INSTRUCTOR
Leonard Wantchekon, 726 Broadway; 764
Phone: (212) 998-8533.
E-mail: leonard.wantchekon@nyu.edu

CLASS MEETING  Tuesday  TBA
OFFICE HOURS:  Thursday 10-12

COURSE DESCRIPTION
This course is an introduction to the economics of contracts and organizations and its application to democratic governance and political development. Topics include internal organization of government and public sector, control of clientelism and corruption, accountability, and the design of state institutions. The last two weeks of classes will be devoted to the presentation of student research.

COURSE REQUIREMENTS
In addition to regular attendance and class participation, which will account for 20% of the grade, there will be (1) 3 review papers of one page each (2) a final “collective” paper. The review papers will account for 30% and the final paper for 50%.

Week 1 : Introduction

ECONOMICS OF CONTRACTS AND ORGANIZATION

Week 2 Adverse selection

Bernard Salanie. 2002. The Economics of Contracts. MIT Press (Ch. 2)

Week 3: Moral Hazard

Bernard Salanie. The Economics of Contracts, (Ch. 5)

**Week 4: Incomplete Contracts**

Bernard Salanie, Economics of Contracts, (Ch. 7)


**Week 5: Organizational economics: theory of the firm**


**Week 6: Decision-making in Organizations**


**Week 7: Social Relations, Leadership**


Akerlof, George and Rachel Kranton. 2004 Economics and Indentity QJE 115: 715-53


**APPLICATIONS TO POLITICAL DEVELOPMENT**

**Week 8: Organization of government and the public sector**


**Week 9: Controlling clientelism and corruption**


**Week 10. Accountability**

Przeworski Adam, Susan Stokes and Bernard Manin, Part 1, Ch. 1-4.


Week 11. The Design of State Agencies


Week 12. State Institutions


STUDENT PRESENTATION

Week 13. Presentation of student research

Week 14. Presentation of student research.