

The Ministry of Education of the Republic of Azerbaijan

THE IMPACT OF INSTITUTIONS ON ECONOMIC BEHAVIOUR

Rustamzade Ilkin

1511202001111001

Thesis advisor

A. A. Guliyeva

UNEC SABA

Azerbaijan State University of Economics



April 2018

Acknowledgement

First of all I would like to thank my thesis advisor A.A.Guliyeva and express my deep gratitude heartly. I am deeply grateful to my thesis advisor for helping me to realize my dream of graduating from Azerbaijan State Economic University. I am in debt to her that she was always good supporter in this difficult and responsible work of mine. She was always ready to listen to me when I have a problem or not. This thesis paper would have almost been impossible without her advice, help and also her patience,

Also I would like to mention my greatest appreciation to Aida Guliyeva as our dear dean. She was always supporting all of her students to do great things. Besides, I am specially grateful for the assistance to the dean's office and its helpful employees. They have always answered when I have questions related to rules and conditions for completion of this paper. Moreover, I am fully indebted to the Azerbaijan State University of Economics. The help that I have gained from my university was very important to me that the rich library and e-library allowed to use excessively and comprehensively. This opportunity was created for all students to get rich knowledge.

Table of Content

INTRODUCTION	4
CHAPTER 1. WHAT IS INSTITUTIONS	6
1.1. Types of economic institutions	6
1.2. The main types of situations that lead to creation of institute	12
CHAPTER 2. INSTITUTIONAL STRUCTURE OF SOCIETY	25
RESEARCH METHODOLOGY	Ошибка! Закладка не определена.
RESULTS AND CONCLUSION	39
BIBLIOGRAPHY.....	Ошибка! Закладка не определена.

Introduction

Institutional economics is an academic discipline that has become an integral part of vocational training for students in economic specialties. My research work is designed for giving an idea of the basic concepts of the institutional economy, to show the possibilities of their application for the analysis of the institutions of modern economy.

The development of a market economy requires adequate institutional mechanisms, but their creation is a complex and lengthy process. They are difficult to borrow, the laws that effectively regulate the economy in developed countries, with borrowing modified with the existing institutional environment. Therefore, the knowledge that economists offer to the institutional economy will enable them to better understand how the economy functions, what incentives are created by the institutional environment, how the institutions of society influence the behavior of people, and, consequently, the wealth of society.

Institutional economics is not limited to the study of formal institutions, that is, established by the state, compelling them to comply with them. She also pays attention to informal rules that guide people's daily activities and are less visible to the researcher. Many rules are not recorded anywhere, but people follow them and make sure that others also observe them. Many agreements are implicit, implicit, but, nevertheless, observed in the course of economic turnover. The institutional economy gives its explanation to why people who are not compelled by the state, observe this order, and also reveals the conditions under which it becomes possible.

Unfair behavior, violation of the terms of the contract may also be the observed parties to the contract, but unprovable in court, and people will try to prevent it by contractual means available to them. The legal system can facilitate the

cooperation of people or, on the contrary, hamper it, can promote the multiplication of the social capital of society or destroy it. To understand the problems that arise in the interaction of people, and possible solutions to them, based not only on the use of formal legal instruments, but also on informal mechanisms.

My research work defines the concept of the institution, deals with the main types of situations that lead to the emergence of institutions, distinguishes between formal and informal institutions of society, explores possible options for their interaction, discusses the state's ability to influence informal rules, and examines the informal rules of professional communities that can serve as a source of formal rules.

CHAPTER 1. WHAT IS INSTITUTIONS

1.1. TYPES OF ECONOMIC INSTITUTIONS

For a long time, the standard economic theory was distracted from the real processes that affect the actions and choice of economic agents. However, recently there has been a growing interest of economic science in studying the institutional structure of society. Usually, sociologists and anthropologists are engaged in studying the institutions of society. Why did economists need to study the institutions that regulate the exchange in society?

Economics is a science that studies how a society with limited resources decides what, how and for whom to produce. The resources necessary for the production of material goods are dispersed very widely, and the demand for material goods is extremely diverse. Therefore, there is a need to coordinate the use of resources so that it corresponds to the demand for material goods. There is a certain mechanism in society that coordinates the activities of people and encourages them to cooperate. When asked about what this mechanism is, the economist-theorist will answer that this is a mechanism of market coordination with its inherent institutions. However, standard economic science presupposes preset and does not study.

Can markets solve all problems of coordination of people's activities? Even in countries with a developed market economy, market relations are only a part of public relations. Even in countries with developed market economies, there are alien non-market elements, the functioning of which is based on other principles, for example, the family and household, trade unions, the firm, the state. They are united by the fact that the distribution of resources and the coordination of activities within them are carried out not by market methods. And, finally, the

functioning of the market itself depends on the existence of a large number of various conventions and institutions: property rights, mechanisms for the protection of contracts, money, a single system of measures and weights, etc. People react not only to prices and the quantity of goods. Their behavior is largely determined by the institutional environment in which they act and make.

In real life, there are mechanisms that distribute goods and services where competitive markets do not work

Two cars - C and D go to meet each other and simultaneously approach the intersection. Both drivers hurry: C wants to turn left, and D - go straight. Winnings, which they receive, are reflected in the matrix. This game is a kind of game "fighting sex." In the described situation, players need some kind of mechanism that would coordinate their actions in a certain way and do not require excessive expenses for their organization.

What should be the mechanism that will help coordinate the actions of drivers? The economist-theorist, of course, will propose a market coordination mechanism. It is necessary, he says, to create a market that will distribute the right to use the intersection on a paid basis. Let the rights be distributed using an auction. Imagine an auctioneer who is in the middle of a crossroads and instantly accepts bids with prices from both drivers. Driver S rushing faster and ready to pay up to \$ 7 for the right to drive first. If he arrives on time, his winnings will be \$ 7. Driver D hurries to a lesser degree and is ready to pay for the right to drive first to \$ 5. The auctioneer will sell the priority right of way to the driver who offered the maximum price and driver C will get this right. But it is obvious that this mechanism of distribution of travel rights is not free, on the contrary, it is very expensive and cumbersome.

However, it is possible to suggest another way to solve the problem of coordinating the actions of drivers. We develop traffic rules, we force drivers to

learn them, before giving them permission to drive vehicles. Some arbitrary decision is introduced, for example, a driver wishing to turn at an intersection must wait until the passing cars pass. Coordination of the movement in this case is free of charge (if you do not take into account the costs associated with the development of the rules system).

This example shows that in many cases the price mechanism is not free, but, on the contrary, an inconvenient and costly mechanism for coordinating people's activities. Institutions in many situations are a more effective mechanism for coordinating people's activities. Institutions that coordinate people's activities are the subject of study of the institutional economy. The institutional economy is trying to give an economic explanation for the emergence of institutions and to find out how institutions affect the wealth of society.

Determining what institutions are is not easy. Institutions are very diverse and the definition should be general enough to cover all of their diversity. But the general nature of the definition can lead to the loss of its meaning. Understand that such institutions can only be found out the reasons for their occurrence, tracing how they develop, and defining the functions that they perform.

