

UNIVERSITY OF NATIONAL AND WORLD ECONOMY, Dept. of Economics
Sofia, Bulgaria

COURSE INFORMATION

1. Course Title: Institutional Economics
2. Department Name: Economics
3. Course Number: B10000 O 0643
4. Course Credits: 6
5. Semester Offered: Spring 2017
6. Course Meeting on: Mon., 10:45-14:00 (4 academic hours every week) The semester starts on Feb. 6, and ends on May 27 (15 weeks).
7. Prerequisites: Introduction to Economics, Microeconomics, Macroeconomics, and some basic econometrics would be helpful.
8. Course Website: <http://home.cerge-ei.cz/pstankov/teaching/instecos17.htm>
9. Language of instruction: English

INSTRUCTOR INFORMATION

1. Name: Dr. Petar Stankov
2. Office Location: Office 4022 at the UNWE, Sofia
3. Office Hours: Tue. 15:00—16:30.
4. E-mail Address: petar.stankov[at]gmail.com

COURSE PURPOSE

This is an introductory course on how economists think about institutions – the formal and informal rules driving our everyday lives. The course reviews how institutions emerge, evolve and how they shape the differences in economic development over time. It also looks at the micro decision making and discusses how institutions affect our behavior as citizens and as entrepreneurs.

More specifically, the course illustrates how the legal institutions of a market economy work, how new markets are created, and why enforcement of contracts and laws is so important for the economy. In addition, the course zooms in on the effects of government regulation on businesses, and brings out the origins and consequences of property rights. Furthermore, the course emphasizes how institutions affect economic development and includes the other non-institutional factors that shape the differences between a successful and a failing economy.

MAIN TEXTS

There is no single best text to study from. Rather, there will be a list of seminal and influential papers for each of the topics discussed. Those will also serve to develop the lecture presentations. The mandatory readings will be announced in due course.

THEMATIC PLAN AND A TIMELINE

To pass the course with a satisfactory grade, please get familiar with the topics below. They will be discussed according to the timeline below. When a lecture was delivered, please find the corresponding content in the reading list. The lecture presentations, as well as some additional material for your exam preparation, are found on the class website. The following topics will be reviewed:

Timeline	Topics
	Part I: Institutions: The Basics
Week 1	Course preliminaries. Introduction to Institutional Economics.
Week 2	Property Rights: the Classic Readings
Week 3	Property Rights: Further Studies
Week 4	Ownership
Week 5	Transaction Costs
	Part II: Economic Effects of Institutions
Week 6	Institutions and Growth: Macro-level studies
Week 7	Institutions and Growth: Micro-level studies
	Part III: Political Economy of Institutions
Week 8	Origin of Institutions
Week 9	Persistence of Institutions
Week 10	Institutional Change
	Part IV: Institutional Reforms in Practice
Week 11	Institutional Reforms in Transition Economies
	China's Economic Transition
	Part V: The Impact of Culture and Corruption on Reforms and Growth
Week 12	Corruption
	Informal Institutions
Week 13,14	Student presentations and peer reviews
Week 15	Term Paper Workshop and Preparation for the Final Exam

Disclaimer: Please note that the list of topics is only indicative. Although I always try to stick to the thematic plan, the ultimate list of topics and weekly schedule may change.

COURSE READINGS

Please find the corresponding readings for each course topic below. They help build the class discussions and are very useful when students develop their term papers: they contain numerous further references. This list is **by no means** a mandatory reading list. The mandatory reading items will be a fraction of this list and will be announced on a weekly basis.

Part I: Institutions: The Basics

Introduction

Ménard, Claude and Shirley, Mary (2005). Introduction. In: Ménard, C. and Shirley, Mary M. (Eds.). *Handbook of New Institutional Economics*, Springer, 1-18

*** North, Douglass C. (1994). Economic Performance through Time. *American Economic Review*, 84(3), 359-368.

North, Douglass (1991). Institutions, *The Journal of Economic Perspectives*, 5(1), 97-112.

