

Degree in Economics, policies and public management

Academic year 2015/2016

Institutional Economics (second year, first semester, 9 ECTS)

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Orario ricevimento: lunedì e martedì dalle 10 alle 12

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OBJECTIVES

1. Knowledge and understanding

Students acquire advanced knowledge about the links between institutional arrangements and outcomes of national and local economies. In particular students will observe the relevance of the institutions, both formal and informal, and the rules by which individuals organize themselves to pursue a common interest. Also students understand that the nature of those institutions and those rules are not neutral with respect to the main results of the economic systems. They can then understand the scale of the problem of innovation and institutional change, the mechanisms that oversee them, the effects they produce, the rules to guide them. Students will be in a position to understand that institutional innovation is not always oriented towards efficiency: the distribution of power, the complexity of the economic system, the motivation of individuals, the same current institutional arrangements may explain the institutional innovations that reduce the ability of economies to generate income. Once completed the theoretical discussion students, through the examination of some empirical evidence, can understand the main links between institutions and growth performance of economies.

2. Applying knowledge and understanding

At the end of the course, students will be able to fully accomplish the assessment of emerging issues in the design of institutional systems with particular reference to the effects on the main macroeconomic variables and their dynamics. They will be able to assess the adequacy of the institutions of monetary and financial markets, labor market institutions and the rules of competition in the production. The acquisition of skills and the ability to apply the knowledge acquired to real situations is achieved gradually through the critical analysis, the ability to contextualize the knowledge, the use of professional language and the establishment of correct decoding abilities of the causal links between rules of behavior, cognitive and macroeconomic variables. The teaching method is therefore aimed to operational acquisition of conceptual and analytical tools of the institutions. The appropriate and wide use of the simulations, the discussion of the report, the analysis of cases, both during the training activity and the tests in progress and final ones, are methods to verify the degree of receptivity and capacity reached by student in the "know how."

3. Making judgements

At the end of the course, students will acquire the ability to use the institutional analytical approach to formulate an informed critical and independent judgment on the phenomena that characterize the operation of public administrations and local public organizations. In order to better motivate the development of independent judgments, the course includes the study of some concrete cases concerning the specific efficiency standards with respect to the macroeconomic variables of an area. The student's ability to gain adequate independence of judgment is tested during the tests in progress and the final ones through the analysis of cases, the critical discussion of the results in the literature, the request to identify the critical variables of a particular aspect subjected to investigation. The verification of the judgment is accomplished primarily through the oral examination also with the method of the counter-argument.

4. Communication skills

The student who passes the examination of Economics of the institutions is able to communicate clearly and unambiguously information, scientific data and conclusions to specialists and non-specialists, including through the preparation of written papers, charts and diagrams, using the computer tools necessary for submission, the acquisition and exchange of knowledge. The assessment of communication skills, in summary and / or analytical way, is entrusted by the oral test and the in-course tests. Seminars will be organized where students are encouraged to attend and make their interventions .

5. Learning skills

Students develop a high capacity for learning to become autonomous in the management of their professional development in the economy of the institutional sectors. To this end, students will master the literature search techniques on paper, collection of recent literature available online, magazines and the data available at national and international public agencies (Bank of Italy, European Central Bank, World Bank, etc.) or at contracted private agencies with the University of Catania. As the development of learning ability is very influenced by the level of motivation and the ability to recognize the meaning of phenomena and issues dealt with, teaching tools make extensive use, where possible, of the induction of logical process. The verification of the ability to learn is realized, but not only, during the course of the training in the classroom. The formal assessment of the level of learning is instead left to the course tests and the final profit.

REQUIREMENTS **none**

ORGANIZATIONS AND METHODS FRONTAL LECTURE
NUMERICAL AND GRAPHIC EXERCISES
STATEMENTS

ATTENDANCE **COMPULSORY**

COURSE BOOKS Cooter R., Mattei U., Monateri P.G., Ulem T., *Il Mercato delle Regole*, il Mulino, 1999, cap.II: pp. 79-130.
Hodgson G., *What is the Essence of Institutional Economics?*, Journal of Economic Issues 34.2 (2000): 317-329.
Searle J. R., *What is an Institution?*, Journal of Institutional Economics 1.01 (2005): 1-22

Acemoglu D., Robinson J., *Perché le Nazioni Falliscono*, il Saggiatore, 2014

Banfield E. C., *The Moral Basis of a Backward Society*, The Free Press Glencoe, Illinois, 1967.

Persson T., Tabellini G., *The Economic Effects of Constitutions*, Cambridge, MA, MIT Press, 2003.

Appunti delle lezioni.

EXAMS	ONGOING EXAMS	NO
	FINAL EXAMS	
	EXAMS DATE	http://www.economia.unict.it/Didattica/Diario-esami

EDUCATIONAL MATERIAL **STUDIUM**

COURSE INDEX

Genesis and evolution of institutions. The role of institutions in economics: neutrality or relevance. Different stories, different paths, different wealth. Spontaneous and intended rules: cui prodest? Institutions and local economies: vices and virtues.

SUBJECTS	TEXTS
1. From the market rules to the rules of the market: the Coase theorem. The nature of the institutions. The fundamentals of the economy of the institutions. formal and informal institutions Effectiveness of institutions. The economic constitution. Change and institutional evolution.	Cooter R., Mattei U., Monateri P.G., Ulem T., <i>Il Mercato delle Regole</i> , il Mulino, 1999, cap.II: pp. 79-130. Hodgson G., <i>What is the Essence of Institutional Economics?</i> , Journal of Economic Issues 34.2 (2000): 317-329. Searle J. R., <i>What is an Institution?</i> , Journal of Institutional Economics 1.01 (2005): 1-22
2. Different economic performances. Theories that do not work. The role of the elite. Economic growth. The growth facts. Technological progress and its determinants. The endogenous growth. Critical junctures and the role of history. virtuous circles and vicious circles: extractive institutions. How to change destiny	Acemoglu D., Robinson J., <i>Perché le Nazioni Falliscono</i> , il Saggiatore, 2014
3. Formal local institution: the economic effects of the electoral systems. informal local institution: the economy of the amoral family.	Banfield E. C., <i>The Moral Basis of a Backward Society</i> , The Free Press Glencoe, Illinois, 1967. Persson T., Tabellini G., <i>The Economic Effects of Constitutions</i> , Cambridge, MA, MIT Press, 2003. Appunti delle lezioni.

Question samples and/or exercises

1**2**

Minimum knowledge essential for passing the exam
