CSEF

Center for Studies in Economics and Finance

ACTIVITY REPORT 2022

Centre for Studies in Economics and Finance
University of Naples "Federico II"
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University of Naples Federico II

University of Salerno

Bocconi University, Milan

Contents

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 **Tullio Jappelli**. Its administration is entrusted to **Immacolata Diez** and **Stefania Maddaluno**.

News

In 2022 **Niccolò Lomys** (PhD University of Mannheim), **Marco Stenborg Petterson** (PhD Brown University) and **Valeria Zurla** (PhD Brown University) joined CSEF upon being appointed Postdoctoral Research Fellows at the Department of Economics and Statistics of the University of Naples Federico II.

New CSEF Fellows also include post-doctoral researcher **Luca Coraggio**, assistant professors **Monica Langella** and **Ettore Panetti**, and associate professor **Daniele Massacci**, all affiliated with the University of Naples Federico II.

Last year brought good news to several of our Fellows. **Maria Gabriella Graziano** was elected by the Society for the Advancement of Economic Theory (SAET) as one of its 2022 Economic Theory Fellows. **Tommaso Oliviero** and **Annalisa Scognamiglio** were promoted to Associate Professors of Economics at the University of Naples Federico II.

Roberto Nisticò and **Lorenzo Pandolfi** were awarded a research grant by the European Economic Association within the initiative “Career Structures in Economics”. **Michele Giannola** was granted the 2022 Etta Chiuri Prize for his paper “Parental Investments and Intra-household Inequality in Child Human Capital: Evidence from a Lab-in-the-Field Experiment”.

Finally, CSEF was one of the three winners of the 8th Foscolo Europe Top-Up Fellowship competition, assigned to the three best departments or research institutes in Economics or Finance participating to the PhD job market in 2022/23. The objective of this competition is to attract and retain in Europe outstanding PhD graduates.

2022 has been a productive year: CSEF Fellows published articles in the *American Economic Review*, *AEA: Applied Economics*, *AEA: 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*, *and Review of Financial Studies*, among others.

Funding

Research projects carried out at CSEF in 2022 were funded by the University of Naples Federico II, the Compagnia di San Paolo, the Municipality of Modena, the Center for Evaluation and Development, the Observatoire de l’Epargne Européenne, The World Bank and the European Economic Association.

Scientific Committee

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

How to contact us:

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Conferences

After two very long years, we finally started to see the return of in-person events.

Workshop on Networks and Development

On the 21st and 22nd of April 2022, CSEF hosted the first Workshop on Networks and Development at the Complesso dei SS. Marcellino e Festo in Naples. The workshop was co-sponsored by CSEF, LEAP (Bocconi), DIME (World Bank), DiSES, and the University of Naples Federico II, and organized by Mattea Stein, Matteo Bizzarri, Michele Giannola, Roberto Nisticò (CSEF and University of Naples Federico II) and Stefano Fiorin (Bocconi). During the two days of the workshop, participants attended 26 paper presentations, keynotes by Eliana La Ferrara (Bocconi) and Orazio Attanasio (Yale), and two poster sessions.

Macroeconomics in a Post Pandemic World

The conference on Macroeconomics in a Post Pandemic World, jointly organized by the Center for International Macroeconomics (Northwestern University), CSEF, University College of London (UCL) and Stockholm University, was held in Ischia on May 15-16, 2022. The conference featured papers given by researchers from Harvard University, Northwestern University, Stockholm University, University of Chicago Booth, University College London, Cambridge University, and Oxford University. The Scientific Committee included Martin Eichenbaum (Northwestern University), Kurt Mitman (Stockholm University), Morten Ravn (University College London), Sergio Rebelo (Northwestern University), Saverio Simonelli (University of Naples Federico II e CSEF).

Conference on Finance, Labor and Inequality

CSEF and the *Review of Corporate Finance Studies* (RCFS) jointly organised the Conference on Finance, Labor and Inequality in Anacapri on June 17-18, 2022. The event brought together researchers from financial and labor economics to discuss issues from the viewpoint of both disciplines. The conference was funded by CSEF, the Society for Financial Studies, and the Unicredit & Universities Foundation.

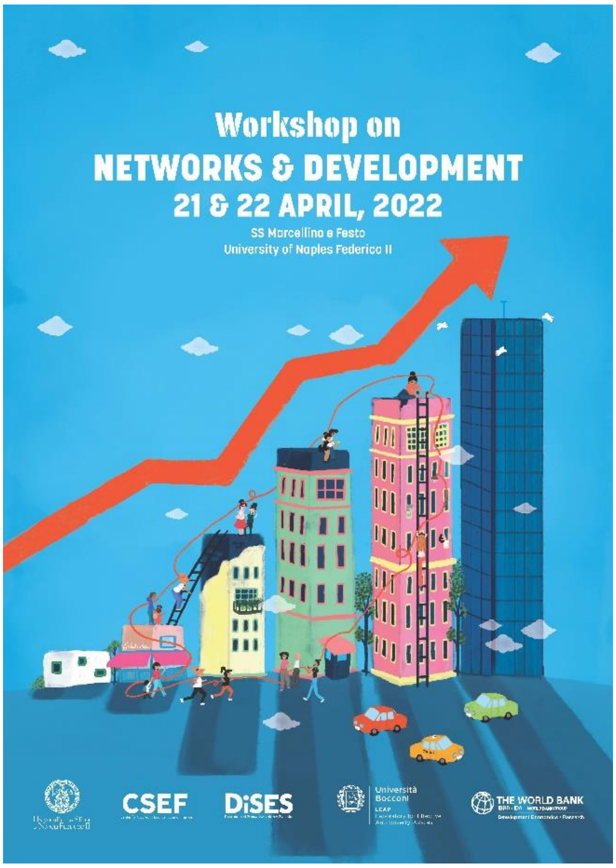
16th CSEF-IGIER Symposium on Economics and Institutions

In June 20-24, CSEF and the Innocenzo Gasparini Institute for Economic Research (IGIER Bocconi) held their annual joint Symposium on Economics and Institutions at the Villa Orlandi Conference Centre (Anacapri). The event was organized by CSEF Fellows Luca Anderlini, Marco Pagnozzi, Lorenzo Pandolfi, Annalisa Scognamiglio, and IGIER Fellows Carlo Favero, Basile Grassi, and Luigi Iovino. As the past editions, the Symposium featured three parallel sessions of seminars in the morning, with afternoons devoted to informal workshops and collaborative work. The program included papers in applied economics, macroeconomics, micro theory, and finance. The keynote speakers were Alessandro Lizzeri (Princeton University), Chad Jones (Stanford Graduate School of Business), Paolo Pinotti (Bocconi University & CEPR), Ariel Rubinstein (Tel Aviv University & New York University), and Per Strömberg (Stockholm School of Economics & Chicago Booth).

1st Naples School of Economics and Finance PhD and Post-Doctoral Workshop

The Naples School of Economics and Finance of the University of Naples Federico II and CSEF jointly organized the 1st Economics and Finance Workshop for Ph.D. and Post-Doctoral Researchers. The papers were collected and selected by local Ph.D. students and postdocs. The workshop was held at the University of Naples Federico II on 22 and 23

September 2022. The keynote speakers were Luigi Guiso (Einaudi Institute for Economics and Finance) and Alberto Bisin (New York University).



Seminars

In 2022 CSEF hosted two weekly academic presentations by invited speakers and resident researchers. Moreover, as part of the 4[rth] 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 2022, after selecting them through a very competitive process.

