CSEF

Center for Studies in Economics and Finance

ACTIVITY REPORT 2021

Centre for Studies in Economics and Finance
University of Naples "Federico II"
Department of Economics and Statistics
Via Cintia, Monte S. Angelo
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University of Naples Federico II **University of Salerno** **Bocconi University, Milan**

Contents

Overview

What is CSEF?

The Centre for Studies in Economics and Finance (CSEF) is a joint venture of the University of Naples Federico II, the University of Salerno, and Bocconi University. Its premises are at the Department of Economics and Statistics of the University of Naples Federico II.

The Center hosts researchers and doctoral students from other Italian and foreign universities, supporting and stimulating academic research. It is involved in the activities of the Master in Economics and Finance (MEF) and of the Ph.D. in Economics at the University of Naples Federico II.

The Center is directed by Marco Pagano. Its administration is entrusted to Immacolata Diez and Stefania Maddaluno.

News

In 2021 **Matteo Bizzarri** (PhD Bocconi University) and **Michele Giannola** (PhD University College London) joined CSEF upon being appointed Postdoctoral Research Fellows at the Department of Economics and Statistics. CSEF Fellows **Carla Guerriero** and **Roberto Nisticò** were appointed Associate Professors of Economics at the University of Naples Federico II.

CSEF renewed the research fellowship to Fellow **Elia Sartori** for a third year. A six months research grant was awarded to Fellow **Giovanni Andreottola**. Also, **Anna D'Annunzio** received a grant from the Agence Nationale de la Recherche (ANR) for the project ""Telemedicine and precision medicine: the role of data in healthcare innovation"; Tullio Jappelli and Dimitris Christelis received a grant from the European Saving Institute (OEE) for a project on "Stockholding in Europe during the Covid-19 crisis: an international comparison".

The past year has been a productive one: CSEF Fellows published articles on the *American Economic Review*, *American Economic Journal: Applied Economics*, *American Economic Journal: Macroeconomics*, *Economic Journal*, *Economic Policy*, *Economic Theory*, *International Economic Review, Journal of Development Economics, Journal of the European Economic Association*, *Journal of Economics and Management Strategy*, *Journal of Finance*, *Journal of Mathematical Economics*, *Journal of Public Economics*, *Management Science*, *Review of Finance*, *Review of Financial Studies*, and *Theory and Decision*, among others.

Funding

Research projects carried out at CSEF in 2021 were funded by the University of Naples Federico II, the Compagnia di San Paolo, , the Municipality of Modena, the Center for Evaluation and Development and the University of Glasgow.

Scientific Committee

CSEF Scientific Committee includes the following members appointed by their respective university for 3 years:

Alberto Bennardo (University of Salerno)
Carlo Ambrogio Favero (Bocconi University)
Chiara Fumagalli (Bocconi University)
Tullio Jappelli (University of Naples Federico II)
Anna Maria Menichini (University of Salerno)
Marco Pagano (University of Naples Federico II), Chairman

How to contact us:

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http://www.csef.it/Working-Papers

Conferences

The lasting pandemic emergency and consequently the strict social distancing rules still in force required for the second year the cancellation of all events with large gatherings. Thus, CSEF chose to move its seminars online, and postpone conferences and workshops to 2022.

Seminars

In 2021 CSEF hosted two weekly academic presentations by invited speakers and resident researchers. Moreover, as part of the 3rd European Job Market, CSEF and the Department of Economics and Statistics invited very promising young job market candidates to present their research papers in January and February 2021, after selecting them via a very competitive process.

January

Alberto Bennardo (University of Salerno and CSEF), *Acquisition and Communication of Hard Information with Multidimensional Moral Hazard* (joint with Antonio Abatemarco)

Silvia Sarpietro (University College London), *Dynamic Unobservable Heterogeneity: Income Inequality and Job Polarization* – **JM webinar**

Matteo Bizzarri (Bocconi University), *Supply and Demand Function Equilibrium: Trade in a Network of Superstar Firms* – **JM webinar**

Yajna Govind (Paris School of Economics), *Is Naturalization a Passport for Better Labor Market Integration? Evidence from a Quasi-Experimental Setting* – **JM webinar**

Fernando Payró Chew (Boston University)*, Mixture-Dependent Preference for Commitment* – **JM webinar**

Simon Finster (University of Oxford), *Selling Multiple Complements with Packaging Costs* – **JM webinar**

Michele Giannola (University College London), *Parental Investments and Intra-household Inequality in Child Development: Theory, Measurement, and Evidence from a Lab-in-the-Field Experiment* – **JM webinar**

Francesco Celentano (University of Wisconsin - Madison), *How do Independent Boards Affect Shareholder Value? Evidence from a Structural Estimation* – **JM webinar**

Silvia Vannutelli (Boston University), *From Lapdogs to Watchdogs: Random Auditor Assignment and Municipal Fiscal Performance in Italy* – **JM webinar**

Felix Holub (University of Mannheim), *Gender Gaps and the Role of Bosses* (joint with Moritz Drechsel-Grau) – **JM webinar**

Pauline Vorjohann (Humboldt University Berlin), *Reference-dependent choice bracketing* – **JM webinar**

Nikoloz Pkhakadze (Georgetown University), *Polarizing Cheap Talk* – **JM webinar**

February

Edoardo M. Acabbi (Harvard University), *The Financial Channels of Labor Rigidities: Evidence from Portugal* (joint with Ettore Panetti and Alessandro Sforza) – **JM webinar**

Marc Goñi (University of Vienna), *Lineages of Scholars in pre-industrial Europe: Nepotism vs Intergenerational Human Capital Transmission* (joint with David de la Croix) – **JM webinar**

Charles Louis-Sidois (University of Mannheim), *Collusion-Proof Vote Buying* (joint with Leon Musolff) – **JM webinar**

Fabrizio Panebianco (Università Cattolica), *Learning and Selfconfirming Equilibria in Network Games* (joint with Pierpaolo Battigalli and Paolo Pin)

Anastasia Girshina (Swedish House of Finance at Stockholm School of Economics), *Wealth, Savings, and Returns over the Life-Cycle: the Role of Education*

Sergey Kovbasyuk (New Economic School), *Memory and Markets* (joint with Giancarlo Spagnolo)

March

Federico Boffa (Freie Uni Bozen), *Congestion and Incentives in the Age of Driverless Cars*

Elia Sartori (University of Naples Federico II and CSEF), *Optimal Transparency with Behavioral Types* (joint with Franz Ostrizek)

April

Seppo Honkapohja (Aalto University School of Business), *Price Level targeting with evolving credibility*

Daniele Massacci (Bank of England), *Common Factors and Regime Shifts in Stock and Bond Comovement*

Giovanni Gallipoli (The University of British Columbia), *Consumption and Income Inequality across Generations* (joint with Hamish Low and Aruni Mitra)

Christoph Wolf (Bocconi University), *Pricing for the Stars: Dynamic Pricing in the Presence of Rating Systems* (joint with André Stenzel and Peter Schmidt)

Fabian Herweg (University of Bayreuth), *Context-Dependent Preferences and Retailing: Vertical Restraints on Internet Sales*

May

Ashwini Agrawal (London School of Economics), *Corporate Takeovers and Employee Job Search*

Bård Harstad (University of Oslo), *Pledge-and-Review Bargaining*

Yakov Amihud (New York University), *The Effect of Stock Liquidity on the Firm's Investment and Production* (joint with Shai Levi)

Marco Pagano (University of Naples Federico II and CSEF), *Careers in Finance* (joint with Andrew Ellul, Annalisa Scognamiglio)

Charles Angelucci (Columbia Business School), *Measuring Voters' Knowledge of Political News* (joint with Andrea Prat)

Mario Carillo (University of Naples Federico II and CSEF), *Pandemic and local Economic Growth: Evidence from the Great Influenza in Italy* (joint with Tullio Jappelli)

June

Manasi Deshpande (University of Chicago), *Beyond Health: The Welfare Effects of Disability Insurance* (joint with Lee M. Lockwood)

Christian Wagner (Vienna University of Economics and Business), *Disaster Resilience and Asset Prices* (joint with Marco Pagano and Josef Zechner)

Mattea Stein (University of Naples Federico II and Csef), *The Speed of Justice – Evidence from a Reform in Senegal* (joint with Florence Kondylis)

Miguel Ferreira (Nova School of Business and Economics), *Which Entrepreneurs Are Financially Constrained?* (joint with Marta C. Lopes, Francisco Queirò, and Hugo Reis)

Michele Modugno (Board of Governors of the Federal Reserve System), *Monetary Policy Uncertainty and Monetary Policy Surprises* (joint with Michiel De Pooter, Giovanni Favara, and Jason Wu)

October

Vincenzo Pezone (Goethe University), *The Heterogeneous Cost of Wage Rigidity: Evidence and Theory* (joint with Ester Faia)

Andrea Polo (Luiss Guido Carli), *Expansionary Yet Different: Credit Supply and Real Effects of Negative Interest Rate Policy* (joint with M. Bottero, C. Minoiu, J.L. Peydró, A. Presbitero and E. Sette)

Carla Guerriero (University of Naples Federico II and CSEF), *Analyzing matching patterns in marriage: theory and application to Italian data* (joint with Pierre-André Chiappori, Edoardo Ciscato)

Manuel Garcia Santana (Universitat Pompeu Fabra), *Government Procurement and Credit Growth: Firm-Level Evidence*

Giovanni Andreottola (University of Naples Federico II and CSEF), *Polarization and Policy Design* (joint with Christopher M. Li)

Mara P. Squicciarini (Bocconi University), *Technology Adoption and Productivity Growth: Evidence from Industrialization in France* (joint with Réka Juhász, Nico Voigtländer)

Tullio Jappelli (University of Naples Federico II and Csef), *Permanent Income Shocks, Target Wealth, and the Wealth Gap* (joint with Luigi Pistaferri)

November

Giulia Giupponi (Bocconi University), *Minimum wages and firm wage-policy* (joint with Stephen Machin)

Giovanni Cocco (UNC Kenan-Flagler Business School), *Insider Trading Rights: Short-termism and Trading Constraints*

Emanuele Tarantino (Luiss University), *Credit Conditions when Lenders are Commonly Owned* (joint with Mattia Colombo, Laura Grigolon)

Marcello D'Amato (University Suor Orsola Benincasa and Csef), *The Response of Taxpayer Compliance to the Large Shock of Italian Unification* (joint with Antonio Acconcia, Riccardo Martina, Marisa Ratto)

Lorenzo Casaburi (University of Zurich), *Land Rental Markets: Experimental Evidence from Kenya* (joint with Michelle Acampora and Jack Willis)

Giovanni Immordino (University of Naples Federico II and Csef), *Mafia, political self-selection and voters' behavior: evidence from Italian municipalities* (joint with Anna Laura Baraldi and Marco Stimolo)

Paolo Falco (University of Copenhagen), *Does Scarcity Reduce Cooperation? Experimental Evidence from Rural Tanzania* (joint with Gustav Agneman, Exaud Joel, and Onesmo Selejio)

Francisco Queirós (University of Naples Federico II and CSEF), *Asset Bubbles and Product Market Competition*

December

Julien Sauvagnat (Bocconi University), *Lending to Optimistic Firms* (with Filippo De Marco and Enrico Sette)

