

*In this issue:*

*EIEF took its first steps about ten years ago. Daniele Terlizzese gives a review of the results achieved so far.*

*In January 2019 Andrea Polo joined the EIEF faculty as a Research Affiliate.*

*EIEF hired two new Assistant Professors in the 2019 junior job-market.*



## CONTENTS

1. **Happy birthday, EIEF!**
2. **New People at EIEF**
3. **Conferences and other events**
4. **Visitors**
5. **Grants**
6. **Seminars**
7. **Latest Working Papers**
8. **Recently published papers**

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# 1. Happy birthday, EIEF!

by Daniele Terlizzese



The Einaudi Institute for Economics and Finance (EIEF) was created as an independent and academically oriented research institution by the Bank of Italy at the beginning of 2008, and moved to its current premises, where the full range of its activities could be realized, in the fall of 2009. After about 10 years since it took its first steps, we can therefore say that EIEF is now coming of age, and this seems to be an appropriate moment to review the results it has achieved so far.



## The goals

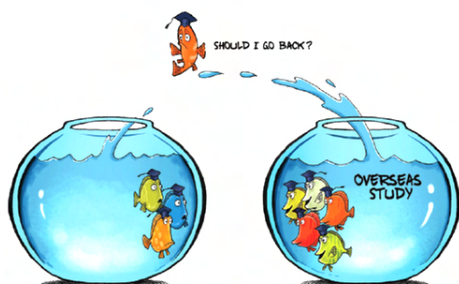
In order to assess EIEF results, it is useful to recall what EIEF's main goals were. The first was to produce frontier research in economics and finance; by frontier research we mean research that can be published in the best international scientific journals. EIEF's second goal was strengthening the higher education system in Italy. Both goals were seen as contributing to a third one: by creating a research and teaching environment of comparable quality to that of world-class institutions, EIEF was expected to attract both Italian and foreign talented researchers and students to Italy, thus contributing to stemming, if not inverting, the brain drain that is often lamented in public debate. Finally, the research produced, the international network of researchers established and the production of good students, were all seen as providing independent and potentially useful inputs for the Bank of Italy institutional goals.

In terms of size, the EIEF faculty currently consists of: 2 Full Professors, 3 Associate Professors, 6 Assistant Professors and 11 Fellows and Research Affiliates.

## The results

**Countering the brain drain.** EIEF hires its young researchers in the international job market for economists, which takes place each year in the U.S. city hosting the annual meetings of the American Economic Association. It receives around 500 applications each year, of which about 85% are from non-Italians. The high number of applications should not be mistaken as a sign of a buyer's market, in which it is easy to hire: the market is very competitive, and the best talents

are actively sought after by many institutions with world class reputations. Making headway in such an environment for a brand new institution was not easy.



Yet, since its start in 2008 and including the hiring in the recent 2019 job market, EIEF managed to attract 15 young excellent researchers to Italy (10 of which are non-Italians), who were trained by some of the world's top schools: from the U.S. we have three who came from MIT, two from Northwestern University, two from the University of Minnesota, and then one each from Harvard University, Stanford University,

University of Chicago, University of Pennsylvania, University of California at Berkeley, University of California at Los Angeles; from Europe, one each from the London School of Economics and Toulouse School of Economics. Nine of them are currently present at EIEF, 2 will arrive during the next year; 3 have so far received tenure.

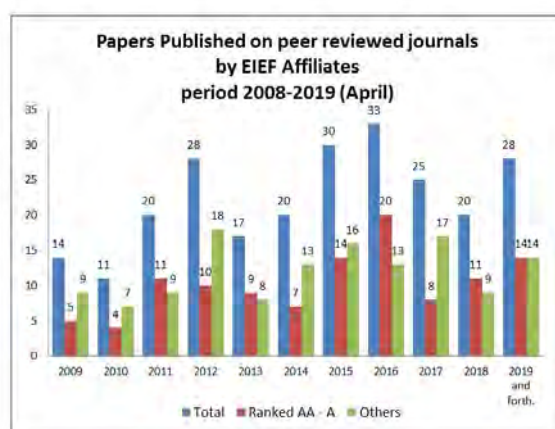
EIEF also brought to Italy from abroad, for extended periods, 4 researchers of international renown (3 of whom are Italians; 2 are still at the Institute) and 2 younger researchers with a solid reputation and on a rising path (both Italians; one of the two recently moved to another Italian institution,

Bocconi University). In at least two cases, top Italian scholars who had received offers to move abroad, decided to maintain their research activity in Italy thanks to their collaboration with EIEF.

In addition, each year EIEF hosts, for relatively short periods (ranging from a couple of weeks to a few months), between 50 and 60 researchers working in foreign universities (typically, about 60% of the visitors come from top U.S. universities, about 20% from excellent European universities and about 10% from highly dynamic and rising universities in Asia and Latin America; about 25% of the visitors are Italians). Several of these visits are recurrent, and have resulted in common work with researchers at EIEF. The visiting program managed to place itself on the international map as an exciting and productive venue for economists worldwide, and offers a good opportunity to EIEF researchers and students, but also to economists at Banca d'Italia and in the Italian academia, to interact with some of the best economic researchers in the world. At the same time, it offers these economists a window to appreciate the quality of economic research produced in Italy, thus strengthening its international reputation.

