

ECON 4921: Institutions and Economic Systems

Lecture Plan, Fall 2007

Lecturer: Jon H. Fiva, room 1018 ES, j.h.fiva@econ.uio.no .

Lectures: Fridays 14:15 -16:00, Auditorium 4 ES.

Seminar1: Wednesdays 14:15 -16:00, Auditorium 6 ES.

Seminar2: Wednesdays 10:15 -12:00, Auditorium 6 ES (opens up if necessary).

Lectures run from August 24 till November 23 (13 times, no lecture September 21).

Seminars run from September 5 till November 14 (10 times, no seminar September 12).

Seminar instructors: Jon H. Fiva (first part), Berhe Mekonen Beyene (second part).

Exam: November 29, 14:30 (3hours).

1) Introduction (24/8)

2) The firm as an economic institution (31/8, 7/9)

- Alchian, Armen A. and Harold Demzets (1972): Production, Information Costs and Economic Organization, *American Economic Review*, 62 (5), 777-795.
- Coase, Ronald H. (1937): The Nature of the Firm, *Economica* 4 (16), 386-405.
- Kornai, Janos (1979): Resource-Constrained versus Demand-Constrained Systems, *Econometrica* 47 (4), 801-819.
- Marglin, Stephen A. (1974): What Do Bosses Do?, *Review of Radical Political Economics* 6(2), 60-112.
- Moene, Karl Ove (2004): Pay, Power and Effort: The Employment Relation, lecture notes.

3) Organized interest, power and ownership (14/9, 28/9)

3a) Unions vs. coops

- Craig, Ben and John Pencavel (1992): The Behavior of Worker Cooperatives: The Plywood Companies of the Pacific Northwest , *American Economic Review* 82 (5), 1083-1105.
- Moene, Karl Ove and Michael Wallerstein (1993): Collective Bargaining versus Workers' Ownership, *Journal of Comparative Economics* 17 (3), 628-645.
- Sen, Amartya K. (1966): Labour Allocation in a Cooperative Enterprise, *Review of Economic Studies* 33 (4), 361-371.

3b) *The bargaining society*

- Babcock, Linda and George Loewenstein (1997): Explaining Bargaining Impasse: The Role of Self-Serving Biases, *Journal of Economic Perspectives*, 11 (1), 109-126.
- Fehr, Ernst and Simon Gächter (2000): Fairness and Retaliation: The Economics of Reciprocity, *Journal of Economic Perspectives* 14 (3), 159-181.

3c) *Collective bargaining structure*

- Moene, Karl Ove, Michael Wallerstein and Michael Hoel (1993): *Bargaining Structure and Economic Performance*, in Robert Flanagan, Karl Ove Moene and Michael Wallerstein (eds) “Trade Union Behaviour, Pay Bargaining and Economic Performance”. Clarendon Press, Oxford.

4) Institutions and the market (5/10, 12/10*)

4a) *Profit sharing economy vs. wage economy*

- Weitzman, Martin L. (1985): The Simple Macroeconomics of Profit Sharing, *American Economic Review*, 75 (5), 937-953.

4b) *Hierarchies vs. polyarchies*

- Sah, Raaj Kumar and Joseph E. Stiglitz (1986): The Architecture of Economic Systems: Hierarchies and Polyarchies, *American Economic Review* 76 (4), 716-727.

4c) *Bureaucracy vs. privatization*

- Moene, Karl Ove (1986): Types of Bureaucratic Interaction, *Journal of Public Economics* 29 (3), 333-345.

4d) *Corruption*

- Mauro, Paolo (1995): Corruption and Growth, *Quarterly Journal of Economics* 110, (3), 681-712.
- Shleifer, Andrei and Robert W. Vishny (1993): Corruption, *Quarterly Journal of Economics* 108 (3), 599-617.

* Lecture will be held in Auditorium 3 ES (at the regular time).

5) Governance (19/10[†], 26/10, 2/11, 9/11)

5a) The Scandinavian model

- Moene, Karl Ove and Michael Wallerstein (1999): Social Democratic Labor Market Institutions: A Retrospective Analysis, in Herbert Kitschelt, Peter Lange, Gary Marks and John D. Stephens (eds.) "Continuity and Change in Contemporary Capitalism", Cambridge University Press.

5b) Democracy

- Acemoglu, Daron and James A. Robinson (2000): Why Did the West Extend the Franchise? Democracy, Inequality and Growth in Historical Perspective, *Quarterly Journal of Economics* 115 (4), 1167-1199.

5c) Inequality and governance in a longer perspective

- Acemoglu, Daron, Simon Johnson and James A. Robinson (2001): The Colonial Origins of Comparative Development: An Empirical Investigation, *American Economic Review* 91 (5), 1369-1401.
- Engerman, Stanley L. and Kenneth L. Sokoloff (1997): Factor Endowments, Institutions and Differential Paths of Growth among New World Economies: A View from Economic Historians of the United States, In Stephen Haber (ed.) "How Latin America Fell Behind", Stanford University Press, 260-304.
- Hall, Robert E. and Charles I. Jones (1999): Why Do Some Countries Produce So Much More Output Per Worker Than Others?, *Quarterly Journal of Economics*, 114 (1), 83-116.
- North, Douglas C. and Barry R. Weingast (1989): Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England, *Journal of Economic History*, 48 (4), 803-832.

6) Economic integration, policy interdependence and system competition (16/11, 23/11)

- Freeman, Richard B. (1995): Are Your Wages Set in Beijing?, *Journal of Economic Perspectives* 9 (3), 15-32.
- Mukand, Sharun W. and Dani Rodrik (2005): In Search of the Holy Grail: Policy Convergence, Experimentation, and Economic Performance, *American Economic Review* 95(1), 374-383.
- Rodrik, Dani (1998): Why Do More Open Economies Have Bigger Governments?, *Journal of Political Economy* 106 (5), 997-1032.
- Rodrik, Dani (2000): How Far Will International Economic Integration Go?, *Journal of Economic Perspectives* 14 (1), 177-186.

[†] Lecture given by Kalle Moene.

- Sinn, Hans-Werner (1997): The Selection Principle and Market Failure in Systems Competition, *Journal of Public Economics* 66 (2), 247-274.
- Wildasin, David E. (1991): Income Redistribution in a Common Labor Market, *American Economic Review* 81 (4), 757-774.

Jon H. Fiva, August 24, 2007.