

With this issue, EIEF starts the publication of a newsletter intended to provide both retrospective and prospective information on research carried out at the Institute, on conferences and other events, on seminars and special lectures, on the visiting program, and possibly on other initiatives. Usually, there will be an article on a topic of current interest; in this issue Aleh Tsyvinski offers a few lessons from the World Economic Forum in Davos, revisited in light of Japan's tragedy.

The newsletter will be published biannually.



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1. Two new Chairs

To strengthen the long-term commitment by senior researchers, thus providing impetus and intellectual identity to the Institute, and to create a powerful attractor for the younger economists to be recruited, EIEF decided to establish some permanent positions. To this end, two full-time chairs have recently been created.

One, the “AXA Chair in Household Finance and Insurance”, is partly funded by the AXA Research Fund. The French-based ARF is exerting a leading role in fostering high quality research on risks. EIEF is grateful for its support and will do its best to live up to the demanding standards that it entails. The Chair will start in 2012, and will be held by Luigi Guiso, now full Professor at the European University Institute and currently a Fellow at EIEF.

The other, the “Bajola Parisani Chair in Economics and Institutions”, is partly funded by a private donor, Ms Celeste Bajola Parisani, who wants to honour the memory of her late father. EIEF is grateful for the generosity of Ms Bajola Parisani and intends to attract, through this Chair, economists with sterling international reputations and who are willing to conduct their research in Italy. The Chair will start in the Fall of 2011 and for the first year will be held by Luigi Pistaferri, now full Professor at Stanford University.

Further information about the two new Chairs will be provided in the next issue of the newsletter and on the EIEF website.



2. From Davos to Japan

By Aleh Tsyvinski (Yale University)



Less than three months ago I was in the quiet Swiss slopes of Davos, jotting down the few lessons that I could draw from being in the World Economic Forum. I am now in the earthquake stricken Japan, and the sheer dimension of the disaster that happened here seems to overshadow anything that I thought was important in Davos. Upon reflection, though, those lessons still stand and, if anything, the Japan's tragedy underscores the relevance of many such issues.

The non-business agenda, in Davos, was much more prominent than in the past.

The panels on the NGOs, art and culture, social entrepreneurship, were as well attended and as much a part of the main program as the usual topics on business and the economy. This was in stark contrast to last year, when the economy and the crisis were the absolutely dominant themes. This was in part, I believe, a relieved reaction to an improved economic climate as it was perceived at that time. But it was also the reflection of a growing awareness that, in an increasingly interconnected world, solutions to problems are interconnected as well, straddling different areas and concerns. To put it differently, the confidence in the full self-regulatory power of markets and in their efficiency, shaken by the crisis, was replaced by the idea that markets need regulators and social norms, that personal and collective ethics, and social responsibility, by tempering greed and self-interest, help the working of a market economy. Indeed, the main theme of the Forum, shared norms and the next reality, was indicative of this shift in emphasis. The events in Japan only reinforce this trend. The immediate impact of the disaster in Japan could have been much worse if it were not for the collective behavior of the people there. It was incredible to see how calm, polite, and

helping to each other everyone was. Japan historically formed the social norms that help society function in an environment with a high level of interconnectedness. These norms may be attributed to technological factors, such as the necessity of cultivating rice jointly, or to the high density of population and restricted mobility that could sustain reputational equilibria. As the world economy becomes more interconnected, the example of Japan's social norms able to mitigate the worst of the crisis highlights the importance of the main theme of the Forum.

China was the absolute show stealer. Any event that featured China was oversubscribed and got the most of attention. The feeling of many participants with whom I spoke was that China would be the future, both politically and certainly economically. Some skeptics argue that China will slow down (at least over the medium term). Though some slowdown is to be expected, due to growth convergence, a recent paper by Hsieh and Klenow "[Misallocation and Manufacturing TFP in China and India](#)" supports an opinion that the high levels of growth will be sustained. They show that the removal of barriers within China can lead to dramatic productivity gains and large untapped reserves of growth. The remaining question, of course, is whether such policies will be implemented, as for resolving them it is necessary to deal with difficult political issues, such as leveling the playing field between large Chinese state owned enterprises (SOE) and the more dynamic private businesses. On this, Storesletten, Hong, and Zilibotti in their work "[Growing like China](#)" show how SOEs with low productivity can survive thanks to less binding financial constraints. Leveling the playing field and removing the barriers, at least in this area, is just one step that can boost growth over the medium and long term.