**The scientific production.** In the [RePEc](#) ranking of economic institutions (March 2019), based on numerosity and bibliometric indicators of the research produced, EIEF ranks fourth in Italy, among more than 300 institutions, and in the top 2% worldwide, notwithstanding its small size. According to a [ranking](#) that only considers the 10 best researchers in each institution, and therefore partially offsets the size effect, EIEF ranks second in Italy and 115<sup>th</sup> among all economic research centers in the world (about 7,600 institutions).

Researchers affiliated to EIEF have published, from 2008 and 2019, 258 papers (see the time series in the chart). Almost half of these are in the top 40 journals, according to the [Tinbergen Institute's classification](#); about 10% appeared in the 6 most prestigious journals: 9 in the American Economic Review, 4 in the Journal of Finance, 4 in the Journal of Political Economy, 4 in the Quarterly Journal of Economics, 4 in the Review of Economic Studies and 3 in Econometrica.



To facilitate a speedy circulation of the research produced, EIEF publishes a working papers series (available also in RePEc); since 2008 about 190 working papers have been published.

**The ability to attract research funding.** Over the years, EIEF has been the hosting institution for 5 researchers who were awarded a research grant from the European Research Council (ERC); 3 more researchers affiliated to EIEF got an ERC grant (though with a different hosting institution). This is an independent and authoritative validation of EIEF research quality. The ERC selection process is very selective (only 10% of the applications get accepted), and EIEF is the second Italian institution, based on the number of grants hosted, in the field of economics (the 5 grants hosted by EIEF amount to 15% of the total number of ERC grants in such a field hosted by all the Italian institutions since 2007, the year in which the European Research Council started its grants).<sup>1</sup>



Moreover, EIEF obtained grants to (partially) finance two senior research chairs, one from AXA Research Fund, after a competitive selection process, and another from a private donor (through the Bajola Parisani Foundation).

**The intellectual debate.** The scientific events organized by EIEF have contributed to the intellectual life in Rome, attracting participants from academia and public institutions, as well as graduate students. EIEF runs two regular weekly seminars and several more on an *ad hoc* basis (lunch seminars and special lectures on specific topics). On average, EIEF hosts about 120 regular seminars per year, with an attendance of about 20 people per seminar. During the summer the seminars take advantage of the presence of world renowned researchers visiting EIEF to offer a compact and accessible overview of frontier research.

In addition to seminars, EIEF hosted about 20 short series of lectures on different topics, and on average about 8 scientific conferences per year. Moreover, from time to time EIEF organized meetings involving academic experts, policy makers and market participants, to exchange ideas on relevant subjects in an informal yet rigorous way: these initiatives have been taken in cooperation with the ECB, the Italian Treasury and University ministries, CONSOB (the Italian securities markets supervisor), the OECD, the World Bank; from 2012 until 2014 EIEF maintained, together with Bocconi University, a forum to identify ideas useful for rekindling Italy's lackluster economic performance.

All EIEF events are free of charge, the calendar is public and each event is widely publicized via email messages to a long list of potentially interested attendants.

**The contribution to higher education.** EIEF cooperated over the years with various Italian universities. In particular, since it moved to its new premises, it offered courses complementing the training of students enrolled in different PhD programs (from the universities of Turin, Venice Ca' Foscari, Rome Tor Vergata, Rome La Sapienza, Rome LUISS, Cassino, Naples Federico II, Naples Parthenope and Messina) and, on a case by case basis, it supervised some of these students. The courses were for credit, formally acknowledged in the PhD program of the home universities. The teaching offer has been of about 25 courses each academic year, corresponding to roughly 250

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<sup>1</sup> The two ERC starting grants (reserved for younger researchers) that EIEF hosted in 2015 amount to 25% of the total number of starting grants in the fields of economics allocated in that year to any European institution.

hours per semester, over two semesters; on average, between 20 to 30 students have attended these courses, free of charge. Among the students who have been supervised in their dissertation work, most obtained placement in good European universities (university of Lausanne, Toulouse, Stockholm, Frankfurt, Oxford university) or in policy institutions and international organizations (OECD, Banca d'Italia).

Starting from the 2017-18 academic year EIEF has offered, in cooperation with LUISS University in



Rome, a new, two-year masters program, the Rome Masters in Economics (RoME). RoME aims to compete with well-established international Masters programs, and attract students who might not have chosen Italy for their graduate training. This way, it also contributes to counteracting the brain drain. The program is designed for a small number of driven and talented students, selected from all over the world. It is challenging and interactive, with emphasis on quantitative and methodological aspects, and is intended to prepare students to successfully apply to high-level international PhD programs in Economics and Finance or for a well-qualified career in the private sector and policy institutions. Hallmarks of RoME are the small class size (not more than 15/20 students) and the active involvement of students in the learning process – students are frequently asked to present academic papers or solutions to class assignments in front of their peers, who then discuss the material presented. A sizeable fraction of RoME students receive financial help, with scholarships and fee waivers: during the first two editions of the program, 10 two-year fee waivers were made available (funded by LUISS) and 8 two-year scholarships to cover living expenses (funded by EIEF).

