The purpose of this course is to introduce students to diverse scholarly literatures on the significance of social institutions, with an emphasis on ongoing debates in political economy—a subfield that uses economic reasoning and techniques to study subjects at the heart of political science.

A bit more than half of the course addresses the social mechanisms that govern institutional transformations. The emphasis is on the methodologies used to study institutional change, especially within economics, political science, and historical legal studies. Attention is paid to the pace of institutional transformations, latent change, social inertia, political revolutions, and links among beliefs and behaviors. Case studies are drawn from diverse contexts, but especially commercial organization and political governance.

The rest of the course focuses on selected social functions of institutions. Again, the emphasis is on pertinent analytical methodologies. The following three functions will be covered: coping with cognitive limitations, the provision of collective goods, and redistribution and rent seeking. Other functions may be covered briefly along the way, as time permits, and depending on class interest. These include the control of free riding, credible commitment, coordination, protection of expectations, generation of common knowledge, and the reduction of transaction costs.
Modern institutional political economy is interdisciplinary, and the course reflects this characteristic. Assigned readings include contributions by economists, political scientists, and legal scholars.

Without paying attention to institutions, one cannot understand why some societies are wealthy and others poor; why some are innovative and others stagnant; or why some are politically stable and others in perpetual turmoil. As such, this course should be of direct interest to students of economic development, economic history, social inequality, and democratization, among other fields of social inquiry. The course will cover essential material for any student planning to write a dissertation that deals with social institutions.

**Requirements**

Paper (excl. bibliography & tables, 4500-6000 words) due November 14 (Saturday), 11:30 PM  
Final: November 23 (Monday), 7-10 PM.

The paper must draw on themes of the course (see instructions at end of syllabus). The course grade will be based partly on written work (40% term paper, 30% final) and partly on class participation (30%).

Normally, this class has a midterm along with a final. The challenges of learning under Covid-19 have made me replace the midterm with student answers to instructor questions scattered through the lectures (see below for details). These answers will contribute to the participation component of the final grade.

**Lectures and discussions**

The class hours are reserved for lectures and discussions around the assigned themes.

Whether remote or in-class, classes will be recorded by the university if even one student cannot be present for reasons due to Covid-19.

All participants in discussions must be free of worries that their comments might be seen by people outside the course. For that reason, official recordings are for use by registered students only. Sharing the recordings with others, even in part, is strictly prohibited and will be considered a violation of (1) the trust between student and professor, (2) the trust among students, and (3) intellectual property rights of class participants, and (4) privacy rights of class participants.

Audio or video recording by students themselves is prohibited. It would constitute a violation of the Duke University Honor Code.

Except for the first class (August 19), students are expected to do the readings for each week ahead of the class period. As instructor, I will announce in each class the readings to be covered in the next one. During every lecture, I will stop periodically to ask a question about the reading under
consideration; it might call for identifying some theme of the reading; a basic fact (e.g., the puzzle at hand, the author’s reason for choosing one methodology over another) or for an interpretation. Answers to my questions will contribute to the participation component of the course grade. The participation grade will depend also on contributions to general discussions during the flow of the course.

Under the present circumstances, classes will be remote, through Zoom (meeting id: 961 9154 7378). If possible and prudent, classes may be held in person, with remote access for students unable to be present physically. The health environment as well as student locations will determine the extent of in-person teaching.

Every remote participant is expected to keep his or her camera on, except during periodic breaks. Typically, the class will break twice for seven-minute breaks. The purpose is to enhance the sense of intellectual community by helping participants come to know each other. Knowing each other will foster trust; it will encourage students to raise questions and offer alternative explanations comfortably.

In remote sessions via Zoom, students are asked to pose questions and offer ideas orally. I will not keep track of the chat feed.

During in-person classes and consultations, students must be masked and observe social distancing.

Readings

The required readings are starred. Most of the required books are on available in the resources folder on Sakai (marked S); in some cases you must go into the library’s subfolder. Most articles and book chapters are posted on the Sakai site directly (S). Perkins library is working on obtaining e-copies of items marked R?

The readings and lectures are designed to complement one another. The lectures will necessarily omit certain details in the readings. By the same token, they will often go beyond the material found in assigned readings.