The rise of China also struck me by comparison with the fading out of Japan.

I went to two sessions on Japan: the plenary session by the Prime-Minister Naoto Kan and a session with the Minister of the Economy and the business leaders. As the session moderator remarked, sessions like these twenty years ago would fill a congress hall, while this time they had about forty people, primarily Japanese. This fading of Japan is not surprising, given its “lost decade” of economic growth, primarily due to the low growth of TFP, as argued by Hayashi and Prescott in their [“The 1990s in Japan: A Lost Decade”](#). This supports the view that fiscal and monetary problems were not the main causes of Japanese stagnation. Caballero, Hoshi, and Kashyap in their [“Zombie Lending and Depressed Restructuring in Japan”](#) correctly point out that the prolonged slowdown may have been in a large part due to zombie firms that not only are inefficient but also drain resources from the rest of the economy. Japan’s current tragedy brought it back into the limelight, and might even have a silver lining. Rebuilding efforts could spur economic growth and rekindle in the Japanese people the will to overcome the hurdles to implement the necessary political reforms and to jolt their country back into growth.

The Euro area seemed finally to be getting its act together.

The French President Nicolas Sarkozy clearly said in his speech that he would defend the euro at any cost. Other countries, and in particular the “villains” of last year, like Greece, seemed to be convincingly committed to a program of economic reforms and austerity. For example, George Papandreu, the Prime Minister of Greece, described in sternly terms the determination of the government to push through with economic reform. Overall, it seems that the crisis prompted several European countries to come to terms with their structural weaknesses and do something about them. Whether this will be effective remains, however, to be seen. The recent decisions by the European Council on how to manage financial crisis of the euro-area

countries left markets a bit disappointed. Nevertheless, they alleviated some of the concerns about a possible contagion from Greece and Ireland to other euro-area countries.

Russia was showing a strong resolve to better integrate into the global markets.

I expected President Dmitry Medvedev’s address to be purely business and investor oriented, focusing on his program of modernization of Russia. But the tragic events that happened just before the Forum – the terrorist attack on Moscow’s Domodedovo airport – changed the focus of the speech. The President talked to a large extent about terrorism and how to fight it. Yet, the fact that Medvedev flew to the Forum despite the terrorist attack sent a strong signal that he is personally committed to attracting foreign investors and businesses to Russia. Well into the speech, the President announced that he would present a short list of the priorities for modernizing Russia (which is especially relevant to foreign investors). The “short” list contained ten points. While the audience sighed, Medvedev went into details of the proposal, from privatization of the state owned companies to educating Russians abroad.

The U.S. seemed to be in a worst shape than I thought.

The U.S. Treasury Secretary Timothy Geithner in his speech sounded almost like a minister of finance of an emerging market economy. For the first time since I remember, he was touting the U.S. economy as being attractive for the investors. I thought that if the U.S. economy needs so much cheerleading, then its outlook is rather bleak. An important recent paper by Buera, Monge, and Primiceri, [“Learning the Wealth of Nations”](#) gives a hint of why this might be. They show that in the aftermath of crises one often sees a reversal of pro-market attitudes, that may take a long time (as long as 30 years) to swing back. If the current crisis will lead to the long-term reversal of the U.S. pro-market policies and to a long-term slowdown of growth – similar to the Japanese “lost decade” – I would not be surprised if sessions on the U.S. economy at Davos 2020 were to be as poorly attended as those on Japan this time.

