

Institutional Analysis

Fall 2024

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Tuesdays, 2.00-5.00 pm., Library North G045

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This seminar introduces students to the theoretical framework of new institutionalism, focusing on rational choice institutionalism, historical institutionalism, and sociological institutionalism. We will review key literature on institutional design, stability, change, and the social and political consequences of institutions. The course aims to familiarize students with essential texts and recent publications in these areas and to help them incorporate insights from the readings into their own research.

Course Requirements:

Reflection Paper and Q&As (30%) + Research Topic Selection (5 %) + Follow Up for the Final Paper (6th and 10th weeks) (30%) + Research Design Submission (% 35)+Class Participation-Extra Credit (10 %)

Throughout the course, students are required to post at least one question for each assigned article in a selected week. These questions will be used to discuss the weekly assignments during class time. Additionally, in the selected week, students must submit a one-page reflection paper explaining their thoughts on the main theme. Instead of summarizing the articles, I expect students to share their own ideas—whether critiques of readings, new research ideas, or connections to current political issues.

Students should post their questions to the course webpage by 6 PM the day before the class. Further details will be provided during class. Also, students are expected to write a 10-12 page research design as their final paper. A research design paper outlines the methodology and framework for conducting a research study, detailing how the research will be carried out to ensure that the study is well-organized and systematically planned. In the first class of the term, a list of research topics will be distributed. Students are expected to build a theoretical framework based on class discussions.

Students should select a case that fits well with the theoretical framework and explain why this case is appropriate. They should utilize theoretical tools to address key questions such as: Who are the actors? What are their strategies? How do institutions change actors' strategies? What is the institutional equilibrium? Is there a critical juncture, and what is it? Can path dependency be

implemented, and why or why not? These questions need to be thoroughly considered in their research design.

Finally, while class participation is not compulsory, it is strongly recommended. Attendance will be taken during classes, not to penalize those who cannot attend regularly, but to provide an opportunity for students to earn extra credit.

Week 1 (August 26) Introduction

- Alt, James E., and Kenneth A. Shepsle. "Rules, Restrictions, Constraints: Structure and Process in the New Institutional Economics." *Journal of Institutional and Theoretical Economics* 154, no. 4 (1998): 735-43.
- Hodgson, Geoffrey M. "The Approach of Institutional Economics." *Journal of Economic Literature* 36 (1998): 166-92.
- March, James G., and Johan P. Olsen. "The New Institutionalism: Organizational Factors in Political Life." *American Political Science Review* 78, no. 3 (1984): 734-49.
- Moe, Terry M. 1991. "Politics and the Theory of Organization." *Journal of Law, Economics and Organization*. 7 (Special Issue): 106-29.

Week 2 (September 2) Labor Day – No Classes

Part 1: Three Types of Institutionalism

Week 3 (September 9) Sociological Institutionalism

- Gigerenzer, G., and Gaissmaier, W. (2015). Decision making: Nonrational theories. In *International encyclopedia of the social & behavioral sciences* (pp. 911-916). Elsevier.
- Goldstein, D. G., & Gigerenzer, G. (1999). Recognition heuristic: How ignorance makes us smart. In *Simple heuristics that make us smart* (pp. 37-58). Oxford University Press.

Week 4 (September 16) Rational Choice Institutionalism

- Elster, Jon. 1990. "When Rationality Fails." In *The Limits of Rationality*. Karen Schweers Cook and Margaret Levi, eds. Chicago: University of Chicago Press. Chapter 1 (pp. 19-51).
- North, D. C. (1990). *Institutions, institutional change and economic performance*. Cambridge university press, 3-10.
- Shepsle, Kenneth A. 1989. "Studying Institutions: Some Lessons from the Rational Choice Approach." *Journal of Theoretical Politics* (July): 131-49.
- Shepsle K. (2008). "Rational Choice Institutionalism." In *the Oxford Handbook of Political Institutions*, ed Rhodes, R. A., Binder, S. A., & Rockman, B. A. (2008). Oxford University Series.

Week 5 (September 30) Historical Institutionalism

- Hall, P. A., & Taylor, R. C. (1996). Political science and the three new institutionalisms. *Political studies*, 44(5), 936-957.
- Steinmo, S., Thelen, K., & Longstreth, F. (Eds.). (1992). *Structuring politics: historical institutionalism in comparative analysis*. Cambridge University Press, 1-32.
- Thelen, K. (1999). Historical institutionalism in comparative politics. *Annual review of political science*, 2(1), 369-404.

Part 2: Concepts

Week 6 (October 7) Path Dependency and Critical Junctures

- Arrow, K. J. (2000). Increasing returns: historiographic issues and path dependence. *The European Journal of the History of Economic Thought*, 7(2), 171-180.
- Capoccia, G., & Kelemen, R. D. (2007). The study of critical junctures: Theory, narrative, and counterfactuals in historical institutionalism. *World politics*, 59(3), 341-369.
- Collier, D., & Munck, G. L. (2017). Building blocks and methodological challenges: A framework for studying critical junctures. *Qualitative and Multi-Method Research*, 15, 2-9.
- Pierson, P. (2000). Increasing returns, path dependence, and the study of politics. *American political science review*, 94(2), 251-267.

