CSEF

Center for Studies in Economics and Finance

ACTIVITY REPORT 2015

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. It aims at performing and promoting research in economics and finance, and at linking up researchers in Naples, Salerno and Bocconi with international research via seminars, conferences, exchange of researchers and joint research projects.

CSEF premises are at the Department of Economics and Statistics of the University of Naples Federico II. CSEF hosts researchers and doctoral students from other Italian and foreign universities, runs two weekly research seminars, and collaborates with the Master in Economics and Finance (MEF) at the University of Naples Federico II.

Besides strengthening the networking between its parent institutions, the Centre applies for research grants, organizes workshops and conferences, and runs research projects as an independent entity. Its administration is entrusted to **Immacolata Diez** and **Stefania Maddaluno**.

News

2015 has been a great year for CSEF. Fellows **Luigi Benfratello** and **Francesco Drago** have been respectively appointed Associate Professor at the Polytechnic University of Turin, and Full Professor at the University of Messina. **Ornella Wanda Maietta** has been promoted Associate Professor at the University of Naples. Post-doctoral Fellows **Salvatore Morelli** (PhD Oxford University) and **Roberto Nisticò** (PhD University of Essex) have been awarded research fellowships within the FIRB and ERC projects respectively. Post-doctoral Fellow **Immacolata Marino** and **Alberto Zazzaro**, Professor at the University of Naples Federico II and the Polytechnic University of Marche, joined CSEF in 2015.

In 2015 CSEF Fellows published articles on the *American Economic Review*, *American Economic Journal: Applied Economics*, *American Economic Journal: Macroeconomics*, *Economic Journal*, *Economic Policy*, *Economic Theory*, *Journal of Development Economics, Journal of the European Economic Association*, *Journal of Economics and Management Strategy*, *Journal of Mathematical Economics*, *Journal of Public Economics*, *Management Science*, *Review of Financial Studies*, and *Theory and Decision*, among others. Moreover, they organized 7 conferences and workshops, often jointly with other institutions and research centres.

How to contact us:

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Main research areas

Research activity at CSEF focuses on three main areas:

(i) Analysis of household choices (saving, portfolio and labor decisions), especially regarding saving, portfolio choice, retirement and labor supply.

(ii) Financial economics (banking, portfolio choice, corporate finance, market microstructure). Main areas of research include law and finance, corporate governance, and issues at the interface between finance and macroeconomics.

(iii) Economic theory, particularly economics of information, contract theory, design and enforcement of regulation, game theory and general equilibrium theory.

Funding

Research projects carried out at CSEF in 2015 were funded by research grants of the European Research Council (ERC Advanced Grant on Labor and Finance), University of Naples and Compagnia di San Paolo, the European Commission (Collaborative Project), the Italian Ministry of University and Research (PRIN, FIRB and PON projects), Global Risk Institute in Financial Services.

Conferences

2015 Review of Economic Study May Meeetings

The **Review of Economic Studies May Meetings** have been held annually in May since 1989. To encourage the work of young economists, every year the Review of Economic Studies selects 7 top graduating Ph.D. students to present their work in leading European schools, where they give seminars to select audiences invited by the local hosts, including the journal's editors. In 2015 the meetings took place at the following institutions: CSEF-University of Naples Federico II, Barcelona Graduate School of Economics and University of Munich. The Tour was held at the Conference Center of the University of Naples on May 11-12, 2015. The selected 7 Ph.D. students were: Adrien Auclert, (MIT), Benjamin Connault (Princeton University), Gregor Jarosch (University of Chicago), Benjamin Hebert (Harvard University), Manasi Deshpande (MIT), Zhen Huo (University of Minnesota), Adam Kapor (Yale University).

CSEF-CIM-UCL Conference on Macroeconomics after the Great Recession

CSEF-CIM-UCL Conference on "Macroeconomics after the Great Recession", held in Ischia at the Albergo Della Regina Isabella on 15-16 June, was organized jointly with the Center for International Macroeconomics (Northwestern University) and University College London. The scientific committee included Martin Eichenbaum (Northwestern University), Morten Ravn (University Colloge London), Saverio Simonelli (University of Naples). The Workshop was attended by Klaus Adam (University of Mannheim), Martin Ellison (Oxford University), Marco Bassetto (University College London), Luigi Paciello (Einaudi Institute for Economics and Finance), Giancarlo Corsetti (Cambridge University), Sergio Rebelo (Northwestern University), Tommaso Oliviero (CSEF), Raffaella Giacomini (University College London), Jean-Paul L'Huillier (Einaudi Institute for Economics and Finance), Annalisa Scognamiglio (CSEF), Guido Lorenzoni (Northwestern University), Joao Cocco (London Business School), Marco Pagano (University of Naples Federico II and CSEF), Tim Eisert (Erasmus University Rotterdam), Pontus Rendahl (Cambridge University), Vincent Sterk (University College London), Alp Simsek (MIT).

2nd Conference on Bank Performance, Financial Stability and the Real Economy

The **2nd Conference on "Bank performance, financial stability and the real economy"** took place at the Mario Cacace Multimedia Center, Anacapri on June, 22. The Scientific Committee included Viral Acharya (New York University), Franklin Allen (Imperial College), Arnoud Boot (University of Amsterdam), Markus Brunnermeier (Princeton University), Elena Carletti (Bocconi University), Hans Degryse (University of Leuven), Giovanni Dell'Ariccia (IMF), Andrew Ellul (Indiana University, University of Naples Federico II and CSEF), Xavier Freixas (Universitat Pompeu Fabra), Nicola Gennaioli (Bocconi University), Annamaria Menichini (University of Salerno and CSEF), Tommaso Oliviero (CSEF), Steven Ongena (Tilburg University), Marco Pagano (University of Naples Federico II, CSEF and EIEF), José Luis Peydró (UPF), Daniel Paravisini (London School of

Economics), Alexander Popov (ECB), Rafael Repullo (CEMFI), Jean-Charles Rochet (University of Zurich), Jorg Rocholl (ESMT), Philipp Schnabl (New York University), Saverio Simonelli (University of Naples Federico II and CSEF), Hyun Song Shin (BIS), Javier Suarez (CEMFI), Alberto Zazzaro (Polytechnic University of Marche and Mo.Fi.R.).

11th Csef-Igier Symposium on *Economics and Institutions*

From 23 to 26 June 2015, CSEF and the Innocenzo Gasparini Institute for Economic Research (IGIER Bocconi) held their annual joint **Symposium on *Economics and Institutions***, which was organized by CSEF Fellows Marco Pagnozzi, Giovanni Pica, Maria Grazia Romano and Saverio Simonelli, and IGIER Fellows Nicola Gennaioli and Paolo Pinotti. As in past editions, the Symposium allowed for free, informal discussion, with seminars held in the mornings in three parallel sessions, afternoons being reserved to informal workshops and collaborative work. The conference program included papers in Macroeconomics, Behavioural Economics, Micro Theory, Finance and Applied Economics. The invited speakers were Alberto Abadie (Harvard University), Efraim Benmelech (Northwestern University), Markus Brunnermeier (Princeton University), Paul Milgrom (Stanford University), Matthew Rabin (Harvard University), Esteban Rossi-Hansberg (Princeton University), Matthew Shapiro (University of Michigan).

XXIV European Workshop on General Equilibrium Theory (EWGET 2015)

The European Workshop on General Equilibrium Theory (EWGET) has been held each year since 1991. In 2015 the Workshop was held at the Federico II Conference Center from June 29 to July 1 and was organized by Achille Basile, CSEF Fellows Maria Gabriella Graziano and Marialaura Pesce, Claudia Meo, and Ciro Tarantino. The event allowed participants to present and be informed of the latest developments in general equilibrium theory and its applications in other areas of economics, such as financial markets, decision theory, game theory, economics of information, contract theory, microeconomic theory, public economic theory, theory of finance, networks, macroeconomic and monetary theory. The invited speakers were Bernard Cornet (PSE University of Paris and University of Kansas), Nicholas C. Yannelis (Tippie College of Business, University of Iowa).