Commons, John R. (1931, Dec.). Institutional Economics, *American Economic Review*, 21(4), 648-657

- *** Williamson, Oliver (2000, Sept.). The New Institutional Economics: Taking Stock, Looking Ahead, *Journal of Economic Literature*, 38, 595-613.
- Hodgson, Geoffrey M. (1998, Mar.). The Approach of Institutional Economics, *Journal of Economic Literature*, 36(1), 166-192
- Coase, R. (1998). The New Institutional Economics. *American Economic Review*, 88(2), 72-74.
- Coase, Ronald (1937, Nov.). The Nature of the Firm. *Economica, New Series*, 4(16): 386-405.
- McCloskey, Donald (1976, Jun.). Does the Past Have Useful Economics?, *Journal of Economic Literature*, 14(2), 434-461.
- Greif, Avner (1997, May). Cliometrics After 40 Years. *American Economic Review* 87(2): 400-403.
- World Bank (2002). Overview, *Building Institutions for Markets, World Development Report*.

Property rights: Classic Reading

- *** Coase, Ronald (1960). The Problem of Social Cost, *Journal of Law and Economics*, 3, 1-44.
- *** Coase, Ronald H. (2005). The Institutional Structure of Production. In: C. Menard and M. M. Shirley (eds.), *Handbook of New Institutional Economics*, 31-39
- Alchian, Armen (1950, Jun.). Uncertainty, Evolution, and Economic Theory, *Journal of Political Economy*, 58(3), 211-221
- Demsetz, Harold (1967, May). Toward a Theory of Property Rights, *American Economic Review*, 57(2), 61-70
- Alchian, Armen & Demsetz, Harold (1973, Mar.). The Property Rights Paradigm, *The Journal of Economic History*, 33(1), 16-27

Property Rights: Further Studies

- *** Besley, Timothy & Ghatak, Maitreesh (2010). Property Rights and Economic Development, In: Dani Rodrik and Mark Rosenzweig (Eds.) *Handbook of Development Economics: Volume V*, 4525-4595
- *** Acemoglu, Daron, and Johnson, Simon (2005, Oct.) Unbundling Institutions, *Journal of Political Economy*, 113(5), 949-95. (Paper, data and program [here](#)) (p. 949-954 and 988-989 only. For replication, read the entire paper)
- Johnson, Simon, John McMillan, and Christopher Woodruff (2002). Property Rights and Finance, *American Economic Review*, 92(5): 1335-1356.
- Moser, Petra (2005) How Do Patent Laws Influence Innovation? Evidence from Nineteenth-Century World Fairs, *American Economic Review* 95(4): 1214-36. (Paper, data and program [here](#))
- Hart, Oliver, and John Moore (1990). Property Rights and the Nature of the Firm, *Journal of Political Economy*, 98(6), 1119-1158
- Krier, James E. (2009). Evolutionary Theory and the Origin of Property Rights, *Cornell Law Review*, 95, 139-160

Ownership

- *** Ericson, Richard (1991, Fall). The Classical Soviet-Type Economy: Nature of the System and Implications for Reform, *Journal of Economic Perspectives*, 5(4), 11-27.
- Ticha, Michaela, (2012). State or Private Ownership? A Survey of Empirical Studies, *Review of Economic Perspectives – Národohospodářský Obzor*, 12(2), 120-144
- Villalonga, Belén (2000). Privatization and efficiency: differentiating ownership effects from political, organizational, and dynamic effects, *Journal of Economic Behavior & Organization*, 42, 43-74

- Che, Jiahua, and Yingyi Qian, (1998, May). Insecure Property Rights and Government Ownership of Firms, *Quarterly Journal of Economics*, 113(2), 467-496.
- Jin, Hehui, and Yingyi Qian, (1998). Public vs. Private Ownership of Firms: Evidence from Rural China, *Quarterly Journal of Economics*, August, 113(3), 773-808.

Transaction Costs

- Williamson, Oliver (1979, Oct.). Transaction-Cost Economics: The Governance of Contractual Relations, *Journal of Law and Economics*, 22(2), 233-261.
- *** Williamson, Oliver (1989). Transaction Costs Economics, In: Schmalensee & Willig (Eds.), *Handbook of Industrial Organization, Volume I, Chapter 3*, 135-182.
- *** Williamson, Oliver (2010, Jun.). Transaction Cost Economics: The Natural Progression, *American Economic Review*, 100(3), 673-690.
- Djankov, Simeon, Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer. "Courts", *Quarterly Journal of Economics*, May, 2003
- Williamson, Oliver (2008). Transaction Cost Economics: The Precursors, *Economic Affairs*, 28, 7-14.

