

Doctoral Program in Economics



Academic year 2023/24

INSTITUTIONAL AND EVOLUTIONARY ECONOMICS

Period:

IV term

Course hours:

20 hours

Teachers:

Ugo Pagano (resp.), Samuel Bowles

Exam methods:

Written exam

Prerequisites:

Basic Economic Theory

1) Module - Ugo Pagano, 10 hours

Economic organization and the Theory of the Firm

Program

- 1) Analysis of economic transactions,
- 2) Property rights in a framework of incomplete contracts,
- 3) Technology and property rights
- 4) The complex governance of the firm
- 5) The hybrid thing-person nature of the corporation
- 6) Financialization, intangibles and the privatization of knowledge
- 7) The evolution of human nature and the principles of economic organization.

Educational objectives

The purpose of this course is to explore the relation between the principles of economic organization and theory of the firm as well as to examine some foundations of evolutionary and institutional economics.

Bibliographical references

- 1) Pagano U. (2012) No Institution is a free lunch: a reconstruction of Ronald Coase. *International Review of Economics*, V. 59 N. 2 pp. 189-200.
- 2) Pagano U. (1992) Authority, Co-ordination and Disequilibrium: an Explanation of the Co-existence of

Markets and Firms. *Economic Dynamics and Structural Change*. Vol. 3, No 1 pp 53-77. Reprinted in G M. Hodgson (1993) *The Economics of Institutions* Edward Elgar, Cheltenham.

3) Hart O. (1995) *Firms Contracts and Financial Structure*. Clarendon Press, Oxford. (Relevant parts included in the slides)

4) Pagano U. (2013) Technical Assets and Property Rights. In Grandori A. *Handbook of Economic Organization*. Edward Elgar Cheltenham U. K pp. 337-354.

5) Pagano U., Rossi M. A. (2004) Incomplete Contracts, Intellectual Property and Institutional Complementarities. *European Journal of Law and Economics* (V. 18 n 1, 2004 pp. 55 -76)

6) Pagano U. (2010) Marrying in the Cathedral: a framework for the analysis of Corporate Governance. In Paces A. M. *The Law and Economics of Corporate Governance*. Edward Elgar, Cheltenham U. K. pp. 264-289

7) Nicita A., Pagano U. (2016) Finance-Technology Complementarities: an Organizational Equilibria Approach. *Structural Change and Economic Dynamics*. V. 37 pp. 43-51.

8) Pagano U. (2020) Why Only Humans and Social Insects have a division of Labour. *Cambridge Journal of Economics*. V. 44 pp. 1-15.

(Most references can be downloaded from the website of the course:

http://www.ugopagano.cloud/sito/Theory_of_the_Firm.html)

2) Module - Sam Bowles, 10 hours **Institutions and inequality in post-Walrasian microeconomics**

Program

1. Post-Walrasian microeconomic theory
2. Principals and agents in variable-quality and credit markets
3. Labor markets: incomplete contracts, the exercise of power and the distribution of rents.
4. Market power and the distribution of income.
5. Capitalism: Innovation and inequality.

Educational objectives

The purpose of this module is to enable students to use recent developments in microeconomic theory to better understand the relationship between the rules of the game and the distribution of income.

Readings (available to students in pdf):

Bibliographical references

1. Bowles, S. 2006, *Microeconomics: Behavior, Institutions, & Evolution*, (Princeton U Press) Chapters 7-10;
2. Bowles, S and Halliday, S. 2022, *Microeconomics: Competition, Conflict, and Coordination* (Oxford U Press), Chapters 9-13 and 15.