January

Lorenzo Stanca (Northwestern University), *Recursive Preferences, Correlation Aversion, and the Temporal Resolution of Uncertainty* – **JM seminar**

Melika Liporace (Bocconi University)**,** *4 Things Nobody Tells You About Online News: A Model for the New News Market* – **JM seminar**

Christian Kubitza (University of Bonn), *Investor-Driven Corporate Finance: Evidence from Insurance Markets* – **JM seminar**

Arthur Dolgopolov (European University Institute), *Reinforcement Learning in a Prisoner's Dilemma* – **JM seminar**

Michele Andreolli (London Business School), *Monetary Policy and the Maturity Structure of Public Debt* – **JM seminar**

Alaïs Martin-Baillon (Sciences Po), *When should we tax firms? Optimal corporate taxation with firm heterogeneity* – **JM seminar**

Enrico De Magistris (Boston University), *Investing in Outside Options in Bargaining* – **JM seminar**

Martina Zanella (London School of Economics and Political Science), *Stereotypical Selection* – **JM seminar**

Elisa Facchetti (Queen Mary University of London), *Police Infrastructure, Police Performance, and Crime: Evidence from Austerity Cuts* – **JM seminar**

Riccardo A. Cioffi (Princeton University), *Heterogeneous Risk Exposure and the Dynamics of Wealth Inequality* – **JM seminar**

Valeria Zurla (Brown University), *How Should We Design Parental Leave Policies? Evidence from Two Reforms in Italy* – **JM seminar**

Angelo D'Andrea (Bocconi University), *Broadband and Bank Intermediation* (joint with Marco Pelosi, Enrico Sette) **– JM seminar**

February

Niccolò Lomys (Toulouse School of Economics), *Estimation of Games under No Regret* (joint with Lorenzo Magnolfi, Camilla Roncoroni) – **JM seminar**

Michele Giannola (University of Naples Federico II and CSEF), *Helping Struggling Students and Benefiting All: Peer Effects in Primary Education* (joint with Sami Berlinski and Matias Busso)

March

Franz Ostrizek (University of Bonn), *Screening with Frames: Implementation in Extensive Form* (joint with Denis Shishkin)

Carla Ronza (University of Naples), *Women's Representation in Politics and Government Stability* (joint with Antonio Acconcia)

Ali Moghaddasi (Loughborough University), *A Field Study of Donor Behavior in the Iranian Kidney Market* (joint with Daniel Sgroi)

José Azar (University of Navarra), *Estimating Oligopoly with Shareholder Voting Models* (joint with Ricardo Ribeiro)

Luca Picariello (University of Naples Federico II and CSEF), *Corporate Governance, Favoritism and Careers* (joint with Marco Pagano)

Francesco Flaviano Russo (University of Naples and CSEF), *Cultural Assimilation and Social Segregation of a Minority*

Barbara Biasi (Yale School of Management), *The Education-Innovation Gap* (joint with Song Ma)

April

Pierpaolo Battigalli (Bocconi University), *Games with Noisy Signals About Emotions* (joint with Nicolò Generoso)

Gustavo de Souza (IIES - Institute for International Economic Studies), *On the Political and Economic Determinants of Redistribution: Pecuniary Gains, Ideological Gains, or Institutions?*

Roberto Iacono (Norwegian University of Science and Technology - NTNU), *A Micro Perspective on r > g* (joint with Elisa Palagi)

Diana Bonfim (Banco de Portugal), *Sovereign-Bank Diabolic Loop: The Government Procurement Channel* (joint with Miguel A. Ferreira, Francisco Queiró, Sujiao Zhao)

Antonio Rosato (University of Naples Federico II and CSEF), *Quality is in the Eye of the Beholder: Taste Projection in Markets with Observational Learning* (joint with Tristan Gagnon-Bartsch)

Andrei Zeleneev (University College London), *Identification and Estimation of Network Models with Nonparametric Unobserved Heterogeneity*

May

Elia Sartori (University of Naples Federico II and CSEF), *Rating Bidders in Sequential Auctions*

Daniel Ferreira (London School of Economics and Political Science), *A Theory of Subtle Discrimination* (joint with Elena Pikulina)

Matteo Bizzarri (University of Naples and CSEF), *Learning, over-reaction and heterogeneity* (joint with Daniele d'Arienzo)

Stephen Morris (MIT), *The Power of Confidence and Ignorance in Coordination Problems* (joint with Ben Golub)

Larry Samuelson (Yale University), *The Analogical Foundations of Cooperation*

Giorgio Ottonello (NOVA School of Business and Economics), *Bank Connections and Firms' Access to the Bond Market*

Christian Julliard (London School of Economics), *Consumption* (joint with Svetlana Bryzgalova)

June

Ayşegül Şahin (University of Texas at Austin), *The Dual U.S. Labor Market Uncovered* (joint with Hie Joo Ahn, Bart Hobijn)

Anusha Guha (University College London), *What Determines Teacher Quality in a High-Performing Education System? Value-Added Estimates for Primary Schools in Vietnam* (joint with Pedro Carneiro, Paul Glewwe and Sonya Krutikova)

Antonio Miralles (University of Messina), *Catchment Areas, Stratification and Access to Better Schools* (joint with Caterina Calsamiglia)

Rodrigo Ceni Gonzalez (Instituto de Economía, FCEyA, Universidad de la República), *Distributive effects of a coordinated wage bargaining scheme* (joint with Pablo Blanchard, Paula Carrasco, Cecilia Parada y Sofía Santín)

September

Sarah Auster (University of Bonn), *Prolonged Learning and Hasty Stopping: the Wald Problem with Ambiguity* (joint with Yeon-Koo Che, Konrad Mierendorff)

October

Stefano Pica (Bank of Italy), *The Real Effects of Household Expectations: Evidence from the Euro Area* (joint with Clodomiro Ferreira)

Alexander Borisov (University of Cincinnati), *Information Asymmetry, External Certification, and the Cost of Bank Debt*

Luca Anderlini (University of Naples Federico II and CSEF), *The Emergence of Enforcement* (joint with Leonardo Felli and Michele Piccione)

Patricia Funk (Università della Svizzera italiana), *Gender Gaps at the Academies*

Gil Nogueira (Banco de Portugal), *Corporate Reorganization as Labor Insurance in Bankruptcy* (joint with Diana Bonfim)

Jonathan Pratschke (University of Naples Federico II and CSEF), *Explaining the Sinn Féin surge in the Irish 2020 general election: A spatial analysis of tally data for electoral districts* (joint with Ian Richardson)

November

Francesco Fasani (University of Milan), *When non-native speakers compete for top schools: Displacement and peer effects in primary education* (joint with Elisa Facchetti, Elisabetta Pasini, Barbara Petrongolo)

Barbara Biasi (Yale School of Management), *The Education-Innovation Gap* (joint with Song Ma)

Daniele Massacci (University of Naples Federico II and CSEF), *Factor Models with Downside Risk* (joint with Lucio Sarno, Lorenzo Trapani)

Ingela Alger (Toulouse School of Economics), *The evolution of early hominin food production and sharing* (joint with Slimane Dridi, Jonathan Stieglitz, Michael Wilson)

Roberto Rondinelli (University of Naples Federico II), *Cultures as networks of cultural traits: A unifying framework for measuring culture and cultural distances* (joint with Luca De Benedictis, Veronica Vinciotti)

Claudio Michelacci (Einaudi Institute for Economics and Finance - EIEF), *Overborrowing in the North and the South* (joint with Luigi Paciello)

Ettore Panetti (University of Naples Federico II and CSEF), *Kicking the Dog and meaning the Master: Optimal Policy against Bank Resolution Forbearance*

December

Megha Patnaik (LUISS University), *Management practices and resilience to shocks: Evidence from COVID-19* (joint with Andrea Lamorgese, Andrea Linarello, Fabiano Schivardi)

ANTONIO ACCONCIA is Professor of Economics at the University of Naples Federico II. He has recently published “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* (2022); “Economics and Mafias in Universities in the Fight against Mafias” (D’Alfonso and Manfredi, editors), 2022; “Liquidity and Consumption: Evidence from Earthquakes in Italy” (with G. Corsetti and S. Simonelli) *American Economic Journal: Macroeconomics* (2020). He is currently working on “The Effects of Local Demand and Supply Restrictions on Markups” (with E. Scarinzi), “Input Substitution on the Aftermath of the 2007-08 Financial Crisis” (with D. Fabbri and A.M.C. Menichini), “The Stability Effects of Elected Women: Gender or Seniority?” (with C. Ronza); “Consumption and Liquidity Shocks” (with S. Chinetti and T. Jappelli); "Public Subsidies and Cooperation in R&D. Evidence from the Lab" (with S. Beraldo, C. Capuano, M. Stimolo).

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. In 2022 he published “Is there a zero lower bound? The real effects of negative interest rates” (with Burlon L., Holton S., Giannetti M) in the *Journal of Financial Economics*. He also produced two new working papers: “Money Markets and bank Lending: Evidence from the Adoption of Tiering,” jointly with M. Boucinha, L. Burlon, M. Giannetti and J. Schumacher, and “Supply or Demand: What Drives Fluctuations in the Bank Loan Market?”, jointly with M. Boucinha and P. Bouscasse. In addition, in 2021 he published the book *Monetary Policy in Times of Crisis* (joint with M. Rostagno, G. Carboni, W. Lemke, R. Motto, A. Saint-Guilhem and J. Yiangou) with 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 Assistant Professor of Economics at the Vienna University of Economics and Business and a fellow at CSEF. He received a PhD in Economics from the European University Institute. His research focuses on game-theoretical models to investigate how electoral institutions and informational frictions contribute to shape policymaking in democracies. Recent working papers include “Scandals, Media Competition and Political Accountability”, “Polarization and Policy Design”, “Simplistic Rhetoric and Poe’s Law” (joint with CSEF fellow Elia Sartori) and “Legislative Hostage-Taking” (with Barton Lee from ETH Zurich). In May 2022, he was invited to give a lecture on political polarization at the IOEA Spring School in Cargese, Corsica. In August 2022, he was selected to attend the Lindau Meeting on Economic Sciences, a conference in which some of the best young scholars in economics are able to present their work and interact with Nobel Prize winners.