For the academic year 2017-18 RoME received around 80 applications, of which more than 60% from outside Italy, with a good gender balance (about 36% of the applicants were women), good quality on average and, perhaps most importantly, with an excellent right tail (43% of the applicants presented a GRE score, with median in the quantitative part equal to 161 (out of 170) and top quartile equal to 167). The first cohort of RoME students consists of 9 students: 4 Italians, 5 foreigners (from Russia, South America and the United Kingdom), 3 women. For its second edition (AY 2018-19), RoME received 163 applications, about 85% from outside Italy, again with a good gender balance (43% of the applicants were females) and good average and top quality (45% of the applicants submitted a GRE score, with a median score in the quantitative part equal to 161 and top quartile equal to 168). The class for the second cohort consists of 16 students: 8 Italians, 8 foreigners (from Russia, United States, Denmark, Asia), 6 women. The admission process for the third edition of RoME (AY 2019-20) is still ongoing.

At this time of the year, the results for the placement of the first cohort of RoME students – who will graduate in June – are available, and confirm that the program has good chances of achieving its goal. Of the 9 students, 2 opted for entering directly into the labor market and received an offer from

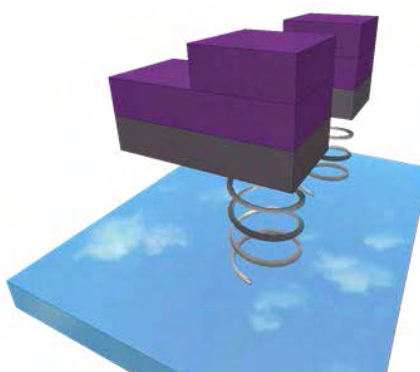
Oliver Wyman, an international consulting firm where they had an internship during the summer between their first and second year. The other 7 students, who wanted to pursue their studies in a PhD program, received admissions from the U.S. universities of Chicago, Princeton, Columbia, MIT Sloan, Kellogg School of Management (Northwestern), Pennsylvania, Minnesota, Boston University, Boston College, University of California at Los Angeles and at San Diego, Cornell, Brown, and in Europe from University College London, Imperial College, European University Institute, Stockholm School of Economics, Swiss Finance Institute, University of Mannheim, Bocconi University (the number of admissions far exceeds the number of students since each of them received more than one admission).

**The funding of research projects by young researchers working in Italy.** Besides producing its own research, EIEF contributes to the quality of the economic research produced in Italy by offering grants to fund promising projects presented by young researchers working in the country (the researchers need not be Italians, but the principal investigator (PI) of the research team has to be based in Italy and preference is given to PIs younger than 40). Typically, the projects have a yearly horizon and receive a funding of 10,000 euros each. EIEF selects those projects which are most likely to get published in excellent international journals. So far EIEF has funded almost 60 research projects. Taking into account the long delays with which publications in economics take place, it is possible to conclude that about 70% of the projects funded will end up in publications of the desired quality.

**The cooperation with the Bank of Italy.** The economists of the Bank of Italy have the opportunity to spend short sabbatical periods at EIEF, to interact with resident researchers and visitors, receiving feedbacks and suggestions about their research. This improves the quality of the research used as an input for the Bank of Italy institutional goals. In addition, these visits can offer the opportunity to start research projects with a longer horizon than that allowed by the pressing needs of policymaking. Since 2015, 25 researchers from the Bank of Italy visited EIEF, for a total of about 100 months. These visits also resulted in joint research projects with EIEF researchers: considering recently published papers and ongoing research projects, 11 cases of such collaborations can be identified.

Moreover, EIEF also organizes conferences, workshops and seminars together with the Bank of Italy, and frequently EIEF researchers contribute, as speakers or discussants, to events organized by the Bank of Italy.

**The bottom line.** In a relatively short period, EIEF managed to place itself on the academic international map, hiring top talent both at the junior and at the senior level. It publishes its research in the best scientific journals, it receives funding granted in a competitive manner from foreign and supranational institutions, it is starting to attract excellent students from all over the world. Its relationship with the Italian academia has been one of cooperation and support. These results show that EIEF came of age on strong legs. We wish it to walk with an equally strong step also over its next 10 years.



## 2. New People at EIEF



[Andrea Polo](#) joined the EIEF Faculty in January 2019 as a Research Affiliate. Andrea is an Assistant Professor of Finance at LUISS “Guido Carli”, an Assistant Professor of Finance at Universitat Pompeu Fabra (on leave) and an Associate Research Professor at Barcelona GSE (on leave). He is also a research affiliate in financial economics at CEPR and a research member of the ECGL. He received his Ph.D. from Oxford University and has been an academic fellow at the Rock Center for Corporate Governance at Stanford University. His research interests are in corporate finance and governance, banking and macro finance, and he has published several articles in these fields in distinguished international journals. He co-edited the book: *“Finance and Investment: The European Case”* with Colin Mayer, Stefano Micossi, Marco Onado and Marco Pagano, published by Oxford University Press in 2018. Andrea will be teaching courses for RoME and for the Graduate Program at EIEF. He is currently involved in several projects on the behavior of banks during financial crises and on the transmission of monetary policies through the banking channel.



In January 2019 EIEF participated in the **junior job-market** in Atlanta and hired two new Assistant Professors with a tenure-track position: **Alexey Makarin** (Northwestern University) and **Matteo Paradisi** (Harvard University). Alexey will join the EIEF faculty next July, while Matteo, who has a post-doc position at NBER, will join the EIEF faculty in summer 2020.

