



北京大學
汇丰商学院

Peking University HSBC Business School

Course Name: Institutional Economics Module 4, Academic Year 2023-2024

Course Information

Instructor: Mohammad Ali Moradi

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Office Hours: Monday & Thursday, 8:30-10:30 or by appointment

Classes:

Lectures: Monday & Thursday 10:30-12:20

Venue: PHBS Building, Room ...

Course Website:

TBA

1. Course Description

1.1 Context

Course overview:

The course on Institutional Economics is an essential step towards understanding institutions and their role in economics and society. Institutions are vitally important for the prosperity of countries and for making the simplest transactions between citizens possible. We will show that in a world where all transactions are connected with costs, it is important to create rules and systematically monitor everyone following them. Throughout the course, we will understand how institutions shape the incentives of economic agents, and how they influence economic outcomes in various contexts. The objective of the course is to give students a solid foundation in the basic concepts of institutional economics and discuss institutional economics to understand how various rules and norms enable, direct, and constrain economic behavior, and explain the influence of institutions on the economic activity of individuals, groups, firms, and government. In addition, we will learn to analyze economic transactions at the micro and the macro levels and develop an understanding of how to conceptualize institutional economics dilemmas to solve real-life problems.

Prerequisites:

Students are required to have completed the prerequisite courses, as specified by PHBS.

1.2 Textbooks and Reading Materials

There are a growing number of books and articles including the economics Nobel prize winners' books and articles that deal with institutional economics. The prescribed readings are listed below for reading selected topics and we will discuss the readings listed as "complementary" in class to introduce you to some theoretical and empirical ideas.

Textbook:

1. North, D. C. (1990). Institutions, institutional change, and economic performance. Cambridge University Press.
2. Williamson, O. E. (2000). The new institutional economics: taking stock, looking ahead. *Journal of Economic Literature*, 38(3), 595-613.
3. Coase, R. H. (1998). The new institutional economics. *American Economic Review*, 88, 40-72.
4. Commons, J. R. (1931). Institutional economics; *The American Economic Review*, 21(4), 648-657.
5. Mitchell, W. C. (1910). The rationality of economic activity. *Journal of Political Economy*, 18(3), 197-216.
6. Myrdal, G. (1968). *Asian drama: An inquiry into the poverty of nations*, New York: Pantheon.
7. Ostrom, E. (2005). *Understanding institutional diversity*. Princeton University Press.

2. Learning Outcomes

1.1 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 research-oriented documents.	Yes
	1.2. Our students will be able to professionally present their ideas and also logically explain and defend their arguments.	Yes
2. Our graduates will understand the fundamental concepts of institutional economics	2.1. Our students will present their understanding of fundamental concepts of institutional economics.	Yes
	2.2. Our students will explain the fundamental concepts of institutional economics.	Yes
	2.3. Our students will compare and contrast the fundamental concepts of institutional economics.	Yes
3. Our graduates will be skilled in teamwork and leadership.	3.1. Our students will be able to lead and participate in groups for projects, discussions, and presentations.	Yes
	3.2. Our students will be able to apply leadership theories and related skills.	Yes
4. Our graduates will be trained in ethics.	4.1. In a case setting, students will use appropriate techniques to analyze business finance problems and identify the ethical aspects, provide a solution, and defend it.	Yes
	4.2. Our students will practice ethics for the duration of the program.	Yes
5. Our graduates will have a global perspective.	5.1. Our students will have a good understanding of fundamental theories and ideas in their fields.	Yes
	5.2. Our students will be prepared to face problems in various institutional economics settings and find solutions.	Yes
	5.3. Our students will demonstrate competency in critical thinking.	Yes

2.2 Assessment/Grading Details

1. Paper review and discussion 25%
2. Team project and presentation 30%
3. Final report 20%
4. Final exam 25%

Attendance and effective and useful class participation +/- up to 10%.

The detailed instructions for each assignment, team project, and final report will be discussed under separate cover, with a specific deadline.

2.3 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's work due to efforts done by others are unfair. Deliberate dishonesty is considered academic misconduct, which includes 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, honours, 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 an academic misconduct check. Misconduct checks may include reproducing the assessment, providing a copy to another member of the faculty, and/or communicating 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 purposes.

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

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

3. Topics, Teaching and Assessment Schedule

1. Institutional thought in economics
2. Formal and informal institutions and their influence on the behavior of economic agents
3. Old institutional economics foundations and perspective
4. New institutional economics foundations and perspective
5. Law and economics
6. The notion of transaction and transaction cost economics
7. Property rights
8. Institutions and contract
9. Behavioural perspective
10. Behavioural aspects in orthodox and Limited rationality
11. Institutional stability and institutional changes
12. The measurement of institutions
13. Institutions and economic performance
14. Quality of institutions

Week	Topic
Week 1	1.1. Institutional thoughts in economics 1.2. Overview of the course 1.3. Institutional concepts 1.4. Formal and informal institutions
Week 2	2.1. Institutionalism: old and new 2.2. Old institutional economics foundations and perspective 2.3. New institutional economics foundations and perspective
Week 3	3.1. The notion of transaction 3.2. Transaction cost economics
Week 4	4.1. Law and economics

	4.2. Property Rights I
Week 5	5.1. Property Rights II 5.2. Contract
Week 6	6.1. Behavioural perspective 6.2. Behavioural aspects in orthodox 6.3. Limited rationality
Week 7	7.1. Institutional stability 7.2. Institutional changes 7.3. The measurement of institutions
Week 8	8.1. Institutions and economic performance 8.2. Quality of institutions
Week 9	9.1. Class presentation

4. Communication

Course communication will take place through announcements in class, and the CMS. Students must regularly monitor the course website to receive information related to this class. Course websites are my main electronic method of communicating, announcements, and deadlines regarding your assignments. Assignments will always be submitted online and due at regular times.

My email (moradi@phbs.pku.edu.cn) is one of the best means of contacting me. I will do my best to respond within 24 hours. If I do not reply within 48 hours, do not take it personally, and feel free to send a follow-up email in the very likely event that I genuinely did not see your original message because of receiving bulk messages.

5. Miscellaneous