Mattea Stein (University of Naples Federico II and CSEF), *Firms' Contracting Networks and Tax Compliance: RCT Design*

Antonio Acconcia	is Professor of Economics at the University of Naples Federico II. He has recently published “Liquidity and Consumption: Evidence from Earthquakes in Italy” (with G. Corsetti and S. Simonelli), *American Economic Journal: Macroeconomics*; “The Response of Taxpayer Compliance to the Large Shock of Italian Unification” (with M. D’Amato, R. Martina, and M. Ratto), *European Journal of Political Economy*. He is currently working on “Mafia Reloaded: The Response of Markup to Local Demand Freeze and Supply Restriction” (with E. Scarinzi), “The Relationship between Firms' Financing Sources and Operating Choices” (with D. Fabbri and A.M. Menichini), Women’s Representation in Politics and Government Stability (with Carla Ronza).
Carlo Altavilla	is the Head of Monetary Analysis Division at the European Central Bank (Frankfurt) and a CEPR Research Fellow. His research interests span monetary policy, banking, capital markets, applied time series and financial econometrics. Recently he published “Is there a zero lower bound? The real effects of negative interest rates” (joint with Burlon L., Holton S., Giannetti M) in the *Journal of Financial Economics*; and “Credit supply and demand in unconventional times” (joint with Boucinha M., Holton S., Ongena S.) in the *Journal of Money Credit & Banking*“; and Mending the broken link: heterogeneous bank lending and monetary policy pass-through” (joint with Canova F., and Ciccarelli M.) in the *Journal of Monetary Economics.* In addition, in 2021 the book *Monetary Policy in Times of Crisis* (joint with M. Rostagno, G. Carboni, W. Lemke, R. Motto, A. Saint-Guilhem and J. Yiangou) has been published at Oxford University Press.
Luca Anderlini	is Professor of Economics at Georgetown University and Professor of Economics at the University of Naples Federico II. He has previously held permanent positions at the University of Cambridge and the University of Southampton, as well as visiting positions at Harvard, Yale, Penn and the London School of Economics. He is currently working on herding and the flow of information through networks and on the non-cooperative foundations of mechanisms of contract enforcement. In 2020 he published “Legal Efficiency and Consistency,” jointly with L. Felli (LSE) and A. Riboni (Ecole Polytechnique) in the *European Economic Review*.
GIOVANNI ANDREOTTOLA	Is a Postdoctoral Research Fellow at CSEF. In 2017 he received a PhD in Economics from the European University Institute in Florence. His research focuses on game-theoretical models to investigate how electoral institutions and informational frictions contribute to shape policymaking in democracies. In 2021, his papers “Signaling Valence in Primary Elections” and “Flip-flopping and Electoral Concerns” have been published, on *Games and Economic Behavior* and *The Journal of Politics* respectively. Two further works, "Scandals, Media Competition and Political Accountability" and "Polarization and Policy Design", are currently submitted for publication, whereas the project “Simplistic Rhetoric and Poe’s Law” (joint with CSEF fellow Elia Sartori) is in preparation..
Alberto Bennardo	is Professor of Economics at the University of Salerno. His research focuses on microeconomics, organizational economics and financial economics. His articles “Multiple-Bank Lending, Creditor Rights and Information Sharing”, joint with M. Pagano and S. Piccolo, and “Competitive markets with endogenous health risks”, joint with S. Piccolo, were published in the *Review of Finance* and the *Journal of the European Economic Association*, respectively. He is currently working on two themes: (i) private and social incentives to invest in information gathering and communication skills either before or after entering a principal-agent relationship, and (ii) task assignments and institutional design, in models

	with multi-dimensional moral hazard, where agents acquire information affecting the precision of the signals used for compensation purposes.
SERGIO BERALDO	is Associate Professor of Economics at the University of Napoli Federico II. In his research he uses theoretical and experimental methods to investigate issues in public and institutional economics. His current research focuses on behavioral welfare economics, and on the measurement of disparities in access to health care. Recent articles include: “Measuring Disparities in Access to Health Care. A Proposal Based on an ex-ante Perspective” (with A. Abatemarco, M. Aria and F. Stroffolini), *Social Indicators Research*, 2020, and “Nudging to donate organs: do what you like or like what we do?", (with J. Karpus), *Medicine, Health Care and Philosophy*, 2021.
MATTEO BIZZARRI	is a Post-doctoral Fellow at the University of Naples Federico II and a CSEF Fellow since September 2021. He holds a PhD in Economics from Bocconi University. His interests are in economic theory, and the economics of networks. He is currently working on “Supply and demand function equilibrium: trade in a network of superstar firms”, on how production networks impact market power, “Third party interest, resource value, and the probability of conflict” (with Giacomo Battiston and Riccardo Franceschin), on how intervention by powerful third parties changes the classic resource curse, and on “Learning, over-reaction, and the wisdom of the crowds” (with Daniele d’Arienzo), on how over-reaction to information might be welfare improving in financial markets under asymmetric information.
EMILIO CALVANO	Is Professor of Economics at the University of Rome - Tor Vergata, Research fellow of CEPR (London) and associate faculty at the Toulouse School of Economics. He holds a PhD from the University of Toulouse. He is currently studying the effect of intelligent algorithms on retail market outcomes, such as prices and product recommendations. His recent work with G. Calzolari, S. Pastorello and V. Denicolò explores machine-learning techniques applied to pricing algorithms online. While the work is still ongoing, preliminary results were published in the American Economic Review (2020), Science (2020) and several field journals.
SALVATORE CAPASSO	is Professor of Economics at the University of Naples Parthenope, and Director of the Institute for Studies on the Mediterranean of the National Research Council (CNR) of Italy. He is on the board of directors of the Neapolitan National Museum and has the scientific responsibility of many large research projects involving CNR and other governmental and research institutions. His research focuses on development economics, contract theory, monetary economics and theory of financial intermediation. His latest research focuses on the relationship between crime, corruption and growth and on the role of the underground economy in economic development. Recent publications include "Corruption and tax revenues: evidence from Italian regions", *Annals of Public and Cooperative Economics*, (with E. De Simone, L. Cicatiello and L. Santoro) and “Playing the dead pool against the contributions system”, *The Journal of Economics of Ageing* (with V. Alfano).
MARIO CARILLO	is Assistant Professor of Economics at the University of Naples Federico II. He holds a PhD in Economics from Brown University. His research interests are in the fields of economic growth and comparative economic development. His paper on the “Battle for Grain” has been published by *The Economic Journal*. His paper “Pandemic and Regional Economic Growth: Evidence from the Great Influenza in Italy” (with T. Jappelli) is forthcoming in the *European Review of Economic History*. He is currently studying the effects of infrastructures built by authoritarian regimes on cultural, political, and socioeconomic outcomes.

DIMITRIS CHRISTELIS	is Reader (Associate Professor) in Economics at the Adam Smith Business School, University of Glasgow. His research interests include empirical macroeconomics, household finance, microeconometrics, the economics of ageing, and health economics. In 2020 he published the following articles: a) "Consumption uncertainty and precautionary saving," (with D. Georgarakos, T. Jappelli and M. van Rooij), *Review of Economics and Statistics*, b) "The impact of health insurance on stockholding: a regression discontinuity approach," (with D. Georgarakos and A. Sanz-de-Galdeano), *Journal of Health Economics*; c) "Trust in the Central Bank and Inflation Expectations" (with D. Georgarakos, T. Jappelli and M. van Rooij), *International Journal of Central Banking*; d) "The causal effect of social activities on cognition: evidence from 20 European countries" (with L. I. Dobrescu), *Social Science and Medicine*; e) "Early life conditions and financial risk-taking in older age" (with L. I. Dobrescu and A. Motta), *Journal of the Economics of Ageing*.
ANNA D'ANNUNZIO	is an Associate Professor at Toulouse Business School. She holds a PhD in Economics from the Toulouse School of Economics. Her research focuses on industrial organization and public economics, with main applications to media markets. She is currently revising "Intermediaries in the Online Advertising Market" (with A. Russo). Also, she is working on "Negative Tax Incidence with Multiproduct firms" (with A. Russo) and "Precision Medicine and Investments" (with C. Conti and P. Reverberi). She is leading the project "Telemedicine and precision medicine: the role of data in healthcare innovation", which received a grant from the Agence Nationale de la Recherche (France).
MARCELLO D'AMATO	is Professor of Economic Policy at the University of Napoli, Suor Orsola Benincasa where he teaches Environmental Economics and Resource Economics. His current research focuses on the economics of education, social mobility and inequality, credit market imperfections, tax evasion dynamics and the modeling of the commitment value of unobservable investment in entry games. Recently co-authored publications include: "Occupational Mobility and Wealth Evolution in a Model of Educational Investment with Credit Market Imperfections", *Journal of Economic Inequality*, "On the Causal Effects of Selective Admission Policies on Students' Performances: Evidence from a Quasi-experiment in a Large Italian University" in the *Oxford Economic Papers,* "Credit allocation in heterogeneous banking systems" in the *German Economic Review,* "Good co(o)p or bad co(o)p? Redistribution Concerns and Competition in Credit Markets with Imperfect Information" in *The B.E. Journal of Economic Analysis & Policy* , "On inequality growth and trust", forthcoming in the *Journal of Institutional Economics*, "The response of Taxpayer Compliance to the large Shock of Italian Unification", forthcoming in the *European Journal of Political Economy*.
GIUSEPPE DE MARCO	is Associate Professor of Mathematical Economics and Finance at the University of Naples Parthenope. His current research focuses on ambiguous games, imprecise probabilities, set-valued analysis, psychological games, moral hazard models, networks and financial contagion. Recent publications include: "On the convexity of preferences in decisions and games under (quasi-)convex/concave imprecise probability correspondences" in the *International Journal of Approximate Reasoning* (2019), "On the Fictitious Default Algorithm in Fuzzy Financial Networks" in the *International Journal of Approximate Reasoning* (2020) and "Psychological Nash Equilibria under Ambiguity", *CSEF WP618*.
EDOARDO DI PORTO	is Associate Professor at the University of Naples Federico II, currently on leave to work at INPS-Direzione Centrale Studi e Ricerche. Among his duties, he manages the VisitINPS project. He is also affiliated to UCFS, Uppsala University. His research focuses on public economics, urban economics and applied