[Alexey Makarin](#)'s main fields of interest are applied microeconomics with a special emphasis on political economy and development economics. In his job-market paper: [“Trading with the Enemy: The Impact of Conflict on Trade Transactions in Non-Conflict Areas”](#), written with Vasily Korovkin, Alexey investigates whether conflict affects trade in non-conflict areas through changes in people's attitudes, preferences, and beliefs. More specifically, he analyzes to what extent conflict-induced animosity and/or breakdown of trust between antagonistic social groups lead to a decline in trade, even in absence of government restrictions (e.g. tariffs) or other spillovers (e.g. an influx of refugee). The empirical setting is the Russian-Ukrainian conflict which started in 2014 and is still ongoing. In this period Ukraine and Russia have continued to trade at zero tariffs on almost all goods. The paper analyses trade between Russian and Ukrainian firms located outside of the violent areas of the conflict. A difference-in-difference strategy is proposed for identification: variation in ethnic composition across Ukrainian counties, plus variation across time pre- and post-conflict, are used to show that Ukrainian firms located in areas with fewer ethnic Russians decreased trade with Russia by a larger amount after the start of the conflict. The effect is long-lasting and economically significant. It is more pronounced for firms importing consumer



goods than for those importing intermediate goods, thus suggesting that local-consumer animosity is at play. Moreover, the effect of conflict is significant for exporters that utilize contracts in which the (Russian) importer pays for the shipment only after the good is delivered, but it is not observed for other contracts. This suggests a trust breakdown between the Ukrainian exporters and the Russian importers.

[Matteo Paradisi](#)'s main fields of interest are applied microeconomics with a special emphasis on labor and public economics. In his job-market paper: "[Labor Substitutability and The Impact of Raising the Retirement Age](#)", written with Giulia Bovini, Matteo links an administrative matched employer-employee dataset to a social security dataset containing information on the working history of more than 6 million Italian workers. So the authors are able to track workers not only

inside a firm, but also when they leave it and start working elsewhere or are unemployed. This very powerful data is used to study the effects of a pretty unique reform of the Italian pension system. In 2012, the Fornero reform greatly expanded the retirement age, and in a way that was not uniform by gender, age, or labor market experience, thus providing very valuable policy variation. As the pension reform was not anticipated and was enacted almost immediately upon announcement, it is then possible to analyze how firms responded to this policy-change and how workers reacted to these responses. As expected, the first result is a large increase in the retaining of older workers. Moreover workers on the cusp of retirement and younger co-workers are substitutes. When a worker is retained firms fire on average 0.16 more workers and decrease hiring by 0.29 units; the reduction in hiring harms younger and middle-aged workers.





### 3. Conferences and other events

In 2018 EIEF hosted or organized, in cooperation with other institutions, several conferences and events. Some highlights are presented below, while further information is available [here](#) or by clicking on the links below.

In April, EIEF hosted and organized the conference "[Recent Developments in Macroeconomics](#)", funded by the ERC Advanced Grant awarded to Francesco Lippi for his research on "The Macroeconomic Effects of Microeconomic Inaction" (N° 324008 - MEF). The presenters included: Fernando Alvarez (University of Chicago), John Leahy (University of Michigan), Nobuhiro Kiyotaki (Princeton University) and Ivàn Werning (MIT).

Always in April, EIEF hosted the "[3<sup>rd</sup> Economics of Platforms Workshop](#)" organized by the Toulouse School of Economics and the Department of Economics of the University of Bologna. Particular emphasis was given to the industrial organization of these markets: business models, competitive strategies, as well as antitrust and regulation issues related to platforms' business practices.

In June, EIEF hosted and organized the "[3<sup>rd</sup> Rome Junior Finance Conference](#)". The conference brought together junior researchers active in empirical and theoretical finance and created an opportunity for informal discussions and other academic-related activities. The presenters included: Olivier M. Darmouni (Columbia Business School), Jason R. Donaldson (Washington University in St. Louis), Marina Niessner (Yale School of Management) and Basil Williams (New York University).

Always in June, EIEF hosted and organized the "[7<sup>th</sup> Rome Workshop on Macroeconomics](#)", a.k.a. "Pizzanomics". This event brought

together brilliant economists from around the world with a strong interest in macroeconomics in order to discuss pioneer research in a friendly and highly interactive environment. The presenters included: David Argente (University of Chicago and EIEF), Anmol Bandhari (University of Minnesota), Moritz Lenel (Princeton University) and Giorgia Piacentino (Columbia Business School).

Always in June, EIEF hosted and organized the "[3<sup>rd</sup> Rome Junior Conference on Applied Microeconomics](#)". The aim was to foster interaction and dissemination of ideas among researchers active in different areas of applied microeconomics. The presenters included: Barbara Biasi (Princeton University), Leonardo Bursztyrn (University of Chicago), Michela Giorelli (UCLA) and Thomas Le Barbanchon (Bocconi University).

In July, EIEF hosted the conference on "[The Economic Determinants of Populism](#)", jointly organized with the Istituto Affari Internazionali. The event explored the role of globalization and of the financial crisis in the surge of populism in Europe in the last few years and how much the perception of immigrants as potential new competitors on the domestic labor markets has contributed to strengthening populist feelings.