CSEF-EIEF-SITE Conference on Finance and Labor

The Conference was organized by CSEF jointly with Einaudi Institute for Economics and Finance(EIEF) and the Stanford Institute for Theoretical Economics at Stanford University (SITE). The event was funded by two ERC Advanced Grants, respectively awarded to Claudio Michelacci for research on Estimation of General Equilibrium Labor Market Search Models and to Marco Pagano for research on Finance and Labor. The conference was held in Rome at the Einaudi Institute for Economics and Finance (EIEF) on 28-30 August, 2015. The Conference was attended by Liu Yang (University of Maryland), Han Kim (University of Michigan), Vikrant Vig (London Business School), Fabiano Schivardi (Bocconi University), Francisco Palomino (University of Michigan), Christian Lundblad (University of North Carolina), Jonathan Berk (Stanford University), Gordon Phillips (University of Southern California), Andrew Ellul (Indiana University), Denis

Sosyura (University of Michigan), Adrien Matray (Princeton University), Daniel Metzger (Stockholm School of Economics), Boris Vallée (Harvard Business School), Philip Bond (University of Washington), Marco Pagano (University of Naples, CSEF, EIEF), David Matsa (Northwestern University), Antonio Falato (Federal Reserve Board), Effi Benmelech (Northwestern University), Roberto Marfè (Collegio Carlo Alberto), Miguel Palacios (Vanderbilt University), Christian Julliard (London School of Economics), Mindy Zhang (University of Texas at Austin), Vincenzo Quadrini (University of Southern California), Benjamin Schoefer (Harvard University), Claudio Michelacci (EIEF), Hengjie Ai (University of Minnesota), Gian Luca Clementi (Stern School of Business), Luigi Pistaferri (Stanford University), Hyunseob Kim (Cornell University), Paige Parker Ouimet (University of North Carolina), Thomas Schmid (University of Hong Kong), Ernst Maug (University of Mannheim), Joacim Tåg (Research Institute of Industrial Economics), and Annalisa Scognamiglio (CSEF).

Workshop on Economics of Discrimination

The workshop brought together leading scholars and young researchers interested in the economics of discrimination in its various forms (e.g. race, ethnicity, gender, age) and in different contexts (e.g. among consumers, employees, public officials). The program encompassed both theoretical contributions as well as empirical research using field/laboratory experiments and survey data. The workshop was held on 1-2 September at the Conference Center of the University of Naples and was organized jointly with the Centre for Studies in Economics and Finance (CSEF) and the Economics Department, University of Southampton, with the support of UniCredit & Universities Foundation and the Royal Economic Society. The keynote speakers were Uri Gneezy (University of California, San Diego) and Peter Kuhn (University of California, Santa Barbara).

II Workshop MEF–LMEF "Getting ready for the Job Market with a Master Degree"

The **II MEF-LMEF Workshop on "Getting ready for the Job Market with a Master Degree"** held at the Federico II Conference Center on December 22 2015, hosted as speakers the following MEF Alumni: Annalisa Scognamiglio (Post-doctoral researcher - CSEF), Ferdinando Giugliano (Global Economy News Editor, Financial Times), Giovanna Della Posta (Head of Management Control, Procurement & Real Estate - Sara Assicurazioni), Angelo Esposito, (NpL Portfolio Analyst at BNL Group BNP Paribas). The Workshop was organized by CSEF Fellow Marco Pagnozzi and Micol Sorrentino (University of Naples Federico II).

Seminars

In 2015 CSEF hosted one or two research seminars per week. Papers were presented both by invited speakers and resident researchers.

January

Giovanni Immordino (University of Naples Federico II and CSEF), *Costly Pretrial Agreements*

Rocco Ciciretti (University of Rome Tor Vergata), *The Determinants of Household's Bank Switching*

Climent Quintana-Domeque (University of Oxford), *Terrorism and Human Capital at Birth: Bomb Casualties and Birth Outcomes in Spain* (joint with P. Rodenas-Serrano)

Giovanni Pica (University of Salerno and CSEF), *Why are internal labour markets active in French business groups?*

February

Alex Solis (Uppsala University), *Does Higher Education Cause Political Participation?: Evidence From a Regression Discontinuity Design*

Hector Calvo Pardo (University of Southampton), *Subjective Return Expectations, Information and Portfolio Choice* (joint with L. Arrondel and X. Oliver)

Gianmarco Ottaviano (London School of Economics), *Product Mix and Firm Productivity Responses to Trade Competition* (joint with T. Mayer and M. J. Melitz)

Juan Carlos Carbajal (University of New South Wales), Inconspicuous Conspicuos Consumption (joint with J. Hall and H. Li)

Howard Rosenthal (New York University), *The Wealth Elasticity of Political Contributions by the Forbes 400*

Antonio Rosato (University of Technology Sydney), *Loss Aversion in Sequential Auctions: Endogenous Interdependence, Informational Externalities and the "Afternoon Effect"*

March

Andrew Chesher (University College London), *New Directions for Instrumental Variables Models*

Dimitris Christelis (University of Naples Federico II and CSEF), *Uncertainty about Future Consumption and Precautionary Saving (joint with D. Georgarakos, T. Jappelli and M. van Rooij)*

Volker Nocke (University of Mannheim), *Merger Policy in a Quantitative Model of International Trade* (joint with H. Breinlich and N. Schutz)

Francesco Drago (University of Naples Federico II and CSEF), *Compliance Behavior in Networks: Evidence from a Field Experiment*

Stefano Giglio (University of Chicago Booth), *The price of variance risk* (joint with I. Dew-Becker, A. Le, and M. Rodriguez)

Salvatore Piccolo (Catholic University of the Sacred Heart and CSEF), *Debt, Managers and Cartels* (joint with G. Spagnolo)

Bradley Shapiro (University of Chicago Booth), *The effects of advertising on health insurance markets* (joint with N. Mahoney)

Sarah Draus (Erasmus University Rotterdam*), Information, Rebalancing and Circuit Breakers* (joint with M. Van Achter and D. Zvilichovsky)

Rolf Aaberge (Statistics Norway), *Income and Top Income Mobility*

April	**Agnese Leonello** (European Central Bank*), Government guarantees and the two-way feedback between banking and sovereign debt crises*
	Robert Sugden (University of East Anglia), *Preference purification and the inner rational agent: a critique of the conventional wisdom of behavioural welfare economics* (joint with G. Infante and G. Lecouteux)
	Renato Gomes (Toulouse School of Economics), *Competitive Screening Under Heterogeneous Information* (joint with D. Garrett and L. Maestri)
	Sinem Hidir (Toulouse School of Economics), *Contracting for Experimentation and the Value of Bad News*
	Rahul Deb (Toronto University), Optimal Adaptive Testing (joint with C. Stewart)
May	**Stephen Jenkins** (London School of Economics), *The dynamics of employment: a variance components approach* (joint with L. Cappellari)
	Immacolata Marino (University of Naples Federico II and CSEF), *Tightening Fiscal Rules: Industry and Firm Effects* (joint with D. Coviello, T. Nannicini and N. Persico)
	Thomas Crossley (University of Essex and IFS), *Can Survey Participation Alter Household Saving Behaviour?* (joint with J. de Bresser, L. Delaney and J. Winter)
	Vincenzo Lombardo (University of Naples Parthenope), *Family Firms and Entrepreneurial Human Capital in the Process of Development* (joint with M.R. Carillo and A. Zazzaro)
	Nizar Allouch (Queen Mary, University of London), *Policy reform in networks*
	Luigi Pistaferri (Stanford University), *Back to background risk?* (joint with A. Fagereng and L. Guiso)
June	**Gary Biglaiser** (Univeristy of North Carolina), *The Value of Incumbency with Heterogeneous Networks* (joint with J. Cremer)
	Antonio Cabrales (University College London), *What you know can't hurt you (for long): A field experiment on relative feedback performance* (joint with G. Azmat, M. Bagues and N. Iriberri)
September	**Sergei Kovbasyuk** (EIEF), *Key Investors in IPOs: Information, Value-Add, Laddering or Cronyism?* (joint with David C. Brown)
	Juan Passadore (EIEF), *Illiquidity in Sovereign Debt Markets* (joint with Yu Xu)
	Vito Peragine (University of Bari), *Ex post inequality of opportunity comparisons* (joint with M. Fleurbaey and X. Ramos)
October	**Johan Hombert** (HEC Paris), *Can Innovation Help U.S. Manufacturing Firms Escape Import Competition from China*? (joint with Adrien Matray)
	Camille Landais (London School of Economics), *Market Externalities of Large Unemployment Insurance Extension Programs* (with R. Lalive and J. Zweimuller)
	Toomas Hinnosaar (Collegio Carlo Alberto), *On the impossibility of protecting risk-takers*
	Marit Hinnosaar (Collegio Carlo Alberto), *Time Inconsistency and Alcohol Sales Restrictions*
	Filip Matějka (CERGE-EI), *Electoral Competition with Rationally Inattentive Voters* (joint with Guido Tabellini)