	econometrics. He has worked on local public finance, tax compliance, tax incidence, optimal auditing strategies, and migration. He is currently working on sickness leave monitoring, the long-lasting effects of WWII on health and on the labour market, the relation between alternative work arrangements and the shadow economy. In 2021 he published "The Effect of Local Taxes on Firm Performance: Evidence from Geo-Referenced Data" (with F. Belotti and G. Santoni) in the *Journal of Regional Science*; "Avoiding Taxes by Transfer within the Family" (with H. Ohlsson and E. M. Martino), in *International Tax and Public Finance*; "Labor market effects of dirty air. Evidence from administrative data" (with J. Kopinska and A. Palma) in *Economia Politica*, and "The economic effects of immovable property taxation: A review of the Italian experience" (with T. Oliviero and A. Tirozzi) in *Economia Pubblica*. His paper "Lockdown, essential sectors, and Covid-19: Lessons from Italy" (with P. Naticchioni and V. Scrutinio) is forthcoming in the *Journal of Health Economics*.
FRANCESCO DRAGO	is Professor of Economics at the University of Catania, Research Fellow of CEPR and IZA, and co-founder of the Ortygia Business School in Sicily. His research focuses on political economy and the economics of crime. In 2020, his papers on compliance behavior in networks and political economy of crime were published in the *American Economic Journal: Applied Economics* and the *Journal of the European Economic Association*. He also contributed to the understanding of the effectiveness of lockdowns with a paper published in *Health Economics* in 2021. He is involved in several projects on the economics of crime and political economy.
ANDREW ELLUL	is Professor of Finance and Fred T. Greene Chair in Finance at Indiana University's Kelley School of Business, part-time Associate Professor of Economics at the University of Naples Federico II and Executive Editor of the Review of Corporate Finance Studies. His research interests focus on empirical corporate finance, institutional investors' trading and market microstructure. In 2021 his paper titled "Access to Public Capital Markets and Employment", co-authored with Alex Borisov and Merih Sevilir was published by the *Journal of Financial Economics*. Last year he completed two new working papers titled "Careers in Finance" with M. Pagano and A. Scognamiglio, and "Counterparty Choice, Bank Interconnectedness, and Systemic Risk" with D. Kim.
CARLO FAVERO	is Deutsche Bank professor of Asset Pricing and Quantitative Finance and Head of Department of Finance at Bocconi University. He has published in scholarly journals on the econometric modelling of bond and stock prices, applied econometrics, monetary and fiscal policy and time-series models for macroeconomics and finance. He is a research fellow of CEPR and a member of the scientific committee of the Centro Interuniversitario Italiano di Econometria (CIDE). In 2019 he published the book *Austerity. When it works and when it does not* (with A. Alesina and F. Giavazzi) with Princeton University Press and two articles: "Implications of Returns Predictability for Consumption Dynamics and Asset Pricing Models" (with F. Ortu, A.Tamoni and H.Yang) in the *Journal of Business & Economic Statistics*, and "Effects of Austerity: Expenditure- and Tax-Based Approaches" (with A. Alesina and F. Giavazzi) in the *Journal of Economic Perspectives*. In 2020 he published in Covid Economics the paper Why is COVID-19 Mortality in Lombardy so High? Evidence from the Simulation of a SEIHCR Model, he also worked with A. Melone and A. Tamoni on the paper Monetary Policy and Bond Prices with Drifting Equilibrium Rates, which is now being revised for the *Journal of Financial and Quantitative Analysis*.
CHIARA FUMAGALLI	is Associate Professor of Economics at Bocconi University and a CEPR Research Affiliate. She is member of the Economic Advisory Group on Competition Policy (EAGCP), CRESSE Associates, EARIE Executive

	Committee, and OXERA Economics Council. Her research concerns competition policy and the activity of diversified business groups. Recently she published the paper "Dynamic Vertical Foreclosure" (joint with M. Motta, CSEF Working Paper 522) in The Journal of Law and Economics, 63, 763-812, 2020 and "Tying in Evolving Industries, When Future Entry Cannot Be Deterred" (joint with M. Motta, CSEF Working Paper 548), in *The International Journal of Industrial Organization* (73), 1-23, 2020. In 2021 Chiara has worked at the paper "Shelving or Developing? Acquisition of Potential Competitors", with M. Motta and E. Tarantino), CEPR Discussion Paper No. 15113. She is also revising "Insurance Between Firms: The Role of Internal Labor Markets" (with G. Cestone, F. Kramarz and G. Pica CSEF Working Paper 386) for the *Review of Economic Studies*.
MICHELE GIANNOLA	is a Post-Doctoral Fellow at the University of Naples Federico II, and an International Research Associate at the Institute for Fiscal Studies. He received his PhD in Economics from University College London in 2021. Michele's research interests are in the fields of the economics of human capital, household economics and development economics. In particular, he is interested in understanding the role that families, institutions, and public interventions play in the process of human capital development, and their implications for the intergenerational transmission of inequalities. He is currently working on the following projects "Parental Investments and Intra-household Inequality in Child Human Capital: Evidence from a Lab-in-the-Field Experiment"; "The Effects of a Project and Play-based Early Education Program on Medium Term Developmental Trajectories of Young Children in a Low-income Setting" (with R. Bernal and M. Nores) and the World Bank funded project "The Impacts of Relaxing Credit and Information Constraints on Human Capital in the Early Years: Experimental Evidence from Sub-Saharan Africa". He is also working on several projects evaluating the effects of home and school based interventions for disadvantaged children in Colombia and India.
MARIA GABRIELLA GRAZIANO	is Professor of Mathematics at the University of Naples Federico II, and Chairman of the Department of Economics and Statistics for 2022-24. She is a member of the editorial board of *Economic Theory* and *Economic Theory Bulletin*. Her current research focuses on general equilibrium theory, economies with public goods, economies with uncertainty and asymmetric information, housing market models. Recently she published "Blocking coalitions and fairness in asset markets and asymmetric information economies" (with A. Bhowmik), in *The B.E. Journal of Theoretical Economics* (2019), "The core and the provision of collective goods through an endogenous social division of labor" (with A. Basile, R.P. Gilles and M. Pesce) in *Economic Theory* (2020), "Social Loss and the core of an economy with externalities" (with C. Di Pietro and V. Platino), in *Economic Theory* (2020), "Shapley and Scarf housing markets with consumption externalities" (with C. Meo and N.C. Yannelis) in *Journal of Public Economic Theory* (2020), and "Generalized coalitions and bargaining sets" (with M. Pesce and N. Urbinati) in *Journal of Mathematical Economics* (2020). She is currently working on the following research projects: "Core and stable sets in exchange economies with externalities" (with C. Meo and N.C. Yannelis), and "Characterizations and existence of linear cost share equilibria" (with M. Pesce and M. Romaniello).
CARLA GUERRIERO	is Associate Professor of Public Economics at the University of Naples Federico II. Her research interests are in the field of family economics, health and environmental economics. She is currently leading three research projects: "Childrole", jointly with Pierre-Andrè Chiappori (Columbia University) and Edoardo Ciscato (KU Leuven) investigating the role of children as decision makers in the household; "Attention and Rationality in children" (funded by PRIN

	2017) joint with V. Dardanoni (University of Palermo), P. Manzini (University of Bristol) and M. Mariotti (Queen Mary University London) and D. Caliari (Social Science Center Berlin). The project studies the development of rational choice behavior in children. She is also responsible for the economic evaluation of the project: "BiketoWork", a randomized controlled trial assessing the effectiveness of cycling on physical and mental health. In 2021 she published "Children's Willingness to Pay for Environmental Protection" (with V. Dardanoni) and "Hospitals' Strategic Behaviour and Patient Mobility: Evidence from Italy" (with P. Berta and R. Levaggi) in *Socio-Economic Planning Sciences*.
GIOVANNI IMMORDINO	is Professor of Political Economy at the University of Naples Federico II and Associate Editor of the International Review of Law and Economics. He holds a PhD in Economics from the University of Toulouse. In 2021 the following papers were published or accepted for publication: "Fear of COVID-19 Contagion and Consumption: Evidence from a Survey of Italian Households", (with T. Jappelli, T. Oliviero and A. Zazzaro) forthcoming in *Health Economics*. "Self-Selecting Candidates or Compelling Voters: How Organized Crime Affects Political Selection", (with A. Baraldi and M. Stimolo) forthcoming in *European Journal of Political Economy*. "Education, taxation and the perceived effects of sin good consumption", (with A. Menichini and M. Romano) forthcoming in *International Tax and Public Finance*. "Mafia Wears Out Women in Power: Evidence from Italian Municipalities", (with A. Baraldi and M. Stimolo), *Journal of Economics Behavior and Organization*. "Criminal mobility, fugitives and extradition rules", (with R. Crinò and S. Piccolo), *Journal of Public Economic Theory*. "Whistleblowers and financial frauds", (with P. Buccirossi and G. Spagnolo), *European Journal of Law and Economics*.
TULLIO JAPPELLI	is Professor of Economics at the University of Naples Federico II, Research Fellow of CEPR and of the Center of Financial Studies (Frankfurt), Fellow of the European Economic Association, and Regular Research Visitor at the European Central Bank. In 2021 he published "Pandemic and regional economic growth: evidence from the Great Influenza in Italy" (with M. Carillo) in *European Review of Economic History;* "Social security uncertainty and demand for retirement saving" (with I. Marino and M. Padula) in *The Review of Income and Wealth;* "Heterogeneous wealth effects (with D. Christelis, D. Georgarakos, L. Pistaferri, and M. van Rooij), in the *European Economic Review*. The paper "Fear of Covid-19, contagion and consumption: evidence from a survey of Italian households" (with G. Immordino, T. Oliviero and A. Zazzaro) is forthcoming in *Health Economics*. He is currently working on two projects: "Stockholding during the COVID-19 Crisis: An International Comparison," financed by the Observatoire de l'Erpagne Européenne (Paris), with Christelis (Glasgow), Georgarakos (ECB) and Kenny (ECB), and "The Impact of Covid-19 and Policy Interventions on Households and Firms," financed by the Italian Ministry of University and Research (MUR), with Immordino, Oliviero and Schivardi.
FRANCESCO LANCIA	is an Associate Professor of Economics at Ca' Foscari University of Venice, a CEPR Research Affiliate and an Associate Fellow at Johns Hopkins SAIS. His main fields of study are macroeconomics and political economy. In 2021, he published "Prices vs. Quantities for Self-enforcing Agreements" (with B. Harstad and A. Russo) in the *Journal of Environmental Economics and Management*. He is currently working on "Optimal Sustainable Intergenerational Insurance" (with A. Russo and T. Worrall) and on "Gender Reforms and Female Leadership" (with A. Dimico and A. Russo).
MONICA LANGELLA	is an Assistant Professor of Economics at the University of Naples Federico II and a Research Associate at the Centre for Economic Performance at LSE. Her main fields of research are labour economics, migration, education, and crime.

