



北京大學
汇丰商学院

Peking University HSBC Business School

ECON545

Institutional Economics

Module 3, 2016

Course Information

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Office Hour:

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Classes:

Lectures: Tuesday & Friday 15:30-17:20

Venue: PHBS Building, Room

Course Website:

1. Course Description

1.1 Context

Course overview:

This course should help to understand better the complexity of economic and political decisions in an interconnected and globalized 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 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 is discussed. An interdisciplinary approach, based on different psychological and economic theories and historical explanations, is used to understand better 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, surveillance and stability of financial markets. Good governance is discussed, including transparency and rule of law as important elements to create trust and stability for business.

The institutional and regulatory framework is discussed, which is necessary to fight climate change and achieve progress towards green economy. Concrete examples in different countries will be analysed, to study the implementation of some of the general ideas presented in the course.

Prerequisites:

Good knowledge of macroeconomics including fiscal policy, monetary policy and of microeconomics; interest in current national and international developments and in international business.

1.2 Textbooks and Reading Materials

Textbooks

Readings

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.

Shi Han (2011), " Experiences and Lessons from China's Early Practice in Environmental Performance Assessment " in " The Green Economy and its Implementation in China " edited by Mannie Liu, Huang Haifeng, David Ness, Singapore, pages 38 - 55

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
1. Our graduates will be effective communicators.	1.1. Our students will produce quality and research-oriented documents.	
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group work for projects, discussion, and presentation.	

	2.2. Students will be able to apply leadership theories and related skills.	
3. Our graduates will be trained in ethics.	3.1. In case studies, students will use appropriate techniques to analyse economic problems and identify the ethical aspects, provide a solution and defend it.	
	3.2. Our students will analyse ethical principles in the implementation of policies.	
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	
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.	
	5.2. Our students will be prepared to face problems in various international settings and find solutions.	
	5.3. Our students will demonstrate competency in critical thinking.	

2.2 Course specific objectives

To allow students to analyze all aspects and consequences of concrete business activities and specific political measures, taking into account the complexity of a globalized world and an interlinked international economy.

2.3 Assessment/Grading Details

An active participation of the students is expected and will be taken into account in the assessment.

<i>Class attendance and performance in class discussions</i>	<i>20%</i>
<i>Group presentation</i>	<i>30%</i>
<i>Final written examination related to topics of the course</i>	<i>50%</i>

(The final results will be calculated in line with the percentages as indicated)

Group Presentation

It is expected that students study in teamwork, in a more detailed manner, some of the issues of the course. Themes will be distributed reflecting 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 judgement and decision making
- Subconscious and conscious behaviour or 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
- Main elements of New Institutional Economics with its three categories of coordination devices: firms, contracts, institutions
- The theories of the firm and the role of private and public companies in the market economy
- Good governance, federalism, multi-level governance, transparency and rule of law.
- 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, Monetary Control, Bank regulation and Supervision
- The international financial institutions (Breton-Woods Institutions) its objectives, functioning, weaknesses and needs for reform
- World trade organisation 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+, 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 including case studies

During the course the group works will be presented and at the end of the course the individual thesis.