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. He investigates issues traditionally in the domain of public and behavioural economics.

Recent publications focus on: patient migration as a response to the regulation of sub-national health-care budgets (*Regional Studies*); the determinants of redistributive policies (*Economic Modelling*); the search for suitable ways to operationalize the notion of equity in access to health care (*Social Indicators Research*, International Review of Economics); libertarian paternalism and health care policies (*Medicine, Health Care and Philosophy*).

MATTEO BIZZARRI is a Post-doctoral Fellow at the University of Naples Federico II and a CSEF Fellow. 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 G. Battiston and R. 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 D. 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 Department of Human Sciences of the National Research Council 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. He has also a solid expertise on the Economics of integration and the Economics of Mediterranean countries. His latest research focuses on the relationship between crime, corruption and growth and on the role of the underground economy in economic development.

MARIO CARILLO is a researcher at the University of Naples Federico II and CSEF. He holds a PhD in Economics from Brown University. His research interests are in the fields of economic growth and development, and political economy. He recently published his work "Fascistville: Mussolini’s New Towns and the Persistence of Neo-Fascism" in the *Journal of Economic Growth* and his work "Pandemics and Regional Economic Growth: Evidence from the Great Influenza in Italy" (joint with Tullio Jappelli) in the *European Review of Economic History*. His previous work was published by the *Economic Journal*.

DIMITRIS CHRISTELIS is Professor of 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. He has recently studied the effect of random capital gains on household financial risk taking (with D. Georgarakos, T. Jappelli and G. Kenny), the effect of school selectivity on obesity (with G. Brunello, A. Sanz-de-Galdeano, and A. Terskaya), and the effect of mask-wearing on infection from Covid-19 (with A. Sanz-de-Galdeano and L. I. Dobrescu).

LUCA CORAGGIO is a Post-doctoral Fellow at the University of Naples Federico II, from which he received a PhD in Economics. His research interests are in Statistics, and Machine Learning methods, with applications to Economics. Currently, his research focuses on validation and selection in cluster analysis (see his working paper "Selecting The Number of Clusters, Clustering Models, and Algorithms. A Unifying Approach Based on the Quadratic Discriminant Score", joint with P. Coretto), and on supervised learning for employer-employee matched data, studying (mis)allocation of workers to jobs, and links with firms' productivity (see his working paper: "JAQ of All Trades: Job Mismatch, Firm Productivity and Managerial Quality", joint with M. Pagano, A. Scognamiglio, and J. Tag).

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 digital and health markets. She has recently published the paper "Intermediaries in the Online Advertising Market" (with A. Russo) at *Marketing Science*. She is currently working on the following projects: "Negative Tax Incidence with Multiproduct firms" (with A. Russo),"Welfare- enhancing taxation and price discrimination" (with A. Russo), "Investments in precision medicine and privacy regulation" (with C. Conti and P. Reverberi), and "Health data and investments" (with C. Canta and Y. Lefouili). She is leading the project "Telemedicine and precision medicine: the role of data in healthcare innovation", which received in 2021 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. Recently co-authored publications include: "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" in the *Journal of Institutional Economics*, "The response of Taxpayer Compliance to the large Shock of Italian Unification", in the *European Journal of Political Economy*.

GIUSEPPE DE MARCO is 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 works include: "Psychological Nash Equilibria under Ambiguity" in the *Mathematical Social Sciences* (2022), "On Hurwicz Preferences in Psychological Games", CSEF WP659 (2022).

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 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. 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 2022 his paper titled "Insurers as Asset Managers and Systemic Risk," with C. Jotikasthira, A. Kartasheva, C. Lundblad and W. Wagner was published by the *Review of Financial Studies* and his paper titled "Labor Unemployment Risk and CEO Incentive Compensation," with C. Wang and K. Zhang was accepted for publication by *Management Science*. Last year he completed a new working paper titled “Loan Guarantees, Bank Lending and Credit Risk Reallocation,” with C. Altavilla, M. Pagano, A. Polo, and T. Vlassopoulos.

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 2022 he published “Monetary Policy and Bond Prices with Drifting Equilibrium Rates” (joint with A. Melone and A. Tamoni) the *Journal of Financial and Quantitative Analysis*, and ITFIN, A Stock-Flow Consistent Model for the Italian Economy (joint with Barbieri Hermitte R., A Cagnazzo, F. Felici, V. Macauda,F.Nucci and C. Tegami) in *Economic Modelling*,.

CHIARA FUMAGALLI is Professor of Economics at Bocconi University and a CEPR Research Affiliate. She is also a 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. In 2022 Chiara wrote “Shelving or Developing? Acquisition of Potential Competitors", with M. Motta and E. Tarantino), CEPR Discussion Paper No. 15113. The paper “Insurance Between Firms: The Role of Internal Labor Markets” (with G. Cestone, F. Kramarz and G. Pica CSEF Working Paper 386) has been accepted for publication in the *Review of Economic Studies*.

MICHELE GIANNOLA 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. 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 research projects “Helping Struggling Students and Benefiting All: Peer Effects in Primary Education”, “Parental Beliefs, Perceived Health Risks, and Time Investment in Children: Evidence from COVID-19” and “The Joint Role of School and Home Inputs in Children’s Learning”. He is also working on impact evaluations of home- and school-based interventions for disadvantaged children in Latina America and Asia. In 2022, Michele was awarded the Etta Chiuri prize by the Società Italiana di Economia Pubblica for an outstanding paper written by an author under the age of forty for the article “Parental Investments and Intra-household Inequality in Child Human Capital: Evidence from a Lab-in-the-Field Experiment”.

MARIA GABRIELLA GRAZIANO is Professor of Mathematical Economics at the University of Naples Federico II, and Chairman of the Department of Economics and Statistics for 2019-24. She is a member of the editorial board of Economic Theory and Economic Theory Bulletin, Economic Theory Fellow and regular Visiting Professor at University of Paris 1 - Panthéon-Sorbonne. Her current research focuses on general equilibrium theory, economies with public goods, economies with externalities and housing market models. Recently she published "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), "Shapley and Scarf housing markets with consumption externalities” (with C. Meo and N.C. Yannelis) in *Journal of Public Economic Theory* (2020), “Generalized coalitions and bargaining sets” (with M. Pesce and N. Urbinati) in *Journal of Mathematical Economics* (2020), "Social Loss and the core of an economy with externalities" (with C. Di Pietro and V. Platino), in *Economic Theory* (2022), and “Core and stable sets of exchange economies with *externalities*” (with C. Meo and N.C. Yannelis), in *Economic Theory Bulletin*, (2022). She is currently working on several research projects: "Exchange of indivisible goods with externalities and groups" (financed by Compagnia di San Paolo); “A Measure of Social Loss for Production Economies with Externalities”, with V. Platino; “The equitable bargaining set”, with M. Pesce and N. Urbinati; “Equivalence theorems for non-convex economies with externalities”, with M. Pesce and V. Platino; “The core of an economy with externalities” with E. del Mercato.

CARLA GUERRIERO is Associate Professor at the University of Naples Federico II. Her research interests are in the field of family economics, health and environmental economics. She is currently involved in two research projects: "Heuristics and Attention in Children" (PRIN 2017) "and "BiketoWork", a randomized controlled trial assessing the effectiveness of cycling on physical and mental health. In 2022 she worked on human capital production (of twins), and was awarded, jointly with A.Pacelli, PA. Chiappori and E.Ciscato an EIEF Grants for a research project titled: "Sustainable Families, Impacts of the Introduction of the Eco-labels on Purchasing Choices". She was also involved in a large data collection involving different experiments to test children' choices.

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 2022 the following papers were published or accepted for publication: "What drives segregation? Evidence from social interactions among students", (with E. Calvano and A. Scognamiglio), *Economics of Education*; "Income Losses, Cash Transfers and Trust in Financial and Political Institutions: Survey Evidence from the Covid-19 Crisis", (with T. Oliviero and A. Zazzaro), *The B.E. Journal of Economic Analysis & Policy*; "Self-Selecting Candidates or Compelling Voters: How Organized Crime Affects Political Selection", (with A. Baraldi and M. Stimolo), *European Journal of Political Economy*; "Fear of COVID-19 Contagion and Consumption: Evidence from a Survey of Italian Households" (with T. Jappelli, T. Oliviero and A. Zazzaro), *Health Economics*; "Mafia Wears Out Women in Power: Evidence from Italian Municipalities", (with A. Baraldi and M. Stimolo), *Journal of Economics Behavior and Organization*.