3. Highlights of current research

We focus here on the work in progress carried out by our young Assistant Professors. The full list of EIEF Working Papers is available at www.eief.it/working-papers/



Jeffrey Butler joined EIEF faculty in 2008 from the University of California, Berkeley. His current research focuses on the way non-monetary incentives, norms and values affect decision making. In his latest paper, *“Cheating in the trust game”* with Luigi Guiso and Paola Giuliano (UCLA), he investigates how moral values instilled by parents affect behavior. The novel finding is that instilled values affect indirectly both trust and trustworthiness, by determining individuals’ notions of cheating. In *“The role of intuition and reasoning in driving aversion to risk and aversion to ambiguity”*, with Luigi Guiso and Tullio Jappelli (University of Naples Federico II), Jeff uses a survey of individual investors and a series of experiments to show that individuals’ attitudes towards risk and ambiguity are positively correlated and are both related to decision style, an individual trait. The paper shows that people who generally make decisions more intuitively than deliberately are less averse to risk and ambiguity and, moreover, perform better in situations involving risk and ambiguity.



Jean-Paul L’Huillier joined EIEF faculty in 2010 from the MIT. His current research focuses on the implications of imperfect information for macroeconomic dynamics. In *“Consumers’ Imperfect Information and Nominal Rigidities”*, Jean-Paul analyses the consequences of imperfect information about monetary policy among consumers. He highlights a strategic tension between consumers and firms that implies nominal rigidity in equilibrium, thus providing a strategic microfoundation for price stickiness. Moreover, he shows that slow learning among consumers creates hump-shaped responses of the economy to monetary shocks, accounting for a feature of the data that has proven challenging to previous

research. In *“News, Noise, and Fluctuations: An Empirical Exploration”*, with Olivier Blanchard (IMF) and Guido Lorenzoni (MIT), Jean-Paul studies the implications of imperfect information about long-run productivity in a model where agents form expectations based on noisy information. Noise shocks induce changes in expectations about future productivity, thereby affecting short-run output. A standard DSGE estimation exercise shows that noise shocks are responsible for more than a half of output fluctuations at high frequencies.

Luigi Paciello joined EIEF faculty in 2008 from Northwestern University. His current focus is on the implications for optimal policy of decisions taken by economic agents with imperfect information. In *“Exogenous Information, Endogenous Information and Optimal Monetary Policy”* with Mirko Wiederholt (Northwestern University), Luigi analyses optimal monetary policy when firms have limits in their information processing capabilities and rationally decide about which aspects of the macroeconomic environment they want to be informed. The endogeneity of attention to macroeconomic conditions implies that complete stabilization of the price level is an optimal response to a large class of shocks, while with exogenous attention complete stabilization is optimal only in response to technology shocks. In *“Optimal price setting with observation and menu costs”* with Fernando Alvarez (University of Chicago) and Francesco Lippi, Luigi analyses how a firm optimally decides when to collect information on the adequacy of its price, and when to change it, facing separate costs of reviewing (information costs) and of adjusting it (menu costs). A mapping from the structural parameters of the model to observable



statistics is provided; this would allow, with suitable data, to quantify the importance of the menu costs vs. the information costs.



[Facundo Piguillem](#) joined EIEF faculty in 2009 from the University of Minnesota. His current research focuses on the long-term effects of government policies, in particular of different regulatory systems and institutions. In *“On the Robustness of Macro Games”*, Facundo shows that a key result of many macro models hinges critically on the assumption that there exists common information. This leads to equilibria with perfect coordination among small anonymous agents, which in turn support the implementation of efficient allocations. He shows that even small heterogeneity of information makes efficiency not achievable. In *“The Aggregate and Complementary Effects of Micro Distortions”* with Raphael Bergoing (University of Chile) and Norman Loyza (the World Bank), Facundo finds that policy measures enhancing the adoption of new technologies are highly complementary. Making it easier for firms to enter in new markets without facilitating the exit process, or making the exit process easier without decreasing the barriers to entry, has low (or nil) effect on GDP per capita differences. If the median developing country were to bring its regulatory impediments to US level, 40 per cent of the reduction in the development gap would be explained by the complementarities among all the adopted measures.