In the literature, there are several different definitions of institutions [Davis, North, 1970]:

1. Institutions are defined as "rules of the game", which structure the behavior of organizations and individuals in the economy;
2. Institutions are defined as cultural norms, faith, mentality;
3. Institutions are defined as organizational structures, for example, financial institutions - banks, credit institutions;

4. The concept of "institution" can be used with reference to the individual or to a particular post (for example, the institution of the presidency);

5. The game-theoretic approach regards institutions as an equilibrium in the game.

The neo-institutional economic theory uses a definition that belongs to D. North, who received the Nobel Prize in 1993 for research in the new economic history - cliometrics: "Institutions are the" rules of the game "in society, or, more formally, which organize the relationships between people (political, economic and social). They include informal restrictions (sanctions, taboos, customs, traditions and norms of behavior) and formal rules (constitutions, laws, property rights), as well as mechanisms to ensure their implementation "[North, 1997a]. In this definition, the main emphasis is placed on the fact that institutions form a restrictive framework for the economic behavior of people.

North makes an analogy with the rules of the game in team sports games (for example, in football). These rules of the game consist of formal written rules and unwritten codes of conduct that lie deeper than formal ones and supplement them - for example, prohibit consciously causing injury to the leading enemy player. Rules are sometimes violated, and then the offender is punished, i.e. there is a certain mechanism that forces players to comply with the rules of the game [North, 1997b, p. 98].

In accordance with this definition, a single rule is not enough to allow one to speak of the existence of an institution. The institution exists only if the rule does influence the behavior of those for whom it is calculated, or the behavior of those who discover a violation of the rule. The best and sufficient evidence of the existence of the institution will be the regular application of sanctions against those who violate the rules. The total absence of penalties for the apparent violators of the rule will be a convincing evidence that this rule is not an institution.

Prove the existence of those rules that are established by the state, it is simpler than the rules that arise in the development of society and not backed by state coercion. Materials of legal proceedings, police reports testify to efforts in the direction of compulsion to observe the rules established by the state. To confirm the existence of rules that are not backed by state coercion is more difficult, because enforcement is decentralized. In this case, the existence of punishment for behavior that deviates from the current rule in society, for example, spreading rumors about an unseemly act, refusal of people to cooperate with an offender, may indicate the existence of a certain institution.

Institutions should be distinguished from organizations. In the literature, the confusion of the concepts "institution" and "organization" is quite often encountered, which, apparently, is caused by the fact that organizations, like institutions, structure relationships between people. But if the institutions are the rules of the game, then the organizations are the players. The purpose of the team playing by these rules is to win the game.

"An organization is an economic unit of coordination that has an accessible definition of boundaries and functions more or less continuously to achieve a specific goal or a set of goals shared by the participating members" [Menard, 1996, p. 22]. The organization is characterized by:

1. a set of participants;
2. consent or disagreement, implied or openly expressed concerning the purposes and means of the organization (contracts, dismissals, strikes);
3. formal coordination that determines the structure, taking into account the complexity (hierarchy) of its rules and procedures (formalization) and the degree of centralization of decision-making.

More briefly, an organization can be defined as a group of people united by a common desire to achieve some goal, "win the game." Organizations can be political (political parties, municipal duma), economic (firms, cooperatives, trade unions), public (clubs, sports associations) and educational (schools, universities).

The institutional structure has a decisive influence on what organizations arise in society and how these organizations develop, but in turn, organizations also influence the process of changing institutional constraints in society.

1.2. The main types of situations that lead to creation of institute

Institutes are created by people to maintain order and reduce the uncertainty of exchange. They ensure the predictability of people's behavior. Institutions allow us to save our thinking abilities, since by learning the rules, we can adapt to the external environment without trying to comprehend and understand it.

Institutions appear to solve problems arising from repeated interaction of people. At the same time, they do not just have to solve the problem, but also minimize the resources spent on solving it. Social institutions can be classified according to the situations in which people find themselves in a certain way interacting with each other. E.Ulman-Margalit singled out three types of primary situations that lead to the appearance of norms of behavior [Ullman-Margalit, 1977]. Of course, these situations do not cover all types of human interaction, but they include the most empirically significant cases.

The "prisoner's dilemma" situation:

Two criminals were detained on suspicion of robbing the bank. However, there is not enough evidence against them. They can receive a short period of time - one year for those misdemeanors against whom there are clues (for example, for possession of weapons). The task of the investigator leading this case is to get the criminals to confess to committing a crime. The investigator developed two alternative interrogation plans.

If one of the criminals confesses to committing a crime and the other is silent, the confessed person receives a maximum term of 10 years in prison, and the one who does not confess will be released to freedom. If both criminals confess, they receive 5 years in prison. If both are silent, then everyone gets one year's

imprisonment for carrying a gun. Each of the players in this situation makes a decision, not having information about the choice of another player. Player wins are represented in the game matrix. The numbers in the matrix indicate the magnitude of the negative utility, which is determined by the number of years spent in prison. Accordingly, (-5) means that the offender was sentenced to five years in prison, (-1) to one year in prison, (-10) to ten years in prison and (0) - the criminal was released.

The dominant strategy for player A in this situation is to remain silent, because if player B is also silent, A gets one year in prison, and if B confesses, then A generally goes to freedom. And B also has a dominant strategy - it is better for him to remain silent, regardless of which strategy A. chooses. The result - both criminals are silent - is stable and this means that each player will be pleased with his choice after learning about the choice of another player . A similar stable result is called "Nash equilibrium."

The investigator does not achieve his goal - to obtain recognition from criminals - and comes up with another plan.

Criminals can again choose one of two strategies. Both of them know that if none of them confess, they will receive a minimum term of one year's imprisonment for carrying weapons. If both criminals confess, each of them receives 5 years in prison. If only one of them is recognized, then the one who gives the testimony goes to freedom, and the one who denies everything receives 10 years of imprisonment.

In this game, every criminal has a dominant strategy - to confess. The Nash equilibrium in this game will be a set of strategies {confess; confess} which each player chooses. In the "dilemma of prisoners" game, each player's pursuit of personal gain leads to an ineffective result for the group. If both criminals were silent, they would be in a better position - effective in Pareto. Here, the Nash

equilibrium is ineffective, because criminals could get one year each, and get 5 years. But the incentives in this game are so strong that you can imagine a situation where both criminals confess to committing a crime, even if they are both innocent.

Perhaps this stable inefficient balance arises because criminals could not agree among themselves, did not coordinate their behavior? But even if they could exchange information and coordinate their behavior during interrogation with the investigator, the result would be the same. None of them could be sure that the other criminal at the last moment does not want to get a one-sided advantage at the expense of another player. The reason that players are in an inefficient situation is the lack of a reliable, credible commitment on the part of each player.

The obligation will be reliable if one of the parties sees that the other party is deprived of the opportunity to violate this obligation.

Obligatory can be reliable in an imperative sense. The player can not do otherwise because he is forced to do this, or because he is not free to act, like Ulysses, who ordered him to tie himself to the ship's mast, safe to swim past the coast, where the sweet-horned sirens carried away the sailors to the sharp coastal rocks. A commitment can also be reliable in a motivational sense, because it is advantageous for players to fulfill obligations that will be self-fulfilling. A similar difference was proposed by Shepsle, he is referred to by North in [North, 1993, p. 13].

Plans A and B, developed by the investigator, represent different types of social interaction. In plan A, individual pursuit of personal gain is sufficient to achieve an effective result. The Nash equilibrium in this game is effective in Pareto. Players do not need to exchange information, cooperate before the game, force another player, etc. To achieve an effective Pareto result in this game, no interaction is required at all. We did not accidentally call this "invisible hand" questioning script.