November

Paolo Pin (University of Siena), *The effect of externalities aggregation on network games outcomes* (joint with Francesco Feri)

Edoardo di Porto (University of Naples Federico II and CSEF), *Property Tax Avoidance, Inter Vivos Gifts, and the Joy of Giving* (joint with Henry Ohlsson)

Mike Burkart (Stockholm School of Economics), *Hedge fund activism vs. hostile takeover bids* (joint with Samuel Lee)

Annalisa Scognamiglio (University of Naples Federico II and CSEF), *Property tax and housing values* (joint with Tommaso Oliviero)

Dominik Grafenhofer (Max Planck Institute Bonn), *Observing Each Other's Observations in a Bayesian Coordination Game* (joint with Wolfgang Kuhle)

Robert P. Gilles (Queen's University Belfast), *Back to the classics: Increasing returns and the social division of labour as determinants of economic wealth creation*

Salomé Baslandze (EIEF), *The Role of the IT Revolution in Knowledge Diffusion, Innovation and Reallocation*

Luca Picariello (Norwegian School of Economics (Ph.D. Candidate), *Organizational Design with Portable Skills*

December

Ornella Wanda Maietta (University of Naples Federico II and CSEF), *University-industry R&D collaboration and innovation across Europe* (joint with Cristian Barra and Roberto Zotti)

Neale Mahoney (University of Chicago Booth School of Business), *Do Banks Pass Through Credit Expansions to Consumers Who Want to Borrow? (*joint with Sumit Agarwal, Souphala Chomsisengphet and Johannes Stroebel)

Gaetano Vecchione (SUN & IPE), *Measuring Institutional Quality*

Antonio Acconcia Antonio Acconcia is Professor of Economics at the University of Naples Federico II. He is currently working on: “The Effect of Public Spending on Consumption”; “The Consumption Response to Liquidity-Enhancing Transfers: Evidence from Italian Earthquakes” (with G. Corsetti and S. Simonelli); “Liquidity and Firm Response to Fiscal Stimulus” (with C. Cantabene). He is also revising the paper “Underpricing and Firm Location” (with A. Del Monte and L. Pennacchio). Recently he published “Mafia and Public Spending: Evidence on the Fiscal Multiplier from a Quasi-experiment” (with G. Corsetti and S. Simonelli) in American Economic Review and “Accomplice-Witnesses and Organized Crime: Theory and Evidence from Italy” (with G. Immordino, S. Piccolo and P. Rey) in Scandinavian Journal of Economics.

Carlo Altavilla is Principal Economist at the European Central Bank (Frankfurt) and Research Fellow at CESifo (Munich). He received a Ph.D. in Economics from the Catholic University of Leuven (Belgium). His research interests cover monetary policy, applied time series and financial econometrics. He is currently working on the effects of non-standard monetary policies, the modelling and forecasting of the yield curve, credit and sovereign debt dynamics.

Matteo Bassi is Manager at the Competition & Markets Authority (CMA), the competition authority in United Kingdom. He received a Ph.D. in Economics from the Toulouse School of Economics, discussing a dissertation on Behavioral Public Economics. His research deals with public economics, regulation, industrial organization and behavioral economics. In 2014, he published "Transparency and Product Differentiation with Competing Vertical Hierarchies" (with M. Pagnozzi and S. Piccolo) in the *Journal of Economics and Management Strategy.*

Luigi Benfratello is Associate Professor of Economics at the Polytechnic of Turin. He previously worked at the Italian National Research Council (CNR), the University of Turin, and the University of Naples “Federico II”. His research focuses on applied industrial organization (firms’ location choices and export activities, regulation and privatization, informational content of firms' balance sheet and income statement). In 2015 he worked on: technology adoption by private and public owned firms (joint with A. Iozzi and M. Piacenza); non-linear effect of R&D on exports (joint with C. Piccardo and A. Bottasso); house price effect of transport infrastructure (joint with R. Ignaccolo and M. Kersbamer); the links between firms’ offshoring abroad and the availability of broadband connection (joint with T. Razzolini and A. Sembenelli); banks' reaction to poor informational content of firms' balance sheet and income statement (joint with G. Immordino and M. Padula)

Alberto Bennardo is Professor of Economics at the University of Salerno. His research focuses on microeconomics, organizational economics and financial economics. He is currently working on two themes: the welfare effects of the manipulation of information by managers, and the governance of economic institutions where renegotiation opportunities generate multilateral externalities. In 2015, 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, have been published in the *Review of Finance* and in the *Journal of the European Economic Association*, respectively.

Sergio Beraldo is Assistant Professor of Economics at the University of Napoli Federico II. He uses both theoretical and experimental methods to investigate issues in public and institutional economics. His current research focuses on the emergence of cooperation in evolutionary environments, the adverse effects of fiscal federalism, the search for an operative notion of equality of opportunity in health.

Emilio Calvano is an Assistant Professor at CSEF. He holds a Ph.D. from the University of Toulouse. In 2007, he moved to the United States where he conducted research and worked at Harvard University and Microsoft Research. In 2009 he won a 4-year research grant from Unicredit Group to be spent in a European institution of his choice. He taught and conducted research at Bocconi University in Milan. He is an applied theoretical economist whose research mainly focuses on the theory of industrial organization. His latest work with Bruno Jullien studies the incentives of Recommendation Systems. Billions of consumers rely daily on these systems to decide what music to listen (Itunes), which movie to watch (Netflix), what product to purchase (Amazon) or which restaurant to patronize (Yelp). By controlling the consumers' informational environment these algorithms can distort consumption choices. Emilio's research studies what their incentives are, whether recommendation bias is a manifestation of market power, and to what extent competition is a disciplining force in this area.

Salvatore Capasso is Professor of Economics at the University of Naples Parthenope. He holds a Ph.D. in Economics from the University of Manchester. His research focuses on economic growth, contract theory, monetary economics and theory of financial intermediation. Recent publications include "Tax Evasion, The Underground Economy and Financial Development", *Journal of Economic Behaviour and Organisation* (with K. Blackburn and N. Bose), and "Financial Development and the Underground Economy", *Journal of Development Economics* (with T. Jappelli). His latest research focuses on the relationship between criminal activity, corruption and growth and on the role of the underground economy in economic development.

Cristina Cella is Assistant Professor of Finance at the Stockholm School of Economics. In 2014 she has worked on several projects. In the paper "Is There Too Much Entry in the Entrepreneurial Activity? co-authored with M. Giannetti (Stockholm School of Economics), she investigates the relationship between entrepreneurs' social status and entrepreneurial activity and the impact on firm value and welfare. She has also worked on a project on "Learning through a Smokescreen: CEO Compensation over Tenure", with A. Ellul and N. Gupta and on "Mutual Funds Flow and Individuals' Holdings", with P. Sodini (Stockholm School of Economics) and L. Calvet (HEC).