	She is currently working on the revision of the paper “Commuting for crime” (with T. Kirchmaier and A. Manning), and on the projects “Accessing the top. High ranked universities and students’ performance”, “Income and the desire to migrate” (with A. Manning), “Spatial and social mobility” (with P. Bukowski). Her paper “Residential mobility and unemployment in the UK” (with A. Manning) is forthcoming on *Labour Economics*, and her paper “The measure of monopsony” (with A. Manning) has been published in 2021 in the *Journal of the European Economics Association*.
IMMACOLATA MARINO	is Assistant Professor of Economics at the University of Naples Federico II. She is an applied microeconomist with research interests in the fields of public economics/public policy, household finance and empirical banking. She is currently working on “Do Internal Rating Models Mitigate Bank Opacity? Evidence from Analysts’ Forecasts” (with B. Bruno and G. Nocera), “Do Harder Local Budget Constraints Affect Patient Mobility?” (joint with S. Beraldo and M. Collaro), “Age Effects in Primary Education: A Double Disadvantage for Second-Generation Immigrants” (with A. Abatemarco, M. Cavallo and G. Russo). In 2021 she published “Social Security Uncertainty and Demand for Retirement Saving” (with T. Jappelli and M. Padula) in *The Review of Income and Wealth*, and “Demand Shocks and Firm Investment: Micro-evidence from fiscal retrenchment in Italy” (with D. Coviello, T. Nannicini and N. Persico) in *The Economic Journal*.
RICCARDO MARTINA	is Professor of Economics at the University of Naples Federico II. His research is in the areas of industrial organization and public economics and currently his work focuses on the strategic role of incentive contracts in oligopolistic markets, patent protection and the long run determinants of tax evasion in Italy. His paper “The Response of Taxpayer Compliance to the Large Shock of Italian Unification” (joint with A. Acconcia, M. D’Amato and M. Ratto) is forthcoming in the *European Journal of Political Economy*.
ANNAMARIA MENICHINI	is Professor of Economics at the University of Salerno. Her research spans corporate finance, corporate governance, microeconomics and behavioural economics. She is currently working on the determinants of the firm's reliance on leasing (with M.G. Romano), the relationship between firms' financing and operating choices (with A. Acconcia and D. Fabbri), the benefits of separation versus conglomeration in loan contracts (with P. Simmons), and the determinants of relationship lending versus arm’s length debt (with D. Fabbri). In 2021 her paper “"Education, Taxation and the Perceived Effects of Sin Good Consumption” (with G. Immordino and M.G. Romano) appeared in *International Tax and Public Finance*.
SALVATORE MORELLI	Salvatore Morelli is Senior Assistant Professor of Public Economics at the University of “Roma Tre” and a Senior Scholar at the Stone Center on Socio-Economic Inequality in New York where he is Director of the GC Wealth project. His research interests centre around the measurement, determinants, and consequences of income and wealth distribution as well as the economics of income and wealth taxation. In 2020 he published: “kmr: A STATA Command to Correct Survey Weights for Unit Nonresponse” (with Ercio Munoz) in *The Stata Journal*; "The Dynamics of Wealth Concentration: Thoughts on Tony Atkinson’s Contributions" in the *Italian Economic Journal* and "A tale of two countries: The long shadow of the crisis on income and wealth in Germany and Italy"(with Charlotte Bartels) in the *Journal of Modern European History*. Finally, he co-authored a report funded by the Nuffield Foundation (jointly with B. Nolan, J. Palomino, and P. Van Kerm) on “The Wealth of Families: The Intergenerational Transmission of Wealth in Britain in Comparative Perspective.” Currently, his research interests centre around the role of intergenerational wealth transfers

	and its taxation in shaping wealth distribution, and methodological issues for the estimation of personal wealth concentration.
JACQUELINE MORGAN	is a former Professor of Game Theory at the University of Naples Federico II. She is currently working on algorithms for Nash equilibria in continuous games and on existence of solutions and regularizations for multi-leader-multi- follower games. Her recent publications include: "Subgame Perfect Nash Equilibrium: A Learning Approach via Costs to Move" 2019 (with F.Caruso and M. C.Ceparano) in *Dynamics Games and Applications*; "Further on Inner Regularizations in Bilevel Optimization" 2019 (with M.B. Lignola) in *Journal of Optimization*, Theory and App.; "Regularizations and Approximation Methods in Stackelberg Games and Bilevel Optimization 2020 (with F. Caruso and M.B. Lignola) in the *Springer book on Bilevel Optimization*; "An inverse-adjusted Best Response Algoritm" 2020 (with F. Caruso and M. C. Ceparano) in *SIAM Journal of Optimization*. Her papers "Best response algorithms in ratio-bounded games: convergence of affine relaxations to Nash equilibria" (with F. Caruso and M.C. Ceparano) appeared in 2020 as WP CSEF No.593 and "A Local Variation Method for Bilevel Nash Equilibrium Problems" (with F. Caruso and M.C. Ceparano) appeared in 2021 as WP CSEF No.620.
ROBERTO NISTICÒ	is Associate Professor of Economics at the University of Naples Federico II. He holds a PhD in Economics from the University of Essex. His research spans the fields of development, labor and political economics. In 2021, he published "Employment Protection and Fertility Decisions: The Unintended Consequences of the Italian Jobs Act" (with Maria De Paola and Vincenzo Scoppa) in *Economic Policy* and "Employment Effects of Economic Sanctions in Iran" (with Ali Moghaddasi Kelishomi) in *World Development*, and "Academic careers and fertility decisions (with M. De Paola and V. Scoppa), in "*Teaching, Research and Academic Careers - An Analysis of the Interrelations and Impacts*", (2021), D. Checchi, T. Jappelli, A. Uricchio (Eds.), Springer Nature. He also produced the WIDER Working Paper 2021/184 "Economic Sanctions and Trade Flows in the Neighbourhood" (with Vincenzo Bove and Jessica Di Salvatore) and the CSEF Working Paper n. 625 "Getting Off on the Wrong Foot: The Long-Term Effects of Missing a Large-Scale Amnesty for Immigrant Workers" (with Claudio Deiana and Ludovica Giua). He was awarded the UNU-WIDER "Illicit Financial Flows" Research Grant for the project "Trade Flows in the Shadow of Economic Sanctions (with Vincenzo Bove and Jessica Di Salvatore) and the University of Naples Federico II "Programma per il Finanziamento della Ricerca di Ateneo - Linea B" Research Grant for the project "Toward a Comprehensive Assessment of Labor Market Reforms" (with Tommaso Oliviero and Annalisa Scognamiglio. He is currently working on "Mothers at Peace: Post-conflict, Fertility and UN Peacekeeping" (with Vincenzo Bove, Jessica Di Salvatore and Leandro Elia), "Inequality and Social Unrest" (with Vincenzo Bove and Emanuele Ciani) and "Employment Protection and Health" (with Marco Bertoni).
TOMMASO OLIVIERO	is Senior Assistant Professor of Economics at the University of Naples Federico II. He holda a PhD in economics at the European University Institute (Florence). He is associate editor of the Italian Economic Journal, research fellow at the CSEF, external fellow at the CeFes and research member at the Mofir. In 2021 he has been awarded a visiting fellowship at INPS (Rome). His research interests are in empirical banking, corporate finance and household economics. In 2021 he published in the *International Journal of Central Banking* and in *Health Economics*.
MARIO PADULA	is Professor of Economics on leave (since 2016) from Ca' Foscari University of Venice to chair the Italian Supervision Authority on Pension Funds (COVIP). He has a Ph.D. in Economics from University College London. His research revolves

	around pension reforms, financial literacy and saving, the effect of law enforcement on credit allocation, household portfolio choice and the macroeconomics of durables. Recently he published "Investment in Financial Literacy, Social Security and Portfolio Choice" (with T. Jappelli) in the *Journal of Pension Economics and Finance*, “Wealth and Consumption Effects of an Unanticipated Income Shock” (with T. Jappelli) in *Management Science*, “On the Effect of Financial Education on Financial Literacy: Evidence from a Sample of College Students” (with A. Brugiavini, D. Cavapozzi, Y. Pettinicchi) in the *Journal of Pension Economics and Finance*, and "Social Security Uncertainty and Demand for Retirement Saving" (with I. Marino and T. Jappelli) in *The Review of Income and Wealth*.
MARCO PAGANO	is Professor of Finance at the University of Naples Federico II and Director of CSEF. He is also Fellow of the EIEF, ECGI, CEPR and CFS. In 2021 his paper “Short-Selling Bans and Bank Stability” (with A. Beber, D. Fabbri and S. Simonelli) was published in the *Review of Corporate Finance Studies*, and his paper “Advertising Arbitrage” (with S. Kovbasyuk) was accepted for publication in the *Review of Finance*. He also produced or revised the following working papers: “Careers in Finance” (with A. Ellul and A. Scognamiglio), CSEF Working Paper No. 561, “Disaster Resilience and Asset Prices” (with C. Wagner and J. Zechner), CSEF Working Paper No. 563. “Loan Guarantees, Bank Lending and Credit Risk Substitution” (with C. Altavilla, A. Ellul, A. Polo and T. Vlassopoulos), CSEF Working Paper No. 629, and “The Geography of Investor Attention” (with S. Mengoli and P. Pattitoni), CSEF Working Paper No. 630.
MARCO PAGNOZZI	is Professor of Economics at the University of Naples Federico I. He has a PhD. in Economics from Oxford University and a Doctorate in Applied Mathematics from the University of Naples Federico II. His research focuses on auction theory, industrial organization, experimental economics and information economics. In 2021 he published “Projection of Private Values in Auctions” (with T. Gagnon-Bartsch and A. Rosato) in the *American Economic Review* and "Vertical Contracting with Endogenous Market Structure” (with S. Piccolo and M. Reisinger) in the *Journal of Economic Theory*. He also revised two papers: “The Value of Transparency in Dynamic Contracting with Entry” (with G. Karakoç and S. Piccolo) and “Information Acquisition and Financial Advice” (with G. Karakoç, S. Piccolo and G. W. Puopolo). He is currently working on “Environmental Damages, Captured Regulators and the Role of Discretion” (with J. Kastl, S. Piccolo and P. Roberti) and “Rating in Auctions” (with E. Sartori).
LORENZO PANDOLFI	is Senior Assistant Professor of Economics at the University of Naples Federico II. He holds a PhD in Economics and Finance from Pompeu Fabra University (Barcelona). His research focuses on international economics, banking, and behavioral economics. In 2021 he published “Cutting Through the Fog: Financial Literacy and Financial Investment Choices” (with M. Nieddu), in the *Journal of the European Economic Association*, and “Winners and Losers from Sovereign Debt Inflows” (with F. Broner, A. Martin and T. Williams), in the *Journal of International Economics*. His article “Bail-in and Bailout: Friends or Foes?” is forthcoming in *Management Science*. Also, his paper “The Effectiveness of Promotion Incentives for Public Employees: Evidence from Italian Academia” (with M. Nieddu) has been accepted for publication in *Economic Policy*. He is currently working on "The Anatomy of Index Rebalancings: Evidence from Transaction Data" (with M. Escobar, A. Pedraza, and T. Williams), “Choking Under Pressure and Risk Aversion: Evidence from Football Penalties" (with M. Nieddu), and “What Drives Sports Betting?” (with M. Chegere, P. Falco, M. Nieddu, and M. Stein).

