Econ 224 and PHDBA279D
The Economics of Institutions

Meeting days: Tuesdays 1:00-3:00 pm

Location: Haas F555

Office Hours: by appointment

Description

This course is aimed at PhD students in Economics and in Business and Public Policy with the goal of developing a deeper understanding of economic and political institutions, and their influence on economic activity. The course will provide students with conceptual and theoretical frameworks that have wide applicability, with an eye toward applying these frameworks to understand observable phenomena, guide strategy and inform policy.

Prerequisites

Microeconomic Theory at the PhD level and some PhD applied econometrics. We know that the first-year students lack this prerequisite and we will try to fill in some gaps as we go along.

Requirements

The main objective of the course is to provide a smooth transition for students from studying the research of others to doing one’s own. As such, you are required to submit a short term paper at the end of the course. You will also be required to present summaries of two papers, each being about 15 minutes long. Your presentation should focus on the relation to what we have learned, what the contribution is, and what possible concerns you have with the paper’s contribution. Finally, active participation may also influence your final grade.

Readings

Articles marked with a star (★) are required reading and will be covered extensively in class. The other articles are supplemental and will be referred to as needed. Articles marked with ♀ will be assigned for student presentations in lectures #7 (3/1/2011) and #14 (4/26/2011).
1. **Agency and Incentives (1/18/11)**


2. **Agency and Organization (1/25/11)**


3. **Transaction Costs, Property Rights and Organization (2/1/11)**


4. Incentives versus Transaction Costs (2/8/11)


5. Relational Contracts and Trust (2/15/11)


6. **Knowledge, Hierarchies and Specialization (2/22/11)**


7. **Student Presentations (3/1/11)**

Selected from articles marked with ♀ above.
8. Property Rights Institutions, Political Institutions and Development (3/8/11)


9. Informal institutions: trust and social norms (3/15/11)


3/22/11: SPRING BREAK

10. Legal Institutions and “Development” (3/29/11)


11. Forms of Organizations (4/5/11)


12. Labor Contracts and Labor Market Institutions (4/12/11)


13. Incentives in Organizations (4/19/11)


14. Student Presentations (4/26/11)