Giovanni Cespa is a Professor of Finance at Cass Business School and a CEPR Research Fellow. His research interests are on market microstructure theory and corporate governance. His recent research focuses on the informational properties of asset prices and consensus opinion in markets with differential information. His paper "Dynamic Trading and Asset Prices: Keynes vs. Hayek (with X. Vives) has recently appeared in *the Review of Economic Studies*. In the paper "Sale of price information by exchanges: Does it promote price discovery?" (with T. Foucault, Management Science, 2014) he investigates the impact of exchanges' information sales for price efficiency. In the paper "Illiquidity contagion and liquidity crashes" (with T. Foucault, The Review of Financial Studies, 2014) he studies liquidity externalities in asset markets. In the paper "The Beauty Contest and Short-term Trading" (with X. Vives, *Journal of Finance*, 2015), he studies the impact of traders' short term speculative horizons for market performance.

GIACINTA CESTONE is an Associate Professor at Cass Business School. Her research focuses on corporate finance, corporate governance and industrial organization. She is particularly interested in the interaction between corporate finance and product market competition. Her paper "The Deep Pocket Effect of Internal Capital Markets" provides empirical evidence that affiliation with a cash-rich group represents a source of competitive strength for manufacturing firms. She is currently working on a research project – with C. Fumagalli, F. Kramarz and G. Pica – analyzing the interplay between internal capital markets and internal labor markets in business groups. She has also contributed to the literature on venture capital financing, and in ongoing work she analyzes how double-sided asymmetric information shapes venture capital syndication deals. She is a member of the Economic Advisory Group on Competition Policy (DG Competition, EU), and a research associate of the European Corporate Governance Institute (ECGI).

DIMITRIS CHRISTELIS is a CSEF Research Fellow and consults on issues related to micro data surveys. His research interests include household saving and portfolio choice, health economics, microeconometrics, and the imputation of missing data. He is currently working on examining the effect of consumption uncertainty on precautionary saving (with D. Georgarakos, T. Jappelli, and M. Van Rooij), the effect of bank account ownership on adolescents' financial literacy (with D. Georgarakos and A. Lusardi), partial identification taking into account sample selection (with J. Messina and M. A. Lugo), differences in household debt among Eurozone countries (with M. Ehrmann and D. Georgarakos), and estimation of panel data discrete choice models (with R. Fonseca).

PIERLUIGI CONZO is Assistant Professor of Economics at the University of Turin, Department of Economics "Cognetti de Martiis". His research focuses on development economics, experimental economics, economics of happiness and social preferences. He has carried out fieldworks in Argentina, Thailand, Kenya and Sri Lanka regarding subjective and objective well-being as well as social preferences. He is currently working on the effects of the Sri Lankan tsunami on trust and cheating, on health and Europeans' life satisfaction, on culture, institutions and subjective well-being in Europe and on fertility and happiness in rural Ethiopia. Recent publications include: "Social capital dynamics and collective action: the role of subjective satisfaction in a common pool resource experiment", in *Environment and Development Economics* (2015); "Public Disclosure of Players' Conduct and Common Resources Harvesting: Experimental Evidence from a Nairobi Slum", in *Social Choice and Welfare* (2015); "Violence, trust, and trustworthiness: evidence from a Nairobi slum", *Oxford Economic Papers* (2014); "Enhancing capabilities through credit access: Creditworthiness as a signal of trustworthiness under asymmetric information", *Journal of Public Economics* (2011).

MARCELLO D'AMATO is Professor of Economic Policy at the University of Salerno. His current research focuses on the institutional design of Central Banks, the political economy of social security, education and social mobility. Recent publications include: "Political Intergenerational Risk Sharing" (2010, with V. Galasso) in the *Journal of Public Economics*; "Occupational mobility and wealth evolution in a model of educational investment with credit market imperfections" (2014, with C. Di Pietro) in the *Journal of Economic Inequality;* On the causal effects of selective admission policies on students' performances: evidence from a quasi-experiment in a large Italian university. in *Oxford Economic Papers* - (2015, with V. Carrieri and R. Zotti).

GIUSEPPE DE MARCO is Associate Professor of Mathematics at the University of Naples Parthenope. His current research focuses on ambiguous games, imprecise probability, psychological games, moral hazard models, multicriteria games, networks and financial contagion. Recent publications include: "On Ordered Weighted Averaging Social Optima" (with J. Morgan) in *Journal of Optimization Theory* (2014), "Variational preferences and equilibria in games under ambiguous belief correspondences" (with M. Romaniello) in the *International Journal of Approximate Reasoning* (2015), and " Reciprocity in the Principal-Multiple Agent Model" (with G. Immordino) in *The B.E. Journal of Theoretical Economics* (2014).

SERGIO DESTEFANIS Sergio Destefanis is Professor of Economics at the University of Salerno, where he heads the Ph.D. Programme in Economics. In 2015 he published "The OECD Beveridge Curve: technological progress, globalisation and institutional factors" (with G. Mastromatteo) in the *Eurasian Business Review*, and "Structural funds and regional convergence: some sectoral estimates for italy" (with G. Coppola), in *Geographical labour market imbalances. Recent explanations and cures*, Springer, edited by C. Mussida and F. Pastore. He is now continuing this research on cohesion policies in collaboration with ANCI-IFEL. Other current work deals with the Taylor Curve (with M. Fragetta and E. Gasteiger), and the macro-evaluation of labour market policies (in collaboration with the Italian Treasury).

EDOARDO DI PORTO is Assistant Professor at the University of Naples Federico II and associate researcher at Uppsala Center for Fiscal Studies (UCFS), Uppsala University. He previously worked at CEIS University of Rome Tor Vergata, LABOR Collegio Carlo Alberto (Turin), DIPECODIR and MEMOTEF Sapienza University of Rome and EQUIPPE University of Lille 1. His research focuses on public finance, urban economics and labour economics. In 2015 he published "Local government cooperation at work: a control function approach" (with A. Parenti and S. Paty) in the *Journal of Economic Geography*; "Migration, labour tasks and production structure" (with G. De Arcangelis and G. Santoni) in *Regional Science and Urban Economics* and "Informal work in a flexible labour market" (with L.Elia and C. Tealdi) in *Oxford Economic Papers*. He has been awarded a "visitINPS fellowship" for a project on labor tax evasion, audit and undeclared work in Italy. He visited UCFS in December 2015. He has ongoing research on property tax avoidance, the impact of business property tax on firm performance and the effects of World World II on adult health and economics outcomes.

FRANCESCO DRAGO is Professor of Economics at the University of Messina and a Research Affiliate at IZA, Bonn. His research interests are in the fields of political economy and economics of crime. In the area of political economy his paper on Earthquakes, Religion and Transition to Self-government in Italian Cities is forthcoming in the *Quarterly Journal of Economics*. He is currently involved in several other projects about the economics of crime and political economy.

SARAH DRAUS is Assistant Professor of Finance at the Rotterdam School of Management (Erasmus University), and was previously a CSEF Post-doctoral Fellow at the University of Naples. She completed a Ph.D. in finance at the University of Paris-Dauphine and won the Pirou/Aguirre-Basualdo prize for her doctoral dissertation. Her research combines finance with industrial organization and aims at understanding competition in the stock market industry, devices to regulate trading, and the role of information disclosure requirements. Current work includes the papers "Circuit Breakers and Market Runs" (co-authored with M. Van Achter, Erasmus University) which was presented in several major conferences such as the WFA annual meeting, "Exchange Competition and

Order Splitting" and "Information, Rebalancing and Circuit Breakers" (co-authored with M. Van Achter from Erasmus University, and D. Zvilichovsky from Tel Aviv University). She is involved in further research projects with M. Pagano (Univ. of Naples) among others.

