

## Econ 300 - Institutions and Development

This course explores the ways in which institutions have influenced economic development throughout world history. In the words of Douglass North, economists define institutions as

...the humanly devised constraints that structure political, economic and social interactions. They consist of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct), and formal rules (constitutions, laws, property rights).<sup>1</sup>

We will examine how formal governmental institutions, voluntary institutions, and social norms impact economic behavior at the individual level and economic outcomes for society as a whole. The key questions we will explore include how institutions can alter economic development, where these institutions come from, how these institutions evolve, and the extent to which differences in institutions across societies can explain differences in levels of economic development. Specific topics covered will include property rights and contracts, good and bad governance, religion, gender norms, and social capital.

### Requirements

Students should have completed Econ 101 or 151 and Econ 102 or 152. I will assume a basic vocabulary of economic terms and concepts.

### Grading

Grades for the class will be based on class participation, in-class quizzes, a set of response papers based on the COLL 300 visitors, a group project with an in-class presentation, and a final exam. Weights for each component are as follows:

Class participation:	10%
Quizzes:	30%
Response Papers:	10%
Group Project:	20%
Final Exam:	30%

**Participation:** Your class participation grade will be based on your participation in in-class exercises, typically in the form of PollEverywhere questions. These exercises are not about providing correct

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<sup>1</sup>North (1991), "Institutions" *Journal of Economic Perspectives*, Vol. 5, No. 1, 97-112.

answers to questions. Instead, they will be seeking class opinions on topics presented in lecture or from readings, surveying student experiences with some of institutions we discuss in class, and replicating experimental games. These exercises are intended to help students make stronger connections with the course material. Responses to these exercises are not graded, your grade will simply depend on the percentage of exercises you participate in.

**Quizzes and Exams:** The quizzes will also be conducted electronically, either through PollEverywhere or Blackboard, and will be graded. They will include questions related to our readings and related to the economic theory covered in class. I will announce each quiz and its topic at least one lecture ahead of the quiz. The final exam will be in class during our regularly scheduled final exam period. It will cover material from the readings and lectures.

**Missed or Late Work:** There are no alternate times for taking the quizzes. If you are unable to take a quiz due to an excused absence or an emergency, your missing quiz grade will be replaced with an average of your other quiz grades. Unexcused absences will result in a zero on any missed quiz. It is your responsibility to notify me of any excused absences prior to the lecture being missed or, in the case of an emergency, as soon as possible. Failure to provide this notification will result in a zero on the missed quiz. Response papers will be graded on a ten-point scale. Response papers turned in late but within 24 hours of the deadline will incur a one point grade deduction. This grade deduction will increase by one point for each additional day late. The final exam is mandatory and must be taken at the scheduled time. Please refer to the College's policies for rescheduling missed final exams if you are unable to attend the final exam due to an emergency.

Grades will be curved to conform to the typical grade distribution for economics courses at William & Mary. The curve will be set at the end of the semester based on the class distribution of overall numerical scores. You have one week after graded material is returned to raise any issues about the grading.

## Readings

The reading list for the course is posted on Blackboard. The readings themselves are also posted on Blackboard either as pdf files or as links to online versions of the papers. Note that the links may require that you be on the William and Mary network. If you are off campus, you may need to access articles by logging in through the Swem Library website. I will update you each class as to which readings will be covered in upcoming lectures.

While some readings are written in a non-technical manner for a general audience, others will be academic journal articles. When reading these journal articles there are several things to keep in mind. I do not expect you to follow all of the technical details of the article, particularly the econometrics. You should focus on identifying the following aspects of the article: What question is the author

attempting to answer? Why is this an important question? What does previous research have to say about the question? What sort of evidence does the author rely on? Are there any drawbacks or limitations to this evidence? What conclusions does the author reach? What are the implications of these conclusions for larger economic questions?

## COLL 300 - Ceremony

This course is a COLL 300 class tying into this semester's theme of ceremony. Ceremony and ritual are important types of customs and traditions that shape economic interactions. As such, they are precisely the types of institutions at the heart of this class. Consider marriage, a ceremonial act that is deeply related to economics. Economic considerations often influence who decides to marry, dowries and bride prices are an explicit economic exchange tied to a marriage, and completing the act of marriage places the couple under a new set of informal and formal rules governing their income, wealth and time allocation.