In October, the CEPR Network on Household Finance, EIEF, and CSEF, with the support of the Think Forward Initiative (TFI), of the EDHEC Business School and the National University of Singapore Business School organized the ninth edition of the [European Conference on Household Finance](#), held at Ortygia Business School (Sicily). The aim of this annual conference is to present the most recent advances of the empirical and theoretical research on household financial behavior.

In November EIEF and Oliver Wyman organized the “[1<sup>st</sup> EIEF and Oliver Wyman Lecture in Finance, Law, and Behavioral Studies](#)” focused on the effects of law and regulation on the working of economic systems. The [lecture](#) was given by Luigi Guiso (EIEF) and discussed by Dr. Dirk Bliesener (Partner, Hengeler Mueller) and Douglas Elliot (Partner, Financial Services, Oliver Wyman).

In December, EIEF hosted the discussion of a series of studies collected by [Economia Italiana on the Italian Jobs Act](#). The round table was chaired by Claudio Michelacci (EIEF) and participants included: Tito Boeri (INPS), Pietro Garibaldi (Collegio Carlo Alberto), Marco Leonardi (Università degli Studi di Milano) and Pasquale Tridico (Università di Roma Tre).

Always in December, EIEF hosted the presentation of the World Bank Report: “[Fair Progress? Economic Mobility across Generations around the World](#)”. The [report](#) shows that mobility and development go hand in hand and that both absolute and relative mobility are lower in low- and middle-income countries than in high-income countries.

Always in December, EIEF hosted the “[8<sup>th</sup> EIEF-UNIBO-IGIER Bocconi Workshop on Industrial Organization](#)”. This recurrent event has strengthened the relationship among Italian economists working in the field of Industrial Organization, both in Italy and abroad. The presenters included: Alessandro Gavazza (LSE), Nicola Pavanini (Tilburg University) and Christoph Wolf (Bocconi University).

## Forthcoming Conferences and Workshops in 2019

On June 4-5, EIEF will host the “*4<sup>th</sup> Rome Junior Finance Conference*”. Further information will be available [here](#).

On June 10-11, EIEF will host the “*8<sup>th</sup> Rome Conference on Macroeconomics*”. The preliminary program is available [here](#).

On June 20-21, EIEF will host the “*4<sup>th</sup> Rome Junior Conference on Applied Microeconomics*”. Further information will be available [here](#).

On June 24-25, EIEF will host the “*4<sup>th</sup> Summer Workshop in Political Economy*”. Further information will be available [here](#).



## 4. Visitors

### Fall 2018/Spring 2019

**Sushant Acharya**

Federal Reserve Bank of New York

**Luca Anderlini**

Georgetown University

**William Addressi**

University of Limerick

**David Argente**

Penn State University

**Isaac Baley**

Universitat Pompeu Fabra & Barcelona GSE

**Coralio Pablo Ballester**

University of Alicante

**Vittorio Bassi**

University of Southern California

**David Berger**

Northwestern University

**Anmol Bhandari**

University of Minnesota

**Corina Boar**

New York University

**Fabio Canova**

Norwegian Business School

**Bruno Caprettini**

University of Zurich

**Georgy Chabakauri**

London School of Economics

**Robert Chirinko**

University of Illinois at Chicago

**Philip Dybvig**

Olin Business School at Washington University in St. Louis

**Matt Elliot**

University of Cambridge

**Elena Esposito**

Université de Lausanne

**Andreas Fagereng**

Statistics Norway

**Andreas Fischer**

Swiss National Bank

**Mauro Gallegati**

Università Politecnica delle Marche

**Nicolae Garleanu**

Berkeley-Haas

**Tzuo Hann Law**

Boston College

**Helios Herrera**

University of Warwick

**Zhen Huo**

Yale University

**Simon Jaeger**

MIT

**Winfried Koeniger**

University of St. Gallen

**Jennifer La' O**

Columbia University

**Andrea Lanteri**

Duke University

**Moritz Lenel**

Princeton University

**Shu Lin Wee**

Carnegie Mellon University

**Konstantin Milbradt**

Northwestern University, Kellogg School of Management

**Simon Mongey**  
University of Chicago

**Iacopo Morchio**  
University of Vienna

**Christian Moser**  
Columbia Business School

**Marcella Nicolini**  
University of Pavia

**Jacob Oded**  
Tel Aviv University

**Paige Ouimet**  
Kenan-Flagler Business School,  
University of North Carolina

**Megha Patnaik**  
Indian Statistical Institute, Delhi

**Marco Piovesan**  
University of Copenhagen

**Andrea Prat**  
Columbia University

**Gilles Saint-Paul**  
Paris School of Economics

**Jesse Schreger**  
Columbia Business School

**Merih Sevilir**  
Kelley School of Business, Indiana  
University

**Ina Simonovska**  
University of California, Davis

**Pietro Tebaldi**  
University of Chicago

**Hans-Martin von Gaudecker**  
Bonn University

**Yu Xu**  
University of Hong Kong

**Shmuel Zamir**  
The Hebrew University of Jerusalem

**Francesco Zanetti**  
University of Oxford

Further information on 2019 Visiting  
Program is available [here](#).