This situation is perfectly described by the words of Adam Smith, who argued that an individual striving exclusively for his own benefit is guided by an invisible hand to a result that was not his intention. This result is the satisfaction of the interests of society.

In plan B (prisoner's dilemma) following personal gain leads to a social trap [Miller, 1992, p. 26]. Individual interest and collective interest here are in conflict. Achieving an effective group result is possible only by forcing the players to choose a strategy that does not seem attractive to them. If you force each player to choose an alternative that does not seem attractive to him, then the group as a whole will win. In this situation, an institution arises that forces players to choose an unattractive strategy for them so that they can achieve an effective result for the group. With regard to this criminal community, such an institution may be a rule that operates in a mafia organization. The belonging of criminals A and B to the mafia organization changes their winnings. If one member of a mafia organization gives testimony against another member, then the informer is threatened with death. Mafiosi A and Mafiosi B will equal 10 years of imprisonment with the possibility of being killed (in prison or in the wild), and each of them will prefer 10 years of prison as a more attractive strategy. Instead of confessing, as well as B, and the potential death sentence imposed by the mafia, they will help them achieve the effective result for this group of criminals - to receive one year in prison, instead of five years, predicted by the "prisoners' dilemma" plan.

The Institute, which allows to achieve an effective result for the group in the "prisoner's dilemma" situation, contains a mechanism for enforcing rules. To understand what this enforcement mechanism is, consider the following game [Ullmann-Margalit, 1977, p. 30-37].

Game "Two machine gunners"

Two machine gunners in two isolated posts must repel an enemy attack. Everyone must choose one of two strategies: to fight or to desert. If both machine gunners remain in their posts and will fight, then the enemy's attack will be repulsed. If both machine-gunners are defecting, then the enemy will be able to break through and they will be taken prisoner. If one of them remains on the post and the other deserts, then the one who will fight will give the chance to another machine-gunner to safely escape, then the enemy will break through and the fighting machine-gunner will be killed. The wins of both players are represented in the game matrix. This situation is a classic prisoner dilemma. The result of the game - both the machine gunner deserting and being captured - is ineffective, not only in terms of the interests of the command and the country they defended, but also in terms of their own interests. How can you deprive the strategy of desertion of its attractiveness? How to make it not dominant for the players?

In this situation, the following solutions are possible:

- a) Minimize approaches to posts, which will change the gains in the game and mutual solidarity will be ensured;
- b) introduce the strictest discipline in the unit, where the machine-gunners serve. Knowing that the unit is disciplined, will create every soldier's confidence in another player. The threat of punishment will outweigh the temptation to desert. In this case the game will have the same form as in case a);
- c) Sometimes the most effective coercion mechanism can be a sense of honor that players have. In this case, the internal enforcement mechanism acts and the game matrix takes the following form.

The deserter has dishonored his name, so his winnings in case he managed to run safely, will not be 2, as in the case when the mechanism of internal compulsion does not work, but -2. The remaining machine gunner dies, but becomes a hero, so

his winnings are -1. In the event that both machine gunners desert and are taken prisoner, the gain of each of them is -2, since they are both in captivity and their name is covered in shame.

So, in the "prisoner's dilemma" situation, the ineffectiveness of the equilibrium resulting from the game causes the need for an institution that would force players to choose an unattractive strategy for them to achieve an effective group result.

In real life, the dilemma of prisoners as a situation that occurs once, without repeating itself, is very rare. Many situations of this type are repeated situations in which players constantly meet with each other (for example, in international relations). The behavior of players in repetitive situations is different from a one-step game. In repeated games is a learning process, players gradually learn the type of behavior they can expect from each other, each player has the opportunity to punish the dishonest partner for its lack of cooperation in the past, and on this basis, there are shared by all players of the norms of behavior, conventions, institutions that allow avoiding the winnings predicted by a one-step game.

The situation of coordination:

An example of an institution arising in a coordination situation is the rule of traffic on the road (right-hand or left-hand). This is the simplest institution - a convention that reduces uncertainty and coordinates the actions of people.

If cars move on different sides of the road, then to part, drivers need to stop and negotiate, fraught with costs, so in this case their winnings are zero. If both choose the right side of the road or both drivers choose the left one, then their winnings are one. The interests of drivers in this game do not contradict each other, they coincide, so there is no need for coercion. But the problem in this game arises due to the fact that there are two equivalent Nash equilibria, and the difficulty lies in making a choice from these two equivalent results. In order for players to coordinate their choice, you need some sign, a signal, which will lead them to the focal point (focal point). The concept of a focal point was introduced by the 2005 Nobel Prize winner economist Thomas Schelling in an article in 1957, which became the third chapter of his famous book *The Strategy of Conflict* (1960). The focal point is the equilibrium in the coordination game, chosen by all participants of the interaction on the basis of general knowledge, which helps them coordinate their choice. Schelling conducted experiments with nine types of coordination games, and in all nine games, players often managed to coordinate their actions. And in everyday life people from time to time find themselves in a situation in which, not being able to come to terms in advance, they must find a common solution, and often they succeed. They are helped in this by some symbolic details, suggesting focal points in which the expectations of the parties are combined.

How does common knowledge arise that allows players to coordinate their behavior? As such a sign, the social norm of right-handed (or left-handed) movement, which is the simplest form of the institution, arises. How does this institution arise? There are two main ways of its appearance [Young, 1996].

First, it can be installed centrally by decree. An example is a decree issued after the French Revolution of 1789, which ordered horse-drawn carriages to drive on the right side of the road. Before the decree, the rule of the left-hand traffic operated: the crews drove on the left side of the road, and pedestrians walked on the right side. The rule change had a symbolic meaning: traveling on the left side was politically incorrect, because it was associated with the privileged classes, the movement on the right side was common for the common man, therefore it was considered more democratic.

Second, this social norm can evolve in an evolutionary way. In England, there was no significant event that would give rise to the prevailing norm of the left-sided movement. This norm arose as a local custom, and then spread from one region to another. This is the second way of the appearance of the social norm: in the periodically repeating coordination game, the successful solution found, which then repeats itself, becomes the norm. In this case, the focal point is the result of some life experience. In this case, it is impossible to say in advance which of the norms will arise. But the more players follow this rule, the more deeply rooted it becomes.

These two mechanisms are not mutually exclusive. Often, society enjoys a spontaneously created norm, which is then backed up by law. So, in many European countries until the beginning of the XIX century the rules of the road were not legislatively established, the law then only confirmed the existing custom.

The situation of uncertainty may again arise, for example, when the country is occupied with a certain rate of movement by a country using a different norm. A similar situation arose when the Napoleonic army was occupied by European countries, where the prevailing norm was the left-hand traffic. A similar situation arose in 1938 in connection with the Anschluss Germany, a country with a right-wing movement, Austria, where the rule of the left-sided movement prevailed. An exit from this situation is suggested by the decree of the occupation authorities,

which gives a signal about which of the two possible equilibria should be chosen, thereby eliminating the uncertainty.

