



UNIVERSITÀ
CATTOLICA
del Sacro Cuore

Democracy, institutions and economic development

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Course aims and intended learning outcomes

The course, which is taught in English, aims at promoting knowledge about the role of institutions in fostering political and economic development. In particular, the course will provide insights on the long-term perspective of development, highlighting the dynamics of historical and institutional processes that can accompany economic growth, such as democratization. For this purpose, the course provides knowledge about technical tools needed to understand and analyse the institutional context of developed and developing countries, such as quantitative indicators of institutional quality. During the lectures, the most recent results of economic and political science's literature will be presented, by providing a critical overview of the most relevant theoretical approaches, highlighting both strengths and weaknesses.

Knowledge and understanding

At the end of course students that regularly attend lessons and devote time to personal study, both individually and in small groups, are expected to understand how alternative institutional regimes can lead to different paths of development. Further they will master alternative concepts and definitions of democracy and institutions and will be able to critically match them to the appropriate quantitative indicators of institutional quality.

Applying knowledge and understanding

At the end of course students that regularly attend lessons and devote time to personal study, and that take part to the assigned groupworks, will be able to critically discuss the institutional development of world regions and countries, by producing short essays and reports that assess the relation between institutions and economic outcomes.

Course content

The effects of institutions on development constitute a major field of study in recent social science literature. In particular, the stream of literature known as New Institutional Economics stresses the relevance of institutional devices in shaping the economic success of countries in the long-run. Institutional features of a country include economic, legal and political institutions, whose impact on the economic performance can be measured, compared and, more generally, analysed through a multi-disciplinary perspective, that accounts for historical, cultural and socio-political elements. With this respect, political regimes represent the institutional framework in which economic and social activities happen. In particular, academics and policy-makers show increasing concern on the relationship between democracy, especially understood as a framework of inclusive institutions, and a set of desirable indicators of development, especially economic growth.

- a. an overview of the relevant economic literature on institutions, with a particular focus on the New Institutional Economics perspectives, its strengths and limits;
- b. an overview of alternative definitions of institutions (such as property rights and rule of law) and democracy;
- c. an analysis of the relationship between democracy and growth, focusing on long-term patterns, illustrating relevant empirical facts and potential indirect channels;
- d. a set of quantitative indicators of institutional quality to empower the capability of understanding and producing country-reports to assess the relation between institutional quality and economic outcomes.

Course overview:

1. Introduction to key concepts



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- Long-run determinants of economic growth
 - Inclusive institutions
 - Alternative definitions of democracy
2. Democracy and growth
 - Stylised facts
 - Modernisation theory
 - Indirect mechanisms
 3. Government as an economic actor
 - Median voter model
 - Rent-seeking
 - Interest groups and public policy
 4. Measuring democracy and institutions
 - Indices of institutional quality
 - Indices of democratic quality

Reading list

The course programme is covered by

- Lecture Notes.
- Lecture Slides.
- Hyperlinks to websites with quantitative indicators.

The following textbooks may be considered as extensive background reading, while specific relevant sections will be highlighted through the Blackboard platform:

D. ROSSIGNOLI, Institutions, Democracy and Economic Growth. Facts, Theories and Beyond, Vita e Pensiero, 2014.

D. ACEMOGLU-J.A. ROBINSON, Why Nations Fail: The Origins of Power, Prosperity and Poverty, Crown Business, 2012.

Further detailed references will be given during lectures

Teaching method

Lectures, groupworks.

Assessment method and criteria

The exam is a written paper – administered through during official dates (appelli) – composed by multiple choice questions (accounting for 40% of the final mark) and open questions (accounting for 60% of the final mark). The final score will be expressed out of thirty points and will take account of the student's level of understanding, knowledge, use of the appropriate tools and ability to discuss themes and topics covered in lectures. Active participation in seminars and groupworks may grant some extra points.

Exact dates will be displayed on the I-catt portal.

Notes and prerequisites

The exam of Principles of economics is a prerequisite to this course.



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Regular attendance and active participation to the course's lectures is strongly recommended in order to be able to master the contents of the course.

The Blackboard platform provides the main online communication tool between lecturers and students and the repository for didactic materials made available after lectures.

Place and time of consultation hours

Prof. Domenico Rossignoli's student meeting time is on Thursday (9,30-11,00) at DISEIS - Dipartimento di Economia Internazionale, delle Istituzioni e dello Sviluppo (Via Necchi 5, fourth floor, room 405). Exceptions are posted in advanced on the lecturer's official webpage. The lecturer is also generally available for short questions at the end of lectures.