

Rendszerező, azonosító információk

A fejlesztés címe	Institutional Economics blended learning tananyag
Azonosító	T2B1
Rövid összefoglaló	Blended learning tananyag
A fejlesztésben résztvevők	Ádám Zoltán
A fejlesztés eredményének elérhetősége	BCE, Tanárképző és Digitális Tanulás Központ honlap, Kutatás lap alatt
Kapcsolattartó a további információkhoz	Dr. Daruka Magdolna magdolna.daruka@uni-corvinus.hu

Institutional Economics G (KOZNXV40G25)

Syllabus, Fall 2020/21

Classes to be held
TBA

Number of hours per week
One seminar per week

Language
English

Course type
Elective

Instructor

Zoltán Ádám, Assistant Professor, Department of Comparative and Institutional Economics, Corvinus University of Budapest
Main Building, E 226; e-mail: zoltan.adam@uni-corvinus.hu
Office hours: TBA (upon prior email communication)
Homepage: <https://www.uni-corvinus.hu/main-page/about-the-university/departments/department-of-comparative-and-institutional-economics/?lang=en>

Description of the course

Institutional economics as an increasingly important sub-branch of economics. At an introductory level, the course offers access to complex institutional economics concepts, such as competition, cooperation, rules, organizations and institutions. The course provides an introduction to institutional economics with particular emphasis on the so called New Institutional Economics School, established by Ronald Coase, Oliver Williamson and Douglass North. Topics to be discussed include formal and informal institutions, bounded rationality, economics of transaction costs, economics of contracts, theory of property rights, theory of collective action, as well as public choice. As a result, students should gain a comprehensive view of the most important topics of institutional economics. Based on this, they can in the future pursue further studies in institutional economics, and/or may want to apply concepts of institutional economics in other related social science disciplines, such as law, political science, international relations or sociology.

Course requirements during the semester

Since the final grade builds on the work in the seminars, it is essential to read the compulsory reading before each class, and actively participate in discussions.

Assessment and grading: Midterm and final tests & Home assignments

Maximum of 100 points (40-60) are available from the midterm and the final test, and a potential bonus of 20 points from home assignments. The final test is cumulative, hence it covers both the first and the second part of the course, but the second part is overrepresented, with an approximately 3:2 ratio to the first one.

Home assignments are optional. They can earn 2 extra points each, and a student can earn a maximum of 20 extra points based on home assignments during the course. Home assignments always correspond with the compulsory and recommended literature of the upcoming class, and announced at the end of each class. Home assignments are due before each class, and must be uploaded to the course Moodle page.

The grades are as follows:

89-100 points	Excellent (5)
76-88 points	Good (4)
63-75 points	Satisfactory (3)
51-62 points	Pass (2)
0-50 points	Fail (1)

Class schedule and assigned readings

Week 1: Introduction: Why to analyze institutions in economics?

Recommended:

- Acemoglu, D., Johnson, S. & Robinson, J. A. (2005). “Institutions as the Fundamental Cause of Long-Run Growth”. In: Philippe Aghion & Stephen Durlauf eds.: *Handbook of Economic Growth*, Elsevier, North Holland.
- Furubotn, E. G. – Richter, R. (2005): *Institutions and Economic Theory. The Contribution of the New Institutional Economics*, Ann Arbor, MI: The University of Michigan Press, Chapter 1, Introductory Observations, pp. 1-45.

Week 2: Formal and informal institutions & institutional change. Concepts and debates

Compulsory:

- North, Douglass C. (1991): “Institutions”. *The Journal of Economic Perspectives*, 5(1): 97-112.

Recommended:

- Acemoglu, D. & Robinson, J. A. (2006). “De Facto Political Power and Institutional Persistence”. *American Economic Association Papers and Proceedings*, 96(2), pp. 325-330.
- Hodgson, G. M. (2006): “What Are Institutions?”. *Journal of Economic Issues*, 40(1), 1-25.

Week 3: Behavioral foundations: Bounded rationality and opportunism

Compulsory:

- Williamson, O. E. (1985). *The Economic Institutions of Capitalism. Firms, Markets, Relational Contracting*, Chapter 2, Contractual Man. Free Press, New York, pp. 43-67.

Recommended:

- Simon, Herbert A. (1955). “A Behavioral Model of Rational Choice”. *The Quarterly Journal of Economics*. Vol. 69, No. 1 (Feb 1955), pp. 99-118.
- Thaler, R. H., Sunstein, C. R. & Balz, J. P. (2012). “Choice Architecture”. In: Eldar Shafir (ed.): *The Behavioral Foundation of Policy*, Chapter 25. Princeton, NJ: Princeton University Press.