[Andrea Pozzi](#) joined EIEF faculty in 2009 from Stanford University. His current focus is on consumers' behavior across shopping channels. In *“Shopping cost and brand exploration in online grocery”*, he finds that, when shopping online, customers are keener on purchasing brands they already know. This is surprising, as Internet should reduce search costs and, therefore, foster brand exploration. Andrea shows this to depend on higher barriers to entry in Internet markets than in traditional ones, suggesting that new forms of online advertising could make the online

channel more competitive. In *“Who is hurt by E-commerce? Crowding out and business stealing in online grocery?”*, Andrea finds that the crowding out effect of online sales on store business for a retailer active on both channels is small; thus, online sales represent additional business. This is because selling online helps the retailer stealing business from small-size competitors. Hence, the diffusion of E-commerce in retail markets could trigger significant changes both in the number and in the size distribution of the players.

[Nicholas Trachter](#) joined EIEF faculty in 2010 from the University of Chicago. His current research focuses on the determinants of transitions both in the labor and postsecondary educational markets. In *“On the Distribution of College Dropouts: Wealth and Uninsurable Idiosyncratic Risk”*, with Ali K. Ozdagli (Federal Reserve Bank of Boston), he aims to explain why the distribution of college dropouts is skewed with respect to family's wealth. In his model students' choice to drop out from college education depends on their wealth and their own true ability, initially unknown to them, but revealed through the exams' outcomes. Conditioning on measures of innate ability the data show, consistently with the model's predictions, that poorer students are about 30 per cent more likely to drop out from college education and they do so around a year before richer students. In *“Learning and occupational transitions”*, with Aspen Gorry (University of California, Santa Cruz), Nicholas studies career patterns in an environment where workers are adverse to risk concerning their future consumption streams (most models on occupational choice assume risk neutrality). He shows that the interaction of learning and risk aversion can explain both the choice of riskier professions early in the career and the later mobility across occupations as workers learn about their own abilities.



4. Conferences and other events

Here are the main conferences and events hosted and organized by EIEF, together with other national and international institutions in 2010. For more information, see www.eief.it/events/.

The [CEPR European Research Workshop in International Trade \(ERWIT\)](#) was held at EIEF on 16 June and at the Bank of Italy on 17 June. This annual workshop aims to disseminate the findings of recent research on international trade. Among others, speakers were: Caroline Freund (the World Bank), J. Peter Neary (University of Oxford), Tony Venables (University of Oxford) and Shang-Jin Wei (Columbia University).

On 16-17 September 2010, EIEF hosted the conference [“Transparency, Disclosure and Market Discipline in Banking Regulation”](#), organized with CEPR. The conference brought together first-rate current papers on several highly sensitive policy topics, such as the role and the characteristics of the credit rating industry, the relationship between market discipline and securitization, the increasing relevance of liquidity risks. Among others, speakers were: Bo Becker (Harvard Business School), Xavier Freixas (Universitat Pompeu Fabra), Marco Pagano (University of Naples Federico II and EIEF) and Wolf Wagner (ECB and Tilburg University).

On 30 September and 1 October, EIEF hosted a conference on [“The Future of Monetary Policy”](#), organized with the Bank of Italy and the Banque de France. The conference discussed the consequences of the financial crisis for future monetary conduct. In his keynote lecture on *“Inflation Targeting and Financial Stability”*, Mike Woodford (Columbia University) examined the possibility of adapting the inflation targeting paradigm to cope with a situation of financial instability. In his keynote address *“The I-Theory of Money: An Overview”*, Markus Brunnermeier (Princeton University) presented a unified

macroeconomic model to analyze both monetary policy and financial stability. Mario Draghi (Governor, Bank of Italy), Charles Evans (President, Federal Reserve Bank of Chicago), Christian Noyer (Governor, Banque de France) and Athanasios Orphanides (Governor, Cyprus Central Bank), discussed the future challenges of monetary policy in a panel session.

