



Project: Building an Excellency Network for Heightening Agricultural ecoNomic researCh and Education in Romania – ENHANCE
This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 691681

USAMV BUCHAREST AGRICULTURAL ECONOMICS AND POLICY SUMMER SCHOOL

17-21 September 2018

Institutional Economics and Agricultural Development

Description

Institutions, defined as the rules of the game within an economy, play a crucial role in the development of economies. Over the last decades, we have observed an ever-increasing interest in the role of institutions in shaping the behaviour of farmers, businesses, consumers, and public administration. Not least because of the mixed experience of reforms in the agricultural sector and rural areas of the formerly centrally planned economies of Europe and Asia spurred academic interest in this field.

This summer school will introduce various concepts of defining and conceptualising economic institutions focusing especially on institutions of natural resource use, agricultural production and agricultural markets. Theoretical and empirical analyses of institutions' role in land use decisions, access to agricultural inputs, transactions, and cooperation will be presented and jointly critically discussed. The organisers will introduce various conceptual approaches to the theory of institutional change exploring possible links with other theoretical approaches like game theory, political economy and behavioural economics. We will mainly derive examples from European and Central Asian countries where the experience of the transformation process of the last decades provides striking evidence of the varying success of economic reforms. Participants are expected to bring case studies from their own past or recent research, to work on those cases during the summer school and to discuss them with other participants. A thematic excursion to State Domains Agency (Ministry of Agriculture and Rural Development) will illustrate the Romanian experience of managing institutional change in the agricultural sector.

Lecturers

Prof. Dr. Thomas Herzfeld (Leibniz Institute of Agricultural Development in Transition Economies, IAMO) is an expert in applied analysis of rural household behaviour as well as analysis of agricultural policies and institutions. He taught courses at universities in Germany, Romania and The Netherlands.

Dr. Vasyl Kvartiuk (IAMO) is a Senior Researcher and an expert in the analysis of local governance and economic development.

Dr. Axel Wolz (IAMO) is a Senior Researcher and his major research activities focus on the transformation of agricultural production cooperatives in the post-socialist economies.



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Methods

During the summer school participants will attend lectures, engage in individual and group reading assignments, and present their own related research. Furthermore, participants are expected to contribute actively to debates within class.

Prerequisites

The summer school targets PhD students and experienced MSc students. Familiarity with introductory levels of microeconomics is a prerequisite.

Tentative structure

Day 1: September, 17

09:00 – 10:30 Introduction

- Welcome and introduction of participants and lecturers
- Structure of the Summer School and learning goals
- Why do institutions matter for agricultural development? (Acemoglu & Robinson, 2012; Bardhan, 1991)

11:00 – 12:30 Schools of thought

- What are institutions?
- Overview of major schools of thought in institutional economics (Bardhan, 1991)

14:00 – 15:45 Property rights I

- Definition of property rights (Besley & Ghatak, 2009)
- Property rights and resulting incentives
- Implications for natural resource management (Ostrom, 1990)

Day 2: September, 18

09:00 – 10:30 Property rights II

- Land tenure and farmer's behaviour (Deininger & Feder, 2001)
- Transfer of rights and allocative efficiency
- Land as an economic asset

11:00 – 12:30 Presentations by participants I



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14:00 – 15:30 Transaction cost theory (Williamson, 1989)

- What are different types of transactions on markets and within nonmarket organisations?
- What are components of transaction costs?
- What is the relation between transaction costs and a governance structure?

15:45 – 17:00 Presentations by participants II

Day 3: September, 19

09:00 – 10:30 Contract theory (Allen & Lueck, 2005)

- Types of contracts
- Contract enforcement
- Informality and agricultural development

11:00 – 12:30 Presentations by participants III

14:00 – 16:00 Visit to State Domains Agency (Ministry of Agriculture and Rural Development)

Day 4: September, 20

09:00 – 10:30 Cooperation I (Bijman, Muradian & Schuurman, 2016; Slangen, Loucks & Slangen, 2008)

- Cooperatives: Definitions
- Decision making in cooperatives
- Principal-agent problems in cooperation

11:00 – 12:30 Presentations by participants IV

14:00 – 15:30 Cooperation II

- Agricultural service cooperatives
- Agricultural production cooperatives

15:45 – 17:00 Presentations by participants V

Day 5: September, 21

09:00 – 10:30 Institutional change

- What drives institutional change?



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- Why did economic reforms in agriculture proceed so differently across Europe and Asia? (Rozelle & Swinnen, 2004; Swinnen & Heinegg, 2002)
- Which aspects of agricultural development of the transition economies can be related to institutional change? (Estrin et al., 2009; Rozelle & Swinnen, 2004)

11:00 – 12:30 Presentation by participants VI

14:00 – 16:00 Presentations VII (tbd) & Wrap-up

Preparation of the participant's presentations

We ask each participant

- to send an abstract of their Master/ PhD thesis or another ongoing research project (max 800 words, template on website of Summer School) until **02.09.2018** to wolz@iamo.de
- to prepare a short (10 min) presentation of their research with a special focus on the application of concepts of institutional economics in their research

Literature

Acemoglu, D., Robinson, J. (2012). *Why Nations Fail: The Origins of Power, Prosperity and Poverty*. Random House Digital, Inc.

Allen, D., Lueck, D. (2005). "Agricultural Contracts". In: Ménard, C., Shirley, M.M. (Eds). *Handbook of New Institutional Economics*. Dordrecht: Springer; pp. 465-490.

Bardhan, P. (1991). *The Economic Theory of Agrarian Institutions*. Oxford University Press, Oxford.

Besley, T., Ghatak, M. (2009). "Property Rights and Economic Development". In: Rodrik, D., Rosenzweig, M. (Eds.). *Handbook of Development Economics, Volume V*. Amsterdam: North-Holland; pp. 4525-4595.

Bijman, J., Muradian, R., Schuurman, J. (2016). *Cooperatives, Economic Democratization and Rural Development*. Cheltenham/ Northampton: Edward Elgar Publishing. (particularly: Introductory and concluding chapters)

Deininger, K., Feder, G. (2001). "Land Institutions and Land Markets". In: Gardner, B., Rauser, G.C. (Eds). *Handbook of Agricultural Economics*. Amsterdam: Elsevier Science; pp. 287–331.

Estrin, S., Hanousek, J., Kočenda, E., Svejnar, J. (2009). "The Effects of Privatization and Ownership in Transition Economies". *Journal of Economic Literature*, 47:3, 1–30.

Ménard, C., Shirley, M.M. (2005). *Handbook of New Institutional Economics*. Dordrecht: Springer.

Ostrom, E. (1990). *Governing the Commons: The Evolution of Institutions for Collective Action*, Cambridge, UK: Cambridge University Press.





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Rozelle, S., Swinnen, J.F.M. (2004). "Success and Failure of Reform: Insights from the Transition of Agriculture". *Journal of Economic Literature*, 42, 404-456.

Slangen, L.H.G., Loucks, L.A., Slangen, A. (2008). *Institutional Economics and Economic Organisation Theory: An Integrated Approach*. Wageningen: Wageningen Academic Publishing.

Swinnen, J.F.M., Heinegg, A. (2002). "On the Political Economy of Land Reforms in the Former Soviet Union". *Journal of International Development*, 14, 1019-1031.

Williamson, O.E. (1989). "Transaction Cost Economics". In: Schmalensee, R., Willig, R.D. (Eds.), *Handbook of Industrial Organization*. Amsterdam: Elsevier Science Publishers; pp. 135-182.



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