

Institutions, Information and Knowledge

The seminar introduces you to theoretical and empirical studies in New Institutional Economics. NIE is an interdisciplinary field for studying how frameworks of regulations, laws, social norms and beliefs shape economic systems. We begin by looking at basic theoretical issues, including the relationship between property rights, transaction costs, and incentives. We are particularly concerned with (1) How imperfect (or inefficient) institutions limit economic progress; (2) The political and cognitive roots of imperfect economic institutions; (3) The concept of social equilibrium and its relationship to economic reforms and technological change; the possibilities and limits of reform.

Part I (Kostas Karantininis)

Lecture I-1: Institutions (and History) Matter

*Williamson (2000a), *Rodrik, et. al. (2000), North (1990), Coase (1988); Nelson & Sampat (2001)

Lecture I-2: Governance: Transaction Cost Economics

Coase(1937); Williamson (1985; *1989; 1994; 2000b; 2002; 2005); Masten (1996)

Lecture I-3: Theory of property rights

Libecup (1989); Barzel (1997; 2000; 2001)

Lecture I-4: Theory of the firm

Foss; Langlois; Teece

Lecture I-5: Chains, Networks, Hybrids and the New Agricultural Economy

Karantininis (2006); Lazzarini,S.G., F.R.Chaddad, and M.L.Cook; Omta; Powell

Part II: Institutions, Useful Knowledge, and Technological Change (Thráinn Eggertsson)

It has been argued that the Modern Age has seen three economic revolutions each beginning in the decades prior to a new century: prior to 1800 (the British Industrial Revolution), prior to 1900 (the Second Industrial Revolution lead by Germany and the United States), and prior to 2000 (the rise of the Knowledge Economy). Supportive social institutions are a necessary condition for new science and technology to emerge and transform the methods of production. We examine problems of adjustment to revolutionary technologies, emphasizing how these adjustments often involve deep uncertainty, ideologies, and conflicting political interests.

Lecture II-1: Knowledge Organization, and Modern Economic Growth: The British Industrial Revolution, and the Second Economic Revolutions. Readings: Papers by Joel Mokyr, Alfred D. Chandler, Paul David, and others

Lecture II-2: Introduction to the Economics of Science and Technology. Papers by Partha Dasgupta, Paul David, W. Brian Arthur, and others.

Lecture II-3: The Computer Revolution and Network Industries: Property Rights, Antitrust, and Changing Nature of Markets. Studies by George Priest, Margit Osterloh, Glenn and Sara Ellison, and others.

Lecture II-4: Biotechnology: Questions About Property Rights and Organization. Papers by Jeanette A. Colyvas, Michael M. Hopkins, Thráinn Eggertsson, and others.

Lecture II-5: The Knowledge Economy: The Impact on Geography and Life Styles. Studies by Edward Leamer, David S. Wall, Michael Storper and others.

A note on readings:

The seminar covers a rapidly developing field. The required readings are drawn from newly published papers, monographs and working papers. A complete list of readings is therefore not available at this point.