ETTORE PANETTI	is Senior Assistant Professor of Finance at the University of Naples Federico II, a member of UECE-ISEG and a research affiliate of SUERF. He holds a PhD in Economics from IIES-Stockholm University. His research interests are banking, financial stability and regulation. In 2021, he published “The Welfare Costs of Self-fulfilling Bank Runs” (joint with Elena Mattana) in the *Journal of Money, Credit and Banking*. Moreover, and his article “Banks' Liquidity Provision and Panic Runs with Recursive Preferences” is forthcoming in *Finance Research Letters*. Ettore worked also on the revision of “Wealth Inequality, Systemic Financial Fragility and Government Intervention” (joint with Filomena Garcia) for *Economic Theory*. He also published “Monetary Policy, Labor Income Redistribution and the Credit Channel: Evidence from Matched Employer-Employee and Credit Registers” (with Martina Jasova, Caterina Mendicino, José-Luis Peydró and Dominik Supera, 2021) as CEPR Discussion Paper No. 16549. Finally, he kept working on a new paper with Luca Deidda titled “Bank Recovery and Resolution, Liquidity Management and Fragility”
MARIALAURA PESCE	is Associate Professor of Mathematics at the University of Naples Federico II. Her research focuses on general equilibrium, uncertainty and asymmetric information, fairness, and economies with public goods. Her recent articles include: “Fairness and fuzzy coalitions” (with C. Donnini) in *International Journal of Game Theory*; “The Core and the Provision of Collective Goods through an Endogenous Social Division of Labour” (with A. Basile, R. Gilles and M.G. Graziano) in *Economic Theory*; “Convergence and stability of Walrasian equilibrium under asymmetric information” (with N. Yannelis) in *Pure and Applied Functional Analysis* and “Absence of Envy Among ‘Neighbors’ can be Enough” (with C. Donnini) in *The B.E. Journal of Theoretical Economics* (BEJTE)
GIOVANNI PICA	is Professor of Economics at the Università della Svizzera Italiana. He is currently working on the role of internal capital and labour markets within organizations, on the effects of non-tariff measures on the behaviour of firms, on occupational licensing and on the determinants of the gender gap in math. Ongoing work on these topics includes "TBTs, Firm Organization and Labour Structure" (with G. Barba Navaretti, L. Fontagné, G. Orefice and A.C. Rosso) and "Quality and Selection in Regulated Professions" (with Gaetano Basso, Eleonora Brandimarti and Michele Pellizzari); "A peer like me? Early exposure to high achievers in mathand later educational outcomes" (with Laura Pagani). Currently, he is revising the paper "Insurance between Firms: The Role of Internal Labor Markets" (with G. Cestone, C. Fumagalli and F. Kramarz) for the *Review of Economic Studies*.
LUCA PICARIELLO	is an Assistant Professor of Finance at the Department of Economics and Statistics at the University of Naples Federico II and affiliated to CSEF. He holds a Ph.D. in Economics from the Norwegian School of Economics. His research interests lie at the intersection of organizational economics, contract theory, personnel economics and corporate finance. In 2021 he worked on talent discovery, layoff risk and unemployment insurance (with M. Pagano); corporate governance, favoritism and careers (with M. Pagano); organizational design with portable skills; the link between promotions and on-the-job training; feedback effect from financial markets to corporate decisions and investment horizon (with G. W. Puopolo), with funding by a Baffi Carefin grant; educational systems and their impact on specialization (with A. Rodivilov).
SALVATORE PICCOLO	is Full Professor of Economics at the University of Bergamo an Academic Affiliate at Compass Lexecon, and a CSEF member. Salvatore holds a Ph.D. in Economics from Northwestern University. His scientific interests are mainly in the fields of industrial organization and information economics, with applications to cartels, distribution channels, information acquisition and information sharing,

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VINCENZO PLATINO	is Senior Assistant Professor of Mathematical Economics at the University of Naples Federico II. He holds a PhD in Applied Mathematics from the University Paris 1 Pantheon-Sorbonne and a PhD in Economics from the University Ca' Foscari. His research focuses on general equilibrium theory, economies with externalities, revealed preference theory, collective decision-making, and game theory. His recent publications include "On the Regularity of Smooth Production Economies with Externalities: Competitive Equilibrium à la Nash" (with E. Del Mercato) in *Economic Theory*; "Private Ownership Economy with Externalities and Existence of Competitive Equilibria: A Differentiable Approach" (with E. Del Mercato) in the *Journal of Economics,* "Social Loss with respect to the core of an economy with externalities" (with C. Di Pietro and M. G. Graziano) in *Economic Theory* and "Externalities in private ownership production economies with possibility functions. An existence result" in *Metroeconomica*.
MICHELE POLO	is Professor of Economics, Eni Chair in Energy Markets, President of the GREEN Research Centre and IGIER Fellow at Bocconi University. His research interests are in industrial organization, regulation and antitrust, law and economics, political economics and the economics of organized crime. In 2021 he published "Mergers and Innovation Sharing", (with V.Denicolò), *Economics Letters*, 202, 2021 and "Acquisitions, Innovation and the Entrenchment of Monopoly" (with V.Denicolò), CEPR DP 16826, 2021.
JONATHAN PRATSCHKE	is Associate Professor of Economic Sociology at the University of Naples Federico II. His research interests focus on the quantitative study of social and spatial inequalities in relation to health, the labour market and education. Recent publications include "Electoral Support for the 5 Star Movement in Milan: An Ecological Analysis of Social and Spatial Factors" (*Journal of Urban Affairs*, 2021), "Periferie ed esiti elettorali". Un'analisi territoriale su piccole unità applicata ai risultati delle elezioni del 2018 in un'area del Mezzogiorno." (*Polis*), and "Peer effects in education" (*Oxford Research Encyclopedia of Education*), both published in 2020.
MARCELLO PUCA	is Assistant Professor of Economics at the University of Bergamo and research fellow at Webster University Geneva. He holds a PhD in Economics from the University of Naples Federico II. His research focuses on public economics and

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GIOVANNI WALTER PUOPOLO	is Associate Professor of Economics at the University of Naples Federico II. He holds a PhD in Finance from the University of Lausanne and Swiss Finance Institute. His research focuses on asset pricing, portfolio choice problems with transaction costs, asset pricing with frictions, and household finance. Giovanni is the Principal Investigator of several research projects such as “Household asset allocation and financial intermediation: The Role of Financial Advice” funded by Compagnia di San Paolo and Fondazione Istituto Banco di Napoli (STAR Grant) and “Feedback Effect and the Design of Financial Markets” funded by EIEF. Recently he published the asset pricing textbook *Economia dei Mercati Finanziari* (with M. Pagano and L. Pandolfi), Il Mulino.
FRANCISCO QUEIRÓS	is a Post-doctoral Fellow at the University of Naples Federico II and a CSEF Fellow since September 2020. He holds a PhD in Economics from Pompeu Fabra University (Barcelona). Previous to joining CSEF, he was a Max Weber fellow at the European University Institute (Florence). His interests lie at the intersection of macroeconomics, firm dynamics and finance. In his paper “The Real Side of Stock Market Exuberance” he studies the industry consequences of stock market overvaluation, in particular on firm entry and productivity growth. In “Asset Bubbles and Product Market Competition” he studies the interactions between product market competition and asset price bubbles. Finally, in “Low Competition Traps” (joint with A. Ferrari), he studies the business cycle consequences of the emergence of superstar firms.
MARIA GRAZIA ROMANO	is Assistant Professor of Economics at the University of Salerno. She received a PhD in Applied Mathematics from the University of Naples Federico II and a Master in Financial Markets and Intermediaries from the University of Toulouse. Her research focuses on market microstructure, corporate finance, and microeconomics. In 2020 she published “Taxing and Regulating Vices” (with G. Immordino and A.M.C. Menichini) in *Scandinavian Journal of Economics*. She is currently working on the determinants of rental contracts as an alternative to purchase contracts, with A.M.C. Menichini; herding in financial markets, with H. Sabourian; off-market block trades and post trade transparency, with A. Frino
ANTONIO ROSATO	is Associate Professor of Economics at the Business School of the University of Technology Sydney and at the University of Naples Federico II (part-time). He holds a PhD in Economics from the University of California Berkeley. His research focuses on auction theory, industrial organization and behavioral economics. In 2021 he published “Expectations-Based Loss Aversion in Auctions with Interdependent Values: Extensive vs. Intensive Risk” (with B. Balzer) in *Management Science* and “Projection of Private Values in Auctions” (with M. Pagnozzi and T. Gagnon-Bartsch) in the *American Economic Review*. He is currently working on "Dutch vs. First-Price Auctions with Expectations-Based Loss-Averse Bidders" (with B. Balzer and J. von Wangenheim) and "Quality is in the Eye of the Beholder: Taste Projection in Markets with Observational Learning" (with T. Gagnon-Bartsch).
FRANCESCO FLAVIANO RUSSO	is Associate Professor of Economics at the University of Naples Federico II. He received a PhD in Economics from Boston University. His research focuses on

	Immigration, illegal markets and on tax evasion. His most recent work "Immigration and Nationalism: The Importance of Identity" (*European Economic Review*), studies the impact of immigration on elections in Italy. In a previous series of papers, joint with G. Immordino, he explores the relationship between cash and tax evasion. In "Cashless Payments and Tax Evasion" (*European Journal of Political Economy*) he shows a robust empirical relationship between the use of cash and tax evasion in a panel of countries. In "Fighting Tax Evasion by Discouraging the Use of Cash?" (*Fiscal Studies*) he studies the effect on evasion of a tax on cash withdrawals from bank tellers and ATM machines.
GIUSEPPE RUSSO	is Associate Professor of Economics at the University of Salerno. He holds a PhD in Economic Analysis and Policy from PSE. His research focuses on political economy, human migrations and social integration of the immigrants. Recently, he published "Electoral Systems and Immigration" (with F. Salsano) in the *European Journal of Economy*, and "Interregional Migration of Human Capital and Unemployment Dynamics: Evidence from Italian Provinces" (with R. Basile, A. Girardi, M. Mantuano) in the *German Economic Review*. His current research on the educational achievement of second-generation immigrants in Italy appeared as CSEF WP no. 554/2020 ("Reading Performance and Math Performance of Second-Generation Children in Italy") and 567/2020 ("Age Effects in Primary Education: A Double Disadvantage for Second-Generations).
ELIA SARTORI	is a post-doctoral Fellow at CSEF since September 2019. He holds a PhD in Economics from Princeton University. His research interests are in applied microeconomic theory and information economics. He is currently working on search in labor markets ("Firm Heterogeneity, Wage Rigidity, and the Labor Market", with M. Fornino), and on the following papers: "Competitive Provision of Digital Goods", "Screening for Susceptibility and Influence" (with F. Ostrizek), "Optimal Transparency with Behavioural Types" (with F. Ostrizek), and "Stationary Price Incentivation into Social Programs: Estimation and Control".
ANNALISA SCOGNAMIGLIO	is Senior Assistant Professor at the University of Naples Federico II. She holds a PhD in Economics from MIT. Her main research interest is labor economics. In 2020 she published the paper "Career risk and market discipline in asset management" (with A. Ellul and M. Pagano) in the *Review of Financial Studies*. Currently she is revising a paper with A. Ellul and M. Pagano on the careers of workers in different sectors of the US economy and a paper with L. Coraggio, M. Pagano and J. Tag on the link between misallocation of workers to jobs and firm productivity.
SAVERIO SIMONELLI	is Professor of Economics at the University of Naples Federico II I, where he directs the Master in Economics and Finance and the Laurea Magistrale in Economics and Finance. His research focuses on fiscal and monetary policy, macroeconomic forecasting and instability of financial institutions. He is currently working with F. Esposito on "Firms Network and Natural Disasters" and on "Measuring Productivity Dispersion: Lessons From Counting One-Hundred Million Ballots" with E. Ilzetzki. He recently published "Liquidity and Consumption. Evidence from three Post-earthquakes Reconstruction Programs in Italy" (with A. Acconcia and G. Corsetti) in the *American Economic Journal: Macroeconomics* and "Short-Selling Bans and Bank Stability" (with A. Beber, D. Fabbri and M. Pagano) in *Review of Corporate Finance Studies*.