Part II: Economic Effects of Institutions

Institutions and Growth: Macro-Level Studies

- *** Acemoglu, Daron, Johnson, Simon and Robinson, James (2006) . Institutions as a Fundamental Cause of Long-Run Growth. In: *Handbook of Economic Growth*, Aghion, Philippe and Durlauf, Steven, eds. Amsterdam; North-Holland.
- Glaeser, Edward et. al. (2004). Do Institutions Cause Growth?, *Journal of Economic Growth*, 9, 271-303
- Acemoglu, Daron, Johnson, Simon, Robinson, James and Yunnyong Thaicharoen (2003, Jan.). [Institutional Causes, Macroeconomic Symptoms: Volatility, Crises and Growth](#), *Journal of Monetary Economics*, 50, 49-123.
- Acemoglu, Daron, Johnson, Simon and Robinson, James (2002, Nov.). Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution, *Quarterly Journal of Economics*, 117(4), 1231-1294.
- Rodrik, Dani, Arvind Subramanian, and Francesco Trebbi (2004, June). Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development, *Journal of Economic Growth*, 9(2),
- LaPorta, R., Lopez-de-Silanes, F., Shleifer, A., and R. Vishny (1997). Law and Finance, *Journal of Political Economy* 106(6), 1113-1155. NBER version [here](#).
- La Porta, Rafael, Florencio Lopez-de-Silanes, and Andrei Shleifer (2008). The Economic Consequences of Legal Origins, *Journal of Economic Literature*, 46(2), 285–332
- Jan Babecky & Tomas Havranek (2013, Aug.) Structural Reforms and Economic Growth: A Meta-Analysis, Working Papers, 2013/08, Czech National Bank, Research Department

Institutions and Growth: Micro-Level Studies

- *** Commander, Simon and Jan Svejnar (2011, Feb.). Business Environment, Exports, Ownership, and Firm Performance, *Review of Economics and Statistics*, 93(1), 309-337
- Stankov, Petar (2013). Firm Size, Market Liberalization and Growth, CERGE-EI Working Paper No. 485

Part III: Political Economy of Institutions

Origin of Institutions

- *** Acemoglu, Johnson, and Robinson (2001). The Colonial Origins of Comparative Development: An Empirical Investigation. *American Economic Review*, 91(5), 1369-1401 (Data and program from [here](#))
- *** Acemoglu, Daron and Robinson, James (2006). *Economic Origins of Dictatorship and Democracy*, Cambridge University Press, Chapters 1 and 2
- Glaeser, Edward and Andrei Shleifer, (2002, Nov.). Legal Origins, *Quarterly Journal of Economics*, 107(4), 1193-1229. NBER version [here](#).
- Thorsten Beck, Asli Demirgüç-Kunt, and Ross Levine, (2003, Dec.). Law and finance: why does legal origin matter? *Journal of Comparative Economics*, 31(4), 653–675 (WP version [here](#))
- Benerjee, Abhijit and Lakshmi Iyer (2005, Sept.). History, Institutions and Economic Performance: the Legacy of Colonial Land Tenure Systems in Rural India, *American Economic Review*, 95(4): 1190-1213 (Paper, data and program from [here](#))
- Nathan Nunn and Leonard Wantchekon (2011, Dec.). The Slave Trade and the Origins of Mistrust in Africa, *American Economic Review*, 101(7), 3221-3252. (Paper, data and program from [here](#))

Persistence of Institutions

- Daron Acemoglu and James A. Robinson, (2008, Mar.) Persistence of Power, Elites and Institutions, *American Economic Review*, 98(1), 267-93 (Paper from [here](#) or [here](#))
- Krueger, Anne (1974). The Political Economy of the Rent-Seeking Society, *American Economic Review* 64(3), 291-303
- Acemoglu, Daron, Davide Ticchi and Andrea Vindigni (2011) . Emergence and Persistence of Inefficient States, *Journal of the European Economic Association*, 9(2), 177-208
- Coate, Stephen and Morris, Stephen E. (1999, Dec.). Policy Persistence, *American Economic Review*, 89(5), 1327-1336.
- Olson, Mancur (1993, Sep.). Democracy, Dictatorship and Development, *American Political Science Review*, 87(3), 567-576
- Acemoglu, Daron and Robinson, James A. (2006, Feb.). Economic Backwardness in Political Perspective, *American Political Science Review*, 100(1): 115-131
- Acemoglu, Daron, James A. Robinson and Ragnar Torvik (2012). Why Do Voters Dismantle Checks and Balances?, *Review of Economic Studies*, 80(3), 845-875.
- Bardhan, Pranab and Dilip Mookherjee, (2000). Capture and Governance at Local and National Levels, *American Economic Review*, 90(2), 135-139