TULLIO JAPPELLI is Director of CSEF for 2022-24, Professor of Economics at the University of Naples Federico II, Research Fellow of CEPR and of the Center of Financial Studies (CFES, Frankfurt), Fellow of the European Economic Association, and Regular Research Visitor at the European Central Bank. In 2022 he published "Pandemic and regional economic growth: evidence from the Great Influenza in Italy" (with M. Carillo) in *European Review of Economic History* and "Fear of Covid-19, contagion and consumption: evidence from a survey of Italian households" (with G. Immordino, T. Oliviero and A. Zazzaro) in *Health Economics*. In 2022 he also edited the book *Teaching, Research and Academic Careers. An Analysis of the Interrelations and Impacts* (with Daniele Checchi), published by Springer, and completed two papers for a project financed by the Observatoire de l'Erpagne Européenne (Paris): "Stockholding during the COVID-19 Crisis: An International Comparison" and "Wealth shocks and portfolio choice", with D. Christelis, D. Georgarakos and G. Kenny.

FRANCESCO LANCIA is 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 research are macroeconomics and political economy. In 2022, 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 "Intergenerational Insurance" (with A. Russo and T. Worrall) and "On the Effectiveness of Gendering Politics" (with A. Dimico and A. Russo).

MONICA LANGELLA is 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 second round of revision of the paper "Commuting for crime" (with T. Kirchmaier and A. Manning) for *The Economic Journal*, and on the projects "A dip in a bigger pond –access to top universities and academic performance" (with L. Pandolfi), "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) has been published on *Labour Economics*.

NICCOLÒ LOMYS is a Postdoctoral Research Fellow at the Department of Economics and Statistics of the University of Naples Federico II and a CSEF Fellow since 2022. He holds a Ph.D. in Economics from the University of Manheim. Previously, Niccolò was a researcher at the Simons Institute for the Theory of Computing (UC Berkeley) and the Toulouse School of Economics. His research interests are in the fields of Economic Theory, Game Theory, and the Econometrics of Games. He is currently working on several projects. The following papers focus on microeconomic theory: "A Mediator Approach to

Mechanism Design with Limited Commitment" (with T. Yamashita), "Learning while Bargaining: Experimentation and Coasean Dynamics", and "Collective Search in Networks". The following papers instead focus on the econometrics of games: "Estimation of Games under No Regret" (with L. Magnolfi), "Robust Identification and Inference in Repeated Games" (with C. Gualdani and L. Magnolfi), and "Identification in Search Models with Social Information" (with E. Tarantino). Niccolò also has an experimental paper, "Social Search: An Experimental Study" (with M. Bigoni. M. Boldrini, and E. Tarantino). In 2022, he published an earlier version of the paper "A Mediator Approach to Mechanism Design with Limited Commitment" (with T. Yamashita) in the *Proceedings of the 23rd ACM Conference on Economics and Computation* (EC '22).

IMMACOLATA MARINO is Senior 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 "How do Banks Respond to Non-Perfoming Loans?" (with B. Bruno), "Do Internal Rating Models Mitigate Bank Opacity? Evidence from Analysts' Forecasts" (with B. Bruno and G. Nocera), "Age Effects in Primary Education: A Double Disadvantage for Second-Generation Immigrants" (with A. Abatemarco, M. Cavallo and G. Russo). In 2022 she published "Demand Shocks and Firm Investment: Micro-evidence from fiscal retrenchment in Italy" (with D. Coviello, T. Nannicini and N. Persico) in *The Economic Journal*. Her paper "Patient Migration as a Response to the Regulation of sub-national Health-care Budgets" (with S. Beraldo and M. Collaro) is forthcoming in *Regional Studies*.

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" (with A. Acconcia, M. D'Amato and M. Ratto) is forthcoming in the *European Journal of Political Economy*.

DANIELE MASSACCI is Associate Professor of Econometrics at the University of Naples Federico II. He holds a PhD from the University of Cambridge. His research is in the areas of asset pricing, financial econometrics, high dimensional statistics and machine learning, and portfolio management. He is currently working on methodological projects related to large dimensional factor models, machine learning in asset pricing, and the detection of structural breaks in asset returns. On the empirical side, he is investigating the dynamics of FX returns and the cross-sectional dispersion of crypto risk premia. His paper "Forecasting in Factor Augmented Regressions under Structural Change" (with George Kapetanios) was recently accepted for publication in the *International Journal of Forecasting*.

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 is Associate 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. In 2022 he published: "Drawing a Line: Comparing the Estimation of Top Incomes Between Tax Data and Household Survey Data," J*ournal of Economic Inequality* (with N.Yonzan, B. Milanovic, and J. Gornick); Intergenerational Wealth Transfers in Great Britain from the Wealth and Assets Survey in Comparative Perspective, *Fiscal Studies* (with B. Nolan, J. Palomino, and P. Van Kerm); The wealth (disadvantage) of single parents, *The Annals of the American Academy of Political and Social Science* (with B. Nolan, J. Palomino, and P. Van Kerm). In 2022 he also published two chapters in the NBER volume "Measuring and Understanding the Distribution and Intra/Inter-Generational Mobility of Income and Wealth": On the Distribution of Estates and the Distribution of Wealth: Evidence from the Dead (with Y. Berman) and Wealth Transfers and Net Wealth at

Death: Evidence from the Italian Inheritance Tax Records 1995-2016 (with P. Acciari). In 2022, as co-investigator, he was awarded an ESRC research grant on "Taxing the Super-rich" (PI - Andrew Summers, (LSE). His ongoing work is also focusing on the joint distribution of income, wealth, consumption, and CO2 emissions.

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: Regularizations and Approximation Methods in Stackelberg Games and Bilevel Optimization (with F. Caruso and M.B. Lignola) in the *Springer book on Bilevel Optimization*, 2020; "An inverse-adjusted Best Response Algoritm" (with F. Caruso and M. C. Ceparano) in *SIAM Journal of Optimization*, 2020 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 CSEF Working paper No. 593 and "A Local Variation Method for Bilevel Nash Equilibrium Problems" (with F. Caruso and M.C. Ceparano) appeared in 2021 as CSEF Working paper 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 2022, he published "Ordinal rank and the structure of ability peer effects" (with M. Bertoni), in the *Journal of Public Economics*, "Employment Effects of Economic Sanctions in Iran" (with A. Kelishomi) in *World Development*, and "Political institutions and economic development over more than a century" in *Structural Change and Economic Dynamics*. He also produced the WIDER Working Paper n. 19/2023 "Trade Sanctions and Informal Employment" (with A. Kelishomi), the WIDER Working Paper n. 126/2022 "Mothers at peace: post-conflict fertility and United Nations peacekeeping" (with V. Bove, J. Di Salvatore and L. Elia), and the IZA Discussion Paper n. 15189 "Legalization and long-term outcomes of immigrant workers" (with C. D.eiana and L. Giua). He was awarded the UNU-WIDER "Illicit Financial Flows" Research Grant for the project "Trade sanctions and informal employment in a middle-income country" (with A. Kelishomi) and the European Economic Association (EEA) "Career Structure in Economics" Research Grant for the project "The effects of tenure-track systems on selection, productivity and fertility in Economics" (with M. G. Nieddu and L. Pandolfi). He is currently working on "Tenure, perceived job security and the effects of job protection laws" (with M. Bertoni and S. Chinetti), "Guaranteed minimum income and fertility" (with Gi. D'Achille, M. De Paola and P. Tridico), "Workplace peer effects in fertility decisions" (with M. De Paola and V. Scoppa) and "The effects of tenure-track systems on selection, productivity and fertility in Economics" (with M. G. Nieddu and L. Pandolfi)

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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 is on pension reforms, financial literacy and saving, the effect of law enforcement on credit allocation, household portfolio choice and the macroeconomics of durables. In 2022 he published "(S)Cars and the Great Recession" (with Orazio Attanasio, Kieran Larkin and Morten O. Ravn) in *Econometrica*.

