Course objective

Institutional Economics focuses on the transactions in the economy and how they are coordinated, which is not costless. Institutions are created to reduce these coordination costs. Institutional Economics is concerned by the different types of institutions, how they relate to each other, how they influence behavior and ideas about central concepts such as competition and efficiency (Groenewegen et al, 2010).

In this course, we will study what do we mean by Institutions, what are their role in the economy at the macro and the micro level. We will start by a presentation of the theoretical framework; we will link the theory with the real World to show why institutions matter. Both schools of institutional economics will be presented; Old Institutional Economics (OIE) and New Institutional Economics (NIE). NIE provides a theory to study economic behavior, with relaxing some of the assumptions of the Neoclassical theory.

In the first part of the course we will focus on the static approach of institutions including property rights theory, contract theory and the transaction costs theory. While in the second part we will focus on the Political Economy and Law and Economics.

Outline

I. Introduction (Week 1)
   a. What is Institutional Economics?
   b. Definitions


II. Theoretical Framework (Weeks 2 and 3)
   a. New Institutional Economics (NIE) versus Old Institutional Economics.
   b. Institutional Economics versus Neoclassical Economics

References: Groenewegen et al (2010)- Chapter 2

III. Static Approach to Institutions
   a. Property Rights Theory (week 4)
   b. Contract Theory (week 5)
   c. Transaction costs Theory (week 6)

References: Groenewegen et al (2010) - Chapter 3
IV. Rent Seeking Behavior, Interest Groups, Ethics and Economic Progress (Week 7)

References:
- Groenewegen et al - Chapter 9.

V. Law and Economics- Competition Law (Weeks 8-9)

References:

VI. Political Economy (Weeks 10-11)

References:
- Acemoglu, Daron and James Robinson (2008), "Paths of Economic and Political Development", in Barry R. Weingast and Donald Wittman (editors), The Oxford Handbooks of Political Science, Oxford: Oxford University Press.
- North, Douglass (2011), "What is missing from Political Economy", in Barry R. Weingast and Donald Wittman (editors), The Oxford Handbooks of Political Science, Oxford: Oxford University Press.

**Other Readings:**


- إيمان الشاعر (2007)، "الاقتصاد المؤسسي الجديد مع التركيز على إمكانات تطبيقه في مجال العمل الجماعي في قطاع الزراعة المصري، القاهرة، شركاء التنمية لليحوت والاستشارات والتدريب.
- مصطفى كامل السيد (محرر، 2007)، "الإصلاح المؤسسي والتنمية في مصر "، القاهرة، شركاء التنمية لليحوت والاستشارات والتدريب.

**Classes**

- Monday : 9a.m. – 10:30 a.m.
- Wednesday: 10: 30 a.m. – 12 p.m.

**Office Hours**

- **Dr. Ahmed Ghoneim:** To be mentioned later
- **Dr. Racha Ramadan:** racha.ramadan@feps.edu.eg
  
  o Monday: 11a.m. -12 p.m.
  o Wednesday: 12:30 p.m. – 1:30 p.m.

**Section:** Mrs. Asmaa Ezzat

**Student Assessment:**
Assignments, attendance and participation: 10%
Mid Term Exam: 20%
Final Exam: 70%