Institutions with direct economic importance that coordinate people's actions are, for example, money and credit, industrial and technological standards, standard contracts. Schotter hypothesized that the time division for weeks arose in order to solve the problem of coordination of exchange in the market. The division of time into weeks, in his opinion, is a social convention, convention. He considers a hypothetical agrarian society in which time is not differentiated and is divided only into days and in which there is still no division of time into weeks. In this society, the products of labor must be exchanged in the marketplace in the city. The problem that arises is purely coordination: all economic agents must arrive in the city at the same time on the same day. There is a certain regularity in behavior, which Schotter calls a social institution. The days between two market days are a week. Indirect confirmation of his hypothesis, Schotter sees in the name of the days of the week in Brazil - "the first market day", "the second market day" [Schotter, 1981, p. 31-35].

Another example of the problem of coordination is the situation in which people who wish to make an exchange while the occupation of one country are the other and who do not know which of the currencies - the occupation country or the occupied one - are legal tender. The uncertainty and confusion that has arisen may even for some time disrupt the normal exchange and lead to the emergence of barter. The situation will be clarified by the decision of the occupation authorities, which will indicate which payment means is legal. And even patriots of the occupied country will use the currency of the occupying power, and there is no need to apply a special coercive mechanism, since the interests of people here coincide and they just need to find a single solution for exchanging.

So, we see that in the situation of coordination, the institution is necessary because of the multiplicity of possible equilibria. The institute arising in this situation does

not need a special coercion mechanism, people need only a sign, a signal about which of the equilibria to choose, because in the situation of coordination they are interested in finding a single solution

The situation of inequality:

In order to clarify the essence of the situation of inequality and the institutions arising in it, imagine an agrarian society before the property rights are established in it [Schotter, 1981, p. 44]. In this society there are two shepherds - A and B, and there are two pastures - 1 and 2. Pasture 1 - more fertile than pasture 2. The distance from the homes of both shepherds to each of the pastures is the same. Every spring before the shepherds a dilemma arises: what kind of pasture to drive their herds. Both shepherds prefer to graze sheep on a more fertile pasture 1, but in this case the pasture is rapidly depleted, and the result will be worse than if shepherds grazed their herds in different pastures. Consequently, shepherds receive the greatest gain if they sheep sheep on different pastures. Shepherds' wins are represented in the game matrix.

To solve the problem, the institution of property rights is introduced. Shepherd A gets pasture 1 in her property, and shepherd B - pasture 2. Both shepherds benefit from the transfer of pastures to private property, but shepherd A wins more than Shepherd B, since the first pasture is more fertile. When solving the problem of coordination, there is an inequality between shepherds.

The property right functions, on the one hand, as information indicating in which pasture each shepherd should graze his flock. But these functions of the institution of property are not exhausted. Right of ownership does not only perform coordination functions, they also serve to preserve inequality. Suppose that both shepherds died, and heirs of B disagree with the existing inequality. They can bring their flock to pasture 1 in the hope that heirs A will take their flock to another pasture. But if the social property institution is sufficiently developed, then

this attempt will not succeed, since this institution provides punishment for misconduct.

Thus, the right of ownership as an institution arising in the situation of inequality:

- 1) solve the problem of coordination of people's actions;
- 2) preserve the existing inequality.

This social institution serves the interests of the party in a more favorable position. There are many institutions in society that solve the problem of preserving inequality. Examples of such norms are property institutions (inheritance institution, legal rule on violation of possession boundaries - "trespass", acting in common law, the notion of the sacred character of private property, etc.).

In this connection, K. Marx advanced a rather strong assertion that the very institution of the state and the entire social system and the institutions that support it are institutions serving to preserve inequality, and all of them are aimed at protecting the position and property of those in power. However, the institution of private property fulfills not only the function of preserving inequality, but is also a necessary condition for mutually beneficial exchange, since they allow people to coordinate their productive activities and not spend resources on the redistribution of wealth.

conclusions

The need for social institutions arises in situations where there are several equilibria (the problem of coordination), ineffectiveness of equilibrium (the dilemma of prisoners), or injustice of equilibrium (the situation of inequality) in the types of interactions of people that lead to their emergence.

CHAPTER. 2. Institutional structure of society

People impose restrictions that allow them to build their relationships with other people in all societies, even in primitive ones. The institutional structure of a developed society includes both formal and informal rules, and these groups of rules interact in a certain way with each other.

Informal rules

The difference between formal and informal rules

In modern society, informal rules play a very significant role. People face informal rules everywhere: in the family, in relationships with other people, in business and political life. Ordinary people are usually poorly informed about the substantive law that regulates their relations with other people. The basic rules that organize people's relationships in everyday life are not fixed in laws. And even in a market where the price is established as a result of fluctuations in supply and demand, there are informal rules that affect the price. It is informal rules that affect the expectations of customers and their assessment of whether the price increase is fair. However, an accurate description of informal rules, their systematization and unambiguous definition of the role of these rules in regulating people's daily lives is an extremely difficult task.

Informal rules, like formal rules, limit the behavior of people. How, however, do informal rules differ from formal rules? How to distinguish between them?

We can consider as formal those rules, the violation of which entails sufficiently severe sanctions, for example, punishment in the form of imprisonment or ostracism. Such an approach to the definition of informal rules presupposes that the state is not a necessary prerequisite for their existence. Informal rules, according to this approach, do not impose strict restrictions on the actions of

people, they only facilitate life in society, make it more pleasant. For violation of informal rules should not strict punishment, but, in the worst case, disapproval of society. Informal rules are, in accordance with this approach, binding only in the moral sense or in terms of decency and good taste. Such an approach to drawing a line between formal and informal rules is characteristic of scholars related to the direction known as "old institutionalism" [Khalil, 1994].

In accordance with another approach, the difference between formal and informal rules is determined not by the severity of punishment, but by those who establish rules and enforce them. This approach is based on the opposition of "order based on law" and "spontaneous order" (Hayek, 1978), conducted by F. Hayek. "Order based on the law" arises when the state establishes laws and punishes those who violate them. "Spontaneous order" is established when people are involved in sustainable patterns of behavior, since none of them can win by deviating from these patterns of behavior, even if there are no effective legal deterrent mechanisms.

A similar approach is held by scientists - representatives of the "new institutionalism". They define formal rules as rules recorded in an official source, followed by a specially selected group of people (judicial system, police, repressive apparatus). The presence of coercion on the part of the state is a characteristic feature of formal rules. Unlike them, informal rules are not fixed in any official source, and their enforcement is guaranteed not by the threat of legislative sanctions, as in the case of formal rules, and their execution is monitored not by specialists, but by all members of society. Therefore, in primitive societies that did not know the state, people's behavior was regulated by informal rules. Formal rules arise with the emergence of the state. With this approach, the severity of punishment is not of decisive importance. Punishment can be strict both for violation of formal and for violation of informal rules operating in society. For example, in primitive societies an informal rule was in force: wealthy tribesmen

had to distribute their wealth to the poorer members of society. This norm fulfilled a certain economic function - the function of insurance against hunger, which equally threatened all members of the primitive society, as the technology of storage of products was undeveloped and the creation of reserves was impossible. Sharing with fellow tribesmen, who were unlucky this year, a rich man could count on reciprocity, when he in turn appears less fortunate. Such altruistic behavior was encouraged by society: the person who gave out his wealth enjoyed special respect from his fellow tribesmen. But in some societies compliance with this rule was supported by very severe sanctions. For example, the Eskimos sometimes killed greedy rich tribesmen [Posner, 1983, p. 158].

People obey the laws because their violation is punished by the state. And what makes people follow the rules of informal? What are the incentives that make people fulfill the norms of behavior that exist in society? If the rule of conduct adopted in society is not met, then a certain sanction follows, ie, a person who violated the norm should bear certain costs.