MARCO PAGANO is Professor of Finance at the University of Naples Federico II and Fellow of the CSEF, EIEF, ECGI, CEPR and CFS. In 2022 he published two papers: "Advertising Arbitrage" (with S. Kovbasyuk) in the *Review of Finance*, and "Covid-19 and Corporate Finance" (with J. Zechner) in the *Review of Corporate Finance Studies*, also featured in the November 2022 ECGI blog. Moreover, his paper "Disaster Resilience and Asset Prices" (with C. Wagner and J. Zechner), was conditionally accepted for publication by the

Journal of Financial Economics and his paper "Talent Discovery, Layoff Risk and Unemployment Insurance" (with L. Picariello) was accepted for publication by the *European Economic Review*. He also produced or revised the following working papers: "Loan Guarantees, Bank Lending and Credit Risk Substitution" (with C. Altavilla, A. Ellul, A. Polo and T. Vlassopoulos), CSEF Working Paper No. 629, "The Geography of Investor Attention" (with S. Mengoli and P. Pattitoni), CSEF Working Paper No. 630, "JAQ of All Trades: Job Mismatch, Firm Productivity and Managerial Quality" (with L. Coraggio, A. Scognamiglio and J. I. Tåg), CSEF Working Paper No. 641, and "Corporate Governance, Favoritism and Careers" (with L. Picariello), CSEF Working Paper No. 643.

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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 applied microeconomics. In 2022 he published "Bail-in and Bailout: Friends or Foes?" in *Management Science* and "The Effectiveness of Promotion Incentives for Public Employees: Evidence from Italian Academia" (with M. Nieddu) in *Economic Policy*. He also revised "The Anatomy of Index Rebalancings: Evidence from Transaction Data" (with M. Escobar, A. Pedraza, and T. Williams), and wrote the new working paper "It's a Sure Win! Experimental Evidence on Overconfidence in Betting Behavior" (with M. Chegere, P. Falco, M. Nieddu, and M. Stein). He is currently working on "Choking Under Pressure and Risk Aversion: Evidence from Football Penalties" (with L. Coraggio and M. Nieddu), and "The effects of tenure-track systems on selection, productivity, and fertility in Economics" (with M. Nieddu and R. Nisticò), which was awarded a 2022 EEA/HER Research Grant.

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 financial regulation. In 2022, he published "Banks' Liquidity Provision and Panic Runs with Recursive Preferences" in *Finance Research Letters*, and "Wealth Inequality, Systemic Financial Fragility and Government Intervention" (joint with F. Garcia) in *Economic Theory*. He also published "Savings, Efficiency and the Nature of Bank Runs" (joint with A. Leonello, C. Mendicino and D. Porcellacchia) as ECB Working Paper No. 2636. Ettore is currently working on "Kicking the dog and meaning the master: Optimal policy against bank resolution forbearance" and collaborating with Luca Deidda for the project "Bank Recovery and Resolution Planning, Liquidity Management and Fragility".

MARIALAURA PESCE is Professor of Mathematical Economics 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*.

MARCO PETTERSON is a Post-doctoral Fellow at the University of Naples Federico II and a CSEF Fellow since September 2022. He holds a PhD in Economics from Brown University. His research interests lie in applied econometrics with a focus on IO and behavioral economics. He also works on (nonparametric) Bayesian econometrics. In 2022 his paper“ Bounds on a Slope from Size Restrictions on Economic Shocks” (joint with D. Seim and J. Shapiro) was accepted in *AEJ: Microeconomics.* He is currently working on “Estimation of a Latent Reference Point: Method and Application to NYC Taxi Drivers” and on "Bayesian Nonparametric Models For Conditional Densities Based On Orthogonal Polynomials" (joint with A. Norets).

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); "Quality and Selection in Regulated Professions" (with G. Basso, E. Brandimarti and M. Pellizzari); "A peer like me? Early exposure to high achievers in math and later educational outcomes" (with L. Pagani); and "Exploiting Growth Opportunities: The Role of Internal Labor Markets" (with G. Cestone, C. Fumagalli and F. Kramarz), forthcoming in the *Review of Economic Studies*.

LUCA PICARIELLO is Assistant Professor of Finance at the Department of Economics and Statistics of the University of Naples Federico II and a CSEF Research Fellow. 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 2022 his paper “Talent Discovery, Layoff Risk and Unemployment Insurance” (with M. Pagano) was accepted for publication by the *European Economic Review*. He also worked on corporate governance, favoritism and careers (with M. Pagano); organizational design with portable skills; the link between promotions and on-the-job training; educational systems and their impact on specialization (with A. Rodivilov); feedback effect from financial markets to corporate decisions and investment horizon (with G. W. Puopolo), with funding by a Baffi Carefin grant; the organizational economics of banking (with N. Limodio).

SALVATORE PICCOLO is Professor of Economics at the University of Bergamo an Academic Affiliate at Compass Lexecon, and a CSEF Fellow. He holds a Ph.D. in Economics from Northwestern University. His scientific interests are in the fields of industrial organization and information economics, with applications to cartels, distribution channels, information acquisition and information sharing, leniency programs, and vertical restraints. He also does research on the economics of crime and financial economics. In 2022 he published: “Vertical Contracting with Endogenous Market Structure” (with M. Pagnozzi and M. Reisinger), *Journal of Economic Theory*”; “On the Risk of Using a Firm-Level Approach to Identify Relevant Markets” (with J. Padilla and P. Sääski), *Journal of Competition Law and Economics*. The following papers have been accepted for publication: “Optimal Pricing, Private Information and Search for an Outside Offer” (with S. Auster and N. Kos), *RAND Journal of Economics*; “Self-Preferencing in Markets with Vertically-Integrated Gatekeeper Platforms” (with J. Padilla and J. Perkins), *Journal of Industrial Economics;* “Should Vertically Integrated Platforms be Mandated to Share Information with their Rivals?” (with J. Padilla and H. Vasconcelos), *Economics Letters*, “The Value of Transparency in Dynamic Contracting with Entry” (with G. Karakoç and S. Piccolo) in the *International Journal of Industrial Organization*, "Vertical Contracting with Endogenous Market Structure” (with M. Reisinger) in the *Journal of Economic Theory*.

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*. His current research on a measure of social loss for production economies with externalities (with M. G. Graziano) appeared as CSEF WP no. 649.

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 2022 he published DMA: "Digital Market Act or Digital Market Armistice?" (joint with A. Sassano), *Mercato, Concorrenza, Regole* and "Unilateral Practices, Antitrust Enforcement and Commitments" (joint with P. Rey), CEPR DP17140.

JONATHAN PRATSCHKE is Professor of Economic Sociology at the University of Naples Federico II. His research interests are centred on the quantitative study of social and spatial inequalities in relation to health, the labour market, and education. Recent publications include “An integrative evidence review on service user participation in the design and delivery of drug treatment, recovery and harm reduction services”, written in collaboration with J. Glanville and F. Engling Cardoso (2022) and "Poverty and social cohesion in metropolitan areas" (in collaboration with E. Morlicchio) for the *Handbook on Local and Regional Governance* edited by F. Teles for Edward Elgar (2023). Together with G. Abbiati he wrote a paper entitled "‘Like with like’ or ‘do like’? Modeling peer effects in the classroom" which has been accepted for publication in *Social Science Quarterly*.

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 institutional economics. In 2021 he published “Using newspapers obituaries to nowcast daily mortality: evidence from the Italian COVID-19 hot-spots” (with P. Buonanno) in *Health Policy*. In 2022, he published “Peer Effects in Crime”, co-authored with E. Gavrilova-Zoutman in *A Modern Guide to the Economics of Crime*, Edward Elgar Publishing. He also completed the following working papers: “*Lux Lucet in Tenebris*: the role of Waldensian culture in reducing the gender-gap,” with A. Berlanda and P. Buonanno; “Earthquake Hazard and Civic Capital” with P. Buonanno and G. Plevani; “Deliberative Institutions and Optimality” with J. Mathis and S. M. Sepe; “*Sex in the City*: *Capitalizing Regulated Prostitution into Housing Prices*,” with F. De Rossa, G. Immordino, and R. Parchet. His paper “The Role of Civic Capital on Vaccination” is forthcoming in *Health Economics.*

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.

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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 2022 she published "Education, Taxation, and the Perceived Effects of Sin Good Consumption" (with G. Immordino and A.M.C. Menichini) in *International Tax and Public Finance*, and "Gender Differences in the Impact of COVID-19 Pandemic on Mental Health of Italian Academic Workers" (with V. Giudice et al.) in *Journal of Personalized Medicine*. She is currently working on the determinants of rental contracts as an alternative to purchase contracts, with A.M.C. Menichini; and off-market block trades and post trade transparency, with A. Frino.