On 22-23 October, EIEF hosted the fifty-second [Economic Policy Panel](#), organized with CEPR. The papers touched issues related to the credit channel and the global housing bubble and their impact on monetary policy, the effectiveness of expansionary fiscal policy in a phase of households' balance-sheet adjustment, the role of education to prevent the adverse effects of long-term unemployment in the current recession, the retrenchment of international capital flows and of the financial system. Among others, speakers were: Marco Pagano (University of Naples Federico II and EIEF), Fabrizio Perri (University of Minnesota), Luigi Pistaferri (Stanford University), Cédric Tille (The Graduate Institute, Geneva), Luigi Spaventa (University of Rome), Fabiano Schivardi (University of Cagliari and EIEF).

On 4-5 November, EIEF hosted the [European Winter Meeting of the Econometric Society](#), whose aim is to promote the quality of the research in economics and econometrics by young European students and to provide a qualified platform for the top European PhD's candidates in the international job market.

On 20 December, the [9th Workshop on Macroeconomic Dynamics: Theory and Applications](#) was held at EIEF. Among

others, speakers were: Stefania Albanesi (Columbia University), Fernando Alvarez (University of Chicago), Christopher Carroll (Johns Hopkins University), Giancarlo Corsetti (EUI, University Rome III), Luigi Paciello (EIEF), Facundo Pigullem (EIEF), Pietro Reichlin (LUISS), Nicholas Trachter (EIEF), Aleh Tsyvinski (Yale University).

On 2 March 2011, EIEF hosted the workshop **“Wage bargaining and short-time working programs in Germany: which lessons for Italy?”** organized by Fondazione Rodolfo De Benedetti. The workshop discussed the lessons that can be drawn from the German experience with short-time working schemes (Kurzarbeit; with similarities with the Italian Cassa Integrazione) and controlled decentralization of collective bargaining. Michael Burda (Humboldt University, Berlin), Claus Schnabel (Friedrich-Alexander University Erlangen-Nürnberg) and Herbert Bruecker (IAB, Nürnberg) illustrated the macroeconomic aspects of the German crisis, the features of the German bargaining system and the “recipes” which have resulted in a limited increase of unemployment during the

crisis (individual working time accounts, temporary agency workers, short-time working programs like Kurzarbeit). After the presentations there was a debate with the participation of the leaders of the Italian trade unions and of Confindustria, the main organisation representing Italian manufacturing and services companies.

Forthcoming Conferences and Workshops

On 4-6 July EIEF will host the 11th Doctoral Workshop in Economic Theory and Econometrics (MOD 2011) co-organized with Bank of Italy, Collegio Carlo Alberto and LUISS. On 30 September-1 October, the 9th Hydra Workshop on Dynamic Macroeconomics, sponsored by the ECB, EIEF and the University of Sassari, will bring together top-qualified researchers in this field. At the end of September EIEF will host a major conference on “Household Finance”, organized with Frankfurt University.

Further information will be provided in the next issue of the newsletter and on the EIEF website.



5. Visitors and special lectures

Visitors - Summer/Fall 2011

Fernando Alvarez
University of Chicago

Luca Anderlini
Georgetown University

Marco Battaglini
Princeton University

Francisco Buera
University of California, Los Angeles

Ariel Burnstein
University of California, Los Angeles

Dan Cao
Georgetown University

Gregory Crawford
University of Warwick

Martin Dufwenberg
University of Arizona

Raquel Fernandez
New York University

Ivan Fernandez-Val
Boston University

Roland Gilson
Stanford Law School

Paola Giuliano
University of California, Los Angeles

Uri Gneezy
University of California, San Diego

Mikhail Golosov
Yale University

Helios Herrera
Columbia University

Hugo Hopenhayn
University of California, Los Angeles

Gur Huberman
Columbia Business School

Victor Lavy
Hebrew University of Jerusalem

Michael Lechner
University of St. Gallen

Christian Lundblad
University of North Carolina's
Kenan-Flagler Business School

Rajnish Mehra
Arizona State University

Frederic Mishkin
Columbia Business School

Ed Nosal
Federal Reserve Bank of Chicago

Jaromir Nosal
Columbia University

Guillermo Ordonez
Yale University

Nancy Qian
Yale University

Assaf Razin
Cornell University / Tel Aviv University

Stephen Schaefer
London Business School

Marti Subrahmanyam
New York University

Shenker Satyanath
Columbia University

Aleh Tsyvinski
Yale University

Francis Vella
Georgetown University

Jonathan Vogel
Columbia University

Pierre Yared
Columbia Business School

For more information on 2011 Visiting Program, see www.eief.it/faculty-visitors/.

