

Title of the Module: Institutional Economics	Lecturer: Prof. Dr. Kronauer
--	--

Programme: M.Sc. International Finance

Required Preconditions:

Learning Outcomes and Competences:

The course is divided into two parts, the first focusing on international institutional economics, the second on a particular set of institutions (welfare states) and the impact of globalization on the provisioning of welfare. It is the aim of the course to demonstrate the importance of social rules for economic interaction and cooperation but also the need for embedding markets in non-market rules to ensure the well-being of people and societies. A further objective is to foster the understanding of institutional varieties and their social and economic consequences in international comparison and to discuss the impact of globalization on institutional change.

Students attending the course shall in the first part:

- deepen their understanding of the meaning and importance of institutions for economic transactions and the social embedding of markets
- comprehend institutional complementarities on the national level and variations of institutional arrangements (“varieties of capitalism”) on the international level
- familiarize themselves with the issues of path dependence or convergence in institutional change under the conditions of globalization.

In the second part they shall:

- learn to apply their knowledge about international institutional economics to the international comparison of welfare institutions
- acquire a deeper understanding of the meaning and generation of welfare, including perspectives from different countries and regions of the world
- learn to compare welfare regimes according to differences in structures and outcomes
- be able to critically assess controversial approaches to the impact of globalization on nation states in general and welfare states in particular
- learn about new approaches of generating welfare in an era of globalization.

Content:

First part: Different approaches to the meaning, functioning and necessity of institutions (Polanyi, North, Coase, Williamson, Granovetter), their critical assessment. Introduction to the concepts of “social systems of production” and “varieties of capitalism”. Comparison of national institutional settings and their social and economic implications. Approaching the issue of path dependence or convergence in institutional change under the influence of globalization.

Second part: Concepts of welfare and welfare institutions. Approaches towards identifying welfare state regimes and welfare regimes. Welfare (state) regimes compared internationally and inter-regionally. A critique of Eurocentric views. Globalization and the challenges to the nation state in general, to institutions of the welfare state in particular. The impact of globalization on welfare states in different national and regional contexts. Alternative views of providing welfare in the future.

Literature Recommendations:

First part, core reading:

1. Polanyi, K. 1965 [1944]: The Great Transformation. Boston (Beacon Hill), pp. 43-76.
2. North, D. C. 1990: Institutions, Institutional Change and Economic Performance. Cambridge (Cambridge University Press), pp. 3-35, 61-69.
3. Williamson, O. E. 1985: The Economic Institutions of Capitalism. New York (The Free Press) pp. 1-2, 15-35, 41-42.

4. Hall, P., Soskice, D. 2001: An Introduction to Varieties of Capitalism, in: Hall, P., Soskice, D (ed.): Varieties of Capitalism. Oxford (Oxford University Press), pp. 1-68.

Second part, core reading:

1. Esping-Andersen, G. 1990: The Three Worlds of Welfare Capitalism. Cambridge (Polity Press), pp. 9-34.
2. Esping-Andersen, G. 2002: Towards the Good Society, Once Again?, in: Esping-Andersen, G. (ed.): Why We Need a New Welfare State. Oxford (Oxford University Press), pp. 1-25.
3. Gough, I. (2004): Welfare Regimes in Development Contexts: A Global and Regional Analysis, in: Gough, I., Wood, G., with Barrention, A, Benac, Ph., Davis, P, Room, G: Insecurity and Welfare Regimes in Asia, Africa and Latin America: Social Policy in Development Contexts. Cambridge (Cambridge University Press), pp. 15-48.
4. Hay, C. 2005: Globalization's Impact on States, in: Ravenhill, J. (ed.): Global Political Economy. Oxford (Oxford University Press), pp. 235-262.