Week 7 (October 14) Institutional Change

- Greif, A., & Laitin, D. D. (2004). A theory of endogenous institutional change. *American political science review*, 98(4), 633-652.
- Hacker, J. S. (2004). Privatizing risk without privatizing the welfare state: The hidden politics of social policy retrenchment in the United States. *American Political Science Review*, 98(2), 243-260.
- Kingston, C., & Caballero, G. (2009). Comparing theories of institutional change. *Journal of Institutional Economics*, 5(2), 151-180.
- Mahoney, J., & Thelen, K. (2010). A theory of gradual institutional change. *Explaining institutional change: Ambiguity, agency, and power*, 1(1).

Week 8 (October 21) Actors

- Camerer, Colin F. "Progress in Behavioral Game Theory." *Journal of Economic Perspectives* 11, no. 4 (1997): 167-88.
- Henrich, Joseph, Robert Boyd, Samuel Bowles, Colin Camerer, Ernest Fehr, Herbert and Gintis, and Richard McElreath. "Cooperation, Reciprocity and Punishment in Fifteen Small-Scale Societies." *American Economic Review* 91, no. 2 (2001).

- Ordeshook, Peter C. 1993. "The Development of Contemporary Political Theory." In William A Barnett, Melvin J. Hinich, and Norman J. Schofield (eds.) *Political Economy: Institutions, Competition, and Representation*. Cambridge: Cambridge University Press.
- Ostrom, Vincent. 1980. "Artisanship and Artifact." *Public Administration Review* 35 (Sept.): 519-30.

Part 3: Issues

Week 9 (October 28) Collective Action

- Feiock, R. C. (2013). The institutional collective action framework. *Policy studies journal*, 41(3), 397-425.
- Olson Jr, M. (1971). *The Logic of Collective Action: Public Goods and the Theory of Groups, with a new preface and appendix* (Vol. 124). Harvard University Press, 1-43.
- Ostrom, E. (2010). Analyzing collective action. *Agricultural economics*, 41, 155-166.
- Ostrom E. "Collective Action and the Evolution of Social Norms." *The Journal of Economic Perspectives*, Vol. 14, No. 3 (Summer, 2000), pp. 137-158.

Week 10 (November 4) Common Pool Resource Dilemmas

- Gardner, R., Ostrom, E., & Walker, J. M. (1990). The nature of common-pool resource problems. *Rationality and society*, 2(3), 335-358.
- Gächter, S., & Fehr, E. (1999). Collective action as a social exchange. *Journal of economic behavior & organization*, 39(4), 341-369.
- Ostrom, E. (2008). The challenge of common-pool resources. *Environment: Science and Policy for Sustainable Development*, 50(4), 8-21.
- Singleton, S. (1999). Commons problems, collective action and efficiency: past and present institutions of governance in Pacific Northwest salmon fisheries. *Journal of Theoretical Politics*, 11(3), 367-391.

Week 11 (November 11) Property Rights

- Demsetz, H. (1974). Toward a theory of property rights. In *Classic papers in natural resource economics* (pp. 163-177). London: Palgrave Macmillan UK.
- Fedderke, J. W., de Kadt, R. H., & Luiz, J. M. (2001). Indicators of political liberty, property rights and political instability in South Africa: 1935–97. *International Review of Law and Economics*, 21(1), 103-134.
- Hart, O., & Moore, J. (1990). Property Rights and the Nature of the Firm. *Journal of political economy*, 98(6), 1119-1158.
- Keefer, P., & Knack, S. (2002). Polarization, politics and property rights: Links between inequality and growth. *Public choice*, 111(1), 127-154.

Week 12 (November 18) Tradeoffs

- Akerlof, G. A. (1978). The market for “lemons”: Quality uncertainty and the market mechanism. In *Uncertainty in economics* (pp. 235-251). Academic Press.
- McCarty, N. (2000). Proposal rights, veto rights, and political bargaining. *American Journal of Political Science*, 506-522.
- Milgrom, P., & Roberts, J. (1990). Bargaining costs, influence costs, and the organization of economic activity. *Perspectives on positive political economy*, 57, 60.
- Milgrom, P. R., North, D. C., & Weingast*, B. R. (1990). The role of institutions in the revival of trade: The law merchant, private judges, and the champagne fairs. *Economics & Politics*, 2(1), 1-23.

Week 13 (November 25) Constitution and Contract Theory

- Aghion, P., & Bolton, P. (2003). Incomplete social contracts. *Journal of the European Economic Association*, 1(1), 38-67.
- Filippov, M., & Shvetsova, O. (2013). Federalism, democracy, and democratization. *Federal dynamics*, 167-184.
- Hooghe, L., & Marks, G. (2006). Europe's blues: Theoretical soul-searching after the rejection of the European Constitution. *PS: Political Science & Politics*, 39(2), 247-250.
- Weingast, B. R. (1993). Constitutions as governance structures: The political foundations of secure markets. *Journal of Institutional and Theoretical Economics (JITE)/Zeitschrift für die gesamte Staatswissenschaft*, 286-311.

Week 14 (December 2) Federalism

- Bednar, J. (2011). The political science of federalism. *Annual Review of Law and Social Science*, 7(1), 269-288.
- Filippov, M., Ordeshook, P. C., & Shvetsova, O. (2004). *Designing federalism: A theory of self-sustainable federal institutions*. Cambridge University Press, 1-41.
- Filippov, M. (2005). Riker and federalism. *Constitutional Political Economy*, 16, 93-111.
- Weingast, B. R. (1995). The economic role of political institutions: Market-preserving federalism and economic development. *The Journal of Law, Economics, and Organization*, 11(1), 1-31.