

Innovation, Growth and Quality of Life: a Theoretical Model and an Estimate for the Italian Regions

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ABSTRACT. This paper carries out an explanatory investigation into the relationship between socio-institutional conditions, quality of life indicators and economic growth in the Italian regions. Previous studies stress the importance of institutional quality, social capital and social conditions in determining disparities between richer and poorer regions. Building on this literature, we consider a three-sector model of semi-endogenous growth with negative externalities depending on social and institutional factors that affect the innovative capacity of regional systems (the “social externalities hypothesis”). Simulations based on the scaled stationary system confirm that endogenous socio-economic conditions are crucial for the successful translation of innovation into economic growth. It is suggested that generating a development strategy designed to improve social conditions and well-being in the poorer regions may yield dividends in terms of the effectiveness of public policy and economic development.

Keywords: Development, growth, regional disparities, well-being.

JEL: O1, O4, O30 R11, R58.

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