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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 the *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. She has a large-scale randomized control trial ongoing with the Senegalese tax administration as part of the project "Firms' supply chain networks and tax compliance" (with F. Kondylis, B. Sarr and L. Czajka), works on a lab-in-the-field experiment on sports betting (with M. Chegere, P. Falco, M. Nieddu and L. Pandolfi), is rivising a paper on social norms in Sub-Saharan Africa (with A. Barr) and is PI on the impact evaluation of a youth employment and entrepreneurship project funded by the European Commission. Her paper "The Speed of Justice" (with F. Kondylis) is forthcoming in the *Review of Economics and Statistics*.

ALBERTO ZAZZARO is Professor of Economics at the University of Naples Federico II and a Research Affiliate at MoFiR (Ancona), and Ld'A (Milan). He is President elected of the Italian Economic Association for 2020-22. His main research interests are in the fields of banking, family firms, migration and economic development. In 2022 he published "Information asymmetry, external certification (with A. Bellucci, A. Borisov and G. Giombini), *Journal of Corporate Finance*), "Relationship Lending and Employment Decisions in Firms' Bad Times" (with P.L. Murro and T. Oliviero,), *Journal of Financial and Quantitative Analysis*), "Lifting You Up or Dragging You Down? The Role of Financial Inclusion in Poverty Transitions among Italian Households" (with G. Bettin and C. Pigini), *Review of Income and Wealth*), "The Reallocation Effects of COVID-19: Evidence from Venture Capital Investments around the World" (with A. Bellucci, A. Borisov and G. Gucciardi), *Journal of Banking and Finance*), "Voters' Distance, Information Bias and Politicians' Salary" (with D. Bartolini, A. Sacchi and D. Scalera), *Italian Economic Journal*, "Income Losses, Cash Transfers and Trust in Financial and Political Institutions: Survey Evidence from the Covid-19 Crisis" (with G. Immordino and T. Oliviero), *The B.E. Journal of Economic Analysis & Policy* and "Fear of COVID-19 Contagion and Consumption: Evidence from a Survey of Italian Households" (with G. Immordino, T. Oliviero and T. Jappelli), *Health Economics*). He is a member of the editorial board of the *Italian Economic Journal*, *PSL Quarterly Review* and *Minerva Bancaria*. In 2022 he co-chaired the program of the 11th MoFiR workshop on banking (Lisbon).

VALERIA ZURLA is a Post-Doctoral Fellow at the University of Naples Federico II, a Research Fellow at the Population Wellbeing Institute at the University of Texas at Austin and a CSEF Research Fellow since September 2022. She earned a Ph.D. in Economics from Brown University in May 2022. In 2022, her doctoral dissertation won the National Tax Association's Outstanding Doctoral Dissertation Award in Government Finance and Taxation. Her research interests are in the fields of public economics and labor economics, focusing on social insurance programs and government interventions aimed at reducing labor market inequalities, specifically gender inequalities. In particular, she is interested in studying how individuals' and firms' behavioral responses to policy changes affect policy design and the welfare effects and optimal design of social insurance programs. She is currently working on the following projects: "How Should We Design Parental Leave Policies? Evidence from Two Reforms in Italy", part of the VistiINPS program; "Firm Responses to Earned Income Tax Credits: Evidence from Italy"; "Welcome to the Neighborhood? Evidence from the Refugees' Reception System in Italy" (with G. Buccione); "Social Insurance Programs and Preferences for Redistribution: A Bayesian Adaptive Choice Experiment" (with M.Drake, N. Thakral, L. T. Tô). She is also working on several projects studying the determinants and policy responses to gender inequalities in the labor market at the individual and firm levels.

Here is the full list of the Working Papers published by CSEF in 2022. All papers published since 1998 are available at https://csef.it/research_tax/working-papers/#.

634 Samuel Berlinski, Matias Busso, and **Michele Giannola**, *Helping Struggling Students and Benefiting All: Peer Effects in Primary Education*

We exploit the randomized evaluation of a remedying education intervention that improved the reading skills of low-performing third grade students in Colombia, to study whether providing educational support to low-achieving students affects the academic performance of their higher- achieving classmates. We find that the test scores of non-treated children in treatment schools increased by 0.108 of a standard deviation compared to similar children in control schools. We interpret the reduced-form effect on higher-achieving students as a spillover effect within treated schools. We then estimate a linear-in-means model of peer effects, finding that a one-standard-deviation increase in peers' contemporaneous achievement increases individual test scores by 0.679 of a standard deviation. We rule out alternative explanations coming from a reduction in class size. We explore several mechanisms, including teachers' effort, students' misbehavior, and peer-to-peer interactions. Our findings show that policies aimed at improving the bottom of the achievement distribution have the potential to generate social-multiplier effects that benefit all.

635 **Antonio Acconcia** and Elisa Scarinzi, *The Effects of Local Demand and Supply Restrictions on Markup*

We investigate the causal effects on markup of a contraction in demand and supply. For differentiated manufacturing products, transport and business services, markups shrink severely following a contraction in demand whereas they amplify after a contraction in supply. In either case the effect is short-lived. For local firms operating in retail, wholesale, restaurant, and accommodation, a supply contraction determines a boost in markups that lasts a few years; a demand contraction instead drives down the labor costs without affecting the markups. We also find heterogeneous effects among firms caused by the supply shock, as firms with the lowest markups already tend to increase more the markup while highest markup firms mainly gain in terms of market shares. Overall, after a deep shock like the Covid-19 one our findings suggest significant labor market adjustment in sectors with substitutable workers and enhanced output market concentration.

636 Francesco Caruso, Maria Carmela Ceparano, and **Jacqueline Morgan**, *Quality and Selection in Regulated Professions*

Two-player Stackelberg games may have multiple Subgame Perfect Nash Equilibria (henceforth SPNEs), especially when the best reply correspondence of the follower is not a single-valued map. Aim of the paper is to investigate the issue of selection of SPNEs in two-player Stackelberg games by exploiting perturbations of the payoff functions of the game. To achieve such a goal, since the limit of "perturbed" SPNEs is not necessarily an SPNE of the initial game even for classic perturbations, first we show how to produce an SPNE starting from a sequence of SPNEs of perturbed games. This result allows to define a general selection method for SPNEs that can accommodate various behaviors of the players. More precisely, under mild assumptions on the data of the game we prove that perturbations relying on a Tikhonov regularization, on an adverse-to-move behaviour and on an altruistic behaviour fit the general method and we present the specific selection results associated to such perturbations. On the one hand, as regards to the Tikhonov regularization and the adverse-to-move behaviour, we extend or recover the results showed by Morgan and Patrone [Advances in Dynamic Games, (2006), pp. 209-221] and by Caruso, Ceparano and Morgan [Dyn. Games Appl., 9 (2019), pp. 416-432]. On the other hand, concerning the altruistic behaviour, we present a new specific selection method for SPNEs based on the slightly altruistic approach introduced by De Marco and Morgan [J. Optim. Theory Appl., 137 (2008), pp. 347-362] for simultaneous-move games. Finally, we illustrate by examples that the general method carried out under the three different "behaviours" just mentioned can select different SPNEs.

637 **Chiara Fumagalli,** Massimo Motta, and Emanuele Tarantino, *Shelving or Developing? The Acquisition of Potential Competitors under Financial Constraints*

A start-up and an incumbent negotiate over an acquisition price under asymmetric information about the start-up's ability to succeed in the market. The acquisition may result in the shelving of the start-up's project or the development of a project that would otherwise never reach the market because of financial constraints. Despite this possible pro-competitive effect, the optimal merger policy commits to standards of review that prohibit high-price takeovers, even if they may be welfare-beneficial ex post.

Ex ante this pushes the incumbent to acquire startups lacking the financial resources to develop independently, and increases expected welfare.

638 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 generated by the COVID-19 outbreak by analyzing the patterns of venture capital (VC) investments around the globe. Using transaction-level data and exploiting the staggered nature of the spread of the virus, we document a shift in VC portfolios towards firms developing technologies relevant to an environment of social distancing and health pandemic concerns. A difference-in-differences analysis estimates significant increases in invested amount and number of deals in such areas. We show heterogenous effects related to the experience of VC investors, as well as their size and organizational form.

639 M. Beatrice Lignola and **Jacqueline Morgan**, *Multi-Leader-Common-Follower games with pessimistic leaders: approximate and viscosity solutions*

We consider a two-stage game with k leaders having pessimistic attitude and one follower common to all leaders. Such a game, called CF game, may fail to have pessimistic solutions, even if the leader payoffs are linear and the optimal reaction of the follower to the leaders strategies is unique. So, we introduce two classes of games, called weighted value-potential and weighted potential CF games, and we illustrate their inherent difficulties and properties. For the more tractable class of weighted potential CF games, suitable approximate and viscosity solutions are introduced and are proven to exist under appropriate conditions, in line with what done for one-leader-one-follower games.

