The Political Economy of Institutions

V53.0575

Professor Hafer
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office hours: Thursdays 2:00-4:00

Course Description

This course examines the relationship between economic incentives and the creation and maintenance of political and economic institutions. Topics include, but are not limited to, the creation and assignment of property rights, the rule of law, and the creation of markets. The course focuses on theories that advance an economic rationale for institutions and relies on the methodologies of game theory and rational choice, of which no prior knowledge will be assumed. Students must complete V53.0500 before enrolling.

Course Requirements

The course requirements consist of one set of technical exercises, one short (12 page) paper, two exams and active and informed class participation. Course grades will be calculated using the following weights: problem set (10%), paper (20%), midterm exam (25%), final exam (35%), class participation (10%).

Students are expected to do the assigned readings before class and to be prepared to discuss the readings in detail. A thorough understanding of both the readings (including material not discussed in class) and the lecture material (including that not included in the readings) is necessary to perform well on exams and in class discussions.

Academic Integrity

All the graded assignments for this course must be products of your own work. Words and ideas of other authors used in your work must be properly referenced in accordance with the standard reference manuals (APA, MLA, Chicago, etc.). All instances of plagiarism (whereby the work of other authors is presented as your own) and cheating will be handled in accordance with university policy. For a more detailed description of university policy, see http://www.nyu.edu/cas/map/integrity.html.

Students with Disabilities

If you have any medically diagnosed condition which will make it difficult for you to carry out the work outlined in this syllabus, or which will require additional time for exams, please notify me and the University Center for Students with Disabilities (CSD) in the first week of the course so that we may make appropriate arrangements. All information and documentation of disability is confidential.
Readings

Students should purchase the following texts at the bookstore, and a course packet from New University Copies on Waverly Place.


Schedule of Topics and Assignments

Jan. 20: **Introduction: How to Make and Evaluate Arguments about Social Processes**

Jan. 25, 27: **Concepts of Analysis I: Strategic Choice and Stable Social Outcomes**


Problem Set Distributed

Feb. 1, 3: **Concepts of Analysis II: Credible Threats and Promises**


Feb. 8, 10: **The Content of Property Rights**

Problem Set Due at the beginning of class Feb. 8


Feb. 15, 17: **Individual Incentives and Enforcement of Property Rights**


Feb. 22, 24: **Property Rights Without Governments**


March 1, 3: **Credible Commitment and Predatory Governments**


March 8, 10: **Collective Action**


March 22: **Midterm Examination**

March 24: **Economic and Political Hierarchies I**


Barzel, *Economic Analysis of Property Rights,* pp. 65-84

March 29: **Economic and Political Hierarchies II**


March 31: **Regulation**

TBA

April 5: **Government**


April 7: **No Class**

April 12, 14: **Institutions and Economic Growth: Theory and History**


April 19, 21: **Economic Transitions and Institutional Change**


April 26: **Institutional Stability**


April 28: **Review**

**Papers Due at the beginning of class on April 28**

**Final Exam: Thursday, May 5, 10:00-11:50am** as scheduled by the Registrar