Institutional Change

- Acemoglu, Daron, Davide Cantoni, Simon Johnson and James A Robinson (2011, Dec.). The Consequences of Radical Reform: The French Revolution, *American Economic Review*, 101(7), 3286-3307 (Paper, data and program from [here](#))
- Acemoglu, Daron and Robinson, James A. (2000). Why Did the West Extend the Franchise? Growth, Inequality and Democracy in Historical Perspective, *Quarterly Journal of Economics*, 115(4):1167–99
- Acemoglu, Daron and Simon Johnson (2005, Oct.). Unbundling Institutions, *Journal of Political Economy*, 113(5), pp. 949-95 (Paper, data and programs from [here](#))
- Acemoglu, Daron and Robinson, James (2006). *Economic Origins of Dictatorship and Democracy*, Cambridge University Press, Chapters 5 and 6

- North, Douglass C. and Weingast, Barry R. (1989, Dec.). Constitutions and Commitment: Evolution of Institutions Governing Public Choice in Seventeenth Century England, *Journal of Economic History*, 49(4), 803-832
- Djankov, S., E. Glaeser, R. La Porta, F. Lopez-de-Silanes, and A. Shleifer (2003, Dec.). The New Comparative Economics, *Journal of Comparative Economics*, 31(4), 595-619
- Levitt, Steve (1996). How do Senators Vote? Disentangling the Role of Voter Preferences, Party Affiliation and Senator Ideology, *American Economic Review*, 86(3), 425-441
- Glaeser E. and A. Shleifer (2003, Jun.) The Rise of the Regulatory State, *Journal of Economic Literature*, 41(2), 401-425.
- Dekel, Eddie, Matthew O. Jackson, and Asher Wolinsky (2008). Vote Buying: General Elections, *Journal of Political Economy*, 116 (2), 351-380.

Part IV: Institutional Reforms in Practice

Institutional Reforms in Transition Economies

- *** Campos, Nauro F. and Fabrizio Coricelli, (2002). Growth in Transition: What We Know, What We Don't, and What We Should, *Journal of Economic Literature*, Vol. XL, pp. 793-836
- Blanchard, Olivier and Michael Kremer (1997, Nov.). Disorganization, *Quarterly Journal of Economics*, 112(4), 1091-1126
- *** Beck, Thorsten and Luc Laeven, (2006, Jun.). Institutions and Growth in Transition Economies, *Journal of Economic Growth*, 11(2), 157-186. The WP version from [here](#)
- *** Babetskii, Ian and Campos, Nauro. (2011, Jun.) Does Reform Work? An Econometric Survey, *Journal of Comparative Economics*, 39(2), 140-158
- Acemoglu, Daron (2008, Mar.). Oligarchic versus Democratic Societies, *Journal of the European Economic Association*, 6(1), 1-44
- Djankov, Simeon, and Peter Murrell (2002). Enterprise Restructuring in Transition: A Quantitative Survey, *Journal of Economic Literature*, 40(3), 739-792.
- Murrell, Peter (2004). Institutions and Firms in Transition Economies, In: Claude Ménard and Mary Shirley (Eds.) *Handbook of New Institutional Economics*, 667-699.