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MATTEA STEIN	is Assistant Professor of Economics at the University of Naples Federico II. She received a PhD and a Master in Economics from the Paris School of Economics and a Master in Economics for Development from the University of Oxford and has previously worked for the World Bank. Her research is in development economics, with focus on business and social networks, firms and development, state institutions (courts, tax authority), and impact evaluation of public policies. Her paper "The Speed of Justice" (with F. Kondylis) is forthcoming in the *Review of Economics and Statistics*. She has a large-scale randomized control trial ongoing in Senegal as part of the project "Firms' supply chain networks and tax compliance" (with F. Kondylis, B. Sarr and L. Czajka; funded by ICTD and the World Bank), a lab-in-the-field experiment on sports betting ongoing in Tanzania (with M. Chegere, P. Falco, M. Nieddu and L. Pandolfi), and is PI on the impact evaluation of a youth employment and entrepreneurship project funded by the European Commission.
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Here is the full list of the Working Papers published by CSEF in 2021. All papers published since 1998 are available at https://csef.it/research_tax/working-papers/#.

595 Maria De Paola, **Roberto Nisticò** and Vincenzo Scoppa, *Academic Careers and Fertility Decisions*

We investigate how academic promotions affect the propensity of women to have a child. We use administrative data on the universe of female assistant professors employed in Italian universities from 2001 to 2018. We estimate a model with individual fixed effects and find that promotion to associate professor increases the probability of having a child by 0.6 percentage points, which translates into an increase by 12.5% of the mean. This result is robust to employing a Regression Discontinuity Design in which we exploit the eligibility requirements in terms of research productivity introduced since 2012 by the Italian National Scientific Qualification (NSQ) as an instrument for qualification (and therefore promotion) to associate professor. Our finding provides important policy implications in that reducing uncertainty on career prospects may lead to an increase in fertility.

596 Maria De Paola, **Roberto Nisticò** and Vincenzo Scoppa, *Fertility Decisions and Employment Protection: The Unintended Consequences of the Italian Jobs Act*

We study the effect of a reduction in employment protection on fertility decisions. Using data from the Italian Labor Force Survey for the years 2013-2018, we analyze how the propensity to have a child has been affected by the 2015 Labor Market Reform, the so-called “Jobs Act”, which has essentially reduced the employment protection for large-firm employees and leaved largely unchanged that for small-firm ones. We employ a Difference-in-Differences identification strategy and compare the change over time in fertility decisions of women employed in large firms with the change experienced by women employed in small firms. We find that women exposed to the reduction in employment protection have a 1.4 percentage points lower probability of having a child than unexposed women. A battery of robustness checks confirms this finding. We document large heterogeneous effects by age, marital status, parity, geographic areas as well as by the level of education and wage. Our findings help understand the potential unintended consequences that labor market reforms introducing greater flexibility have on fertility decisions by increasing insecurity on career prospects.

Suggested Citation

597 Gaetano Basso, Eleonora Brandimarti, Michele Pellizzari and **Giovanni Pica**, *Quality and Selection in Regulated Professions*

Entry in many occupations is regulated with the objective to screen out the least able producers and guarantee high quality of output. Unfortunately, the available empirical evidence suggests that in most cases these objectives are not achieved. In this paper we investigate entry into the legal profession in Italy and we document that such a failure is due to the combination of the incomplete anonymity of the entry exam and the intergenerational transmission of business opportunities. We use microdata covering the universe of law school graduates from 2007 to 2013 matched with their careers and earnings up to 5 years after graduation. Variation generated by the random assignment of the entry exam grading commissions allows us to identify the role of family ties in the selection process. We find that connected candidates, i.e. those with relatives already active in the profession, are more likely to pass the exam and eventually earn more, especially those who performed poorly in law school. When we simulate the process of occupational choice assuming family connections did not matter, we find that strong positive selection on ability would emerge.

598 **Mario F. Carillo**, *Fascistville: Mussolini’s New Towns and the Persistence of Neo-Fascism*

This paper explores the link between infrastructures built by autocratic regimes and political values. In Fascist Italy (1922-43), Mussolini founded 147 “New Towns.” I document that the

New Towns enhanced local electoral support for the Fascist Party; and that the effect persisted through democratization and until recent times, enhancing local support for Italy’s neo-fascist party. Survey data show positive effects on preferences for stronger leaders, for nationalism, and other extremist views. The findings suggest that authoritarian leaders may exploit public investment programs to induce a favorable view of their ideology, which persists across institutional transitions and over the long term.

599 **Mario F. Carillo**, *Human Capital Distribution and the Transition from Stagnation to Growth*

This research argues that differences in the distribution of human capital across countries and their impact on the advancement and the adoption of technology contributed to the differential timing of the transition from the Malthusian stagnation to modern growth and the persistent differences in income per capita across the globe. Polarization in the distribution of human capital within an economy implied a trade-off between innovation and adoption of technologies that determined the transition from stagnation to growth. Despite the contribution of the upper tail of the human capital distribution to technological innovation, the absence of wide group of educated individuals among the working population delayed technology adoption and the transition from stagnation to growth.

600 Nishant Yonzan, Branko Milanovic, **Salvatore Morelli** and Janet Gornick, *Drawing a Line Comparing the Estimation of Top Incomes Between Tax Data and Household Survey Data*

The paper uses the flexibility of household survey data to align their income categories and recipient units with the income categories and units found in data produced by tax authorities. Our analyses, based on a standardized definition of fiscal income, allow us to locate, for top-income groups, the sources of discrepancy. We find, using the cases of the United States, Germany, and France, that the results from survey-based and tax data correspond extremely well (in terms of total income, mean income, composition of income, and income shares) above the 90th percentile and up to the top 1 percent of the distribution. Information about income composition, available in the US, allows us to investigate the determinants of this gap in the US. About three-fourths of the tax/survey gap is due to differences in non-labor incomes, especially self-employment (business) income. The gap itself may be due to tax-induced re-classification of income from corporate to personal or/and to lower ability of surveys to capture top 1 percent incomes.

601 **Giovanni Immordino, Tullio Jappelli, Tommaso Oliviero and Alberto Zazzaro**, *Fear of COVID-19 Contagion and Consumption: Evidence from a Survey of Italian Households*

Using data from a new survey of 3,000 Italian households collected at the end of October 2020, we study the effect of fear of COVID-19 contagion and income risk on consumption. The survey elicits individual-level indicators of fear of contagion, distinguishing between worries while working, shopping, traveling, eating out and meeting relatives or friends, and indicators of changes in spending behavior after the pandemics. The probabilities of consumption drops and increased saving are positively associated to fear of contagion, particularly while shopping, traveling and eating out. Income uncertainty, measured by the probability of job loss, also contributes to explain the increase in saving and the drop in consumption. Our findings suggest that fear of contagion and income uncertainty limits the effectiveness of policies aimed at stimulating consumption during the pandemic.

602 Andrea Bellucci, Alexander Borisov, Gianluca Gucciardi and **Alberto Zazzaro**, *The Reallocation Effects of COVID-19: Evidence from Venture Capital Investments around the World*

We examine possible reallocation effects on venture capital (VC) investment due to the spread of COVID-19 around the globe. Exploiting the staggered nature of the pandemic and transaction-level data, we empirically document a shift of venture capital towards deals in pandemic-related categories. A difference-in-differences analysis estimates significant increases in invested amount and number of deals in such categories. We further highlight several heterogenous effects related to the experience of VC investors, their organizational form, and country of origin. Our results underscore the link between the spread of the pandemic and the functioning of the VC market around the world. The probabilities of consumption drops and increased saving are positively associated to fear of contagion, particularly while shopping, traveling and eating out. Income uncertainty, measured by the probability of job loss, also contributes to explain the increase in saving and the drop in consumption. Our findings suggest that fear of contagion and income uncertainty limits the effectiveness of policies aimed at stimulating consumption during the pandemic.

603 Giovanni Abbiati and **Jonathan Pratschke**, *'Like with Like' or 'Do Like'? Modelling Peer Effects in The Classroom*

This paper reviews the recent peer effects literature and showcases the simultaneous autoregressive model, which integrates aspects of multiple regression modelling, instrumental variables, social network analysis and longitudinal analysis. It describes state of the art techniques for making inferences using survey data, clarifies the assumptions made by statistical models and provides further evidence on the impact of peers in education. The paper includes a case study using data from an Italian survey to study peer effects in relation to university enrollment. The model includes components that control for endogenous, exogenous and correlated peer effects as well as different forms of selection. The evidence presented in the paper suggests that endogenous peer effects have a statistically and substantively significant influence on the probability of enrolling at university, measured over one year. Sensitivity tests suggest that the results of the estimation are robust to confounding due to latent homophily and other potential sources of bias.

604 Franz Ostrizek and **Elia Sartori,** *Acquisition, (Mis)use and Dissemination of Information: The Blessing of Cursedness and Transparency*

This paper studies strategic interactions where players observe statistics of others' actions, focusing on: First, the endogeneity of the precision of such aggregate information as signals of the fundamental; and second, agents' well-documented difficulty in making inference based on such signals. We conduct our analysis in a beauty contest game with information acquisition, adapting cursed equilibrium to model agents limited ability to process aggregative information. To discipline information acquisition choices in this setting with incorrect information use, we define a novel notion of cursed expectations equilibrium with information acquisition: Agents assess the value of private information according to a subjective envelope condition, as they correctly anticipate their actions and (incorrectly) deem them optimal. We show that there is inefficiently low acquisition and use of private information in the rational benchmark due to an information dissemination externality. Despite suboptimal use, ursed agents rely more heavily on their private information which pushes information acquisition towards its efficient level and causes an initial increase in welfare. Transparency crowds out private information but always increases the endogenous precision of the aggregative signal and welfare, while other policy instruments can have paradoxical effects due to their interaction with cursedness. Finally, we explore the behavior and welfare of an atomistic rational agent playing against a cursed crowd and demonstrate that transparency may be an elitist policy.

605 Franz Ostrizek and **Elia Sartori**, *Screening while Controlling an Externality*

We propose a tractable framework to introduce externalities into a monopolist screening model. Agents differ both in their payoff type and their influence, i.e. how strongly their action affects the aggregate externality. Applications range from non-linear pricing of a network good, to taxation or subsidization of industries that produce externalities (e.g. pollution and human capital formation). When both dimensions are unobserved (full screening) the optimal allocation satisfies lexicographic monotonicity: within a payoff-type, the monopolist optimally tilts the allocation towards influential agents to increase the externality, while standard IC drives monotonicity across payoff-types. We characterize the solution through a two-step ironing procedure that addresses the nonmonotonicity in virtual values arising from the countervailing impact of payoff-types and influence. The allocation is inefficient if and only if the payoff-type is unobservable. Only influence is observable, equilibrium utility can vary across the latter as it is used as a signal of the payoff-type. We provide sufficient conditions for (expected) rents from influence to emerge.

606 Yonatan Berman and **Salvatore Morelli**, *On the Distribution of Estates and the Distribution of Wealth: Evidence from the Dead*

Detailed information about the distribution of estates left at death has commonly served as the basis for the estimation of wealth distributions among the living via the mortality multiplier method. The application of detailed mortality rates by demographics and other determinants of mortality is crucial for obtaining an unbiased representation of the wealth distribution of the living. Yet, in this paper we suggest that a simplified mortality multiplier method, derived using average mortality rates and aggregate tabulations by estate size, may be sufficient to derive compelling estimates of wealth concentration. We show that the application of homogeneous multipliers leads to estimates that are close in level and trend to the concentration of wealth derived in the existing literature with the detailed mortality multiplier method for a variety of countries. The use of mortality rates graduated by estate size does not confute this finding. We also derive the general formal conditions for the similarity between the distributions of wealth of the living and estates at death and discuss the main caveats. These findings may unlock a wide array of aggregate estate tabulations, previously thought to be unusable, for estimating historical trends of wealth concentration.

