**Course abstract, Б.Пр.Б.17, Institunional Economics**

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| **1. Course number, title, and ECTS** | **Б.Пр.Б.17, Institunional Economics, 6 ECTS**  Core Course  Lectures – 0  Seminars & Practical Classes – 40  Online lectures  Self-study Hours – 188 |
| **2. Course instructors during Self-Evaluation year and site visit year** | Mrs. Elena Podkolzina, Associate Professor, PhD in Economics  Mr. Ilya Prakhov, Associate Professor, PhD in Economics |
| **3. Prerequisites for the course** | Б.Пр.Б.7. Microeconomics  Б.Пр.Б.15. Public Economics |
| **4. Course objectives in relation to total curriculum** | The course has the following main objectives:   * to form a detailed view about current development of new institutional theory, about main instruments and approaches, * to develop competences, which allow to implement the methodology of new institutional economics towards solving practical problems. |
| **5. Learning outcomes** | When completing the course, students should be able:   * to demonstrate the knowledge of key concepts and methodology of institutional theory and to apply this knowledge to the practical cases, * to extract ideas from theoretical literature and apply them to the real cases, * to assess the rules and norms of governance and management from the institutional point of view, * to analyze alternative solutions to the problems posed in terms of institutional economics. |
| **6. Course description** | The course is aimed at giving students insights towards institutional economics, encourage them to apply the method of institutional theory to the problems of governance and management.  Course on Institutional Economics is a step towards understanding institutions and their role in economics and society. During this course it is shown that in the world where all transactions are connected with costs and people squint towards opportunism, it is important to create rules and systematically monitor everyone is following them. Together these rules and enforcement mechanisms are called institutions.  It is demonstrated how institutions work in various spheres, what happens if they become weak or inefficient. Course topics cover the institutions of property rights and contracts, include historic examples and the analysis of modern cases. It is shown that institutions are vitally important for the prosperity of countries as well as for making the simplest transactions between citizens possible.  Course on Institutional Economics gives an overview of modern institutional theory, its development and current state, its basic instruments and approaches. Special focus is made on ways to use these instruments and approaches for solving real-life problems. |
| **7. Learning and teaching methods** | During the course the following techniques are used:   * Lectures * Seminars * Online lectures * Presentations * Research projects * Role-play games * Group work and group presentations |
| **8. Major topics covered** | The main topics of this course are the following:   1. Introduction to institutional economics. New and traditional institutionalism. 2. The definition and the role of institutions in the society. Problems of coordination, cooperation and redistribution. Prisoner’s dilemma. 3. Transaction costs theory. Transactions (approaches by Commons, Williams). Classifications of transaction costs by Milgrom-Roberts and North-Eggertsson. 4. Contract theory. Types of contracts. Incomplete contracts. Agency theory. Adverse selection. Moral hazard. 5. Property rights. Property rights regimes. The tragedy of commons. Residual claims. 6. Firm theory. Proprietorship, partnership, closed corporation, open corporation, mutual, non-profit organization. Franchising. 7. The theory of state. Agency approach. 8. Institutions and institutional development. Path-dependency. Institutional traps. |
| **9. Prescribed books and readings** | 1. Allen, D. W., & Lueck, D. (1992). The "Back Forty" on a handshake: Specific assets, reputation, and the structure of farmland contracts. Journal of Law, Economics, & Organization, 8(2), 366-376. 2. Bale, M., & Dale, T. (1998). Public sector reform in New Zealand and its relevance to developing countries. The World Bank Research Observer, 13(1), 103-121. 3. Boehm, F., & Olaya, J. (2006). Corruption in public contracting auctions: the role of transparency in bidding processes. Annals of Public and Cooperative Economics, 77(4), 431-452. 4. Combs, J. G., & Ketchen, D. J. (1999). Can capital scarcity help agency theory explain franchising? Revisiting the capital scarcity hypothesis. Academy of Management Journal, 42(2), 196-207. 5. Devaro, J., & Brookshire, D. (2007). Promotions and incentives in nonprofit and for-profit organizations. Industrial & Labor Relations Review, 60(3), 311-339. 6. Fama, E. F., & Jensen, M. C. (1983). Agency problems and residual claims. The journal of law & Economics, 26(2), 327-349. 7. Glaeser, E. L., La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. (2004). Do institutions cause growth?. Journal of economic Growth, 9(3), 271-303. 8. Kaufman, B. E. (1999). Emotional arousal as a source of bounded rationality. Journal of Economic Behavior & Organization, 38(2), 135-144. 9. Lavy, V. (2007). Using performance-based pay to improve the quality of teachers. The future of children, 87-109. 10. Schlager, E., & Ostrom, E. (1992). Property-rights regimes and natural resources: a conceptual analysis. Land economics, 249-262. 11. Weiss, A. (1995). Human capital vs. signalling explanations of wages. The Journal of Economic Perspectives, 9(4), 133-154. 12. Кузьминов Я.И., Бендукидзе К.А., Юдкевич М.М. Курс институциональной экономики: Институты, Сети, Трансакционные издержки, Контракты. М.: ГУ-ВШЭ, 2005. 13. Эггертсcон Т. Экономическое поведение и институты. М.: Дело, 2001. |
| **10. Way of examining** | * **Accumulated score**: * Control work – 30% * Minitests – 20% * Presentation of an article – 20% * Research project – 30% * **Final score**: * Accumulated score – 75% * Written exam – 25% |