Classification of sanctions for non-compliance with informal rules

Punishment, which can be applied to violators of informal rules, takes a variety of forms, from simple disapproval and slanting eyes to a complete refusal to maintain any relationship with the offender. Let us highlight the main groups of sanctions for violating social norms [Posner, Rasmusen, 1999].

1. Automatic authorization. A classic example of automatic sanctions for violation of the norm is punishment for non-observance of traffic rules. The driver who violates the rule of right-hand traffic in the country, where it is the norm, will simply collide with the oncoming car. The offender in this case is punished automatically, without anyone's deliberate interference. A norm that is supported by automatic authorization is called self-enforcing norm. Another example of a self-fulfilling norm can be language. If you do not speak the language of your trading partners, they will not understand you and you will not be able to conclude a profitable deal. In this case, the sanction also comes automatically.

2. Guilt. The sense of guilt experienced by a person who violated the norm of behavior is an internal sanction. The offender feels remorse if he has violated the social norm that has become his inner conviction as a result of appropriate education and upbringing, regardless of external consequences. Many people would feel bad if they steal, even if they were sure that they would not be caught. The guilt somewhat resembles an automatic sanction, because the offender is considering a sanction that occurs without outside interference, as a cost to itself. But it differs from a simple automatic sanction: after all, for the sanction to begin to act, it is necessary to invest in the education of a person. It is necessary to make efforts that a person internalizes the norm of behavior and becomes able to experience a sense of guilt. Karl Lewellin, the famous American lawyer, the most prominent representative of American legal realism, believed that order in society is achieved mainly through education, not law [Ellickson, 1987, p. 71]. This education is handled by the family and the school. "Education is not teaching reading, writing and arithmetic. Education is the training of the ability to be a citizen, the ability to live side by side with fellow citizens and, above all, obey the law ". The process of education is, to a large extent, the process of suggestion, the planting of ideas, which must last long enough to ensure reliable preparation. This

training is aimed at ensuring that various aspects of culture become an integral part of the routine routines that people adhere to.

3. Shame. The intruder feels that his actions have lowered him in the eyes of other people. Shame is an external sanction for violation of the norm of behavior. Shame, as well as wine, is the result of education, both formal and informal. However, shame differs from guilt in that it requires the dissemination of information about the violation. For the sanction to become effective, it is necessary that other members of the society know about the violation of the rules.

4. Information sanction. The actions of the offender of the norm can disclose some information about him, which he would prefer to hide. A young man who wants to get a job, but comes to the interview with the employer carelessly dressed, unintentionally gives a signal that he is not very serious about this meeting and that he is not very worried about whether he will get this job or not. In this case it is assumed that the violation of the norm of behavior is somehow directly associated with possessing undesirable qualities, and therefore people punish the offender by refusing to deal with him.

Information sanctions may seem potentially too stringent. The costs of the offender, which resulted from the punishment, will far exceed the social costs that resulted from the violation of the norm. However, the information sanction can be considered as a way of correcting the asymmetry of information. In this case, the function of the social norm is not to deter certain behavior, but to signal. A trivial violation of the norm can signal a possible unreliability of the offender as a friend or business partner.

To understand how a person's violation of a certain norm can signal his unreliability, consider the next game, which is called "Trust" [Kreps, 1990]. Player B refers to player A with a proposal to lend him a certain amount of money, which

he then returns with a profit. Player A has a dilemma: to trust B or not. Let's write this game in extensive form.

In a one-step game in the absence of institutions that force B to justify A's confidence, the result of the game will be (0; 0) - A will not trust B, rightly believing that he will deceive him. Suppose that the game is repeated indefinitely, and the discount rate is 0. If B is abusing confidence in the first round of the game, then its win in two rounds is 15, and if it justifies the trust, then 20. Therefore, B will choose a strategy to justify trust. Thus, there is cooperation between players, and their winnings will be (10; 10) in each round of the game. However, the possibility of cooperation depends on the discount rate. We assumed that B has a discount rate of zero. For many people, the discount rate is quite low, but for some it is quite high. Players with a high discount rate will choose not a strategy of cooperation with player A, but will hide with his money. If it were easy to determine the type of agent (meaning the definition of the discount rate of this agent), then there would not be any problems in repetitive games of this type. But even players with a low discount rate will not cooperate with each other if they can not recognize the type of their counterparty.

Suppose that there are two types of agents: "good", which justifies trust, and "bad", which abuses trust. Neither good nor bad type justify trust in a one-step game. But in a recurring game, a good guy appreciates future winnings high and justifies trust not because he is an altruist, but because he can lose the benefits of cooperation in the future, which he values highly enough. And does not have information what type of player belongs to B. To separate himself from a bad type, a good type will take certain actions, which are called signals. Signals can help determine the type of agent if only good agents can afford to send a signal, and bad agents cannot afford it, and, in addition, everyone knows about it. Since only a good type of agent values future profit more than a bad agent type, then the signal can be large observable costs before the transaction begins.

Consider the following example.

An agent of a good type estimates the future gain of \$ 10 at a discount rate of 10%, and an agent of a bad type - at a discount rate of 30%. The discounted payoff of agents is determined by the formula:

$P_1 = P_0 \cdot \delta$, where δ is the discount factor equal to $\delta = 1/(1+r)^t$ where t is the year number and r is the discount rate.

The discounted payoff of a good agent is $10 \cdot (1/(1+0,1)) = 9\$$.

The discounted payoff of a bad agent will be $10 \cdot (1/(1+0,3)) = 7\$$.

If agent B of good type will spend \$ 8, which is less than his discounted winnings (\$ 9), and more than discounted bad type winnings (\$ 7), player A, to which this signal is calculated, will understand, that only a good type can afford the cost of \$ 8 and agree to a deal. The resulting equilibrium is called "separating"

In this equilibrium, all agents of a good type signal; spend costs of \$ 8, and all agents of the poor type cannot afford these costs, so they will not give a signal. An example of a signal can serve as gifts, which the merchant gave to the ruler, for the first time coming to an unfamiliar country, thereby demonstrating his interest in long-term cooperation and his reliability, and not the intention to seize anything by deceit; he continued to give gifts, showing that he did not intend to interrupt relations in the future.

As a signal can be a style of clothing, manners of man, his speech, etc. Quite a large part of public, political, business behavior can be explained precisely in terms of signaling. The idea of the signal function of social norms was proposed by Eric Posner. See: [Posner, 2000].

A signal is any non-free action that separates a good agent from a bad agent. Compliance with the rules of conduct, etiquette is associated with costs. The costs in this case are the time, money and physical discomfort that people who are not

accustomed to good-order rules can experience. People, fearing that their children will be mistaken for agents of the bad type, educate them so that the costs of correct behavior for them would be low enough and the poet giving a signal to them will not be associated with high costs.

5. Bilateral sanctions that require costs from the punishing party. In this case, the offender of the norm is punished by the actions of the person who suffered from this violation. This type of sanction does not require the dissemination of information about the violation. The person who carries out the punishment is the only person who needs to know about the violation of the norm. But in this case, however, there may be problems with the implementation of punishment for a violation of the norm, because here it is, unlike the cases discussed above, not free, but is associated with certain costs that are entirely imposed on the person who carries out the punishment. "The punishment of human beings <...> causes suffering, a decrease in the usefulness of a normal person who must directly or indirectly choose punishment. The "punishment of others" is "anti-good", in economic terms, this activity, which in itself is undesirable and which the normal person avoids or, if it is impossible, to pay to reduce his participation in this activity "[Buchanan, 1997, p. . 379]. In addition, an individual who punishes someone may be at risk of confrontation or revenge, as well as direct financial costs.