ANDREW ELLUL is Professor of Finance and Fred T. Greene Distinguished Scholar at Indiana University's Kelley School of Business. His research interests focus on empirical corporate finance, institutional investors' trading and market microstructure. He is a Research Associate of CSEF, CEPR, ECGI, FMG and SRC, and was appointed as Co-Editor of the *Review of Finance* in 2015. In 2015 his paper titled "Is Historical Cost a Panacea? Market Stress, Incentive Distortions and Gains Trading," was published by the *Journal of Finance*. His paper titled "Transparency, Tax Pressure, and Access to Finance," co-authored with Tullio Jappelli, Marco Pagano, and Fausto Panunzi was accepted by the *Review of Finance*. His other paper titled "The Role of Risk Management in Corporate Governance" was accepted and published by the *Annual Review of Financial Economics*. In 2015 he has also completed two new working papers titled "Strategic Leverage and Employee Protection in Bankruptcy," (with Marco Pagano), and "Spillover Effects from Risk Regulation on the Asset Side to Asset Markets," (with Chotibhak Jotikasthira and Christian Lundblad).

CARLO FAVERO Carlo Favero holds a D.Phil. from Oxford University, where he was a member of the Oxford Econometrics Research Centre. He is DB 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 in the International Macroeconomics programme. He is a member of the scientific committee of the Centro Interuniversitario Italiano di Econometria (CIDE). He has been advisor to the Italian Ministry of Treasury for the construction of an econometric model of the Italian economy. He has been consulting the European Commission, the World Bank and the European Central Bank, on monetary policy and the monetary transmission mechanism and bond markets. He is member of the commitee of Wise Men of Borsa Italiana and member of the editorial board of the Bocconi Springer Series in Mathematics, Statistics, Finance and Economics.

CHIARA FUMAGALLI is Associate Professor of Economics at Bocconi University and a CEPR Research Affiliate. She is member of the Economic Advisory Group on Competition Policy (EAGCP) and of the Steering Committee of ACE (Association of Competition Economics). Her research concerns competition policy and the activity of diversified business groups. Chiara's work in competition policy is mainly focused on the economics of exclusionary practices. She has extensively worked on the anti-competitive effect of exclusive dealing. More recently, she is working on conditional rebates ("On the use of price-cost tests in loyalty discounts: Which implications from economic theory?" (joint with M. Motta, CEPR Discussion Paper No. 10550, 2015) started working on predation, and on a dynamic theory of vertical foreclosure. Finally, she is writing a book with M. Motta, titled *Monopolization: A Theory of Exclusionary Practices,* in preparation for CUP. Concerning business groups, Chiara has studied - from the theoretical and the empirical perspective - the interaction between the activity of internal capital markets and the competitive behaviour of affiliated firms. Currently, Chiara is working on a research project with G. Cestone, F. Kramarz and G. Pica, analyzing the interplay between internal capital markets and internal labor markets in business groups. This project he has been awarded the AXA

Research Grant-2012 Campaign.

MARIA GABRIELLA GRAZIANO is Professor of Mathematics at the University of Naples Federico II and Director of the Ph.D. program in Economics. She is a member of the editorial board of Economic Theory and Economic Theory Bulletin. Her current research focuses on general equilibrium theory, infinite dimensional economies, economies with public goods, economies with uncertainty and asymmetric information. In 2015 she has published the papers "Stable sets of allocations and the provision of public goods" (with M. Romaniello) in *Economic Theory*; "Stable sets for asymmetric information economies" (with C. Meo and N.C. Yannelis) in International *Journal of Economic Theory*, “On Vind’s theorem for an economy with atoms and infinitely many commodities" (with A. Bhowmik), in the *Journal of Mathematical Economics*; “Oligopoly and cost sharing in markets with public goods" (with A. Basile and M. Pesce), forthcoming in *International Economic Review*. She is currently working on the research projects: "Cones with semi-interior points and Equilibrium" (with A. Basile, M. Papadaki and I. Polyrakis); "Coalition fairness with participation rates (with A. Basile and C. Tarantino); "von Neumann-Morgenstern stable sets when preferences are interdependent" (with C. Meo and N.C. Yannelis); "Characterizations and existence of linear cost share equilibria" (with M. Pesce and M. Romaniello).

GIOVANNI IMMORDINO is Associate Professor of Economics at the University of Naples Federico II and Associate Editor of the International Review of Law and Economics. He holds a Ph.D. in Economics from the University of Toulouse. In 2015 he has published the articles “Regulating prostitution: an health risk approach” (with F.F. Russo), in the *Journal of Public Economics*; “Contracts with wishful thinkers” (with A. Menichini and M. Romano), in the *Journal of Economics & Management Strategy* and “Laws and stigma: the case of prostitution”, (with F.F. Russo), in the *European Journal of Law and Economics*. Moreover, two papers have been accepted for publication: “Optimal prostitution policy” (with F. Russo), forthcoming in the *Handbook of the Economics of Prostitution*, Oxford University Press and “Organized crime, insider information and optimal leniency”, (with S. Piccolo), forthcoming in the *Economic Journal*.

TULLIO JAPPELLI is Professor of Economics at the University of Naples Federico II and Chairman of the Department of Economics and Statistics for 2016-18. He is a Research Fellow of CEPR (London) and of the Center of Financial Studies (Frankfurt), Netspar International Research Fellow (Tilburg University), and a Fellow of the European Economic Association. In 2015 he published Wealth shocks, unemployment shocks and consumption in the wake of the Great Recession (with D. Christelis and D. Georgarakos) in the *Journal of Monetary Economics*; Investment in financial literacy, social security and portfolio choice (with Mario Padula) in the *Journal of Pension Economics and Finance*; Bibliometric evaluation vs. informed peer review: Evidence from Italy (with G. Bertocchi, A. Gambardella, C.A. Nappi, F. Peracchi) in *Research Policy*; Household saving and debt in Italy (with I. Marino and M. Padula) in *Journal of Economic Policy* Two papers by him have been accepted for publication: The consumption and wealth effects of an unanticipated change in lifetime resources (with M. Padula) is forthcoming in *Management Science;* Transparency, tax pressure and access to finance (with A. Ellul, M. Pagano and F. Panunzi) is forthcoming in the *Review of Finance*. Currently he is working on consumption risk and precautionary saving (with D. Christelis, D. Georgarakos and M. van Roij); the effect of monetary policy shocks on consumption (with A. Scognamiglio), financial information and saving (with M. Padula). With L. Pistaferri he is writing a book for

Oxford University Press on Consumption: Theory and Applications.

Ornella Wanda Maietta is Associate Professor of Economic Policy at the University of Naples Federico II. She previously was research officer at the Centre for Advanced Training and Research in Agricultural Economics, in Portici (Naples). Her current research mainly focuses on: (i) the impact of university-firm R&D collaboration on the adoption of innovation and (ii) school meal satisfaction. In 2015 she published the article “Determinants of university-firm R&D collaboration and its impact on innovation: A perspective from a low-tech industry” on *Research Policy* and worked on three papers, one on school meal satisfaction (joint on M.T. Gorgitano), another on the country-of-origin food attribute (joint with M. Bosbach and H. Marquardt) and the third one on the shadow price of human capital in the European agriculture (joint with B. De Devitiis).

Immacolata Marino is a Postdoctoral Research Fellow at CSEF. She holds a PhD in Economics from the University of Naples Federico II. She joined CSEF in 2015 as Intesa San Paolo Fellow. Her research interests are in Organizational Economics, Public Procurement, and Household Finance. In 2015 she published “Households’ Saving and Debt in Italy” (with T. Jappelli and M. Padula) in *Politica Economica – Journal of Economic Policy*. She obtained a research grant from Baffi-CAREFIN Centre for her project “Bad Loans and Resource Allocation in European Banks. Evidence from the Crisis Years” (with B. Bruno). She is currently working on two research projects: “Tightening Fiscal Rules: Industry and Firm Effects” (with D. Coviello, T. Nannicini and N. Persico) and “Firm Entry, Export and the Effect of Alleviating the Burden of Bureaucrecy” (with A. Acconcia).