640 Ritesh Jain, Ville Korpela, and **Michele Lombardi**, *An Iterative Approach to Rationalizable Implementation*

We study rationalizable implementation of social choice functions. Iterative Monotonicity is both necessary and sufficient for implementation when there are two or more players.

641 **Luca Coraggio, Marco Pagano, Annalisa Scognamiglio**, and Joacim Tåg, *JAQ of All Trades: Job Mismatch, Firm Productivity and Managerial Quality*

Does the matching between workers and jobs help explain productivity differentials across firms? To address this question we develop a job-worker allocation quality measure (JAQ) by combining employer-employee administrative data with machine learning techniques. The proposed measure is positively and significantly associated with labor earnings over workers' careers. At firm level, it features a robust positive correlation with firm productivity, and with managerial turnover leading to an improvement in the quality and experience of management. JAQ can be constructed for any employer-employee data including workers' occupations, and used to explore the effect of corporate restructuring on workers' allocation and careers.

642 Paolo Emilio Mistrulli, **Tommaso Oliviero**, Zeno Rotondi, and **Alberto Zazzaro**, *Job Protection and Mortgage Conditions: Evidence from Italian Administrative Data*

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.

643 **Marco Pagano** and **Luca Picariello,** *Corporate Governance, Favoritism and Careers*

Careers are often shaped by favoritism, even though this undermines the performance of firms. When controlling shareholders weigh the efficiency costs of favoritism against its private benefits, the quality of corporate governance enhances meritocratic promotions and so encourages workers skill acquisition. The impact of labor market competition, however, is ambiguous: by raising wages upon promotion, it fosters the supply of skilled labor but lowers the demand for it. With endogenous skill acquisition, there are multiple equilibria, and social welfare increases with the share of meritocratic firms. This brings out a new efficiency rationale for enhancing the quality of corporate governance.

644 **Edoardo Di Porto** and Cristina Tealdi, *Heterogeneous Paths to Stability*

We investigate how the flexibility of temporary contracts affects the probability of young workers to be upgraded into permanent employment. Theoretically, we explore the workers' career development in response to the change in flexibility within a search and matching model; empirically, we exploit an Italian labour market reform which increased flexibility in a difference in differences framework. We find that new entrants in the labour market who have been affected by the reform experienced a decrease in the conversion rate of approximately 12.5 percentage points in the first months after the reform, and of 5.1 percentage points over a year, compared to unaffected peers. This effect is particularly strong among women and low-educated workers employed in low productive firms in the Center/South of Italy. Worryingly, the lower conversion rate leads to a 25% wage penalty even two years down the workers' career paths.

645 Ritesh Jain and **Michele Lombardi**, *Interim Rationalizable (and Bayes-Nash) Implementation of Functions: A full Characterization*

Interim Rationalizable Monotonicity, due to Oury and Tercieux (2012), fully characterizes the class of social choice functions that are implementable in interim correlated rationalizable (and Bayes-Nash equilibrium) strategies.

646 **Giovanni Immordino, Tommaso Oliviero, and Alberto Zazzaro**, *Income Losses, Cash Transfers and Trust in Financial and Political Institutions: Survey Evidence from the Covid-19 Crisis*

Using a survey of Italian households, we find that large income losses suffered during the first wave of the Covid-19 pandemic in 2020 are associated with a decline in trust towards political (i.e., Italian Central Government and the EU Parliament) and financial (i.e., ECB and Italian commercial banks) institutions in the management of the Covid-19. The decline is lower for households who received public transfers in the wake of the pandemic. Our results highlight that household exposure to economic losses if not compensated by government income support measures are an important determinant of mistrust in institutions for the management of an economic crisis.

647 **Giovanni Immordino, Tullio Jappelli,** and **Tommaso Oliviero,** *Consumption and Income Expectations during Covid-19*

Using a survey of Italian households administered in November 2021, we study the effect of microeconomic and macroeconomic expectations (about the health crisis and fear of contagion among others) on consumption expectations in 2022. The survey elicits individual-level indicators of income and consumption expectations, distinguishing between consumption at home, away from home, online and total. We find that expected household income and expected aggregate GDP growth are strongly related to consumption expectations; income risk is positively associated with expected consumption growth for richer households, confirming the presence of a precautionary saving motive.

648 **Matteo Bizzarri**, *Supply and Demand Function Competition in Input-Output Networks*

This paper presents a model of non-infinitesimal firm-to-firm trade via competition in supply and demand functions relating quantities to prices. The main features of the model are two: first, firms have endogenous market power in both input and output markets; second, firms internalize their position in the supply chain. The former is important to rank market power across firms: in models in which firms are restricted to affect only output or only input prices the ranking of market power can be reversed. The latter is important for the assessment of aggregate distortions: final prices and distortions are higher than in a model where firms do not take their position in the supply chain into account. An equilibrium exists for general non-parametric technology, provided the best replies are convex-valued, under suitable regularity and boundedness assumptions. Under a suitable parametric functional form, the equilibrium is in linear schedules.

649 **Maria Gabriella Graziano** and **Vincenzo Platino,** *A Measure of Social Loss for Production Economies with Externalities*

In this paper we consider a production economy and adopt a cooperative approach to equilibrium analysis which allows each individual to cooperate with others and to form a coalition whose members have access to the available technologies. Our definition of the core requires a blocking coalition to take account of the consequences of its blocking for the production of the counter-coalition. Following Montesano (2002), we introduce a measure of social loss with respect to the core of the economy which characterizes the corresponding core allocations. Our characterization holds in the presence of consumption externalities and an optimistic attitude of coalition agents with respect to the behavior of outsiders.

650 **Michele Giannola**, *Parental Investments and Intra-household Inequality in Child Human Capital: Evidence from a Survey Experiment*

Intra-household inequality explains up to 50 percent of the cross-sectional variation in child human capital in the developing world. I study the role played by parents' educational investment to explain this inequality and its determinants. To mitigate the identification problem posed by observational data, I design a survey experiment with poor households in India. I develop new theory-driven survey measures based on hypothetical scenarios that allow me to separately identify parents' beliefs about the human capital production function and their preferences for inequality in children's outcomes, as well as study the role of household resources. I find that investment decisions are driven by efficiency considerations rather than inequality concerns over children's final outcomes. Because parents perceive investment to be 12 percent more productive for the higher-ability child, they allocate 10 percent more educational inputs to this child. Resources are important, as constrained parents select more unequal allocations. Counterfactual simulations indicate that policy interventions can have important intra-household distributional impacts through parents' behavioural responses.

651 **Marco Pagano** and Josef Zechner, *COVID-19 and Corporate Finance*

We distill evidence about the effects of COVID-19 on companies. Stock price reactions to the shock differed greatly across firms, depending on their resilience to social distancing, financial flexibility, and corporate culture. The same characteristics affected the response of firms' sales, employment, and asset growth. Despite the shock, firms expanded their balance sheets and liquidity by raising funds from banks, bonds, and equity markets. While listed firms reduced their leverage, unlisted ones, especially small and medium enterprises, increased it. Government support programs helped firms access external funding. We conclude by identifying unexplored research issues regarding the long-run effects of COVID-19 on companies.

652 **Dimitris Christelis**, Dimitris Georgarakos, **Tullio Jappelli**, and Geoff Kenny**,** *Wealth Shocks and Portfolio Choice*

We use new euro area representative data from the Consumer Expectations Survey (CES) to elicit household-specific propensities to invest and consume out of positive wealth shocks. Using a randomized assignment of hypothetical lottery gains ranging from 5,000 to 50,000 euros and a realistic menu of consumption, saving and asset choices, we estimate the causal effect of wealth shocks on risky asset ownership and conditional asset shares. Wealth shocks have a positive effect on stockholding (about a 10 percentage points increase for the largest wealth shock). The majority of households in the sample do not participate in the stock market, even after a large increase in wealth. The conditional asset share invested in stocks does not depend on the size of wealth shocks, with the small exception of very high values of the latter, for which the conditional risky asset share slightly increases. This result is consistent with the notion that preferences are characterized by constant relative risk aversion for the vast majority of risky asset investors.

