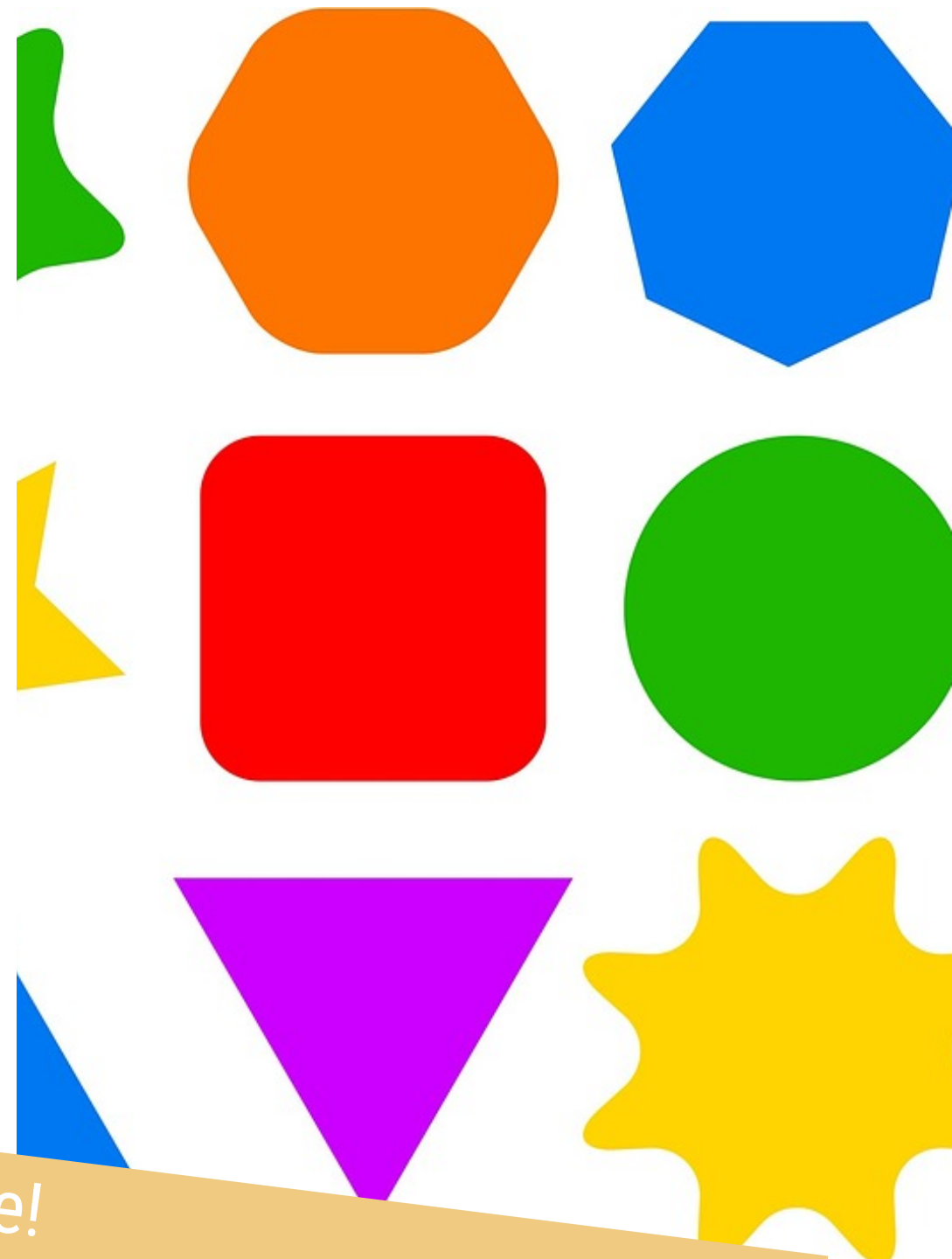


Institutions II

MPA 612: Public Management Economics
March 7, 2018

Fill out your reading report on Learning Suite!



Current events

Plan for today

Back to institutions really quick



Back to institutions really quick

Institutions run the world

Northian institutions

Institutions = rules of the game

Institutions reduce uncertainty by regularizing human interactions








North's argument

Institutions determine opportunities available in society

Organizations emerge to take advantage of opportunities

As organizations evolve, they alter the institutions in their favor

Pólya's urn

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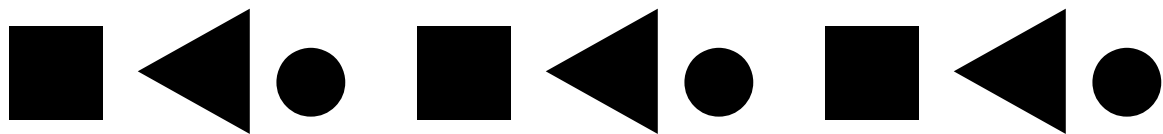
Path dependency and institutional lock-in

Underlying institutional framework shapes incentives

19th century United States vs. post-colonial sub-Saharan Africa







Each group is a sovereign country

Make as much money as possible using the materials in the envelope

Manufacture shapes. Shapes must be cut with scissors and must be accurately measured.

The more shapes you make, the
richer you get!

Only cut blank white paper

No physical violence

I adjudicate disputes and
my word is final

That's all. Go get rich.