## 5. Grants

In Fall 2017 EIEF invited applications to fund one-year research projects, carried out by young researchers based in an Italian institution. In May 2017 EIEF awarded five new grants to:

**David KOLL**

European University Institute  
*"Dynamic Effects of a Decrease in Alimony Payments"*

**Nicola LIMODIO**

Bocconi University  
*"Terrorism, Credit and Investment: Evidence from a Natural Experiment in Pakistan"*

**Claudia MERONI**

Università degli Studi di Verona  
*"Political Economy Models with Population Uncertainty"*  
 Team members: Francesco De Sinipoli (Università degli Studi di Verona).

**Lorenzo PANDOLFI**

Università degli Studi di Napoli Federico II and CSEF  
*"The Real Effects of Capital Inflows to Sovereign Debt Markets"*  
 Team members: Tomas Williams (George Washington University)

**Giovanni Walter PUOPOLO**

Università degli Studi di Napoli Federico II and CSEF  
*"Feedback Effect and the Design of Financial Markets"*  
 Team members: Marco Pagnozzi (Università degli Studi di Napoli Federico II and CSEF)

In Fall 2018 EIEF invited again applications to fund one-year research projects. 47 proposals were received and the process of selection is still ongoing. The list of awarded grants will be available [here](#).



## 6. Seminars

As in previous years, EIEF has organized an intense program of seminars. The Institute offers two weekly seminars (one more macro/theory and the other more applied/empirical) and less regular series of lunch seminars and special lectures.

Regarding the **macro/theory** series, presenters included: **Philippe Aghion** (LSE and Harvard University), **David Austen-Smith** (Northwestern University), **Saki Bigio** (UCLA), **Sebastian Di Tella** (Stanford University), **Matthias Doepke** (Northwestern University), **James Dow** (London Business School), **Gauti B. Eggertsson** (Brown University), **Denis Gromb** (HEC Paris), **Bard Harstad** (University of Oslo), **Patrick J. Kehoe** (Federal Reserve Bank of Minneapolis), **Pablo Kurlat** (Stanford University), **Ralph Luetticke** (University College London), **Martì Mestieri** (Northwestern University), **Frederic S. Mishkin** (Columbia Business School), **Marcus M. Opp** (Stockholm School of Economics), **Assaf Razin** (Tel Aviv University), **Balazs Szentes** (LSE)

Regarding the **applied/empirical** series, presenters included: **Svetlana Bryzgalova** (London Business School), **Francisco Buera** (Washington University at St. Louis), **Dario Cestau** (IE Business School), **Joseph Doyle** (MIT), **Zvi Eckstein** (IDC Herzliya), **Andrew Ellul** (Indiana University), **Peter Klenow** (Stanford University), **Andrés Liberman** (New York University), **Adrien Matray** (Princeton University), **Sara Moreira** (Northwestern University), **Tommaso Porzio** (University of California, San Diego), **Morten Saethre** (NHH Norwegian School of Economics), **Antoniette Schoar** (MIT), **Enrique Sentana** (CEMFI), **Matthew S. Shum** (Caltech).

Further information on past and forthcoming seminars is available [here](#).



## 7. Latest Working Papers

Highlights of some recent EIEF Working Papers are presented below. The full list is available [here](#).

### WP 2019/03

In: "[Weight, Reference Points, and the Onset of Eating Disorders](#)", **Eleonora Patacchini**, with Tiziano Arduini and Daniela Iorio, investigates whether the development of an eating disorder, in the form of purging, is influenced by peers' body size through interpersonal comparisons. Using detailed information on recent cohorts of U.S. teenagers, the authors document a sizeable and significant negative effect of high school peers' Body Mass Index (BMI) on purging behavior during adolescence for females, but not for males. Interpersonal comparisons among females operate through the formation of a distorted self-perception: teenage girls with relatively thin female peers perceive themselves fatter and less agreeable than they actually are. The girls who are more predisposed to this mis-perception are those with peers who are thinner, more popular, more (verbally) able, and with more educated parents.

### WP 2019/05

In: "[Monetary Policy in a World of Cryptocurrencies](#)", **Pierpaolo Benigno** investigates whether the presence of multiple currencies, such as cryptocurrencies, can jeopardize the primary function of Central Banks – controlling prices and inflation – or eventually limit their operational tools – i.e. the interest rate. The short answer is: yes, it can. Starting from the benchmark single-currency model, where the Central Bank controls the rate of inflation by setting the nominal interest rate and the initial price level is instead determined by an appropriate real tax-policy, he extends the framework to allow for multiple currencies. In a two-currency world, the growth rate of the cryptocurrency sets an upper bound on the nominal interest rate and the attainable inflation rate, if the government currency is to retain its role as medium of exchange. In a world of multiple competing currencies issued by profit-maximizing agents, the nominal interest rate and inflation are both determined by structural factors, and thus not subject to manipulation, a result hailed by the proponents of currency competition.

### WP 2019/04

In: "[Tax Professionals: Tax-Evasion Facilitators or Information Hubs?](#)", **Marco Battaglini**, **Luigi Guiso** and **Eleonora Patacchini**, with Chiara Lacava, investigate whether tax professionals can significantly affect the relationship between tax authorities and taxpayers. To this end the authors analyze tax records of 2.5 million taxpayers in Italy merged with the respective audit files from the Italian revenue agency (IRA) for seven fiscal years. Firstly, they show that evasion-prone taxpayers match with evasion-prone tax accountants, implying that some accountants specialize as tax-evasion facilitators. Secondly, tax professionals act as information hubs: taxpayers can learn about the tax authority's policy because tax professionals can pool the audit experiences of many customers over many years and share this information with each of their clients. This speeds up learning about the tax authority policy function, providing an additional incentive to rely on tax professionals.