Week 4: Transaction costs

Compulsory:

- Coase, R. H. (1937). “The Nature of the Firm”. *Economica*, New Series, 4(16): 386-405.

Recommended:

- Williamson, O. E. (2008). “Outsourcing: Transaction Cost Economics and Supply Chain Management”. *Journal of Supply Chain Management*, 44(2): 5-16.
- Williamson, O. E. (2014). “Ronald Harry Coase: Institutional economist and institution builder”. *Journal of Institutional Economics*, 11(02): 1-6.

Week 5: Property rights – 1: Emergence of property rights and economic organizations

Compulsory:

- Demsetz, Harold (1967). “Toward a Theory of Property Rights”. *American Economic Review*, 57(2): 347-359.

Recommended:

- Alchian, A. A. & Demsetz, H. (1972). “Production, Information Costs, and Economic Organization”. *American Economic Review*, 62(5): 777-795.
- Ostrom, Elinor (1990). *Governing the Commons: The Evolution of Institutions for Collective Action*. Cambridge: Cambridge University Press.

Week 6: Property rights – 2: Externalities and social costs

Compulsory:

- Coase, R. H. (1960): “The Problem of Social Cost”. *The Journal of Law and Economics*. Vol. 3, October, pp. 1-44.

Recommended:

- Coase, R. H. (1974). “The Lighthouse in Economics”. *Journal of Law and Economics*, 17(2): 357-376.
- Furubotn, E. G., and S. Pejovich. (1972). “Property Rights and Economic Theory: A Survey of Recent Literature.” *Journal of Economic Literature*, Vol. 10, pp. 1137-1162.

Week 7: Midterm test

Week 8: Economics of contracts – 1: Contracts and transaction costs

Compulsory:

- Williamson, O. E. (1979). “The Governance of Contractual Relations”. *Journal of Law and Economics*. Vol. 22, No. 2 (October 1979), pp. 233-261.

Recommended:

- Williamson, O. E. (2002). “The Theory of the Firm as Governance Structure: From Choice to Contract”. *Journal of Economic Perspectives*, 16 (3): 171-195.
- Williamson, O. E. (2005). “The Economics of Governance”. *American Economic Review*, 95(2): 1-18.

Week 9: Economics of contracts – 2: Incomplete contracts

Compulsory:

- Grossman, Sanford J. – Oliver D. Hart (1986). “The costs and benefits of ownership: A theory of vertical and lateral integration”. *Journal of Political Economy*, Vol. 94, No. 4, pp. 691-719.

Recommended:

- Hart, O. – Moore, J. (1999). “Foundations of Incomplete Contracts”. *The Review of Economic Studies*, 66(1), 115-138.
- Hart, O. (2017). “Incomplete Contracts and Control”. *American Economic Review*, 107(7): 1731-1752.

Week 10: Economics of contracts – 3: Information asymmetries

Compulsory:

- Akerlof, G. (1970). “The Market for 'Lemons': Quality Uncertainty and the Market Mechanism”. *Quarterly Journal of Economics*, Vol. 84, No. 3, pp. 488–500.

Recommended:

- Akerlof, G. (2003). “Writing the "The Market for 'Lemons'": A Personal and Interpretive Essay”. Nobel Prize in Economics documents 2001-10, Nobel Prize Committee, <https://www.nobelprize.org/prizes/economic-sciences/2001/akerlof/article/>
- Hayek, F. A. (1945) “The Use of Knowledge in Society”. *American Economic Review*, 35(4): 519-530.

Week 11: State and market – 1: The historical development of modern states and markets

Compulsory:

- North, D. C. & B. R. Weingast (1989), “Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England”, *The Journal of Economic History*, 49(4): 803-832.

Recommended:

- Acemoglu, D. & Robinson, J. A. (2015). “The Rise and Decline of General Laws of Capitalism”. *Journal of Economic Perspectives*, 29(1), pp. 3–28.
- Hodgson, G. M. (2017), “1688 and all that: Property rights, the Glorious Revolution and the rise of British capitalism”. *Journal of Institutional Economics*, 13(1): 79-107.

Week 12: State and market – 2: Democracy

Compulsory:

- Downs, A. (1957), “An Economic Theory of Democracy”, *Journal of Political Economy*, 65(2): 135-150.

Recommended:

- Acemoglu, D. & Robinson, J. A. (2016). “Paths to Inclusive Political Institutions”. In: Jari Eloranta, Eric Golson, Andrei Markevich & Nikolaus Wolf eds.: *Economic History of Warfare and State Formation*, New York, NY: Springer.
- Becker, Gary S. (1958). “Competition and Democracy”. *Journal of Law & Economics*, 1: 105-109.
- Lipset, S. M. (1959). “Some Social Requisites of Democracy: Economic Development and Political Legitimacy”. *American Political Science Review*, 53(1): 69-105.