Summer lecture series

In the Summer of 2011, between June and July, EIEF will organize a series of structured lectures, each involving sequence of 3 or 4 two-hour classes presenting frontier research on macro, finance, political economy, international finance and trade. The lectures will be given by some of the scholars visiting the Institute.

Further information will be provided in the next issue of the newsletter and on the EIEF website.

LABOUR Lectures

Every year, the review LABOUR organizes a set of "LABOUR Lectures", aimed at graduate students and young researchers. These Lectures are offered by outstanding researchers in the field and are meant to provide a broad overview of lines of research

that are important to labor economists. Since 2009 the LABOUR Lectures have been held at EIEF and given by Costas Meghir (University College London), by Janet Currie (Columbia University), and by Anne Case (Princeton University). The 2011 LABOUR Lectures were given by Joseph Altonji (Yale University) in March and will be given by Jeff Wooldridge (Michigan State University) next October.

Special Lectures

In the course of 2010 Special Lectures were given by: David K. Levine (Washington University) on "Game theory and behavioral economics", Kenneth D. West (University of Wisconsin) on "Forecast evaluation", Antonio Forcina (University of Perugia) on "Introduction to causal inference without counterfactuals" and Francis Vella (Georgetown University) on "Control functions in microeconomic models".



6. Graduate Program

EIEF Graduate Program offers to a selected number of PhD students in Economics or Finance (mainly, second-year students) the opportunity to attend research-oriented courses and receive advice on their research from members of EIEF faculty. The courses offered cover topics of current research in Microeconomics, Macroeconomics, Econometrics and Finance, and are intended to complement the curricula of PhD programs organized by Italian universities. The students are rigorously selected; they are currently 11 and to some of them the opportunity was offered to conduct their PhD thesis at the Institute under the supervision of one of EIEF's researcher.

The course program is organized in 2 terms (Fall and Spring). Each term lasts 12 weeks. Students are expected to indicate at least two areas of interest and to discuss with the Director of the Graduate Program, before the beginning of each term, which courses to take based on their research agenda. Each student is assigned an academic advisor, but interaction with other

researchers and academic visitors at EIEF is strongly encouraged.

In Spring 2011 the topics in Microeconomics are Empirical Industrial Organization, Experimental Economics, Microeconomics of Banking, Empirics of Networks; those in Macroeconomics include Business Cycles, Imperfect Information in Macroeconomics, Heterogeneity in Macro Models, Models of Search in the Labour Market; the courses in Econometrics focus on Topics in Macroeconometrics, Topics in VAR modeling, Bootstrap and Asymptotic Refinements, Finite Mixture Models; finally, there will be a course dedicated to current research in Household Finance.

Parallel to the main courses, a number of reading groups are organized in order to stimulate the interaction between senior economists at EIEF and doctoral students.

Further information about the Graduate Program are provided on EIEF website at www.eief.it/graduate-program.



7. Forthcoming Seminars

Economics

Fernando Broner
CREI and Universitat Pompeu Fabra
March 28

Martin Ellison
University of Oxford
April 4

Jan Eeckhout
Universitat Pompeu Fabra
April 11

Luigi Pascoli
Universitat Pompeu Fabra
April 18

Econometrics

Lance Lochner
University of Western Ontario
March 31

Jeroen Rombouts
HEC Montréal
April 7

Andrew Harvey
University of Cambridge
April 14

Taryn L. Dinkelman
Princeton University
April 21

For more information on forthcoming seminars, see www.eief.it/seminars/.



8. Recently published papers

“The Inflation-Output Trade-Off with Downward wage Rigidities”, Pierpaolo Benigno (with L. Ricci), **American Economic Review**, forthcoming 2011.

“Are Valuation Effects Desirable from a Global perspective?”, Pierpaolo Benigno, **Journal of Development Economics**, 2009, Volume 89, pages 170-80.