### WP 2019/06

In "[The Extensive Margin of Aggregate Consumption Demand](#)", **Claudio Michelacci**, **Luigi Paciello** and **Andrea Pozzi** use disaggregated US data to decompose changes in aggregate non-durable consumption expenditure into intensive and extensive margins. The intensive margin reflects the amount spent on products already purchased in previous periods. The extensive margin reflects net additions of products to the consumption basket, given by the difference between additions of new varieties and removal of previously purchased products. It is shown that about half of the cyclical fluctuations of aggregate consumption expenditure is accounted for by net additions, driven mostly by the pro-cyclicality of the rate at which households add new varieties, while removals are comparatively acyclical. These patterns are largely explained by the fact that households respond to income increases by adopting new varieties in their consumption basket. Fluctuations in household adoption are a prominent determinant of the aggregate demand for new products and amplify the long-run welfare effects of aggregate shocks.

## 8. Recently published papers

### Forthcoming

“*Effectiveness of Connected Legislators*”, Marco Battaglini and Eleonora Patacchini (with V. L. Sciolozza), **American Journal of Political Science**.

“*Social Networks in Policy Making*”, Marco Battaglini and Eleonora Patacchini, **Annual Review of Economics**.

“*The Political Economy of Weak Treaties*”, Marco Battaglini (with B. Harstad), **Journal of Political Economy**.

“*The Political Economy of Public Debt: A Laboratory Study*”, Marco Battaglini (with Palfrey, T., and S. Nunnari), **Journal of the European Economic Association**.

“*Optimal Dynamic Contracting: the First-Order Approach and Beyond*”, Marco Battaglini (with R. Lamba), **Theoretical Economics**.

“*Dynamic Debt Deleveraging and Optimal Monetary Policy*”, Pierpaolo Benigno (with Eggertsson, G., and F. Romei), **American Economic Journal: Macroeconomics**.

“*Politics in the Family: Nepotism and the Hiring Decisions of Family Firms*”, Stefano Gagliarducci (with M. Manacorda), **American Economic Journal: Applied Economics**.

“*Investment in Financial Information and Portfolio Performance*”, Luigi Guiso (with T. Jappelli), **Economica**.

“*Global Crises and Populism: the Role of Eurozone Institutions*”, Luigi Guiso (with Herrera, H., Morelli, M., and T. Sonno), **Economic Policy**.

“*The Supply Side of Household Finance*”, Luigi Guiso (with Foà, G., Gambacorta, L., and P.E. Mistrulli), **Review of Financial Studies**.

“*Temporary Price Changes, Inflation Regimes and the Propagation of Monetary Shocks*”, Francesco Lippi (with F. Alvarez), **American Economic Journal: Macroeconomics**.

“*Corporate Leverage and Employee Protection in Bankruptcy*”, Marco Pagano (with A. Ellul), **Journal of Financial Economics**.

“*Career Risk and Market Discipline in Asset Management*”, Marco Pagano (with Ellul, A., and A. Scognamiglio), **Review of Financial Studies**.

“*Do Friendship Networks Improve Female Education?*”, Eleonora Patacchini (with Hahn, Y., Islam, A., and Y. Zenou), **Economic Journal**.

“*Treatment Effects with Heterogeneous Externalities*”, Eleonora Patacchini (with Arduini, T., and E. Rainone), **Journal of Business & Economic Statistics**.

“*Mothers, Peers and Gender-Role Identity*”, Eleonora Patacchini (with Olivetti, C., and Y. Zenou), **Journal of the European Economic Association**.

“*Comments on ‘Unobservable Selection and Coefficient Stability: Theory and Evidence’ and ‘Poorly Measured Confounders are More Useful on the Left Than on the Right’*”, Franco Peracchi (with De Luca, G., and J. R. Magnus), **Journal of Business & Economic Statistics**.

“*Do Female Executives Make a Difference? The Impact of Female Leadership on Gender Gaps and Firm Performance*”, Fabiano Schivardi



(with Flabbi, L., Macis, M. and A. Moro), **Economic Journal**.

“*Frequency of Interaction, Communication and Collusion: An Experiment*”, Giancarlo Spagnolo (with Bigoni, M. and J. Potters), **Economic Theory**.

“*Motivating Whistleblowers*”, Giancarlo Spagnolo (with Butler, J., and D. Serra), **Management Science**.

## 2019

“*The Informative Theory of Legislative Committees: An Experimental Analysis*”, Marco Battaglini (with Lim, W., Lai, E., and J.Wang), **American Political Science Review**, 2019, Volume 133, Issue 1, pages 55-76.

“*Maintaining Competition in Recurrent Procurement Contracts: A case study on the London bus market*”, Elisabetta Iossa (with M. Waterson), **Transport Policy**, 2019, Volume 75, pages 141-149.

“*Cost of Inflation in Inventory Theoretical Models*”, Francesco Lippi (with Alvarez, F., and R. Robatto), **Review of Economic Dynamics**, 2019, Volume 32, pages 206-226.