China's Economic Transition

- Xu, Chenggang (2011). The Fundamental Institutions of China's Reforms and Development, *Journal of Economic Literature*, 49(4), 1076-1151.
- Qian, Yingyi (2002, Jun.). How Reform Worked in China. *William Davidson WP No. 473*, Retrieved from <http://hdl.handle.net/2027.42/39858>

Part V: The Impact of Culture and Corruption on Reforms and Growth

Corruption

- *** Mauro, Paulo (1995, Aug.). Corruption and Growth, *Quarterly Journal of Economics*, 110(3), 681-712
- *** Shleifer, Andrei, and Vishny, Robert W., (1994, Nov.). Politicians and Firms, *Quarterly Journal of Economics*, 995-1025
- Banerjee, Abhijit, Rema Hanna, and Sendhil Mullainathan (2012, Mar.). Corruption. MIT Dept. of Economics WP 12-08. Published In: Robert Gibbons & John Roberts (Eds.) *Handbook of Organizational Economics*, Princeton Univ. Press, Chapter 27, 1109-1147

- Bandiera, Oriana, Andrea Prat, and Tommaso Valletti (2009), Active and Passive Waste in Government Spending: Evidence from a Policy Experiment, *American Economic Review*, 99(4), 1278-1308. (Paper, data and program [here](#))
- Bertrand, Marianne, Djankov, Simeon, Hanna, Rema and Mullainathan, Sendhil, (2007, Nov.). Obtaining a Driver's License in India: An Experimental Approach to Studying Corruption, *Quarterly Journal of Economics*, 122(4), 1639-1676.
- Cheung, Yan Leung, P. Raghavendra Rau, and Aris Stouraitis (2012, Apr.). How much do firms pay as bribes and what benefits do they get? Evidence from corruption cases worldwide, *NBER WP No. 17981*
- Fisman, Ray (2001). Estimating the Value of Political Connections, *American Economic Review*, 91(4), 1095-1102
- Alberto Chong, Ana De La O, Dean Karlan, and Leonard Wantchekon (2011, Dec.). Looking Beyond the Incumbent: The Effects of Exposing Corruption on Electoral Outcomes, *NBER Working Paper No. 17679*.
- Ferraz, Claudio and Frederico Finan (2008). Exposing Corrupt Politicians: The Effects of Brazil's Publicly Released Audits and Electoral Outcomes, *Quarterly Journal of Economics*, 703-745. (WP version [here](#))
- Fisman, Raymond, Florian Schulz and Vikrant Vig (2012, May). Private Returns to Public Office, *NBER WP No. 18095*.

Informal Institutions

- North, Douglass C. (1990) *Institutions, Institutional Change and Economic Performance*. New York: Cambridge University Press, Chapter 5
- Guiso, Luigi, Paola Sapienza, and Luigi Zingales, (2006, Spring). Does Culture Affect Economic Outcomes?, *Journal of Economic Perspectives*, 20(2), 23-48
- Henrich, Joseph (2000). Does Culture Matter in Economic Behavior? Ultimatum Game Bargaining among the Machiguenga of the Peruvian Amazon. *American Economic Review*, 90(4), 973-979.
- Luigi Guiso, Paola Sapienza, and Luigi Zingales (2009, Aug.). Cultural Biases in Economic Exchange, *QJE*, 124(3), 1095-1131.
- Schneider, F. (2005, Sep.). Shadow Economies around the World: What Do We Know?, *European Journal of Political Economy*, 21(3), 598-642. (WP version [here](#))
- Algan, Yann and Pierre Cahuc, (2010, Dec.). Inherited Trust and Growth, *American Economic Review*, 100(5), 2060-2092.
- Chen, Keith (2013). The Effect of Language on Economic Behavior: Evidence from Savings Rates, Health Behaviors, and Retirement Assets, *American Economic Review*, 103(2), 690-731. (Paper, data and program [here](#))
- Greif, Avner (1994, Oct.). Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies, *Journal of Political Economy*, 102(5), 912-950.
- Tabellini, Guido (2010). Culture and Institutions: Economic Development in the Regions of Europe, *Journal of European Economic Association*, 8, 677-716
- Nee, V. (1998, May). Norms and Networks in Economic and Organizational performance, *AEA Papers and Proceedings*, 88(2), 85-89
- Bisin, Alberto and Thierry Verdier (2000, Aug.). Beyond the Melting Pot: Cultural Transmission, Marriage, and the Evolution of Ethnic and Religious Traits, *Quarterly Journal of Economics*, 115, 955-988.
- Fernandez, Raquel and Alessandra Fogli (2009). Culture: An Empirical Investigation of Beliefs, Work and Fertility, *American Economic Journal: Macroeconomics*, 1(1), 146-177

Cole, H.L., George Mailath and Andrew Postlewaite (1992, Dec.). Social Norms, Savings Behavior and Growth, *Journal of Political Economy*, 100(6), 1092-1095.