“Price Stability with Imperfect Financial Integration”, Pierpaolo Benigno, **Journal of Money, Credit and Banking**, 2009, Supplement to Volume 41, Issue 1, pages 121-149.

“What Determines Entrepreneurial Clusters?”, Luigi Guiso and Fabiano Schivardi, **Journal of the European Economic Association**, 2011, Volume 9, Issue 1, pages 61-86.

“The Structure of Multiple Credit Relationships: Evidence from U.S. firms”, Luigi Guiso (with R. Minetti), **Journal of Money, Credit and Banking**, 2010, Volume 42, Issue 6, pages 1037-1071.

“Cultural Biases in Economic Exchange?”, Luigi Guiso (with Sapienza, P., and L. Zingales), **Quarterly Journal of Economics**, 2009, Volume 124, Issue 3, pages, 1095-1131.

“Crowding Out Intrinsic Motivation in the Public Sector”, Elisabetta Iossa (with Georgellis, Y., and V. Tabvuma), **Journal of Public Administration Research and Theory**, forthcoming 2011.

“Commercial Activity as Insurance: the Investment Behaviour of Non-Profit Organizations”, Elisabetta Iossa (with Bennet, J., and G. Legrenzi), **Annals of Public and Cooperative Economics**, 2010, Volume 81, Issue 3, pages 445-465.

“Contracting out public service provision to not-for-profit firms”, Elisabetta Iossa (with J. Bennet), **Oxford Economic Papers**, 2010, Volume 62, Issue 4, pages 784-802.

“Over-optimism and lender liability in the consumer credit market”, Elisabetta Iossa (with G. Palumbo), **Oxford Economic Papers**, 2010, Volume 62, Issue 2, pages 374-394.

“Herding by attribution of privileged information”, Jean-Paul L’Huillier (with A. Quiamzade), **Journal of Behavioral Decision Making**, 2009, Volume 22, Issue 1, pages 1-19.

“Financial Innovation and the Transactions Demand for Cash”, Francesco Lippi (with F. Alvarez), **Econometrica**, 2009, Volume 77, Issue 2, pages 363-402.

“Technological change and the households’ demand for currency”, Francesco Lippi (with A. Secchi), **Journal of Monetary Economics**, 2009, Volume 56, Issue 2, pages 222-230.

“The general dynamic factor model: One-sided representation results”, Marco Lippi (with M. Forni), **Journal of Econometrics**, forthcoming 2011.

New Eurocoin: Tracking Economic Growth in Real Time, Marco Lippi (with Altissimo, F., Cristadoro, R., Forni, M., and G. Veronese), **The Review of Economics and Statistics**, 2010, Volume 92, Issue 4, pages 1024-1034.

“Opening the Black Box: Structural Factor Models with Large Cross Sections”, Marco Lippi (with Forni, M., Giannone, D., and L. Reichlin), **Econometric Theory**, 2009, Volume 25, Issue 5, pages 1319-1347.

“Incentives to Innovate and Social Harm: Laissez-Faire, Authorization or Penalties?”, Marco Pagano (with Immordino, G., and M. Polo), **Journal of Public Economics**, forthcoming 2011.

“Inheritance Law and Investment in Family Firms”, Marco Pagano (with Panunzi, F., and A. Ellul), **American Economic Review**, 2010, Volume 100, Issue 5, pages 2414-50.

“*Legal Standards, Enforcement, and Corruption*”, Marco Pagano (with G. Immordino), **Journal of the European Economic Association**, 2010, Volume 8, Issue 5, pages 1104-1132.

“*Credit Ratings Failures and Policy Options*”, Marco Pagano (with P. Volpin), **Economic Policy**, 2010, Volume 25, Issue 62, pages 401-431.

“*How Does Liquidity Affect Government Bond Yields?*”, Marco Pagano (with Favero, C., and E. von Thadden), **Journal of Financial and Quantitative Analysis**, 2010, Volume 45, Issue 1, pages 107-134.