Week 13: Collective action, institutions and economic development

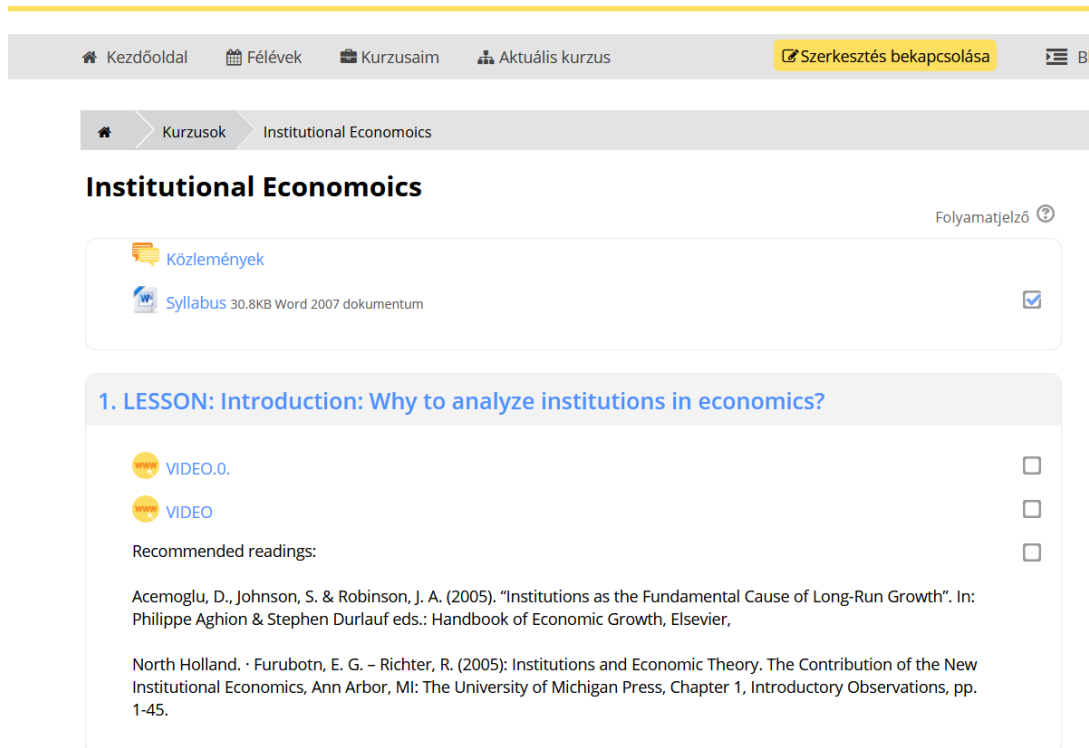
Compulsory:

- Olson Jr., M. (1965). *The Logic of Collective Action. Public Goods and the Theory of Groups*, Chapter 1: A Theory of Groups and Organizations. Cambridge, MA: Harvard University Press.

Recommended:

- Olson Jr., M. (1987). “Economic Nationalism and Economic Progress”. *The World Economy*, 10(3): 241-264.
- Olson Jr., M. (1996). “Big Bills Left on the Sidewalk: Why Some Nations are Rich, and Others Poor”. *Journal of Economic Perspectives*, 10(2): 3–24.

A kurzus online Moodle felülete:



The screenshot shows the Moodle course interface for 'Institutional Economics'. At the top, there is a navigation bar with links for 'Kezdőoldal', 'Félévek', 'Kurzusaim', 'Aktuális kurzus', and 'Szerkesztés bekapcsolása'. Below this, the course title 'Institutional Economics' is displayed. The main content area includes a 'Közlemények' (Messages) section with a 'Syllabus 30.8KB Word 2007 dokumentum' (Syllabus 30.8KB Word 2007 document) and a '1. LESSON: Introduction: Why to analyze institutions in economics?' section. This lesson section contains two video links: 'VIDEO.0.' and 'VIDEO', each with a checkbox. Below the videos, there is a 'Recommended readings:' section with two entries: 'Acemoglu, D., Johnson, S. & Robinson, J. A. (2005). "Institutions as the Fundamental Cause of Long-Run Growth". In: Philippe Aghion & Stephen Durlauf eds.: Handbook of Economic Growth, Elsevier, North Holland.' and 'Furubotn, E. G. – Richter, R. (2005): Institutions and Economic Theory. The Contribution of the New Institutional Economics, Ann Arbor, MI: The University of Michigan Press, Chapter 1, Introductory Observations, pp. 1-45.'