Students with Disabilities

Any student with a disability is asked to notify me at the start of the course. Every effort will be made to accommodate special needs. Special arrangements may be made for disabled students working through Disabilities Services (919-668-1267).
Outline

I. INSTITUTIONS AS CONSTRAINTS AND EQUILIBRIA


II. INSTITUTIONAL DYNAMICS

A. Endogenous Institutional Change

S *Avner Greif, *Institutions and the Path to the Modern Economy*. (chs. 3+9, 6-7).

B. Development of Organizational Capacity: Enterprise Size and Longevity

C. Development of Organizational Capacity: Political Consequences

S *Timur Kuran, *Long Divergence* (chs. 6-8).

D. Development of Organizational Capacity: Group Differences


E. The Rule of Law: Distributional Consequences


**F. Legal and Colonial Origins of Economic Development**


**G. Cascades and Latent Change: Informational and Reputational Cascades**


H. Cascades and Latent Change: Availability and Coordination Cascades


III. THE FUNCTIONS OF INSTITUTIONS

A. Coping with Cognitive Limitations

B. Private and Communal Provision of Collective Goods


C. Redistribution and Rent Seeking


FINAL: Monday, November 23, 2020 (7-10 pm)
**Guidelines for Term Paper**

The purpose of the paper should be to study, drawing on concepts and methodologies introduced early in the course, an institutional problem that has empirical content. The paper must be focused, which is to say that you must find a topic that can be analyzed in some depth within the confines of the word limit given. **Lengthier papers will not be accepted**, for it is important to learn how to get an argument across concisely. References and tables are not included in the word count.

**Schedule**

October 13 (Friday), 11:30 PM: Upload to Sakai your chosen topic, with motivation, preliminary hypotheses, a preliminary outline, and bibliography. This report should run 300-600 words. Filename format: “Lastname-Firstname-Proposal.doc”.

By October 20 (Wednesday): I will respond through Dropbox regarding suitability of your topic. My format: “Lastname-Firstname-Proposal-Comment.doc”. If your topic is unsuitable, or the proposal needs revisions, the revision will be due within one week from when you hear from me. Follow procedures above with file name format “Lastname-Firstname-ProposalR.doc”.

Late October-early November: Schedule at least one meeting with me to discuss progress on your paper. A Doodle poll will be sent out for meetings, with slots suitable to everyone in the class.

November 14 (Saturday), 11:30 PM: Submit the final e-typescript of 4500-6000 words (excluding tables & references). Upload to Sakai Dropbox with title format “Lastname-Firstname-FinalDraft.doc”.

**Grading**

The paper will be graded for substance, originality, organization, clarity, documentation, and quality of sources. The numerical equivalent of 1/3 of a point (out of 40) will be deducted for every day late on either the proposal or the final paper, except in documented cases of serious illness or family catastrophe. Electronically recorded Sakai delivery times will be the basis for timeliness.

**Sources**

The paper must be based on scholarly publications, including books, journal articles, and statistical sources. Newspaper and magazine articles are generally unreliable, so do not use them without first checking with me. For papers that use one or more data sets, data sources and empirical techniques must be indicated clearly. Other statistical sources must also be documented clearly.

**Style**

Regarding stylistic issues (e.g. placement of footnotes, bibliography, quotations), consult Kate
Turabian’s *Manual for Term-Paper Writers*, available at the bookstore.

Give credit whenever you borrow an idea from another author; and if you borrow a sentence or phrase, be sure to place it in quotes.

Pages must be numbered, preferably at the bottom.

**Assistance with writing**

For assistance with writing, please contact the Writing Studio on East Campus at Lilly Library or on West Campus at 112 Perkins Library. Its staff includes professionals who can assist you on all features of writing, from brainstorming to drafting, revising, and polishing. They offer 50-minute one-one-one face-to-face and e-tutor sessions, in addition to writing workshops. See [https://twp.duke.edu/twp-writing-studio](https://twp.duke.edu/twp-writing-studio).

**Assistance with sources**

In identifying sources, you may receive additional assistance from university librarians. Once your topic is chosen, you will want to work with the most appropriate regional specialists.