In this case, there may even be a need for an additional system of sanctions applied to those who evade their duty to punish the offender. Corsican laws of blood feud, for example, supplemented the mechanism of bilateral sanctions, demanding that the punishing party bear certain costs. Anyone who refused to fulfill his duty - blood feud, was ostracized. This meant that on a person who refused to fulfill his duty, society imposed certain costs, and he had to compare the costs of fulfilling his duty to punish the offender with the costs of expulsion from society. The

society can also reduce the costs of punishment by releasing the punisher from sanctions, formal or informal, which are usually imposed for the actions that it takes, punishing the offender.

6. Multilateral sanctions that require costs. A multilateral sanction requires much more information than a two-sided sanction. Information on the violation must be disseminated to members of the community. In the case of multilateral sanctions, the problem of a free rider is also very acute, since a large number of people and there is a need for a certain coercion of persons who must carry out punishment. But at the same time, the costs of each punishing will be less than in the case of a bilateral sanction. The range of possible punishments here is very wide - at one end is ostracism - expulsion from society, and on the other - a slanting view, as an expression of disapproval without any perceptible punishment.

So, non-observance of the norm, as we see, is associated with certain costs. A rational individual will compare the benefits of non-compliance with the costs that he incurs, and on the basis of this comparison make a rational choice. Robert Axelrod gives the following example [Ct. by: North, 1997b, p. 61]. In the evening on the eve of the planned duel with Aaron Burr, Alexander Hamilton (an American politician, one of the leading participants in the American War of Independence) took the paper and wrote down a list of arguments in favor of refusing to duel; the main argument was that he could be killed (and he was really killed). But Hamilton realized that he would fall in the eyes of society if he refused to fight. The costs of refusal from a duel, i.e. violation of the informal rule, for Hamilton was dishonor. He compared the benefits (keeping his name in the eyes of others) with the costs of breaking the informal rule and made a rational choice.

The above classification of informal rules can be useful for identifying those functions that fulfill certain social norms. It makes it possible to clarify their role in regulating people's interaction and to take into account these social norms when choosing a policy and establishing legal norms by the legislator.

In the southern states of America, social norms operated, which viewed the duel as a recognized method of resolving disputes between people of noble origin. The refusal of a duel for a person belonging to the elite of society was accompanied by a loss of reputation, which meant less opportunities for establishing beneficial relations with other members of this group of elected persons. An important social function of the duel was the information function - a duel can be regarded as a source of information about the reputation of a person, which he acquired, if he behaved nobly. The concept of honor suggested that a person behaves in spite of his own selfish interest. In circumstances where the costs of monitoring actual behavior were high, a good reputation could facilitate social interactions if it was reliable and could be relied upon.

Can a duel be considered as a bilateral sanction? The main function of bilateral sanctions is to contain undesirable behavior from the point of view of society. If a person violated the accepted norms of behavior in the society, the result could be a challenge to a duel by the injured person. However, this deterrent system was unlikely to be effective, since the link between the behavior of a person who violated the norms of behavior and was called to a duel, and his punishment, was weak. The injured person who defied the challenge could die in a duel. There was no mechanism that would guarantee that the punishment would befall the perpetrator in violation of the informal rule. The duel was like a trial in which the judge, having established a violation, threw a coin to decide who should be executed [Lessig, 1995, p. 969].

Most likely, the duel performed a different function - it served as a source of information about how much a person values his honor. If we consider the function of a duel in this way, then the priority is not to change the behavior that is undesirable for society by deterring it, but to take care of future behavior: members of society will take this information into account when deciding whether to deal with the participants in the duel. Courage in the face of death in a duel is a perfect

testimony that a man values his honor. He risks his life to preserve his reputation. To challenge or accept it meant that a person values his good name higher than his own selfish interests, and he will behave in a worthy way in other situations. Thus, participation in the duel acted as a signal about how a person will lead in the future, making deals with other members of this elected society.

But could not the individuals of the "bad type", i. those who do not adhere to the internal code of honor, imitate the behavior of noble people in order to take advantage of a good reputation in the future and win at the expense of dishonest behavior? Apparently not, because a strategy based on deception will be beneficial only if the benefits obtained until the moment when it is discovered that a person behaves dishonestly exceed the costs associated with the risk of dying in a duel. This explains why the costs of participating in the duel were so high - they limited the possibility of fraudulent use of this method of confirming the reputation. The signal delivery should be expensive enough that "bad" players could not imitate the behavior of "good" players, and this requirement in this case was carried out.

Conditions for the effectiveness of informal rules

The effectiveness of informal institutions in regulating the life of a particular community depends on a number of conditions [Posner, 1997, p. 366], among which you can specify the following:

1. The size of the social group in which these norms operate. The smaller the group, the more it repeats transactions, the easier it is to identify the offender and the lower the costs of those who expose the offender to punishment.
2. The magnitude of the costs incurred by the offender being punished. The costs caused by ostracism are inversely proportional to the level of income. In a rich society with a developed system of social insurance and the availability of alternative income-earning opportunities, individuals are less dependent on the location of a particular community. Both of these conditions - the small size of the group and the high costs incurred by the offender being ostracized - were performed in primitive isolated communities. Therefore, there the justice system, based on informal rules, was quite effective.
3. The third condition is the static nature of society in which informal rules operate. If a society changes quickly, then management based on norms does not satisfy the needs of society. Social norms change slowly, and then, when creating a norm, the problem of a free rider is not acute. When the costs of changing the norm are small, the fact that a person who changes the rate can not get the most of the benefits is not an obstacle to creating a norm. If the development of society becomes dynamic, and there is no centralized authority that creates or changes norms, then necessary serious changes in the norms are more difficult to implement because of high costs

The American philosopher of law Hart singled out rules that control people's behavior (primary rules) and rules that control the rules (secondary rules). The first rules direct the behavior of citizens in their daily lives. Rules of the second type

govern the behavior of officials when they create, revise, cancel or apply primary rules. According to Hart's theory, the totality of primary and secondary rules forms the right. Unlike the law, there are no secondary rules among the informal rules, there is no special procedure for creating, revising or canceling the informal rule. In informal rules there is no constitution or judge. A person who wants to change the custom should use the means at hand to convince other members of society to follow a different norm [Hart, 1961].

Formal Institutions

As more complex societies develop, there is a movement in the direction from unwritten traditions and norms of behavior to written laws, and a gradual formalization of the rules is taking place. Often, formal institutions arise on the basis of informal rules. The first written codes of commercial behavior became possible due to the existence of many informal rules that regulated the life of society at earlier stages of development. But later, in the tradition of common law, the principle was:

"Judges must find customary law." Judges in common law, according to the old principle of jurisprudence, cannot pass a law until they find a social norm that deserves to be followed by the state.