2.LESSON: Formal and informal institutions & institutional change. Concepts and debates

 VIDEO



Compulsory:



North, Douglass C. (1991): "Institutions". The Journal of Economic Perspectives, 5(1): 97-112.

Recommended: Acemoglu, D. & Robinson, J. A. (2006). "De Facto Political Power and Institutional Persistence". American Economic Association Papers and Proceedings, 96(2), pp. 325-330.

Hodgson, G. M. (2006): "What Are Institutions?". Journal of Economic Issues, 40(1), 1-25.

3. LESSON: Behavioral foundations: Bounded rationality and opportunism

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Williamson, O. E. (1985). The Economic Institutions of Capitalism. Firms, Markets, Relational Contracting, Chapter 2, Contractual Man. Free Press, New York, pp. 43-67.

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Thaler, R. H., Sunstein, C. R. & Balz, J. P. (2012). "Choice Architecture". In: Eldar Shafir (ed.): The Behavioral Foundation of Policy, Chapter 25. Princeton, NJ: Princeton University Press.

 3. LESSON



4. LESSON: Transaction costs

 VIDEO



Compulsory:



Coase, R. H. (1937). "The Nature of the Firm". *Economica*, New Series, 4(16): 386-405.

Recommended:

Williamson, O. E. (2008). "Outsourcing: Transaction Cost Economics and Supply Chain Management". *Journal of Supply Chain Management*, 44(2): 5-16. • Williamson, O. E. (2014). "Ronald Harry Coase: Institutional economist and institution builder". *Journal of Institutional Economics*, 11(02): 1-6.

5. LESSON:Property rights – 1: Emergence of property rights and economic organizations



Compulsory:



Demsetz, Harold (1967). "Toward a Theory of Property Rights". American Economic Review. 57(2): 347-359.

Recommended:

Alchian, A. A. & Demsetz, H. (1972). "Production, Information Costs, and Economic Organization". American Economic Review. 62(5): 777-795.

Ostrom, Elinor (1990). Governing the Commons: The Evolution of Institutions for Collective Action. Cambridge: Cambridge University Press.

6. LESSON:Property rights – 2: Externalities and social costs



Compulsory:



Coase, R. H. (1960): "The Problem of Social Cost". The Journal of Law and Economics. Vol. 3, October, pp. 1-44.

Recommended:

Coase, R. H. (1974). "The Lighthouse in Economics". Journal of Law and Economics, 17(2): 357-376.

Furubotn, E. G., and S. Pejovich. (1972). "Property Rights and Economic Theory: A Survey of Recent Literature." Journal of Economic Literature, Vol. 10, pp. 1137-1162.

7. LESSON: Midterm test

8. LESSON: Economics of contracts – 1: Contracts and transaction costs



Compulsory:



Williamson, O. E. (1979). "The Governance of Contractual Relations". Journal of Law and Economics. Vol. 22, No. 2 (October 1979), pp. 233-261.

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Williamson, O. E. (2005). "The Economics of Governance". American Economic Review, 95(2): 1-18.

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Recommended: • Hart, O. – Moore, J. (1999). "Foundations of Incomplete Contracts". The Review of Economic Studies, 66(1), 115-138. • Hart, O. (2017). "Incomplete Contracts and Control". American Economic Review, 107(7): 1731-1752.

10.LECKE:Economics of contracts – 3: Information asymmetries

 VIDEO



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Recommended:

Akerlof, G. (2003). "Writing the "The Market for 'Lemons'": A Personal and Interpretive Essay". Nobel Prize in Economics documents 2001-10, Nobel Prize Committee, <https://www.nobelprize.org/prizes/economic-sciences/2001/akerlof/article/>

Hayek, F. A. (1945) "The Use of Knowledge in Society". American Economic Review, 35(4): 519-530.

11.LESSON:State and market – 1: The historical development of modern states and markets

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Compulsory:



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12. LESSON: State and market – 2: Democracy

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Compulsory:



Downs, A. (1957), "An Economic Theory of Democracy", Journal of Political Economy, 65(2): 135-150.

Recommended:

Acemoglu, D. & Robinson, J. A. (2016). "Paths to Inclusive Political Institutions". In: Jari Eloranta, Eric Golson, Andrei Markevich & Nikolaus Wolf eds.: Economic History of Warfare and State Formation, New York, NY: Springer.

Becker, Gary S. (1958). "Competition and Democracy". Journal of Law & Economics, 1: 105-109. • Lipset, S. M. (1959). "Some Social Requisites of Democracy: Economic Development and Political Legitimacy". American Political Science Review, 53(1): 69-105.

13.LESSON: Collective action, institutions and economic development

 VIDEO



Compulsory:



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Recommended:

Olson Jr., M. (1987). "Economic Nationalism and Economic Progress". The World Economy, 10(3): 241-264.

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