“*Information sharing and credit: Firm-level evidence from transition countries*”, Marco Pagano (with Brown, M., and T. Jappelli), **Journal of Financial Intermediation**, 2009, Volume 18, Issue 2, pages 151-172.

“*Juvenile Delinquency and Conformism*”, Eleonora Patacchini (with Y. Zenou), **Journal of Law, Economics & Organization**, forthcoming 2011.

“*Neighborhood Effects and Parental Involvement in the Intergenerational Transmission of Education*”, Eleonora Patacchini (with Y. Zenou), **Journal of Regional Science**, forthcoming 2011.

“*Ethnic identity and labour-market outcomes of immigrants in Europe*”, Eleonora Patacchini (with Bisin, A., Verdier, T., and Y. Zenou), **Economic Policy**, 2011, Volume 26, Issue 65, pages 57-92.

“*Asymptotically Efficient Estimation of the Conditional Expected Shortfall*”, Franco Peracchi (with Leorato, S., and A.V. Tanase), **Computational Statistics and Data Analysis**, forthcoming 2011.

“*Estimating Engel curves under unit and item nonresponse*”, Franco Peracchi (with G. De Luca), **Journal of Applied Econometrics**, forthcoming 2011.

“*Regressions with imputed covariates: A generalized missing indicator approach*”, Franco Peracchi (with Dardanoni, V., and S. Modica), **Journal of Econometrics**, forthcoming 2011.

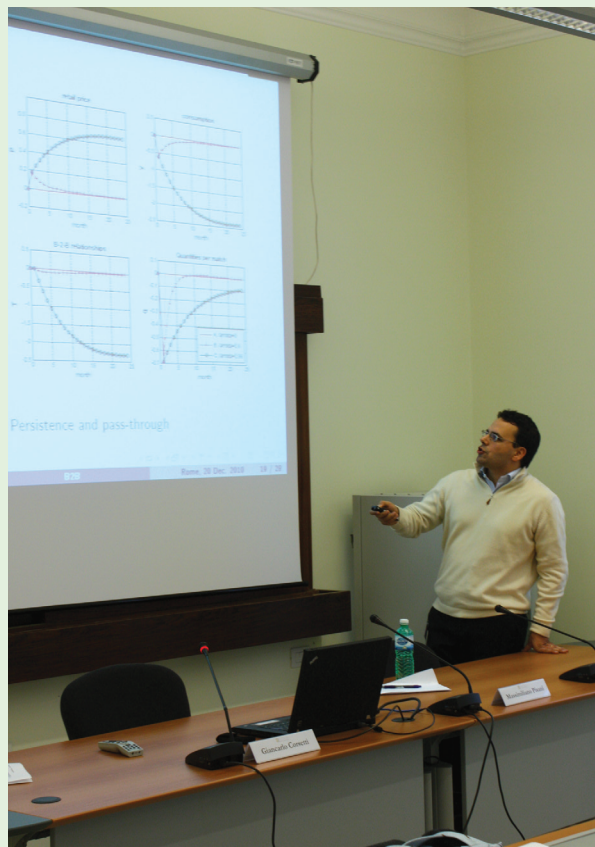
“*Estimating Income Poverty in the Presence of Missing Data and Measurement Error*”, Franco Peracchi (with Foliano, F., and C. Nicoletti), **Journal of Business and Economic Statistics**, 2011, Issue 1, pages 61-72.

“*Height and the normal distribution: Evidence from Italian military data*”, Franco Peracchi (with A’Hearn, B., and G. Vecchi), **Demography**, 2009, Volume 46, Issue 1, pages 1-25.

“*Costly Financial Intermediation in Neoclassical Growth Theory*”, Facundo Piguillem (with Mehra, R., and E. Prescott), **Quantitative Economics**, 2011, Volume 2, Issue 1, pages 1-36.

“*Asset Prices, Debt Constraints and Inefficiency*”, Pietro Reichlin (with G. Bloise), **Journal of Economic Theory**, forthcoming 2011.

“*An obtrusive remark on capital and comparative statics*”, Pietro Reichlin (with G. Bloise), **Metroeconomica**, 2009, Volume 60, Issue 1, pages 54-76.



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