

Course description

Institutional Economics

1. Course name, ECTS, quarter/semester, contact hours

Institutional Economics, 5,5 ECTS, 3-4 quarters, 54 contact hours

2. Author of the course

Alexander S. Skorobogatov, professor, department of economics, candidate of economic science (PhD)

3. Outline

The one-semester course is taught in English in the 3rd and 4th quarters to the third-year graduate students. The course consists of introduction and the two parts dedicated to origins of institutions and their performance. The distinctive feature of this course is its focus on origin of institutions and institutional dynamics. The respective part includes topics related to asymptotically stable and stochastically stable states where the latter interpreted as institutional norms. The second part is dedicated to issues that are more conventional for the new institutional economics. They include the theory of state, the theory of property rights, and basic models of the economics of contracts. The course suggests that the students are familiar with basics of calculus, linear algebra, probability theory and game theory.

4. Structure and content

1. Introduction to the institutional economics

Part I. Origin and evolution of institutions

2. Institutions and their analysis within the framework of game theory

3. Adaptive mechanism

4. Fictitious play

5. Games with the fictitious play property

6. Games without the fictitious play property

7. Analysis of dynamics

8. Asymptotic stability of the dynamic system

9. Adaptive play in the ergodic setting

10. Welfare implications of the conventions

Part II. Performance of institutional systems and the resource allocation

11. State

12. Property rights and Coase theorem

13. Pre-contract opportunism

14. Post-contract opportunism

15. Incomplete contracting

5. Prerequisites

Students should have completed the following courses:

Calculus

Linear algebra

Game theory

Microeconomics

6. Assessment

Formative assessments

The following forms for the current assessment are used

- Quiz
- Q&A - Questions and Answers (questions based on reading and lecture material) during contact sessions
- Home Assignments in LMS
- Mid-term closed-book test in LMS (2 hours in class)

Summative assessments

Summative grade is determined as follows

- Quizzes and Q&A [20%]
- Home Assignments in LMS [20%]
- Mid-term closed-book test in LMS (2 hours in class) [30%]
- Final closed-book exam in LMS (2 hours in class) [30%]