**Institutional Economics**

1. Write the definition of institutions and list the key concepts related to it. Also, explain why institutions are different from organizations.

2. Outline what is the essence of institutionalism and what is not?

3. Briefly outline the bio-cultural foundations of institutional economics.

4.What kind of problem has been described in the table below? Explain its main features and tell how it can be solved.

|  |  |
| --- | --- |
|  | **Person B** |
| Location A | Location B | Location C |
| **Person A** | Location A | 10;10 | 0;0 | 0;0 |
| Location B | 0;0 | 10;10 | 0;0 |
| Location C | 0;0 | 0;0 | 10;10 |

5. Give and example to the “Distribution problem”, explain why does something like that happens and indicate the possible solutions.

6. What is a “Distribution problem”? Give and example and argue about the solutions.

7. According to the given table, find the Nash equilibrium and indicate what type of problem is it. Afterwards, write about how it can be amended.

|  |  |
| --- | --- |
|  | **Physicians** |
| Purchase of 100 new books | New laboratory equipment |
| **Sociologists** | Purchase of 100 new books | 8;2 |  0;0 |
| New laboratory equipment | 0;0 | 2;8 |

8. According to the given table, find the Nash equilibrium and indicate what type of problem is it. Afterwards, write about how it can be amended.

|  |  |
| --- | --- |
|  | **Firm B** |
| Higher Prices | Lower Prices |
| **Firm A** | Higher Prices | 6;5 |  -2;-1 |
| Lower Prices | 7;0 | 4;4 |

9. What are informal and formal institutions? Argue about their relative efficiency in the background of real examples.

10. What are the internal and external institutions? Explain different types of internal institutions.

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12. List and explain the advantages of external institutions.

13. Outline the essential properties of effective institutions.

14. List and explain the costs of interaction and coordination which may arise as the interaction among the agents.

15. What is the principal-agent problem and how to motivate agents to amend such an issue?

16. Outline why institutions matter in the economic world and why is there an institutional deficiency in economics.

17. Outline three main hypotheses which tries to explain economic growth.

18. Describe why informal institutions are important in economic growth.

19. Why did geographical Hypotheses fail to explain economic growth? How institutional hypotheses tries to fill this gap?

20. Briefly outline how economists over the 20th century tried to explain economic growth? What were their measurements?

21. Outline the precursors of contemporary institutional economics.

22. What is modernization hypotheses and how it tries to explain economic growth?

23. Outline the emergence of property rights

24. Explain what is the tragedy of commons?

25. Briefly explain what is the optimistic theory of the emergence of property rights according to Demsetz?

26. Explain the concept of “exclusion costs” and its implications for the private property rights.

27. Outline the term “excludability” as an essential characteristics of property rights. Then, briefly discuss what does the notion of “changes in property rights” reveal?

28. Discuss the following property types via some examples: free good, private or several property, pure public goods and common property.

29. Briefly outline community consequences of property rights.

30. Discuss the price level stability and limits to money supply as important institutional focal points which secure the services of money.

31. Outline why property rights and private autonomy are relevant for institutional economics as the main part of capitalism.

32. Explain Jensen and Meckling model of output of a firm in the background of the institutional changes in Ethiopia.

33. What are political firms and what is the significance of them in terms of property rights school of thought in institutional economics?

34. The new property rights literature and Neoinstitutional Economics perspective contributed to the regulated firms concept a lot. What are the main results of it?

35. Briefly write about the open corporation and agency costs.

36. What is the main role of transaction costs from the point of view New Institutional Economics regarded equilibrium outcomes?

37. Briefly outline the relationship between the cost of transacting and the allocation of resources.

38. Give a definition of the transaction costs while also depicting why transaction costs arise and then, specify what are the transaction costs exactly that appears before and after the conclusion of the contract.

39. Briefly outline the relationship between transaction costs and efficiency. Then, draw and explain the graph of the efficiency and pollution abatement.

40. Outline the main aspects of the Williamson scheme.

41. Explain what is the extortion problem and give some real life examples.

42. What is the role of the market and the government from institutional economics perspective?

43. Briefly explain what are the two main fundamental theorems of welfare economics which contributed to the institutional economics?

44. Outline the connection and related terms between transaction costs and asymmetric information.

45. Explain dynamic efficiency and market failures dynamic efficiency and market forms.

46. Discuss incomplete markets and externalities.

47. Outline externalities and the Coase theorem.

48. Outline income distribution and equity relation.

49. Explain the concept of “merit wants”.

50. Discuss the terms of efficiency and equity as criteria for the choice of institutions.

51. What is the meaning and planning for the function of the government as a rational agent?

52. What are the constituent elements of the plan?

53. Briefly explain the fixed and priority approaches of the economic policy objectives?

54. Write about the definition of the instruments of the economic policy.

55. Briefly outline the different types of instrument.

56. Outline the limits and extensions of the classical approach.

57. What does the “representing the social groups” aspect mean. Shortly outline it.

58. Outline the main aspects of the objectives of politicians and the political business cycle.

59. Argue about the bureaucracy as an agency problem.

60. Outline the connection among the social groups, institutions and economic policy.

61. Differentiate between the market and non-market failures.

62. What are the main parts of the process of defining government interventions?

63. Summarize the decentralization of central government functions and the federal state.

64. What is the role of the independent authorities as a part of institutional regulations?

65. What is moral hazard in the theory of agency costs?

66. Briefly outline the connection among the agency costs sourcing from moral hazard and its monitoring.

77. Argue about the institutions that allow to solve moral hazard.

68. Outline the Spence model.

69. Outline the constitution of freedom as a framework for institutional evolution.

70. Write about the European miracle of the institutional evolution.

71. Briefly argue about the transformation of the institutional evolution from the individualism to collective design and explain the role of the globalization as a game changer.

72. Explain the following terms related to the evolution of the internal institutions: spontaneous self-organization and path dependency.

73. Outline the main highlights of the political entrepreneurship as a factor of a change in the external institutions.

74. What do the outside challenges for the institutional competition mean?

75. Outline the competitive federalism concept.