In this regard, we can give the following example. Among the merchants of the XVIII century there were circulation of receipts and bills as a means of payment and credit. But due to their treatment, very complex issues of risk distribution arose. Suppose the merchant A delivered the goods to the merchant B. Having received the goods, he sends A a receipt with a promise to pay a certain amount in the specified time in the future. And sells a receipt To a third person - S. Meanwhile, B discovers a defect in the goods that he bought from A. Now B has defective goods, and C has a promise B to pay for them A. Can B refuse to pay C, referring to the fact that A has placed low-quality goods, or B must first pay C,

and then sue for a violation of contractual obligations? Similar legal issues arose in connection with the rapidly developing in the XVIII century trade. Judge Mansfield is believed to have given the bulk of the answers to them. Mansfield knew that he would never fully understand how business uses financial instruments. Therefore, he did not try to invent the rules better than those that developed in practice. He carefully studied the norms of behavior that arose in business, and tried to identify the best practice that has been developed and make the parties respect it [Cooter, 1996, p. 144].

Formal rules include:

1. political rules;
2. economic rules;
3. contracts.

The totality of these rules is organized in the form of a hierarchy [North, 1997b, p. 68]. At the very top of the hierarchy are the constitution, which is the rule for establishing other rules. Then there are legislative acts of the parliament and codes of law (civil code, criminal code, etc.), followed by decisions of administrative bodies to which the state delegates such powers, then legislative decisions and orders of local authorities, and at the base of the hierarchy there are individual contracts . The higher the level of this hierarchy, the higher the costs associated with changing the formal rule. Revision of individual contracts is cheaper than changing the order of the local government. The change in the constitution is more difficult and expensive. This organization of formal rules ensures the stability of the institutional structure of society, which is very important for the institutions to perform their functions: to reduce uncertainty, to make people's behavior more predictable. Political rules define in the most general form the hierarchical structure of society, the procedures for making political decisions and establish ways of implementing control over political procedures. Economic rules define

property rights, restrict access of other persons to resources that are in exclusive ownership and determine the ways in which property is used and received income from it. Contracts contain specific arrangements for exchange.

RESEARCH METHODOLOGY

In this paper we touched Institutions and what can be considered so, the importance and level of involveness the institutions in our lives. Institutions can be considered globally or locally depending on which scale we want to gather information and of course know people's thoughts if it needed. So if we looked to the issue globally of course we needed a global research, including global data provided by official recourses. But looking through local institutions and their affects, depending on research area I used social observations even so collecting data from different social experiments. To my way of thinking the most relevant research method for small institutions was observations and data collecting methods.

RESULTS AND CONCLUSION

Institutions influence and shape economic behavior in different ways. My work tried to describe the ways by which they do it and main idea is how the institutions can affect our choices and actions on global scale. When faced with a decision or issue, people have different mechanisms and ways to dealing with them. Let's suppose an institution which controlling a transport system in some area. By detecting the prices, time schedule, number of transports this institution can control people's money spending on exact transport type and control the traffic flow. The issue is how deeply people affected by Institutions and in which areas and segments people more or less affected by them.

Also I tried to explain the informal rules that accepted by people and society. The sanctions which is established by that rules in cases if people or individuals break that rules.

I think that my research will provide saturated information and views about Institutions and will help to understand their roles in modern economy, also how deeply they penetrated to an everyday life. I hope that by giving examples I will be able to provide enough information and knowledge to understand people behavior in different. Also this research will contribute useful information for business and of course startup segment.

In conclusion I can say that understanding the mechanism of institutions can greatly benefit a person especially a young businessman or entrepreneur to deal with issues that can occur in different situations, and understanding the way of people affected by established institutions, and it doesn't matter if are they established by government or by people themselves, can help government to create strong economy in the country especially, and can help to control people in the way the government needed.

BIBLIOGRAPHY

Акерлоф Дж. Рынок «лимонов»: неопределенность качества и рыночный механизм // THESIS. 1993. Вып. 5. С. 95—104.

Алчиан А. Неопределенность, эволюция и экономическая теория // Истоки. М.: Изд. дом ГУ ВШЭ, 2006. С. 33–52.

Алчиан А., Демсетц Х. Производство, информационные издержки и экономическая организация // Истоки. М.: Изд. дом ГУ ВШЭ, 2004. С. 166–207.

Бьюкенен Дж. Границы свободы. Между анархией и Левиафаном // Нобелевские лауреаты по экономике. Джеймс Бьюкенен. М.: Таурис Альфа, 1997. С. 204–444.

Гоббс Т. Левиафан. М.: Мысль, 2001.

Гражданский кодекс Российской Федерации. Часть первая. Комментарий для предпринимателей/под ред. М.И. Брагинского. М.: Спарк, 1999.

Давид Р., Жоффре-Спинози К. Основные правовые системы современности. М.: МО, 1999.

Дэвид П. Клио и экономическая теория QWERTY // Истоки. М.: Изд. дом ГУ ВШЭ, 2006. С. 183–207.

Де Сото Э. Загадка капитала. М.: Олимп, 2004.

Де Сото Э. Иной путь. М.: Catallaxy, 1997.

Долгопятова Т.Г. Формирование моделей корпоративного контроля в российской промышленности (по материалам обследования предприятий) // Инвестиционный климат и перспективы экономического роста в России / отв. ред. Е.Г. Ясин. Кн. 2. М.: Изд. дом ГУ ВШЭ, 2001. С. 76–89.

Капелюшников Р. «Где начало того конца?» (к вопросу об окончании переходного периода в России) // Вопросы экономики. 2000. № 1. С. 138–156.

Капелюшников Р.И. Рональд Коуз, или Сотворение рынков // Коуз Р. Фирма, рынок, право: пер. с англ. М.: Новое изд-во, 2007. С. 202–219.

Капелюшников Р.И. Экономическая теория прав собственности (методология, основные понятия, круг проблем). М.: ИМЭМО, 1990.

Коуз Р. Маяк в экономической теории // Коуз Р. Фирма, рынок, право: пер. с англ. М.: Новое изд-во, 2007а. С. 177–201.

Коуз Р. «Природа фирмы»: влияние // Природа фирмы / под ред. О.И. Уильямсона и С.Дж. Уинтера. М.: Дело, 2001.

Коуз Р. Природа фирмы // Коуз Р. Фирма, рынок, право: пер. с англ. М.: Новое изд-во, 2007б. С. 36–57.

Коуз Р. Проблема социальных издержек // Коуз Р. Фирма, рынок, право: пер. с англ. М.: Новое изд-во, 2007 в. С. 92—149.

Кутер Р. Организация как собственность: экономический анализ права собственности применительно к приватизации // Становление рыночной экономики в странах Восточной Европы / под ред. Н.А. Макашевой. М.: РГГУ, 1994. С. 124–162.

Маетен С. Правовая основа фирмы // Природа фирмы / под ред. О.И. Уильямсона и С.Дж. Уинтера. М.: Дело, 2001. С. 294–318. Мейер Д.И. Русское гражданское право // Мейер Д.И. Русское гражданское право: в 2 ч. М.: Статут, 2003.

Менар К. Теория организаций: разнообразие соглашений в развитой рыночной экономике // Институциональная экономика: учебник / под ред. А. Олейника. М.: ИНФРА-М, 2005. С. 191–241. Менар К. Экономика

организаций. М.: ИНФРА-М, 1996. Мильгром П., Робертс Дж. Экономика, организация и менеджмент: в 2 т. СПб.: Экономическая школа; Санкт-Петербург, гос. ун-т экономики и финансов; Высшая школа экономики, 1999.

Мозолин В.П., Фарнсворт Е.А. Договорное право в США и СССР. История и общие концепции. М.: Наука, 1988.