607 **Francisco Queirós**, *Asset Bubbles and Product Market Competition*

This paper studies the interactions between asset bubbles and competition. I first document a negative industry level relationship between measures of stock market overvaluation and indicators of market power: larger overvaluation is associated with an increase in the number of firms, lower markups and a higher probability of negative earnings. I then construct multi-industry growth model featuring imperfect competition and rational bubbles that sheds light on these findings. By providing an entry or production subsidy, bubbles stimulate competition and reduce monopoly rents. When they are sufficiently large they can, however, lead to excessive entry and competition. I also show that imperfect competition depresses the interest rate, thereby relaxing the conditions for the emergence of rational bubbles.

608 Paolo Acciari, Facundo Alvaredo, and **Salvatore Morelli,** *The Concentration of Personal Wealth in Italy 1995-2016*

Italy is one the countries with the highest wealth-to-income ratio in the developed world. Yet, despite the growing policy interest, knowledge about the size distribution of wealth is currently limited. In this paper we expand our windows of observation on the distribution of personal wealth using a novel source on the full record of inheritance tax files. The data cover up to 63% of the deceased population and are available between 1995 and 2016, a period of substantial economic turbulence and structural reform for the Italian economy. Our benchmark results rely on the distribution of the net wealth observed in the National Accounts balance sheets. Unlike available statistics estimated from household survey data, our results point to a strong rise in wealth concentration and inequality since the mid-1990s. Whereas the level of wealth concentration in Italy is in line with those of other European countries, its time trend appears more in line with the U.S. experience. Moreover, Italy stands out as one of the countries with the strongest decline in the wealth share of the bottom 50% of the adult population. We explore the role of household wealth portfolios, accumulation patterns during the life cycle, and inheritance ows, its concentration, and taxation patterns as main drivers of the trends observed. A range of alternative series of wealth concentration helps us better understand the role of adjustments and imputations and is based on a multi-series approach, i.e., comparing the pieces of information given by different and competing sources.

609 Florence Kondylis and **Mattea Stein**, *The Speed of Justice*

Can procedural reforms improve judicial efficiency? And do improvements in judicial efficiency benefit firms? We study a reform that gave judges in Senegal the powers to desk reject cases and the responsibility to complete pre-trials within four months. We combine three years of hearing-level caseload data and monthly firm tax filings with the staggered roll-out of the reform to produce three key results. First, the reform improved judicial efficiency, with no detrimental effect on quality. Second, firm monthly revenues drop by 8-11 percent upon entering pre-trial, with the effect concentrated on slower pre-trials. Third, monthly firm revenues decline by on average 3.2-5.0 percent for every 100 days a case spends in pre-trial. Survey results show firms are willing to pay higher legal fees to achieve post-reform speed, suggesting net positive benefits of the reform on firms.

610 Tito Boeri, **Edoardo di Porto**, Paolo Naticchioni, and Vincenzo Scrutinio**,** *Friday Morning Fever. Evidence from a Randomized Experiment on Sick Leave Monitoring in the Public Sector.*

This paper provides the first analysis of a population-wide controlled field experiment for home visits checking on sick leave in the public sector. The experiment was carried out in Italy, a country with large absenteeism in the public sector, and it concerned the universe of public employees. We exploit unique administrative data from the Italian social security administration (INPS) on sick leave and work histories. We find that receiving a home visit reduces the number of days on sick leave in the following 16 months by about 12% (5.5 days). The effect is stronger for workers who are found irregularly on sick leave (-10.2 days). We interpret our findings as a deterrence effect of home visits: workers being found irregularly on sick leave experience a decline of about 2% of their wage in the following 12 months. Uncertainty aversion (there is no automatism in these sanctions) can play a role in these results. Our estimates suggest that home visits are cost-effective: every Euro spent for the visits involves up to 10 Euros reductions in sick benefits outlays. We estimate the marginal value of public funds (MVPF) spent on home visits at about 1.13, which is significantly lower than estimates of MVPF of income taxes in the US.

611 **Antonio Acconcia** and Carla Ronza, *Women's Representation in Politics and Government Stability*

Results relying on gender quotas for city council elections, introduced in Italy in 2012, imply that a higher share of female councillors decreases the probability of early termination of the legislature because of councillors' decisions. These results hold when controlling for councillor education and age, party concentration in the council, political colour of the government majority and sex of the mayor, and are corroborated by evidence based on a long panel data set since the 1980s. They support the idea of a stronger willingness of women to settle disagreements and foster cooperation.

612 Paolo Buonanno, Giacomo Plevani, and **Marcello Puca**, *Earthquake Hazard and Civic Capital*

We examine the empirical relationship between the exposure to earthquake hazard and civic capital in Italian municipalities. Drawing on the Italian National Institute of Geophysics and Volcanology, we find that earthquake hazard increases civic capital. We decompose the effect of earthquake hazard variation along four dimensions – frequency, space, magnitude, and timing – and observe that the effect is mostly explained by high-magnitude seismic events in the past. Our results are in line with the intuition that cooperative social norms build over a very long time span.

613 Pierre-André Chiappori, Edoardo Ciscato, and **Carla Guerriero,** *Analyzing Matching Patterns in Marriage: Theory and Application to Italian Data*

Social scientists have long been interested in marital homogamy and its relationship with inequality. However, measuring homogamy is not straightforward, particularly when one is interested in assessing marital sorting based on multiple traits. In this paper, we argue that Separate Extreme Value (SEV) models not only generate a matching function with several desirable theoretical properties, but they are also suited for the study of multidimensional sorting. Specifically, we show how a small number of factors can be identified that capture most of the explained variance in matching patterns. We then use rich small-scale survey data to examine sorting among parents of children attending schools in Naples. Our findings show that homogamy is pervasive; not only do men and women sort by age, education, height, and physical characteristics, but they also look for partners that share similar health-related behavioral traits and risk attitude. We also show that marital patterns are well explained by a low number of dimensions, the most important being age and human capital. Moreover, children of parents with a high human capital endowment perform better at school, although they report lower levels of subjective well-being and perceived quality of relationship with their mothers.

614 Jérôme Mathis, **Marcello Puca**, and Simone M. Sepe, *Deliberative Institutions and Optimality*

We derive necessary and sufficient conditions to achieve efficiency in common interest deliberative games. Our model explicitly characterizes a large class of deliberative institutions where privately informed agents strategically deliberate before taking a decision. Under the model's information structure, the transmission of information may require interpretation from agents with specific knowledge. The dynamics of interpretation are suggestive of a variety of frictions in information transmission. Private information is aggregated, and efficient decisions are taken at equilibrium, if and only if deliberative institutions enable the agents to extend deliberation (consensual extension) and freely interact with one another (freedom of reach). When, instead, these conditions do not hold, deliberation is incomplete and “anything goes”: no general conclusion can be drawn as efficiency depends on the details of the deliberative extended-form game. We substantiate some of the implications of this indeterminacy result through detailed examples.

615 Ali Moghaddasi Kelishomi and **Roberto Nisticò**, *Employment Effects of Economic Sanctions*

This paper investigates the effect of economic sanctions on employment. We exploit the imposition of a series of unexpected and unprecedented international economic sanctions on Iran in 2012 and estimate the short-run effects of the change in import exposure on manufacturing employment at the industry level. Our estimates indicate that the sanctions led to an overall decline in manufacturing employment growth rate by 16.4 percentage points. Yet, we uncover significant asymmetric effects across industries with different ex-ante import shares. Interestingly, the effects are mostly driven by labor-intensive industries and industries that heavily depend on imported inputs. This suggests that the overall negative impact of the sanctions on employment might have been largely due to the decline in productivity experienced by industries with a high propensity to import inputs from abroad.

616 **Francesco Flaviano Russo,** *Conformism, Social Segregation and Cultural Assimilation*

I develop and calibrate a model for the joint determination of cultural assimilation and social segregation of a minority. Culture evolves as a consequence of a disutility from non-conformism in social matchings, while social networks form endogenously as a result of exclusion of individuals with different beliefs and norms of behavior. The model delivers idiosyncratic assimilation patterns and the persistence of some cultural traits. I propose two measures of cultural assimilation, one for spatial comparisons and a second to assess assimilation over time. The model implies that cultural assimilation is weaker in pluralistic and denser societies, and it is not influenced by the minority share. Social segregation increases with social density and with the minority share, and it is higher for culturally more distant minorities. I compute both assimilation measures for a cross-section of European countries and show that the model is able to match the empirical evidence on assimilation.

617 **Maria Gabriella Graziano**, Claudia Meo, and Nicholas C. Yannelis, *Core and Stable Sets of Exchange Economies with Externalities*

It is known that the core of an economy with externalities may be empty. We consider two concepts of dominance that allow us to prove that the set formed by individually rational, Pareto optimal allocations is stable and coincides with the core that, consequently, is non-empty.

618 **Giuseppe De Marco**, Maria Romaniello, and Alba Roviello, *Psychological Nash Equilibria under Ambiguity*

Psychological games aim to represent situations in which players have belief-dependent motivations or believe that their opponents have belief-dependent motivations. In this setting, utility functions are directly dependent on the entire hierarchy of beliefs of each player. On the other hand, the literature on strategic ambiguity in classical games highlights that players may have ambiguous (or imprecise) beliefs about opponents' strategy choices. In this paper, we look at the issue of strategic ambiguity in the framework of psychological games by taking into account ambiguous hierarchies of beliefs and we study the natural generalization of the psychological Nash equilibrium concept to this framework. We give an existence result for this new concept of equilibrium and provide examples that show that even an infinitesimal amount of ambiguity may alter significantly the equilibria of the game or can work as an equilibrium selection device. Finally, we look at the problem of stability of psychological equilibria with respect to ambiguous trembles on the entire hierarchy of correct beliefs and we provide a limit result that gives conditions so that sequences of psychological equilibria under ambiguous perturbation converge to psychological equilibria of the unperturbed game.

619 Laura Pagani and **Giovanni Pica**, *A Peer Like Me? Early Exposure to High Achievers in Math and Later Educational Outcomes*

This paper investigates whether exposure to academically gifted peers of the same and opposite gender in primary school (grade 5, at age 10) affects later academic achievement (grade 8, at age 13) and high-school track choice. For identification we exploit random allocation of kids across classes within primary schools. We document that, conditional on primary school fixed effects and grade 8 class fixed effects, as well as on baseline achievement, a higher share of same/oppositegender high-achievers in math in primary school is related, both for boys and girls, to better/worse later math academic achievement in grade 8 and to a higher/lower probability of choosing a scientific high-school track. We argue that these results are consistent with a role model channel.