Riccardo Martina is Professor of Economics and member of the Board of the University of Naples Federico II. He received a Ph.D. in Economics from the University of Naples. His research interests are mainly in the areas of industrial organization and public economics. His recent research focuses on the relationship between corruption and tax evasion, on the second mover advantage in multi-stage games with sequential choices, and on tax evasion and incentive contracts in oligopolistic markets. In 2014, he has published the papers “Endogenous Residual Claimancy by Vertical Hierarchies” (joint with S. Piccolo and A. Gonzales) in *Economics Letters* and “Gibrat’s Law, Firms’s Growth (and Decline) and the Evolution of Firm’s Size Distribution” (joint with M. D’Amato and C. Di Pietro) in *Innovation, Globalization and Firm Dynamics*.

Annamaria Menichini is Associate Professor at the University of Salerno. Her research interests focus on financial economics, contract theory and behavioural economics. In 2015 her paper "Contracts with Wishful Thinkers” (joint with G. Immordino and M.G. Romano) has appeared in the *Journal of Economics and Management Strategy*, while the paper “The Commitment Problem of Secured Lending” (joint with D. Fabbri) has been accepted for publication in the *Journal of Financial Economics*. She is currently working on two research projects: with Peter Simmons she is extending the design of efficient loan contracts under ex-post asymmetric information to a multiple loan context; with Francesca Toscano she is studying the impact that credit rating changes have on corporate governance decisions.

Salvatore Morelli holds a D.Phil in Economics at the University of Oxford, completed in October 2013, and he is a post-doctoral fellow at CSEF where he has been a co-organizer of the seminar series since 2014. He is also a research associate at the INET Oxford. Salvatore is currently working on two main projects on wealth distribution for which he was awarded the 2015 ”Guido Cazzavillan” Fellowship to be spent at University of California Berkeley and the University of Oxford: “Top wealth shares in the UK since 1896”,with F Alvaredo (PSE) and A B Atkinson

(Oxford), and "The evolution of top wealth shares in Italy", with P. Acciari (MEF) e F. Alvaredo (PSE). Recently he co-authored (with T. Smeeding and J. Thompson) one of the chapters within the 2015 Handbook of Income Distribution Volume 2 (Elsevier) focusing on post-1970 trends in income inequality in developed countries. His paper "Inequality and crises revisited" (joint with A. Atkinson) was published in the *Journal of Analytical and Institutional Economics* (2015). His recent work "The challenges of measuring UK wealth inequality in the 2000s" (joint with F. Alvaredo and A. Atkinson) is forthcoming in *Fiscal Studies*.

JACQUELINE MORGAN is Professor of Game Theory at the University of Naples Federico II. Her present research main focuses on regularizations and viscosity solutions for optimization and minsup problems with constraints defined by optimization problems, variational and quasi-variational inequalities, quasi-equilibria, Nash or social Nash equilibria and on existence results for bilevel differential games and multi leader-follower games with vertical information. Her publications in 2015 include: "Asymptotic Behavior of Semi-quasivariational Optimistic Bilevel Problems in Banach Spaces", *Journal of Mathematical Analysis and Applications*, Volume 424(1),1-20. Recently she completed the paper "Equilibria for Multi-leader Multi-follower Games with Vertical Information: Existence Results" (with M.C. Ceparano).

ROBERTO NISTICÒ is a Postdoctoral Research Fellow at CSEF. He holds a PhD in Economics from the University of Essex. He recently published "Coups d'ètat and defense spending: a counterfactual analysis" (with V.Bove) in *Public Choice* and "Military in politics and budgetary allocations" (with V.Bove) in *Journal of Comparative Economics*. He is currently working on the effect of parental job loss on children's education in Palestine (with M. Di Maio and T. Nandi); the arms trade (with V. Bove and C. Deiana); police, crime and anti-terrorism policies (with V. Bove).

TOMMASO OLIVIERO is Unicredit Foscolo Europe Research Fellow at CSEF, Naples, from October 2013. In 2014 he obtained the PhD in economics from the European University Institute, Florence. He recently spent visiting periods at the Cass Business School (London) and the Wharton Business School (Philadelphia). His research deals with financial economics and macroeconomics, with a focus on housing economics. In 2015 he published "Family firms, soft information and bank lending in a financial crisis" (with L. D'Aurizio and L. Romano) in the *Journal of Corporate Finance* and "CEO compensation, regulation and risk in banks: theory and evidence from the financial crisis" (with V. Cerasi) in the *International Journal of Central Banking.* His recent works focus on the impact of property taxes on house prices and on the welfare impact of changes in the housing market for the households.

MARIO PADULA is Professor of Economic Policy at the Università della Svizzera Italiana. He has a Ph.D. in Economics from University College London. His current research interests are pension reforms, financial literacy and saving, the effect of law enforcement on credit allocation, and household portfolio choice. In 2014 he published "Do transfer taxes reduce intergenerational transfers?" (with T. Jappelli and G. Pica) in *Journal of the European Economic Association*. The following papers have been accepted for publication: "Investment in financial literacy, social security and portfolio choice" (with T. Jappelli) in *Journal of Pension Economics and Finance*, and "Wealth and consumption effects of an unanticipated income shock" (with T. Jappelli) in *Management Science.*

MARCO PAGANO is Professor of Economics at the University of Naples Federico II and Director of CSEF. He is also President of EIEF (Einaudi Institute for Economics and Finance, Rome) and Chair of the Advisory Scientific Committee of the ESRB (European Systemic Risk Board, Frankfurt). Currently he holds the ERC Advanced Grant for a 5-year research project on "Finance and Labor". In 2015 he published the article “Multiple-Bank Lending, Creditor Rights and Information Sharing” (with Alberto Bennardo and Salvatore Piccolo), in the *Review of Finance*. Moreover, he has three forthcoming papers: “Multiple-Bank Lending, Creditor Rights and Information Sharing” (with A. Bennardo and S. Piccolo) in the *Review of Finance*, “Bank Bias in Europe: Effects on Systemic Risk and Growth” (with Sam Langfield) in *Economic Policy*, and “The Sovereign-Bank Diabolic Loop and ESBies” (with Markus Brunnermeier et al.) in *American Economic Review Papers and Proceedings.* He has also published the chapter “Lessons from the European Financial Crisis” in the volume *Financial Regulation: A Transatlantic Perspective*, edited by E. Faia, A. Hackethal, M. Haliassos and K. Langenbucher. Cambridge University Press, 2015, and with Sam Langfield has prepared the chapter on “Financial Structure” in the *Handbook of European Banking*, edited by T. Beck and B. Casu Lukac, Palgrave Macmillan, forthcoming in 2016. He has also worked on employment and wage insurance within firms with A. Ellul and F. Schivardi, on the effect on leverage of the protection of employees’ rights in bankruptcy with A. Ellul, on the effect of short-selling bans on bank stability with A. Beber and D. Fabbri, on arbitrageurs advertising their trades with S. Kovbasyuk, and on sovereign exposures of euro-area banks with C. Altavilla and S. Simonelli.

