



masiye phambili · forward together · saam vorentoe

Faculty of Economic and Management Sciences

Department of Economics

Economics 381

Institutional Economics

(I2084-381)

Module Outline

(2019)



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I. INTRODUCTION

I.1. THE MODULE FRAMEWORK

This document contains important information about your module that you might need during the year. Please read it with the general module outline for Economics 381. Both documents are regarded as "contracts" between a lecturer and a student.

I.2. MODULE AIM

As mentioned in the general module outline, Institutional Economics has to do with formal institutions (e.g. laws, policy rules and contracts) and informal institutions (e.g. norms and habits) and their effects on economic behaviour and development. This part of the Economics 381 module provides an introduction to the most important concepts and themes in Institutional Economics. Its aims are to complement other parts of the undergraduate Economics curriculum and to provide preparation for further study of and research in Institutional Economics.

I.3. MODULE OUTCOMES

After the successful completion of this part of the module you will be able to:

- explain the nature and main types of institutions
- discuss the role of institutions in economic growth and development
- discuss the relationship between formal and informal institutions and its policy implications
- explain the role of institutions in the economic development of African countries.

The knowledge gained by studying the contents of this part of the module makes it possible to analyse the effects of specific institutions and sets of institutions, and to provide suggestions for institutional reforms that might improve the economic performance of countries.

I.4. LANGUAGE OF INSTRUCTION

The general module outline contains information about the language option for all parts of Economics 381, including Institutional Economics.

2. ADMINISTRATION

2.1. MODULE CONVENOR AND LECTURER

Name	Office	E-mail address	Telephone number	Consultation hours
Krige Siebrits	509A	krigesiebrits@sun.ac.za	(021) 8082234	To be announced in lectures

2.2. LECTURE TIMES

Lectures will be presented on the following days and times.

Language	Day	Time	Venue
English	Wednesday	13h00 – 13h50	Schumann 208
English	Friday	10h00 – 10h50	Schumann 208

3. ASSESSMENT

Please consult the general module framework for information about all the assessment opportunities and the computation of your final marks (FM).

Note that **A1S1** is scheduled for **15 April 2018**. This test will cover all the prescribed work for Institutional Economics. It will count 60 marks and contribute 20% to your FM. More information about the venue and duration of the test and the structure of the paper will be provided in due course.

The **FAS** for the first semester will consist of an **academic essay**. More information about the topics and requirements will be provided in due course.

4. RESOURCES

Copies of the prescribed material and additional resources will be made available in the first two lecture sessions.

4.1. PRESCRIBED MATERIAL

There is no prescribed book for this part of the module. The prescribed material consists of the following papers:

- Acemoglu, D. 2003. Root causes. *Finance and Development*, 40(2): 27-30.
- Acemoglu, D. & J.A. Robinson. 2010a. The role of institutions in growth and development. *Review of Economics and Institutions*, 1(2): 1-33.
- Acemoglu, D. and J.A. Robinson. 2010b. Why is Africa poor? *Economic History of Developing Regions*, 25(1): 21-50.
- Alston, L.J. 2008. The New Institutional Economics. In *The New Palgrave Dictionary of Economics* (Volume 6) (edited by S.N. Durlauf & L.E. Blume). Basingstoke: Palgrave Macmillan: 32-39.
- Finighan, R. 2015. Beyond nudge: The potential of behavioural policy. *Policy Briefs Series No. 4/15*. Melbourne: Melbourne Institute of Applied Economic and Social Research: 1-13.
- Luiz, J.M. 2009. Institutions and economic performance: Implications for African development. *Journal of International Development*, 21(1): 58-75.
- North, D.C. 1991. Institutions. *Journal of Economic Perspectives*, 5(1): 97-112.
- North, D.C. 1992. Institutions and economic theory. *American Economist*, 36(1): 3-6.
- Pejovich, S. (1999): Effects of the interaction of formal and informal institutions on social stability and economic development. *Journal of Markets and Morality*, 2: 164-181.
- Rodrik, D. and A. Subramanian. 2003. The primacy of institutions (and what this does and does not mean). *Finance and Development*, 40(2): 31-34.
- Sachs, J.D. 2003. Institutions matter, but not for everything. *Finance and Development*, 40(2): 38-41.

4.2. ADDITIONAL RESOURCES

The following paper will be used to introduce a class discussion:

- Du Plessis, S.W.F., A.I. Jansen and F.K. Siebrits. 2018. The limits of laws: Evidence from traffic law enforcement in Cape Town (South Africa). Unpublished paper. Stellenbosch: Stellenbosch University (Department of Economics).

5. WORK PROGRAMME

The table overleaf contains a provisional schedule of the lectures and reading material. Any changes to this schedule will be announced in advance.

Provisional lecture schedule with readings

Theme 1: Introduction	
Session 1: 6 February 2019 Module introduction	None
Session 2: 8 February 2019 Nature and role of institutions (1)	North (1992) Alston (2008)
Session 3: 13 February 2019 Nature and role of institutions (2)	North (1992) Alston (2008)
Theme 2: Institutions, growth and development	
Session 4: 15 February 2019 Institutions and development in history	North (1991)
Session 5: 20 February 2019 The "deep determinants" of development	Acemoglu (2003) Rodrik & Subramanian (2003) Sachs (2003)
Session 6: 22 February 2019 Institutions, growth and development (1)	Acemoglu & Robinson (2010a)
Session 7: 27 February 2019 Institutions, growth and development (2)	Acemoglu & Robinson (2010a)
Special Session: The 2019/20 Budget	
Session 8: 1 March 2019 The 2019/20 Budget	None
Theme 3: Informal institutions	
Session 9: 6 March 2019 The interaction thesis	Pejovich (1999)
Session 10: 8 March 2019 Policies to change behaviour	Finighan (2015)
Session 11: 13 March 2019 Discussion: Road safety policy	Du Plessis, Jansen & Siebrits (2018)
Theme 4: Institutions and development in Africa	
Session 12: 15 March 2019 Why is Africa poor? (1)	Acemoglu & Robinson (2010b)
Session 13: 20 March 2019 Why is Africa poor? (2)	Acemoglu & Robinson (2010b)
Session 14: 3 April 2019 Institutions and growth in Africa	Luiz (2009)
Session 15: 5 April 2019 Guest lecture: Botswana and Zambia	None