

COURSE OUTLINE: ECONOMICS OF INSTITUTIONS

FENIKA

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|---|---|------------------------------|----------------|
| SCHOOL | ECONOMICS AND BUSINESS | | |
| ACADEMIC UNIT | ECONOMICS | | |
| LEVEL OF STUDIES | UNDERGRADUATE | | |
| COURSE CODE | OA0701 | SEMESTER | 6th |
| COURSE TITLE | ECONOMICS OF INSTITUTIONS (NEW INSTITUTIONAL ECONOMICS) | | |
| INDEPENDENT TEACHING ACTIVITIES <i>if credits are awarded for separate components of the course, e.g. lectures, laboratory exercises, etc. If the credits are awarded for the whole of the course, give the weekly teaching hours and the total credits</i> | | WEEKLY TEACHING HOURS | CREDITS |
| Lectures | | 3 | 6 |
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| <i>Add rows if necessary. The organisation of teaching and the teaching methods used are described in detail at (d).</i> | | | |
| COURSE TYPE <i>general background, special background, specialized general knowledge, skills development</i> | General background | | |
| PREREQUISITE COURSES: | NO | | |
| LANGUAGE OF INSTRUCTION and EXAMINATIONS: | Greek | | |
| IS THE COURSE OFFERED TO ERASMUS STUDENTS | YES | | |
| COURSE WEBSITE (URL) | https://www.econ.uth.gr/ | | |

LEARNING OUTCOMES

Learning outcomes

The course learning outcomes, specific knowledge, skills and competences of an appropriate level, which the students will acquire with the successful completion of the course are described.

Consult Appendix A

- Description of the level of learning outcomes for each qualifications cycle, according to the Qualifications Framework of the European Higher Education Area*
- Descriptors for Levels 6, 7 & 8 of the European Qualifications Framework for Lifelong Learning and Appendix B*
- Guidelines for writing Learning Outcomes*

Although the Institutional School of Economics has a long history that dates back to the late 19th century, in the last 20 years it has experienced significant growth and broader acceptance. One of the reasons for this dynamic is the recognition of prominent economists, such as Nobel laureates Douglass North, Ronald Coase, and Oliver Williamson, as well as the Nobel-winning social scientist Elinor Ostrom, who have worked to enrich conventional economic thought with the principles and tools of institutional analysis, thus forming the New Institutional School. The course examines the fundamental principles, concepts, and analytical tools of this school with the aim of introducing students to the richness of its thinking and the possibilities it offers for the analysis of the economy.

The aim of the course is to equip students with the basic principles, concepts, and analytical tools of the New Institutional Economics (NIE). In particular the course will enable:

- The smooth transition from the conventional neoclassical thought to the rhetoric and qualities of the Institutional Economics.
- The familiarization and understanding of the key concepts and tools availed by the NIE.
- The understanding of the contribution of the NIE approach to the analysis of the economic system.

Upon successful completion of the course, students will be able to:

- identify, articulate and explain the key concepts of NIE (*inter alia*: institutions, organizations, transaction, transaction costs, property rights, imperfect and relational contracts, principal-agent problem, fundamental transformation, governance structure, path dependence, credible commitment, etc.)
- identify and explain the reasons and mechanisms that give rise to institutions
- outline, compare and contrast the behavioural hypotheses of neoclassical economics and NIE
- illustrate, explain and use the Coase theorem
- clarify, explain and assess the role and importance of specifying, monitoring and enforcing property rights
- specify and evaluate the problem of common pool resources and its solutions
- identify and assess the solutions to contractual problems

General Competences

Taking into consideration the general competences that the degree-holder must acquire (as these appear in the Diploma Supplement and appear below), at which of the following does the course aim?

Search for, analysis and synthesis of data and information, with the use of the necessary technology

Adapting to new situations

Decision-making

Working independently

Team work

Project planning and management

Respect for difference and multiculturalism

Respect for the natural environment

Showing social, professional and ethical responsibility and

sensitivity to gender issues

Criticism and self-criticism

Production of free, creative and inductive

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| <i>Working in an international environment</i> | <i>thinking</i> |
| | <i>.....</i> |
| <i>Working in an interdisciplinary environment</i> | <i>Others...</i> |
| | <i>.....</i> |
| <i>Production of new research ideas</i> | |

- *Analysis and synthesis of information*
- *Work in an interdisciplinary environment*
- *Generation of new research ideas*
- *Exercise of critical and self-critical thinking*
- *Promotion of free, creative, and inductive thinking*

SYLLABUS

INTRODUCTION

- Purpose and objectives of the course, teaching modules, bibliography, and evaluation methods
- From neoclassical orthodoxy to institutional economics: what is institutional economics and its importance in economic analysis

BACKGROUND FOR THE ANALYSIS OF INSTITUTIONS: BEHAVIORAL ASSUMPTIONS

- The theoretical issue: transactions and cooperation
- Rationality, conditions for rationality, and preferences
- Information problems (asymmetric information, incomplete information)
- Bounded Rationality
- Opportunistic behavior

THEORY AND FORMS OF INSTITUTIONS

- Concept and basic principles
- Institutions and organizations
- Types of institutions
- Mechanisms of emergence and evolution of institutions
- Evaluation of institutions and effectiveness

TRANSACTION COSTS (TC)

- Coase Theorem
- Concept and definition of transaction costs
- Categorization and examples
- Efforts to measure and estimate TC

PROPERTY RIGHTS (PR)

- Basic concepts
- Definition, characteristics, and categorization
- The concept of ownership
- Intangible or intellectual property rights
- Problems of defining and enforcing PR
 - Definition and allocation

