

## COURSE DETAIL

### MARKET FAILURES, INSTITUTIONS, AND ECONOMIC POLICY

**Country**

Netherlands

**Host Institution**

Utrecht University

**Program(s)**

Utrecht University

**UCEAP Course Level**

Upper Division

**UCEAP Subject Area(s)**

Economics

**UCEAP Course Number**

104

**UCEAP Course Suffix****UCEAP Official Title**

MARKET FAILURES, INSTITUTIONS, AND ECONOMIC POLICY

**UCEAP Transcript Title**

MARKT FAIL & POLICY

**UCEAP Quarter Units**

6.00

**UCEAP Semester Units**

4.00

## **Course Description**

The course discusses the general microeconomic theory of market failures and of the institutions to cope with these failures. Examples include contract law, property rights, reputations, credit rating agencies, the state monopoly of violence, democracy, and the constitution. Institutions emerge as an attempt to minimize transaction cost, or equivalently, to internalize externalizations. The course offers a detailed analysis of the basic forms of market failure or transaction cost: asymmetric information (bargaining, moral hazard, adverse selection) and the inability to commit (commitment to future behavior, commitment to community equal to free riding). Students analyze when the market creates the necessary institutions itself (private law) and when political coordination is required (public law). The course discusses a wide number of practical institutions, including social security, cities, financial markets, and principal agent problems in bureaucracies. The course shows that all these market failures and institutions to cope with them are explained by a small number of mechanisms that show up time and again in different contexts. The course stresses the links of economics to sociology, law, history, political science, biology and psychology.

## **Language(s) of Instruction**

English

## **Host Institution Course Number**

ECB2MFIEP

## **Host Institution Course Title**

MARKET FAILURES, INSTITUTIONS, AND ECONOMIC POLICY

## **Host Institution Campus**

Utrecht University

## **Host Institution Faculty**

Law, Economics and Governance

## **Host Institution Degree**

## **Host Institution Department**

