "[Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England](#)," *The Journal of Economic History*, Vol. 49, No. 4 (Dec., 1989), pp. 803-832.
- Carugati, Federica, "Continuity, Consensus, and Credible Commitment: The Institutional Foundations of Democratic Constitutional Stability" (ON CANVAS)

Custom and Culture

Thursday:

- Alston, Eric, "Custom and the Formalization of Mineral Property Rights: Evidence from the Supreme Court of Colorado, 1868-1895" (ON CANVAS)
- Mueller, Bernardo and Joao Gabriel Ayello, "How the East was Lost: Coevolution of Institutions and Culture in the 16th Century Portuguese Empire" (ON CANVAS)

Thanksgiving Break
November 21-23

Student Presentations
November 28, 30, and December 5

December 7
What Have We Learned?