Найт Ф.Х. Риск, неопределенность и прибыль. М.: Дело, 2003. Найшуль В. Либерализм и экономические реформы // МЭиМО. 1992. № 8. С. 69–81.

Alchian A. Decision Sharing and Expropriable Specific Quasi-Rents: A Theory of First National Maintenance Corporation v. NLRB // Supreme Court Economic Review. 1982. Vol. 1. P. 235–247.

Alchian A. Some Economics of Property Rights // *Il Politico*. 1965. Vol. 30. P. 816–829.

Alchian A. *Economic Forces at Work*. Indianapolis: Liberty Press, 1977.

Barzel Y. Measurement Cost and the Organization of Markets // *Journal of Law and Economics*. 1982. Vol. 25. No. 1. P. 27–48.

Goetz C.J., Scott R.E. Principles of Relational Contracts // *Virginia Law Review*. 1981. Vol. 67. No. 6. P. 1089–1150.

Goldberg V Toward an Expanded Economic Theory of Contract // *Journal of Economic Issues*. 1976. Vol. 10. No. 1. P. 45–61.

Gordon S. The Economic Theory of a Common Property Resource: the Fishery // *Journal of Political Economy*. 1954. Vol. 62. No. 2. P. 124–142.

Greif A. Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies // *The Journal of Political Economy*. 1994. Vol. 102. No. 5. P. 912–950.

Guinnane T. A Failed Transplant: Raiffeisen Credit Cooperatives in Ireland 1894–1914 // *Exploration in Economic History*. 1994. Vol. 31. No. 1. P. 38–61.

James Jr. U.S. The Trust Paradox: A Survey of Economic Inquiries into the Nature of Trust and Trustworthiness // *Journal of Economic Behavior and Organization*. 2002. Vol. 47. No. 3. P. 291–307.

Jensen M., Meckling W. Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure // *Journal of Financial Economics*. 1976. Vol. 3. P. 305–360.

Johansen L. The Bargaining Society and the Inefficiency of Bargaining // *KYKLOS*. 1979. Vol. 32. No. 3. P. 497–522.

Joskow P. Contract Duration and Relationship-Specific Investments: Empirical Evidence from Coal Markets // *American Economic Review*. 1987. Vol. 77. No. 1. P. 168–173.

Hansmann H. Ownership of the Firm // *Journal of Law, Economics and Organisation*. 1988. Vol. 4. No. 2. P. 267–304.

Hansmann H. The Role of Non-Profit Enterprise // *The Yale Law Journal*. 1980. Vol. 89. No. 5. P. 835–901. Hardin G. The Tragedy of the Commons // *Science*. 1968. Vol. 162. No. 3859. P. 1243–1248.

Hart H. *The Concept of Law*. Oxford: Oxford University Press, 1961. Hart O. An Economist's Perspective on the Theory of the Firm // *Columbia Law Review*. 1989. Vol. 89. No. 7. P. 1754–1774.

Masten S.E., Meehan J.W., Snyder E.A. The Costs of Organization // *Journal of Law, Economics and Organization*. 1991. Vol. 7. No. 1. P. 1–27.

Mattei U. Property Rights in Civil Law Countries // The New Palgrave Dictionary of Economics and the Law / P. Newman (ed.). Macmillan Reference Ltd, 1998. Vol. 3. P. 157–166.

Vanneste S., Van Hiel A., Parisi F. Depoorter, B. From “Tragedy» to “Disaster”: Welfare Effects of Commons and Anticommons Dilemmas. George Mason University School of Law. Law and Economics Working Paper Series. http://ssrn.com/abstract_id=548622 Van Zandt

D. The Lessons of the Lighthouse: “Government” or “Private” Provision of Goods // Journal of Legal Studies. 1993. Vol. 23. No. 1. P. 47–72.

Viscusi K., Vernon J. Economics of Regulation and Anti-Trust. 3rd ed. Cambridge, Mass.: MIT, 2000. Williamson O. Comparative Economic Organization: The Analysis of Discrete Structural Alternatives // Administrative Science Quarterly. 1991. Vol. 36. No. 2. P. 269–296.

Williamson O.E. Calculativeness, Trust, and Economic Organization // Journal of Law and Economics. 1993. Vol. 36. No. 1 (part 2). P. 453–486.

Young P.H. The Economics of Convention // Journal of Economic Perspectives. 1996. Vol. 10. No. 1. P. 105–122.

Coase R. The Federal Communications Commission // Journal of Law and Economics. 1959. Vol. 2. P. 21–40.

Coase R. The Institutional Structure of Production // American Economic Review. 1992. Vol. 82. No. 4. P. 713–719.

Cooter R. The Cost of Coase // Journal of Legal Studies. 1982. Vol. 11. No. 1. P. 1–33.

Cooter R. The Theory of Market Modernization of Law // International Review of Law and Economics. 1996. Vol. 16. No. 1. P. 141–172.

Craswell R. On the Uses of “Trust”: Comment on Williamson, Calculativeness, Trust and Economic Organization // Journal of Law and Economics. 1993. Vol. 36. No. 1. P. 487–500.

Dahlman C. The Open Field System and Beyond: A Property Rights Analysis of an Economic Institution. Cambridge: CUP, 1980.

Dahlman C. The Problem of Externality // Journal of Law and Economics. 1979. Vol. 22. P. 141–162.

Darby M., Kami E. Free Competition and the Optimal Amount of Fraud // Journal of Law and Economics. 1973. Vol. 16. No. 1. P. 67–88.

Davis L., North D. Institutional Change and American Economic Growth: a First Step Towards a Theory of Institutional Innovation // Journal of Economic History. 1970. Vol. 30. No. 1. P. 131–149.

Demsetz H. Property Rights // P. Newman (ed.). The New Palgrave Dictionary of Economics and the Law. L.: Macmillan Reference Ltd, 1998. Vol. 3. P. 144–155.

Demsetz H. The Emerging Theory of the Firm. Uppsala: Studio Oeconomia Negotium, 1992. Demsetz H. Toward the Theory of Property Rights // American Economic Review. 1967. Vol. 57. No. 2. P. 349–359.

De Vany A. Property Rights in the Electromagnetic Spectrum // The Palgrave Dictionary of Economics and the Law / P. Newman (ed.). L.: Macmillan Reference Ltd, 1998. Vol. 3. P. 167–171.

Dnes A. The Economics of Law. L.: International Thomson Business Press, 1996. Ellickson R. A Critique of Economic and Sociological Theories of Social Control // The Journal of Legal Studies. 1987. Vol. 16. No. 1. P. 67–99.

Ellickson R. The Aim of Order without Law // Journal of Institutional and Theoretical Economics. 1994. Vol. 150. No. 1. P. 97—100.

Epstein R. Law and Economics: Its Glorious Past and its Cloudy Future // The University of Chicago Law Review. 1997. Vol. 64. No. 4. P. 1167–1174.

Fama E. Agency Problems and the Theory of the Firm // Journal of Political Economy. 1980. Vol. 88. P. 288–307.

Fama E., Jensen M. Agency Problems and Residual Claims // Journal of Law and Economics. 1983. Vol. 26. No. 1. P. 327–349.

Foss N., Lando H., Thomsen S. The Theory of the Firm // Encyclopedia of Law and Economics / ed. by B. Bouckaert, G. DeGeest. Cheltenham, UK: Edward Elgar, 2000. P. 631–658.