MARCO PAGNOZZI is Professor of Economics at the University of Naples Federico II. He has a Ph.D. in Economics from Oxford University and a Doctorate in Applied Mathematics from the University of Naples Federico II. His research focuses on auction theory, industrial organization and information economics. In 2015 he completed a 5-year research project "Futuro in Ricerca" on "Bidders’ Collusion and Implicit Coordination in Auctions and Market Mechanisms." In 2015 he published “Product Differentiation by Competing Vertical Hierarchies” (with Matteo Bassi and Salvatore Piccolo) in the *Journal of Economics and Management Strategy* and “Entry by Takeover: Auctions vs. Bilateral Negotiations” (with Antonio Rosato) in the *International Journal of Industrial Organization*. The paper “Entry and Product Variety with Competing Supply Chains” (with M. Bassi and S. Piccolo) is forthcoming in the *Journal of Industrial Economics*. He has recently completed four papers: “Multi-Object Auctions with Resale: An Experimental Analysis” (with K. J. Saral), “Efficiency in Auctions with (Failed) Resale” (with Krista Jabs Saral), “Selling Information to Competitive Firms” (with Jakub Kastl and Salvatore Piccolo), and “Contracting with Endogenous Entry” (with Salvatore Piccolo). He is currently working with Salvatore Piccolo on "Optimal Delegation to Biased Agencies," with Tristan Gagnon-Bartsch and Antonio Rosato on “Projection of Private Values in Auctions,” and with Krista Jabs Saral on “Efficiency in Multi-Object Auctions with (Failed) Resale” and on “An Experimental Analysis of Entry and Speculation in Auctions” (a project that has been awarded an IFREE Grant).

MARIALAURA PESCE is Associate Professor of Mathematics at the University of Naples Federico II. Her current research focuses on general equilibrium theory, economies with uncertainty and asymmetric information, economies with public goods. She is the Principal Investigator of a STAR Programme, funded by the Compagnia di San Paolo and Istituto Banco di Napoli – Fondazione (Junior Principal Investigator Grants) on “Equilibrium with Ambiguity” (2014-2016). The project has been evaluated TOP PRIORITY by the European Science Foundation (ESF). Her recent publications include "On fairness of equilibria in economies with differential information" (with A. Basile and M.G. Graziano)" in *Theory and Decision (2014)*; "Coalitional fairness in interim differential information economies" (with C. Donnini and M.G. Graziano) in the *Journal of Economics (2014)*; “The Veto Mechanism in Atomic Differential Information Economies” in the *Journal of Mathematical Economics (2014)*; “Oligopoly and cost sharing in economies with public goods" (with A. Basile and M.G. Graziano) is forthcoming in *International Economic Review*; “Are asymmetrically informed individuals irremediably envious?” is forthcoming in *Metroeconomica.*

GIOVANNI PICA is Associate Professor of Economics at the University of Milan. He is an applied economist with interests in labour economics, finance and macroeconomics. His paper “Employment Protection Legislation, Capital Investment and Access to Credit: Evidence from Italy" (with F. Cingano, M. Leonardi, and J. Messina), is forthcoming in the *Economic Journal*. Currently, Giovanni is working on the role of internal capital and labour markets within business groups (a project that was awarded a 3-year research grant by AXA), on the labour market impact of the financial crisis, on the link between social mobility and macroeconomic outcomes, and on occupational licensing.

SALVATORE PICCOLO is Professor of Economics at Università Cattolica del Sacro Cuore (Milan) and a CSEF member. He holds a Ph.D in Economics from Northwestern University. His research interests are contract theory, economics of crime, industrial organization and finance. In 2015 he has published articles in the *Rand Journal of Economics*, *Economic Journal*, *European Economic Review*, *Journal of Industrial Economics* and the *Review of Finance*. He is currently working on a project (joint with J. Kastl and M. Pagnozzi) that deals with information acquisition in vertical contracting, and on a political economy project that analyzes the effect of violence by criminal organizations on political outcomes (with A. Alesina and P. Pinotti).

MICHELE POLO is Professor of Economics, Eni Chair in Energy Markets at Bocconi University, Director of the Centre for Energy and Environmental Economics and Policy 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 2015 he published "The Development of Gas Hubs in Europe" (with C.Miriello), in *Energy Policy*.

MICHELA PONZO is Assistant Professor of Economics at the University of Naples Federico II. Her current research interests are in the fields of economics of education, labor economics and health economics. In 2015 she has published “Trading Height for Education in the Marriage Market” (with Vincenzo Scoppa) in the *American Journal of Human Biology* and “Experts’ Awards and Economic Success: Evidence from an Italian Literary Prize” (with Vincenzo Scoppa) in the *Journal of Cultural Economics*. She is currently working on the papers: “Are Men Given Priority for Top Jobs? Investigating the Glass Ceiling in the Italian Academia” (with Maria De Paola and Vincenzo Scoppa) and “Moral Hazard in the Use of Health Services in Italy: A Fuzzy Regression Discontinuity Design" (with Vincenzo Scoppa).

GIOVANNI WALTER PUOPOLO is Assistant Professor of Finance at Bocconi University. He received a Ph.D. in Finance from University of Lausanne and Swiss Finance Institute. His research focuses on asset pricing, portfolio choice problems with transaction costs, asset pricing with frictions, household finance. In 2015, he published "Hysteresis bands on returns, holding period and transaction costs" (with F. Delgado and B. Dumas) in the *Journal of Banking & Finance* and "Does the market reward for going Green?" in the *Journal of Management Development*.

MARIA GRAZIA ROMANO is Assistant Professor of Economics at the University of Salerno. She received a Ph.D. in Applied Mathematics at the University of Naples Federico II. She also has a Master in Financial Markets and Intermediaries at the University of Toulouse. Her research focuses on market microstructure, corporate finance, and microeconomics. She is currently working on three research projects: with A. Frino and V. Mollica she is studying the asymmetry in the permanent price impact of block purchases and sales, with H. Sabourian, herding in financial markets and, with G. Immordino and A.M. Menichini she is investigating the effect of regulation and taxes on the consumption of sin goods when individuals are time-inconsistent.

FRANCESCO FLAVIANO RUSSO is Assistant Professor of Economics at the University of Naples Federico II. He received a Ph.D. in Economics from Boston University. His research focuses on informal and illegal economic markets. His 2014 publications include: "Regulating Prostitution: an Health Risk Approach", joint with G. Immordino, forthcoming in the *Journal of Public Economics*, where the authors propose a simulation to evaluate the effects of policy interventions in the prostitution market; "Tax Morale and Tax Evasion Reports" in *Economics Letters*, in which he develops a new measure of Tax Morale based on quasi experimental evidence; "Cocaine: the Complementarity between legal and Illegal Trade" in *The World Economy*, in which he proposes an explanation for the decreased price of cocaine as a consequence of the increased flow of trade across countries.

GIUSEPPE RUSSO is Associate Professor of Economics at the University of Salerno. He holds a Ph.D. in Economic Analysis and Policy from the Paris School of Economics. His research focuses on political economy, labour market institutions, and the economics of human migrations. In 2015, his paper "Fiscal Revenues and Commitment in Immigration Amnesties" (with F. Magris) has been accepted by the *European Journal of Political Economy*. He is currently working on the relationship between electoral systems and immigration and on the cultural assimilation of second-generation immigrants born after the 1973 immigration ban in Germany (Anwerbestopp).

ANNALISA SCOGNAMIGLIO is a post-doctoral fellow at CSEF from November 2014. She holds a Ph.D. in Economics from the Massachusetts Institute of Technology. She is a labor economist with interests also in political economy and health economics. She is currently working on two research projects studying the impact of changes in property taxes on property values: the former, joint with Tommaso Oliviero, will be carried out with the use of micro-data, while the latter, joint with Tommaso Oliviero, Agnese Sacchi and Alberto Zazzaro, aims at determining the aggregate effect in a cross-country analysis. She is also working on a research project with Tullio Jappelli that aims at determining the impact of monetary policy on households' consumption. She is also starting a new project with Marco Pagano and Luigi Pistaferri studying the impact of credit shocks on firms' investment and hiring decisions. In order to use administrative data for this last project she will spend some time as visitor at the Italian National Institute for Social Security as a VisitINPS fellow.