“*Price Dynamics with Customer Markets*”, Luigi Paciello and Andrea Pozzi (with N. Trachter), **International Economic Review**, 2019, Volume 60, Issue 1, pages 413-446.

“*Weight, Reference Points and the Onset of Eating Disorders*”, Eleonora Patacchini (with Arduini, T., and D. Iorio), **Journal of Health Economics**, 2019, Volume 65, pages 170-188.

“*The Brother Earnings Penalty*”, Eleonora Patacchini (with A. Cools), **Labour Economics**,

2019, Volume 58, pages 37-51.

“*Barriers to firm growth in open economies*”, Facundo Pigullem (with L. Rubini), **B.E. Journal of Macroeconomics**, 2019, Volume 19, Issue 1.

“*Selling to Advised Buyers*”, Anton Tsoy (with A. Malenko), **American Economic Review**, 2019, Volume 109, Issue 4, pages 1323-1348.

## 2018

“*Influencing Connected Legislators*”, Marco Battaglini and Eleonora Patacchini, **Journal of Political Economy**, 2018, Volume 126, Issue 6, pages 2277-2322.

“*Comparing Procurement Auctions*”, Francesco Decarolis, **International Economic Review**, 2018, Volume 59, Issue 2, pages 391-419.

“*What drives women out of management? The joint role of testosterone and culture*”, Luigi Guiso (with A. Rustichini), **European Economic Review**, 2018, Volume 109, pages 221-237.

“*Time Varying Risk Aversion*”, Luigi Guiso (with Sapienza, P., and L. Zingales), **Journal of Financial Economics**, 2018, Volume 128, Issue 3, pages 403-421.

“*Understanding the size and profitability of firms: The role of a biological factor*”, Luigi Guiso (with A. Rustichini), **Research in Economics**, 2018, Volume 72, Issue 1, pages 65-85.

“*Portfolio Choices, Firm Shocks, and Uninsurable Wage Risk*”, Luigi Guiso (with Fagereng, A., and L. Pistaferri), **Review of Economic Studies**, 2018, Volume 85, Issue 1, pages 437-474.

“*Public Private Partnerships in Europe for*

*Building and Managing Public Infrastructures: An Economic Perspective*", Elisabetta Iossa (with S. Saussier), **Annals of Public and Cooperative Economics** (invited paper), 2018, Volume 89, Issue 1, pages 25-48.

*Pre-Commercial Procurement, Procurement of Innovative Solutions and Innovative Partnerships in the EU: Rationale and Strategy*", Elisabetta Iossa (with Biagi, F., and P. Valbonesi), **Economics of Innovation and New Technology**, 2018, Volume 27, Issue 8, pages 730-749.

*Technological Revolutions and the Three Great Slumps: A Medium-Run Analysis*", Jean-Paul L'Huillier (with D. Cao), **Journal of Monetary Economics**, 2018, Volume 96, pages 93-108.

*Monetary Shocks in Models with Observation and Menu Costs*", Francesco Lippi and Luigi Paciello (with F. Alvarez), **Journal of the European Economic Association**, 2018, Volume 16, Issue 2, pages 353-382.

*Dynamic factor model with infinite-dimensional factor space: Forecasting*", Marco Lippi (with Forni, M., Giannelli, A., and S. Soccorsi), **Journal of Applied Econometrics**, 2018, Volume 33, Issue 5, pages 625-642.

*Financial Disclosure and Market Transparency with Costly Information Processing*", Marco Pagano (with M. Di Maggio), **Review of Finance**, 2018, Volume 22, Issue 1, pages 117-153.

*Employment and Wage Insurance within Firms: Worldwide Evidence*", Marco Pagano and Fabiano Schivardi (with A. Ellul), **Review of Financial Studies**, 2018, Volume 31, Issue 4, pages 1298-1340.

*Weighted-average least-squares estimation of generalized linear models*", Franco Peracchi (with De Luca, G., and J. Magnus), **Journal of Econometrics**, 2018, Volume 204, Issue 1, pages 1-17.

*Balanced variable addition in linear models*", Franco Peracchi (with De Luca, G., and J. Magnus), **Journal of Economic Surveys**, 2018, Volume 32, Issue 4, pages 1183-1200.

*Asymmetric Information and Imperfect Competition in Lending Markets*", Fabiano Schivardi (with Crawford, G. S., and N. Pavanini), **American Economic Review**, 2018, Volume 18, Issue 7, pages 1659-1701.

*The Productivity Puzzle and Misallocation: an Italian Perspective*", Fabiano Schivardi (with Calligaris, S., Del Gatto, M., Hassan, F., and G. Ottaviano), **Economic Policy**, 2018, Volume 33, Issue 96, pages 635-684.

*The Effect of Discretion on Procurement Performance*", Giancarlo Spagnolo (with Coviello, D., and A. Guglielmo), **Management Science**, 2018, Volume 64, Issue 2, pages 715-738.

*Court Efficiency and Procurement Performance*", Giancarlo Spagnolo (with Coviello, D., Moretti, L., and P. Valbonesi), **Scandinavian Journal of Economics**, 2018, Volume 120, Issue 3, pages 826-858.

*Alternating-Offer Bargaining with Global Games Information Structure*", Anton Tsoy, **Theoretical Economics**, 2018, Volume 13, Issue 2, pages 869-931.