**Visitors:** To engage with the COLL 300 theme, students will attend the three COLL 300 visitor public events and write 500-word response papers relating the talks to our course. Prompts for the response paper will be posted after the public event. The first speakers are Anderson Silva Argolo, Patrick Santos Da Silva and Urania de Oliveira Rodrigues, practitioners of Afro-Brazilian Candomblé. They will offer insights into the politics of race and gender in Brazil's changing religious landscape, tying into our coursework on the roots of social norms related to race and gender and how these norms shape economic roles and help or hinder economic development. The second speaker is Selena Fox, a priestess and co-executive director of Circle Sanctuary. Fox's talk will provide an opportunity for you to consider how different sets of religious beliefs and practices shape economic attitudes and behavior. The final speaker is Setsuko Thurlow, a survivor of the 1945 atom bombs. Thurlow's experiences will offer insight into how the traumatic experiences of war have persistent impacts on the social capital vital to economic development.

**Academic Festival:** In addition to writing response papers for each of the three public events, students will complete a group project on the relationship between institutions and individual economic outcomes, focusing on institutional differences across societies. This project will involve retooling the Game of Life, introducing realistic institutions, choices and economic outcomes. These modifications will all be based on the groups' research of the academic literature on institutions. Groups will present their modifications in class. During the academic festival, groups will have visitors play their modified versions of the game, offering explanations of the economics underlying those modifications. Details about this project will be posted on Blackboard and covered in lecture during the second week of classes.

*Note that attendance at the public speaker events, completion of the response papers, and participation*

*in the academic festival are required even if you have already fulfilled your COLL 300 requirement.*

## Honor Code

You are expected to follow the William & Mary Honor Code. If I discover any academic misconduct, I will initiate an Honor Council proceeding and recommend failure of the course. Be particularly careful to avoid plagiarism when working on your academic festival project. This is one area where students can unknowingly commit serious honor code violations. It is very important that you cite all sources properly and fully acknowledge any help received. Also note that sharing links to the COLL 300 visitor presentations or to in-class polls and quizzes with students not in attendance will be considered the equivalent of sharing exam materials and therefore a major violation of the Honor Code. If you have any questions about how the Honor Code relates to this course, feel free to talk to me or refer to the Student Handbook and the William & Mary Honor Council's website.

## Important Dates

Below are the key dates for the semester. Note that quizzes will take place throughout the semester, typically one every two weeks. Quizzes and their topics will be announced one lecture before the date of the quiz.

Date	Event
January 30	Group assignments
February 27 (5pm - 6:30pm)	Afro-Brazilian Candomblé talk
March 27 (5pm - 6:30pm)	Selena Fox talk
April 3 and 5	Group work days (no lecture)
April 10 (5pm - 6:30pm)	Setsuko Thurlow talk
April 17	Group game modifications due
April 19, 22 and 24	In-class group presentations
April 24 (5pm - 7pm)	Academic Festival
May 2 (9am - noon)	Final exam

## Outline of Course

Below is the general outline we will follow for the course. The relevant readings for each section can be found in the reading list posted on Blackboard.

### I. A Motivating Case Study: Externalities, Property Rights and Efficiency

- Can the Knee Defender save the environment?

### II. What are Institutions?

- Formal rules - constitutions, laws, property rights
- Informal constraints - sanctions, taboos, customs, traditions, and codes of conduct
- A brief history of the study of institutions in economics

### III. The Origins of Institutions

- Voluntary institutions and the Mahgribi traders
- The economics of the Kibbutz
- Property rights and formal contracts
- Endogenous institutional change and the Industrial Revolution

### IV. Institutions and Long Run Economic Development

- The colonial origins of comparative development
- The reversal of fortunes
- The persistence of good and bad institutions

### V. Customs, Traditions, Ceremonies and Social Norms

- The economics of religion
- Islamic law and the economic development of the Middle East
- The Protestant Reformation and the production of human capital
- International trade and Hindu-Muslim conflict
- Marriage, gender norms, and the economics of the household

### VI. Institutions and Economic Life - Group Presentations