Institutions and Organizations in Historical Perspective

Avner Greif

This course reviews various approaches to the study of institutions, their economic implications, and evaluations and extensions through historical analysis. It does so by examining the institutional foundations and implications of the Rise of the West over the last millennium. Its main focus, therefore is on the puzzle implied by this ascension. The class is conducted mainly through discussion and you are expected to read all papers marked REQUIRED. The notation (JA) indicates a paper that can be accessed through Jackson Library e-journals and (JS) indicates a paper in JSTOR. Many of the readings can be directly downloaded (DD). You can find an original to copy at Debbie Johnston’s office (Landu 260). The main text used in the course is Greif, Avner. 2005. Institutions and the Path to the Modern Economy: Lessons from Medieval Trade. Forthcoming, Cambridge University Press. 

http://www-econ.stanford.edu/faculty/greifhp.html

Class participation accounts for 25 percent of the final grade (and, unfortunately, about 100 percent of what you will learn in class). The other requirement for the class is a written "research project" that can take several forms: a critical summary and evaluation of a relevant paper or book; a proposed research agenda; or a term paper. I strongly advise you to write a paper since the lack of practice in defining and conducting a research agenda is one of the main factors for delaying graduation. Practice helps. You have to decide on your research project prior to the end of the quarter and get my approval. The last date to complete the project is the end of next August. Feel free to consult with me regarding possible projects. I will be happy to assist you. A list of possible projects will be circulated. If the class will be bigger than 25 students, I will consider adding additional requirements such as randomly assigned short presentations.

General Readings:

For surveys and contributions to institutionalism in economics as developed by circa 1990, see

The analytical focus is how individualistic economic optimization, economic efficiency, political decision making, and political power determine institutions.

For surveys and contributions to institutionalism in economics post 1990 see
The analytical focus is on using advanced micro-economic theory to study institutions. As such these analyses incorporate such factors as strategic considerations, asymmetric information, and limited cognition to examine the efficiency attributes and dynamics of institutions. Most of these analyses emphasize the importance of history in studying institutions as equilibrium phenomena.

For reviews and contributions of institutional analysis in sociology:

For reviews and contributions to institutional analysis in political science:

For a classical analysis of the relationships between institutions (defined as allocations of property rights) and the Rise of the West see:

For (relatively) short surveys of European economic history, see
- Cameron, Rondo E. (and Larry Neal.) 2003 *A Concise Economic History of the World : From Paleolithic Times to the Present*. New York: Oxford University Press. (Read only the chapters regarding Europe.)
- An easy way to get a birds-eye view of European economic history is to consult a historical atlas. I particularly like the *Times Atlas of World History* and the *Hammond Atlas of World History*.

**Topics**

I. **Introduction: European Economic History Time Line**

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II. Do Institutions Matter?


III. The Neo-classical Economics Approach

*The NCE approach: Institutions as responses to market failure:*


For two applications to economic history, see


IV. Toiling the Land: Agriculture


V. **The Political Economy approach: Property Rights and Political Processes**


For an interesting application to American economic history that focuses on the state as a mediator enabling interest groups to commit to each other see:


VI. **Some Other Important Perspectives on Institutions**

*Old Institutionalism*


*Sociology*


VII. Defining Institutions


(Required) Greif, Avner. 2005. Chapters 1, 2. *Institutions and the Path to the Modern Economy.* (DD).


VIII. Late Medieval Trade: Contract Enforcement in Personal Exchange. (1)

(Required) Read the file: “historical documents regarding early trade.”


IX. Late Medieval Trade: Contract Enforcement in Personal Exchange (2)


This work touches upon the substantive issue of the latter paper is Business or Social networks and Social Norms. On these issues, see also:


X. **Late Medieval Trade: The Security of Property Rights**


*(Required)* Greif, A. *Institutions and the Path to the Modern Economy*. Chapter 5, appendix 2.

XI. **Institutional Dynamics**

*The Functionalist Approach*


*Path Dependence*


*Evolutionary Processes*


*Institutional Dynamics as a Historical Process*

*(Required)* Greif, Avner. 2005. *Institutions and the Path*..., Chapters 6 and 7. (DD)

XII. **The Contractual State and Institutional Dynamics**

(Required) Greif, Avner. 2005. Institutions and the Path..., Chapter 8. (DD)


XIII. Institutions and Culture

(Required) Greif, Avner. 2005. Institutions and the Path..., Chapter 8. (DD)


XIV. Institutions and Impersonal Exchange


**XV. Institutional Empirics and the Path to the Modern Economy**

(Required) Greif, Avner. 2005. *Institutions and the Path of the Modern Economy*, chapters 11, 12. (DD)


**XVI. The Development of Technology and Science: Believers, Scholars, and Producers**


**XVII. The Strength and Weakness of the Church: Why Not a European Theocracy?**


**XVIII. The Coercive State and Market Development**


**XIX. Discoveries, Mercantilism, and Colonialism**


XX. Looking ahead.

A. The Organization of Production.


B. Economic Analysis of Democracy

Acemoglu, Daron and James A. Robinson. 2000. Why Did the West Extend the Franchise? Democracy, Inequality, and Growth in Historical Perspective. Quarterly Journal of
C. Some Self-enforcing Institutions in the Modern Economy