620 Francesco Caruso, Maria Carmela Ceparano, and **Jacqueline Morgan**, *A Local Variation Method for Bilevel Nash Equilibrium Problems*

We address the numerical approximation of bilevel problems consisting of one Nash equilibrium problem in the upper level and another Nash equilibrium problem in the lower level. These problems, widely employed in engineering and economic applications, are a generalization of the well-known Stackelberg (or bilevel optimization) problem. In this paper, we define a numerical method for bilevel Nash equilibrium problems where in the lower level there is a ratio-bounded game (introduced in Caruso, Ceparano, Morgan [CSEF Working Papers, 593 (2020)]) and in the upper level there is a potential game (introduced in Monderer, Shapley [Games Econ. Behav., 14 (1996)]). The method, relying on a derivative-free unconstrained optimization technique called local variation method, is shown to globally converge towards a solution of the problem and also allows to obtain error estimations.

621 Mariana Escobar, **Lorenzo Pandolfi,** Alvaro Pedraza, and Tomas Williams, *The Anatomy of Index Rebalancings: Evidence from Transaction Data*

We exploit novel transaction-level data from Colombia to analyze episodes of additions to and deletions from MSCI equity indexes. We fnd additions and deletions to have large price effects (5.5%). We show that these effects are due to large demand shocks by different classes of international investors - beyond passive funds and ETFs - which are not absorbed by arbitrageurs. Consistent with asset pricing models with limits to arbitrage, stock demand curves are very inelastic: the median elasticity in our sample is -0.34, implying that a 1% increase in the demand for a stock increases its price by 2.9%.

622 **Mattea Stein**, *Know-how and Know-who: Effects of a Randomized Training on Network Changes among Small Urban Entrepreneurs*

Micro-enterprise owners in developing country industrial clusters interact through networks of horizontal business collaboration, information-sharing, and friendship links, despite the potential for close competition inherent in this setting. This paper explores how such business links change, and specifically whether they can be endogenous to a public policy intervention that provides training to some network members but not others. Using a randomized training for micro-entrepreneurs in Kampala, Uganda, together with novel panel network data, I find a positive effect on linking likelihoods, driven by untreated entrepreneurs to whom links with treated entrepreneurs become more desirable. As predicted by a bilateral network formation framework, it is the relatively lower-status treated who attract new connections with relatively higher-status untreated. Furthermore, links within clusters of treated enterprises are strengthened, which is not due to a strategic replacement of untreated with treated partners out of a competition motive but seems to be an effect of jointly attending the training. Together, my findings show that public policy interventions can cause networks to re-wire, with important implications both for research and policy.

623 **Tommaso Oliviero**, Min Park, and Hong Zou *Litigation Risk and Corporate Cash Holdings: Evidence from a Legal Shock*

Theory offers two diverging views on the effect of ex-ante litigation risk on corporate cash holdings. To test the effect, this paper exploits the phase-by-phase introduction of securities class actions in Korea. Following the increase in litigation risk, firms significantly increase their cash holdings. The effects are stronger for firms with high operating cash flow volatility, no D&O insurance coverage, and tighter financial constraints. The results hold robustly in differences-in-differences and regression discontinuity designs. The causal estimates, together with the increase in corporate litigation risk worldwide, put forth a novel link, unexplored in the literature, between litigation risk and the secular increase in cash holdings.

624 Chiara Donnini and **Marialaura Pesce,** *A Concept of Envy towards Coalitions*

We consider the notion of strict fairness, introduced by Zhou (1992), which requires, besides efficiency that no agent prefers (or envies) the average bundle of any coalition to her bundle. We investigate the size of envied coalitions and if the set of strictly fair allocations changes because a limitation on the coalition formation is imposed. The study is conducted in atomless economies as well as in the so-called mixed markets.

625 Claudio Deiana, Ludovica Giua, and **Roberto Nisticò**, *Getting Off on the Wrong Foot: The Long Term Effects of Missing a Large Scale Amnesty for Immigrant Workers*

This paper examines the effects of in-utero exposure to stress on lifelong labor market outcomes. We exploit a unique natural experiment that involved randomly placed Nazi raids on municipalities in Italy during WWII. We use administrative data on the universe of private sector workers in Italy and link this data to unique historical data with detailed information about war casualties and Nazi raids across space (Municipality) and time. We find that prenatal stress exposure leads to lower wage earnings when workers start their career, and that this effect persists until retirement. The earnings penalty is in large part due to the type of job that people hold and interruptions in their working career due to unemployment. We further show that workers exposed to in-utero stress face larger earnings reductions after job loss due to mass layoffs. This earnings loss deepens their relative disadvantage over time.

626 Orazio Attanasio, Raquel Bernal, **Michele Giannola**, and Milagros Nores, *Child Development in the Early Years: Parental Investment and the Changing Dynamics of Different Domains*

This paper uses the data on child development collected around the evaluation of a nursery program to estimate the details of the process of human development. We model development as made of three latent factors, reflecting health, cognitive and socio-emotional skills. We observe children from age 1 to age 7. We assume that, at each age, these factors interact among themselves and with a variety of other inputs to determine the level of development at following ages. The richness of the data we use allows us to: (i) let the dynamics be rich and flexible; (ii) let each factors play a role in the production of any other factor; (iii) estimate age-specific functional forms; (iv) treat parental investment as an endogenous input. We show that considering parental investment as endogenous affects the estimated level of its productivity. Furthermore, we find that the dynamics of the process can be richer than usually assumed, which determines the degree of persistence of different inputs in time. Persistence also changes with age. The way the productivity of different inputs and the persistence of the process change with age have important implications for the targeting of investment and interventions, and, therefore, the identification of windows of opportunities.

627 Alessandro Ferrari and **Francisco Queirós**, *Firm Heterogeneity, Market Power and Macroeconomic Fragility*

We investigate how firm heterogeneity and market power affect macroeconomic fragility, defined as the probability of long-lasting recessions. We propose a theory in which the positive interaction between firm entry, competition and factor supply can give rise to multiple steady-states. We show that when firm heterogeneity is large, even small temporary shocks can trigger firm exit and make the economy spiral in a competition-driven poverty trap. Calibrating our model to incorporate the well-documented trends in increasing firm heterogeneity we find that, relative to 2007, an economy with the 1985 level of firm heterogeneity is 5 to 9 times less likely to experience a very persistent recession. We use our framework to study the 2008-09 recession and show that the model can rationalize the persistent deviation of output and most macroeconomic aggregates from trend, including the behavior of net entry, markups and the labor share. Post-crisis cross-industry data corroborates our proposed mechanism. Firm subsidies can be powerful in preventing quasi-permanent recessions and can lead to a 21% increase in welfare.

628 **Maria Gabriella Graziano, Marialaura Pesce**, and Maria Romaniello**,** *Existence and Optimality of Cost Share Equilibria*

We consider pure exchange economies with finitely many private goods including also non-Samuelsonian public goods. For this type of economies, the notion of competitive equilibrium called cost share equilibrium is founded on individual payments for public goods varying according to individual benefits. This situation naturally arises when a level of provision is interpreted as a whole configuration of public policies or when cost share functions are interpreted as voluntary contributions instead of predetermined tax systems (Mas Colell (1980)). We establish the equivalence of cost share equilibria with cooperative and non-cooperative game-theoretic solutions. In particular: 1. we characterize cost share equilibria as those allocations which cannot be improved upon by the society; 2. we characterize cost share equilibria as Nash equilibria of a game with two players. Then we discuss the existence of cost share equilibria in economies with public projects satisfying standard assumptions and provide a condition for the set of cost share equilibria to be non-empty. Our analysis of cooperative solutions is based on contribution schemes which capture the fraction of the total cost of collective goods that each coalition of agents is expected to cover.

629 **Carlo Altavilla, Andrew Ellul, Marco Pagano**, Andrea Polo, and Thomas Vlassopoulos**,** *Loan Guarantees, Bank Lending and Credit Risk Reallocation*

We investigate whether government credit guarantee schemes, extensively used after the onset of the Covid-19 pandemic, led to substitution of non-guaranteed with guaranteed credit rather than fully adding to the supply of lending. We study this issue using a unique euro-area credit register data, matched with supervisory bank data and establish two main findings. First, guaranteed loans were mostly extended to small but comparatively creditworthy firms in sectors severely affected by the pandemic, borrowing from large, liquid and well-capitalized banks. Second, guaranteed loans partially substitute pre-existing non-guaranteed debt. For firms borrowing from multiple banks, the substitution arises from the lending behavior of the bank extending guaranteed loans, whose drop in non-guaranteed lending is about 9 times larger than for other banks that lend to the same firm. Substitution was highest for funding granted to riskier and smaller firms in sectors more affected by the pandemic, and borrowing from larger and stronger banks. Overall, the evidence indicates that government guarantees contributed to the continued extension of credit to relatively creditworthy firms hit by the pandemic, but also benefited banks' balance sheets to some extent.

630 Stefano Mengoli, **Marco Pagano**, and Pierpaolo Pattitoni*, The Geography of Investor Attention*

Retail investors pay over twice as much attention to local companies than non-local ones, based on Google searches. News volume and volatility amplify this attention gap. Attention appears causally related to perceived proximity: first, acquisition by a nonlocal company is associated with less attention by locals, and more by nonlocals close to the acquirer; second, COVID-19 travel restrictions correlate with a drop in relative attention to nonlocal companies, especially in locations with fewer ights after the outbreak. Finally, local attention predicts volatility, bid-ask spreads and nonlocal attention, not viceversa. These findings are consistent with local investors having an information-processing advantage.

631 Giacomo Battiston, **Matteo Bizzarri**, Riccardo Franceschin, *Third-Party Interest, Resource Value, and the Likelihood of Conflict*

Resource wealth induces predation incentives but also conflict-deterring third-party involvement. This makes the relation between resource value and conflict probability a priori unclear. This paper studies such relation with a flexible theoretical framework involving a resource holder, a predator, and a powerful third party. First, we show that under general assumptions the theoretical relation between conflict probabilities is hump-shaped as a function of resource value. Second, we theoretically establish that resource value increases the third party's incentive to side with the resource-rich defendant in case of intervention, reinforcing its stabilizing role. Third, exploiting widely-used measures of resource value and geologic predictors of oil presence, we provide evidence for our theoretical results. Using data on military bases and arms' trade, we show suggestive evidence such non-monotonicity is driven by areas exposed to US influence.

632 **Francisco Queirós,** *The Real Side of Financial Exuberance: Bubbles, Output and Productivity at the Industry Level*

There has been a growing interest in the theory of rational bubbles. Recent theories predict that bubbles are expansionary, but differ in the underlying mechanisms. This paper provides empirical evidence that help us assess different theories, and documents four main findings: stock market overvaluation is associated with (i) faster output and input growth, (ii) declining TFP growth, (iii) a greater contribution of labor for output growth, with no change in the contribution of capital, (iv) an increase in the number of firms. Overall, these findings suggest that bubbly expansions are driven by increased factor accumulation (in particular labor), and not from higher productivity growth.

633 **Antonio Acconcia**, Maria Rosaria Alfano, Anna Laura Baraldi, and Claudia Cantabene, *Public Certification to Fight against Illegality: Evidence on Private Investment*

In 2012, the Italian government introduced public certification to signal creditworthy firms not involved in corruption and accounting frauds, and with no connections to mafias. In the case of loan applications, this certification can determine lower credit costs due to the lower firm screening costs incurred by the banks. We provide evidence consistent with its effectiveness in mitigating financial frictions. Our results show that certified firms increase their tangible capital expenditure, and show also that the effect of the certification is stronger in areas where it is more difficult for the banks to assess firms' creditworthiness. This latter finding has implications for local development.