Bedtime Readings☺

- 1) Acemoglu, Daron and James Robinson (2011). *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, Random House.
- 2) <http://www.coase.org/nireadinglist.htm>

COURSE REQUIREMENTS

1. Reading

You will be required to familiarize yourself *in detail* with the mandatory readings before each class. Your final exam will be partly based on those readings, and partly on class discussions. Please check above for a list of mandatory and additional readings.

2. Term project presentation (20 pts.)

A crucial part of your grade will be determined by how well you formulate and defend a research idea. The defense of your idea will come during Student Presentation weeks (W13-14). When you find a given idea from what you read at home or from our class discussions interesting, you are encouraged to put a provocative title on it and develop it along the following lines:

- 2.1. (4 pts.) **Introduction and Motivation:** tell me why I should care about your idea, what is interesting in it for you, and what novel idea you expect to bring to the historical research table. The introduction should end with a specific hypothesis or a position you are trying to argue for or – why not – test by using empirical methods, including econometric methods.
- 2.2. (4 pts.) **Literature:** tell me how other researchers approached your topic. Be specific about what they did, how they did it, and what they did not do. Compare the various sources on your topic and how they build upon each other. Use as many references as you can from top-tier economic journals. Give preference to more recent papers. Finally, try to find the gap in the current state of the debate on your topic. By the end of the literature review, you should be clear about what gap in the literature you are trying to fill.
- 2.3. (4 pts.) **Research Methods:** tell me exactly how you are going to fill the gap you just identified. For example, if you are arguing in favor of a specific position you want to defend, tell me the steps you go through to convince me your position is right. Further, if you have formulated a hypothesis, tell me how you are going to test it, including a brief but informative data description.
- 2.4. (4 pts.) **Results:** tell me what you expect to get from empirically testing your hypothesis or from arguing on purely logical grounds in favor of your position. I will be also looking to see if your expected results flow naturally from applying your methods.
- 2.5. (4 pts.) **Conclusion:** summarize: what do you plan to do?, how you plan to do it?, and what new things I will learn from reading your paper? In other words, can you formulate *your contribution* to the topic you have just discussed?
- 2.6. **References:** you must use [APA reference style \(6th ed.\)](#) when citing your sources. Your references should come after your conclusion. Penalties apply for mis-specified citations and references.

Specifics about the points on your term project: Please note that I insist that you follow the above structure for your presentation. Within each component of your presentation, I will be

giving you points as follows: 4 pts. for an excellent presentation, 3 pts. for a good one, 2 pts. for a mere satisfactory level argument, and just 1 point for a poorly formulated component (0 pts. for a missing one). In rare cases, up to 2 bonus points could be given for an exceptionally well developed project: a paper in which every component is in its right place, the flow of thoughts is coherent and natural, the hypothesis is testable, it is very easy to follow the argument, and I expect to learn a new thing or two from seeing the project through. Those exceptional projects will also have the potential to be extended into an independent research work, e.g. a BA/MA thesis, or even a journal article.

Volume of work: You are required to present for about 15 minutes. That means up to 8 slides total for your presentation. The minimum font is 18 for normal visibility in the classroom. DO NOT cram whole sentences on your slides. Include major points only. NO reading will be allowed from personal notes prepared in advance. If you need to, rehearse your presentation in front of your peers.

3. A Peer Review on others' work (10 pts.)

During the student presentations, a peer will be assigned to evaluate the strengths, weaknesses, and opportunities for improvement of each individual project. The quality of those peer reviews will be evaluated by the teacher. Specific comments on the content, methods and results are welcome, and suggestions for improvement bear most merit, especially if appropriate. Missing a peer review will result in 0 points on this assignment.