653 Giovanni Angelini, Luca Fanelli, and **Marco M. Sorge**, *Is Time an Illusion? A Bootstrap Likelihood Ratio Approach to Testing Shock Transmission Delays in DSGE Models*

Recently developed models of the business cycle exhibit a recursive timing structure, which enforces delayed propagation of exogenous shocks driving short-run dynamics. We propose a simple empirical strategy to test for the relevance of timing restrictions and ensuing shock transmission delays in general DSGE environments. Based on a bootstrap maximum likelihood estimator, our approach mitigates over-rejection concerns typically arising from conventional tests of non-linear hypotheses that exploit first-order asymptotic approximations. We showcase the empirical usefulness of the testing procedure by means of numerical simulations of a workhorse model of the monetary transmission mechanism.

654 **Salvatore Capasso** Marcella D'Uva, Cristiana Fiorelli, and Oreste Napolitano, *Assessing the Impact of Country-Specific Sovereign Risk on Financial and Banking System in EMU: the Role of Italy*

This work investigates the bank-sovereign risk transmission across EMU countries, assessing how sovereign risk in Italian government bonds can affect the sovereign and credit risk of non-stressed countries. We employ a GVAR technique and measure spatial proximity by using the cross-country "distance" in debt-to-GDP ratio. Our results confirm the hypothesis of a sovereign-bank loop: a shock in Credit Default Swaps spread of one country propagates to other CDS and bank indices. The effects are stronger in more fragile financial systems. Overall, our findings highlight the importance of spillover effects and suggest a monetary policy tailored on "back-door" propagation of shocks.

655 Martin Chegere, Paolo Falco, Marco Nieddu**, Lorenzo Pandolfi,** and **Mattea Stein,** *It's a Sure Win! Experimental evidence on overconfidence in betting behavior*

We conduct an experiment with regular sports bettors in Tanzania to investigate how they value their bets and form expectations about winning probabilities. By comparing a sports bet to a neutral urn-and-balls lottery with identical odds, we find that subjects under the sports framing assign higher subjective values (certainty equivalents) to their bets and are significantly more optimistic about their chances of winning, even though, in fact, they are not more likely to win. This is consistent with bettors being overconfident in their ability to predict sports outcomes. Coupled with data on betting frequency and motives, our results suggest that, by leveraging gamblers' overconfidence, sports betting magnifies their financial losses.

656 Nicolò Gatti, Fabrizio Mazzonna, Raphaël Parchet, and **Giovanni Pica**, *Opening The Labor Market to Qualified Immigrants in Absence of Linguistic Barriers*

This paper investigates the impact of opening the labor market to qualified immigrants who hold fully equivalent diplomas as natives and share the same mother tongue. Leveraging the 2002 opening of the Swiss labor market to qualified workers from the European Union, we show that the policy led to a large inflow of young immigrants with highly heterogeneous effects on the wages and employment status of qualified natives. While incumbent natives experienced a wage gain and a decrease in the likelihood of becoming inactive, the opposite happened for young natives entering the labor market after the policy change.

657 Andrea Bellucci, Alexander Borisov, Germana Giombini, and **Alberto Zazzaro**, *Information Asymmetry, External Certification, and the Cost of Bank Debt*

This paper examines how the cost of bank debt reflects public information about borrower quality, and whether such information complements or substitutes the private information of banks. Using a sample of small business loans, and the award of a competitive public subsidy as an observable positive signal of external certification, we find that a certification is associated with a lower cost of debt for the recipients if the amount of private information of the lender is low. As the bank accumulates more information over the course of the lending relationship with a borrower, public information loses importance and no longer has a significant effect. Our results highlight a potential positive effect of external certification, and suggest that public and private information can be substitutes in the pricing of bank debt.

658 Gabriella Conti, **Michele Giannola**, and Alessandro Toppeta, *Parental Beliefs, Perceived Health Risks, and Time Investment in Children: Evidence from COVID-19*

When deciding how to allocate their time among different types of investment in their children, parents weigh up the perceived benefits and costs of different activities. During the COVID-19 outbreak parents had to consider a new cost dimension when making this decision: the perceived health risks associated with contracting the virus. What role did parental beliefs about risks and returns play for the allocation of time with children during the pandemic? We answer this question by collecting rich data on a sample of first-time parents in England during the first lockdown, including elicitation of perceived risks and returns to different activities via hypothetical scenarios. We find that parents perceive their own time investment to be (i) more productive and (ii) less risky than the time spent by their children in formal childcare or with peers. Using open-ended questions about their pandemic experience and detailed time use data on children's daily activities, we then show that parental beliefs are predictive of actual investment choices, and are correlated with parental feelings derived from sentiment analysis. Lastly, we show that less educated parents perceive both lower returns and lower risks from investments, potentially causing a further widening of pre-existing inequalities in early years development, and suggesting the need for targeted informational interventions.

659 **Giuseppe De Marco**, Maria Romaniello, and Alba Roviello, *On Hurwicz Preferences in Psychological Games*

The literature on strategic ambiguity in classical games provides generalized notions of equilibrium in which each player best responds to ambiguous or imprecise beliefs about hisopponents' strategy choices. In a recent paper, strategic ambiguity has been extended topsychological games, by taking into account ambiguous hierarchies of beliefs and maxmin preferences. Given that this kind of preference seems too restrictive as a general method to evaluate decisions, in this paper we extend the analysis by taking into account a-maxmin preferences in which decisions are evaluated by a convex combination of the worst-case (with weight a) and the best-case (with weight 1-a) scenarios. We give the definition of a-maxmin Psychological Nash Equilibrium; an illustrative example shows that the set of equilibria is affected by the parameter a and the larger is ambiguity the greater is the effect. We also provide a result of stability of the equilibria with respect to perturbations that involve the attitudes toward ambiguity, the structure of ambiguity and the payoff functions: converging sequences of equilibria of perturbed games converge to equilibria of the unperturbed game as the perturbation vanishes. Surprisingly, a final example shows that existence of equilibria is not guaranteed for every value of a.

660 Ritesh Jain, Ville Korpela, and **Michele Lombardi**, *Two-Player Rationalizable Implementation*

The paper characterizes the class of two-player social choice functions implementable in rationalizable strategies. We offer two equivalent conditions, Two-Player Generalized Strict Maskin Monotonicity** and Partition Monotonicity. Similar to Bergemann et al. (2011) and Xiong (2022), Two-Player Generalized Strict Maskin Monotonicity** relies on the existence of a partition of the set of states. However, Partition Monotonicity provides a construction for the partition.

661 Francesco Caruso, Maria Carmela Ceparano, and **Jacqueline Morgan**, *Asymptotic Behavior of Subgame Perfect Nash Equilibria in Stackelberg Games*

The study on how equilibria behave when perturbations occur in the data of a game is a fundamental theme, since actions and payoffs of the players may be affected by uncertainty or trembles. In this paper we investigate the asymptotic behavior of the subgame perfect Nash equilibrium (SPNE) in one-leader one-follower Stackelberg games under perturbations both of the action sets and of the payoff functions. To pursue this aim, we consider a general sequence of perturbed Stackelberg games and a set of assumptions that fit the usual types of perturbations. We study if the limit of SPNEs of the perturbed games is an SPNE of the original game and if the limit of SPNE outcomes of perturbed games is an SPNE outcome of the original game. We fully positively answer when the follower’s best reply correspondence is single valued. When the follower’s best reply correspondence is not single valued, the answer is positive only for the SPNEs outcomes; whereas the answer for SPNEs may be negative, even if the perturbation does not affect the sets and affects only one payoff function. However, we show that under suitable non-restrictive assumptions it is possible to obtain an SPNE starting from the limit of SPNEs of perturbed games, possibly modifying the limit at just one point.

662 Kent Osband, **Salvatore Capasso,** and Valerio Filoso *The Limits of Limitless Debt*

How worrisome are mounting sovereign debt-to-GDP ratios? Many economists profess little concern. Debt stocks are irrelevant to sustainability in standard macro models, while low real interest rates testify to lender optimism. Furthermore, the debt is mostly in fiat currency, which eases rollover. Yet historical evidence (Reinhart and Rogoff, 2009) shows that high sovereign debt is prone to default and that credit spreads are often trailing indicators. This paper offers a simple way to model the trade-offs. On the one hand, it acknowledges that large debt overhangs tend to raise default risks. On the other hand, it allows sovereigns to roll over debt regardless of long-term fiscal solvency. The combination allows credit spreads to stay very low for decades yet eventually spiral out of control and trigger default. Hence, neither the reassurance of low spreads nor the alarm from growing overhang should automatically prevail. To illustrate the trade-offs, we review the ebb and flow of US sovereign debt burdens since World War II. Between record peacetime debt-to-GDP ratios and weakened fiscal discipline, an exemplary double-or-triple-A credit rating for the US no longer seem justified.