- Monitoring and enforcement
- PR and common pool resources

RELATIVE PROPERTY RIGHTS OR CONTRACTS

- Basic principles of contractual obligations
 - Typology of contracts and opportunism issues (ex ante and ex post): sales contracts, leasing contracts, employment contracts, loan contracts
 - Understanding economic contracts (perfect contract, imperfect contract, relational contract, and the continuum of contracts)
- Economic theories for contract analysis
 - Principal-Agent theories – Principal-Agent problem (Moral Hazard and Adverse Selection)
 - Self-enforcing contract theories (mechanisms of self-enforcing contracts) and implicit contracts
 - Contract governance theories (Fundamental Transformation and types of private orderings)

ORGANIZATIONAL STRUCTURES (ORGANIZATIONS): MARKET, FIRM, STATE

- Institutional framework and basic operational rules of the economic system (constitutional and functional rules)
- Definitions and general principles of organizational structures: organizations in general, market, firm, state
- Market (market as a network of relational contracts, cooperation, and competition)
- Firm and Williamson's Transaction Cost Theory (from market to hierarchy, specialization and investments, Governance Structures)
- State (definition, simple theory of the state, international relations)

TEACHING and LEARNING METHODS - EVALUATION

| DELIVERY <i>Face-to-face, Distance learning, etc.</i> | Face-to-face | | | | | | | | |
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| USE OF INFORMATION AND COMMUNICATIONS TECHNOLOGY <i>Use of ICT in teaching, laboratory education, communication with students</i> | <p>The course lectures are conducted using ICT tools (e.g., PowerPoint).</p> <p>Course materials are provided on the course website (e-class), including related assignments and supplementary notes.</p> <p>Communication with students is enhanced through the use of ICT (e-class) for electronic messaging, posting announcements, accessing forums, sharing links, and more.</p> | | | | | | | | |
| TEACHING METHODS <i>The manner and methods of teaching are described in detail. Lectures, seminars, laboratory practice, fieldwork, study and analysis of bibliography,</i> | <table> <tr> <th><i>Activity</i></th><th><i>Semester workload</i></th></tr> <tr> <td>Lectures</td><td>39</td></tr> <tr> <td>Bibliography study</td><td>132</td></tr> <tr> <td>Presentations of assignments</td><td>6</td></tr> </table> | <i>Activity</i> | <i>Semester workload</i> | Lectures | 39 | Bibliography study | 132 | Presentations of assignments | 6 |
| <i>Activity</i> | <i>Semester workload</i> | | | | | | | | |
| Lectures | 39 | | | | | | | | |
| Bibliography study | 132 | | | | | | | | |
| Presentations of assignments | 6 | | | | | | | | |

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| <i>tutorials, placements, clinical practice, art workshop, interactive teaching, educational visits, project, essay writing, artistic creativity, etc. The student's study hours for each learning activity are given as well as the hours of non-directed study according to the principles of the ECTS</i> | Final examination | 3 |
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| | Presentation of assignment (optional) | (+5) |
| | Writing of assignment (optional) | (+10) |
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| | Course total | 180 |
| <p>STUDENT PERFORMANCE EVALUATION</p> <p><i>Description of the evaluation procedure</i></p> <p><i>Language of evaluation, methods of evaluation, summative or conclusive, multiple choice questionnaires, short-answer questions, open-ended questions, problem solving, written work, essay/report, oral examination, public presentation, laboratory work, clinical examination of patient, art interpretation, other.</i></p> <p><i>Specifically-defined evaluation criteria are given, and if and where they are accessible to students.</i></p> | <p>Assessment is conducted using one of the following approaches:</p> <ul style="list-style-type: none"> • Final written semester examination (100%), which includes comprehension and analysis questions in multiple-choice format and short essay questions. • Students have the option to complete a small assignment (either individually or in small groups) on topics provided by the instructor at the beginning of the course and present it to the whole class. Instructions and guidance for completing the assignment are provided by the instructor during individual meetings with each group, as well as during class sessions. The grade for the assignment is 2 extra points added to the exam grade. The assignments are presented in the last class session to the entire class, while the submission of the assignment text takes place on the day of the exams. <p>The language of assessment is Greek; however, for international students (e.g., ERASMUS students), the language of study and assessment is English.</p> <p>The evaluation criteria are communicated to students during the first lecture of the course. The course syllabus, which includes the assessment criteria, is posted on the course announcement board and the course's e-class page. All these materials remain accessible to students throughout the semester via e-class.</p> | |

ATTACHED BIBLIOGRAPHY

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|---|
| <p>- <i>Suggested bibliography</i></p> <p>Key Readings</p> |
|---|

Furubotn E. and Richter R. (1997) *Institutions and Economic Theory, The Contribution of the New Institutional Economics*, Ann Arbor: University of Michigan Press
Menard C. & Shirley M.M. (2022) *Advanced Introduction to New Institutional Economics*, Edward Elgar

Further Readings

Brousseau E. and Glachand J. M. (eds.) (2008) *New Institutional Economics: A Guidebook*, Cambridge University Press
Coase H.R. (1988) *The Firm, the Market and the Law*, University of Chicago Press
Eggertsson T. (1990) *Economic behavior and institutions*, Cambridge University Press
Menard C. & Shirley M.M. (eds.) (2005) *Handbook of New Institutional Economics*, Dordrecht: Springer
North D.C. (1990) *Institutions, Institutional Change and Economic Performance*, Cambridge University Press
North D.C. (2005) *Understanding the Process of Economic Change*, Princeton University Press
Williamson O.E. (1985) *The Economic Institutions of Capitalism: Firms, Markets, Relational Contracting*, The Free Press

- Related academic journals

Journal of Institutional Economics
Journal of Institutional and Theoretical Economics
Evolutionary and Institutional Economics Review