4. Replication and extension of published results (30 pts.)

To be able to generate your own ideas, you need to be able to replicate well-established ideas first. This is a group exercise for groups of between 2-3 people. In this assignment you will be required to: 1) use a statistical software, preferably STATA, v.9.0 or above; 2) find a suitable *empirical paper* to replicate. It may be from the mandatory or additional reading list or it may be a paper you spotted and which looks interesting to the group and relates well to the topics in class; 3) download the paper, the program, and the data (the .do file and the .dta file). Most recent published papers have supplementary materials online (e.g., see American Economic Review) containing exactly what you need.; 4) run the program at home, and see where the published results come from; 5) find a gap in the methodology or in the results, and fill it. This extension could come from more recent data to run the model on, or an additional variable to add to the existing data and the existing method, or – best option – a novel method applied on more recent data; 6) Describe the original methodology and results; and the extension you did. How are the original and the new results different?; 7) Present the original work and your extensions. Your grade in this component will depend on: success in replication (10 pts.), success in extension (10pts), and quality of presentation in the protocol and the .do and the .dta file (10 pts). To evaluate those, I will need the original data and .do files, your extended .do file, and a protocol documenting who did what in this group exercise. The deadline for this is ONE MONTH before the student presentations. Note that during student presentations I may ask additional questions based on your replication and extension exercise.

5. Final exam (30 pts.)

A preliminary final exam will be given in the last class to give you a better idea of the actual final. The actual final exam will be an all-encompassing open-ended exam of up to 30 short questions for up to 90 minutes.

Missed exams

If you miss an exam, it may not be retaken. The only exception is allowed for those who cannot show up on the exam for proven medical reasons or family emergencies. In those circumstances, you need to inform me **by email at least 12 hours** before the exam stating the reasons for your planned absence and requesting another exam take. I may request additional information to verify the reasons for your absence. Birthdays, sports competition participations, conflicting work or study duties outside of school, and any kind of trips are not a legitimate reason to ask for exam rescheduling.

6. Class Attendance and Participation (10 pts)

Students are expected to actively participate in the class discussions, and conduct readings on a weekly basis. In line with school policies, everyone is expected to attend all the classes and return promptly from breaks. Excessive lateness may constitute an absence from the class. I will keep a record of attendance for each student at each class. If a student is missing more than half of the time (i.e. 8 classes or more), the student **WILL** fail the course and will have no right to show up at either the preliminary or the regular exam period. In that case, the student will go straight to the make-up exam.

GRADING

After summing up the points from the course requirements, the following grading table will be applied:

<u>Points</u>	<u>GRADE</u> <u>(BG)</u>	<u>GRADE</u> <u>(US)</u>
> 80	6 (Excellent)	A
> 70	5 (V. Good)	B
> 60	4 (Good)	C
> 50	3 (Pass)	D
<= 50	2 (Fail)	F

An example: 79,99 points is 5 (V.Good). No exceptions will be made for anyone, and no excuses will be accepted. This table is subject to modification. The instructor will communicate any changes by email.

ACADEMIC HONESTY

Plagiarism, cheating and other forms of academic dishonesty will not be tolerated. Cheating on any exams or detected plagiarism on any of your assignments **WILL** result in you failing the entire course. This policy will be strictly enforced. No exceptions will be made under any circumstances.

OTHER CLASS POLICIES

- 1) Mobile phones can be switched on but their **sound MUST be off!** Mobile phone usage is **NOT** allowed. If you need to use your phone, please quietly leave the room.
- 2) Mobile phones are **NOT** calculators. Using your mobile during an exam will be considered **an attempt to cheat**. Students who attempt cheating will fail the exam. You may need a calculator on the exam, and your mobile phone will be switched off during the exam. Therefore, bring a calculator for the exam. If you forgot your calculator, it would be at your own expense. Handing a calculator to another person who takes an exam **will be considered cheating** as well.
- 3) Laptops are allowed in class for taking notes only. At all times, they **should be offline**.

- 4) **All emails** to the teacher regarding either a class question or a request for an appointment will have the subject: “Institutional Economics: a Question.” If you do not address the email in the above way, it risks being considered as spam. Do not expect an immediate answer over a weekend.
- 5) **All appointments** will be arranged for on the premises of UNWE only. It is advised that students use the office hours provided instead of scheduling a special appointment.
- 6) Ideally, **all class lecture notes and presentations** will be distributed BEFORE each lecture on the class web-site, so that students can print them and take notes on them. Therefore, students are responsible for checking the class website at least once a week, and their emails more often. Please let me know your group email so that I can send you class materials by email in case I am not able to update the website.
- 7) **Open door policy:** Whenever a student or another teacher enters my office, the door remains open at all times.
- 8) Additional class policies **may be distributed via email**. Therefore, check your group emails regularly too.

Good luck!
Petar Stankov