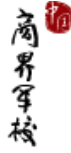




PHBS
北京大学汇丰商学院



Economics Elective Institutional Economics Third Module, Academic Year 2019

Course Information

Instructor: Gerhard Stahl
Office: PHBS Building, Room
Phone: 86-755-2603-3413
Email: gstahl@phbs.pku.edu.cn
Office Hour: Wednesday 10:30 – 12:30

Teaching Assistant:

Phone:
Email:

Classes:

Lectures: Tuesday 8:30 – 10.20, Friday 8:30 – 10.20
Venue: PHBS Building, Room

Course Website:

1. Course Description

1.1 Context

This course should help to understand the complexity of economic and political decisions in a rapidly changing economy. Basic economic theory concentrates on prices and output, supply and demand, and is dismissive of institutions. But institutions matter and are necessary to create the conditions for economic development. New Institutional Economics studies the evolution of economic institutions, laws, contracts and customs, as part of a historical process of economic development. Behavioral economics and institutional economics are treated together, since so much of the logic and design of economic institutions has to do with the complexities of human behavior. Topics include the study of human behavior, and how judgments and choices are made in modern societies. The analysis goes beyond the basic assumptions of standard economic theory, which are rationality and selfishness. The unconscious and conscious process of decision-making is analyzed. The influence of social norms and different cultures, institutions and legislation on the decision making process are discussed. An interdisciplinary approach, based on different psychological and economic theories and historical explanations is used to understand the basic values of societies and attitudes towards individual and collective risks.

Concrete economic and political questions are considered like the role of the public and the private sector, governmental national and international structures and its decisions making,

social welfare institutions, labor relations and the role of share-holders, money illusion, competition policy, surveillance and stability of financial markets. Good governance is discussed, including transparency and rule of law as an important element to create trust and stability for business.

The institutional and regulatory framework is outlined, which is necessary to achieve progress towards green economy and cooperate social responsibility. Examples from developing countries and developed countries will be analyzed to explain the general ideas presented in the course.

Prerequisites:

Good knowledge of microeconomics, macroeconomics including fiscal policy and monetary policy; interest in management, business and in international economy.

1.2 Textbooks and Reading Materials

Thomas Piketty (2017), "Toward a Reconciliation between Economics and the Social Sciences" in " After Piketty, The Agenda for Economics and Inequality " edited by Boushey, Delong, Steinbaum, Cambridge, pages 543 – 565.

Daniel Kahneman (2011), " Thinking, Fast and Slow ", London, Part I, pages 3 - 105.

John Nye (2008), " Institutions and the Institutional Environment " in " New Institutional Economics " edited by Eric Brousseau, Jean-Michel Glachant, Cambridge, pages 67 - 80.

Eric Brousseau (2008), " Contracts: From Bilateral Sets of Incentives to the Multi-Level Governance of Relations " in " New Institutional Economics " edited by Eric Brousseau, Jean- Michel Glachant, Cambridge, pages 37 - 66.

Benito Arrunada (2008), " Human Nature and Institutional Analysis " in " New Institutional Economics " edited by Eric Brousseau, Jean-Michel Glachant, Cambridge, pages 81 - 99.

Martin Ricketts (2006), " Economic Regulation: principles, history and methods " in " International Handbook on Economic Regulation " edited by Michael Crew, David Parker, pages 34 - 62.

Jacques Pelkmans (2012), " The European Union " in " Internal Market and Multi-level Governance " edited by George Anderson, Oxford University Press, Onitario, pages 93 - 130.

A.J. Baltes, Hu Ling, Huang Haifeng (2014), "Comparing Energy Policies of China and the United States: Cross-Cultural Connections in " Renewable Energy in China, Volume 1, Singapore, pages 143 - 160.

Additional reading proposals will be indicated during the course.

2. Learning Outcomes

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment (YES with details or NO)
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	Yes, in group work well-researched documents have to be prepared.
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	Yes, the results of the group work have to be presented and defended in a question and answer session.
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	Yes, by obligation to participate in group work
	2.2. Students will be able to apply leadership theories and related skills.	Yes, leadership skills are needed for successful team-work
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	Yes, with individual thesis students have to show the capacity to use appropriate techniques.
	3.2. Our students will practice ethics in the duration of the program.	Yes, the objective of the course is to provide students with a comprehensive view of business and politics, underlining ethical principles.
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	Yes, case studies from different parts of the world (America, Europe, Asia, Africa) are presented.
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Yes, different theories are presented and their usefulness and limits will be discussed.
	5.2. Our students will be prepared to face	Yes, the course

	problems in various business settings and find solutions.	studies real-live business cases and economic policy choices.
	5.3. Our students will demonstrate competency in critical thinking.	Yes, this is the main focus of the teaching. Students will learn that there are no simple answers and that different aspects have to be taken into account.

2.2 Course specific objectives

Students should be able to understand complex decision-making. They should study the main elements influencing decisions in companies, governments and public administrations.

This course should allow students to understand better the ongoing changes in national economies and the international economy linked to globalization, trade conflicts, deficiencies of the multilateral international system, national policies with extraterritorial consequences and the fight against climate change.

2.3 Assessment/Grading Details

An active participation of students is expected.

Examination is composed of class attendance and performance during the class 40%, group presentation 30% and individual thesis 30%.

Individual Thesis

Students can choose a topic amongst the different areas covered by the course to write a thesis. (5 to 10 pages including supporting evidence; Template: Times News Roman, 12 Font, double spacing).

Group Presentation

Students are expected to study in teamwork, in a more detailed manner, some of the issues of the course. Themes for the teamwork will be distributed in line with the priorities of the main program. The result of the teamwork will be presented and discussed during the course.

2.4 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

3. Topics, Teaching and Assessment Schedule

- Basic elements explaining human judgment and decision making
 - Subconscious and conscious behavior and two systems to explain thinking: the automatic system and the effortful mental activities
 - The functioning of the market, market equilibrium, market efficiency, property rights, market power, incomplete information and speculations
- Monopolies, cartels and the role of competition policy
 - Main elements of New Institutional Economics: three categories of coordination devices: inside firms, with contracts, through institutions
 - The theories of the firm and the role of private and public companies in the market economy, cooperate social responsibility
 - Good governance, federalism, multi-level governance, transparency, rule of law and fight against corruption
 - The main characteristics of institutions in major countries like the US, Europe, China, Russia and its consequences for business, economy, social cohesion and poverty

- Financial markets and financial crisis, financial institutions, banking regulation and supervision
- The international financial institutions (Breton-Woods Institution, AIIB, ADB ...) its objectives, functioning, weaknesses and needs for reform
- World trade organization and regulatory framework for trading goods and services, free-trade agreements and their consequences
- New economic and political institutions based on macro regional cooperation like ASEAN, ASEAN+, Shanghai Cooperation Organisation, Mercosur, Nafta, African Union
- The European Union with its unique supranational institutions and common legal and political system
- Institutional and regulatory framework to support sustainable green economy and progress towards a more equal and harmonious society.

During the course the group works will be presented and the individual thesis have to be finished before the end of the course.

4. Miscellaneous