SAVERIO SIMONELLI is Associate Professor of Economics at the University of Naples Federico II and research fellow at CSEF, and holds a PhD in Economics from the University of Naples Federico II. His current research focuses on fiscal policy, macroeconomic forecasting and instability of financial institutions. Recently he published "International Comovements, Business Cycle and Inflation: a Historical Perspective" (with H. Mumtaz and P. Surico) in the *Review of Economic Dynamics*, "Mafia and Public Spending: Evidence on the Fiscal Multiplier from a Quasi-experiment" (with Antonio Acconcia e Giancarlo Corsetti) in the *American Economic Review*, and "Systemic Risk, Sovereign Yields and Bank Exposures in the Euro Crisis" (with Niccolò Battistini and Marco Pagano) in *Economic Policy*. He is currently working with Carlo Altavilla e Marco Pagano on "Bank Exposures and Sovereign Bank Transmission," with Antonio Acconcia and Giancarlo Corsetti on "The Consumption Response to Liquidity-Enhancing Transfers: Evidence from Italian Earthquakes" and with Ethan Ilzetzki on "Does Vote Counting Count? Labor Productivity through the Lens of an Electoral Task."

MARCO MARIA SORGE is Assistant Professor of International Macroeconomics at the University of Göttingen. He holds a PhD in Quantitative Economics from the University of Bonn, and a PhD in Public Economics from the University of Salerno. His research interests cover computational economics, dynamic macroeconomics and political economy. He is currently working on solving and simulating (in)determinate equilibrium DSGE models under rational and near-rational expectations, and investigating their role in applied forecasting.

ALBERTO ZAZZARO is Professor of Economics at the University of Naples Federico II and the Polytechnic University of Marche, and a Research Affiliate at MoFiR, Ancona. He is Vice President of the Italian economic Society (SIE) and editor of the Italian Economic Journal. His main research interests are in the fields of banking and economic development. In 2015 he published a paper in the *IMF Economic Review* and contributed to the Handbook of Geographies of Money and Finance, edited by Ron Martin and Jane Pollard.

Here is the full list of the Working Papers published by CSEF in 2015. All papers published since 1998 can be downloaded from the URL http://www.csef.it/2015-421?annee=2015.

385 **Chiara Fumagalli,** Massimo Motta, *On the Use of Price-cost Tests in Loyalty Discounts: Which Implications from Economic Theory?*

Recent cases in the US (Meritor, Eisai) and in the EU (Intel) have revived the debate on the use of price-cost tests in loyalty discount cases. We draw on existing recent economic theories of exclusion and develop new formal material to argue that economics alone does not justify applying a price-cost test to predation but not to loyalty discounts. Still, the latter contain features (they reference rivals and allow to discriminate across buyers and/or units bought) that have a higher exclusionary potential than the former, and this may well warrant closer scrutiny and more severe treatment from antitrust agencies and courts.

386 **Giacinta Cestone, Chiara Fumagalli,** Francis Kramarz and **Giovanni Pica,** *(Why) Are Internal Labor Markets Active in French Business Groups?*

Exploiting matched employer-employee data merged with information on the ownership structure of business groups, we document that French groups actively operate Internal Labor Markets (ILMs). For the average group-affiliated firm, the probability to absorb a worker previously employed in its same group exceeds by 9 percentage points the probability to absorb a worker employed outside the group. This average figure hides substantial heterogeneity: ILM activity is higher in more diversified groups, in groups experiencing plant/firm closures and is highest for high-skill occupations. We also find that closure events boost the proportion of separating workers redeployed to group affiliated partners (as opposed to external labor market partners) relative to normal times, i.e. more than 4 years before closure. Those episodes of closure spur ILM activity mainly for blue collar occupations. Overall, these findings suggest that groups respond to idiosyncratic shocks disproportionately relying on ILMs because they allow to save on search costs for human capital intensive occupations, while reducing firing costs for the more unionized occupational categories.

387 **Salvatore Morelli** and Anthony B. Atkinson**,** *Inequality and Crises Revisited*

Recent debate has suggested that growing levels or high levels of inequality may be systematically associated with the occurrence of banking crises. Using the updated version of the Chartbook of Economic Inequality, this paper provides new empirical evidence on the `level' hypothesis and reassesses the empirical validity of the `growth' hypothesis. In line with previous work, the empirical analysis on the entire set of countries and years under investigation does not provide any conclusive and compelling statistical support to either of the hypotheses. However, the apparent statistical insignificance of the findings does not rule out the economic relevance of the question at hand, given that the hypotheses cannot be rejected for important crises and countries such as the US and the UK. Hence, the overall evidence is far from being conclusive and there are several reasons to shed further light on this important research topic.

388 **Giovanni Immordino, Francesco Flaviano Russo** *Laws and Stigma: the Case of Prostitution*

We study the opinions on prostitution that emerged from the World Value Survey. We show that individuals tends to justify prostitution more in countries where it is legal or regulated and less in countries where it is prohibited, even after controlling for religious, cultural and sociological factors. To overcome the endogeneity of the policy to the opinions, we propose an instrumental variable strategy, instrumenting prostitution policy with legal origins. At least for the case of prostitution, policies seem to affect opinions.

389 **Edoardo Di Porto,** Leandro Elia**,** *Estimating Labor Demand Function in the Presence of Undeclared Labour: A Look Behind the Curtain*

This paper presents estimates of the own-wage elasticity for undeclared labour demand and calculates the effects of undeclared work on declared wages of various skill levels. To identify the parameters of interest, we exploit a quasiexperimental setting created by three tax amnesty laws brought brought into force in 2002 in Italy. Our main results indicate that an upward shift in undeclared work decreases undeclared wages, increases declared wages, and reduces wage inequality in the declared sector. We find q-complementarity between undeclared workers and low to medium-skilled workers.

390 Giuseppe De Arcangelis, **Edoardo Di Porto,** Gianluca Santoni, *Migration, Labor Tasks and Production Structure*

We assess the effect of migrants' stock on the production structure of the Italian provinces (NUTS3) in 1995-2006. Although the investigated time span is very short, the effect is small but statistically significant: a doubling in the ratio of foreign-born residents to the province population induces a significant increase in manufactures' value added with respect to services' value added between 12 and 21 per cent. These effects are more intense when considering an increase in foreign-born populations drawn from countries more different to Italy (in terms of GDP per capita and educational attainment). These results are compatible with the reduced form of a two-sector model where we assume that production is performed with one mobile factor and two sector-specific CES labor composites of simple and complex tasks. If migrants and natives have different productivity when performing simple or complex tasks, an inflow of migrants induces production restructuring in favor of the simple-task intensive sector.

391 Maria De Paola, **Michela Ponzo**, Vincenzo Scoppa, *Gender Differences in Attitudes Towards Competition: Evidence from the Italian Scientific Qualification*

We exploit a natural experiment based on the Italian promotion system for associate and full professor positions to investigate gender differences in the willingness to enter competition. Using data on about 42,000 professors and controlling for productivity and a number of individual and field characteristics, we find that females have a lower probability of applying for competition of about 4 percentage points. The determinants of this gap seem to be gender differences in risk-aversion and self-confidence and women's fear of discrimination: the lower tendency to enter competition is especially relevant for women in the lower tail of the distribution of scientific productivity and in fields in which productivity is not easily measurable; furthermore, women are less likely to apply for promotion in fields in which promotions of females in the past were rare.

392 **Antonio Acconcia,** Claudia Cantabene**,** *Liquidity and Firm Response to Fiscal Stimulus*

A stimulus programme allowed .rms in Italy to receive a tax credit for R&D expenditure in 2009. We show large heterogeneity in the .rm response. Among .rms that usually smooth R&D through time, the tax credit did not have any effect. Among traditional .rms, the response was mainly dependent on the amount of internal liquidity. Firms with relative large cash holdings raised R&D with respect to 2008 while .rms with low levels of cash did not. The latter mainly used the tax credit to mitigate the negative impact of the credit crunch.

393 M. Beatrice Lignola, **Jacqueline Morgan,** *MinSup Problems with Quasi-equilibrium Constraints and Viscosity Solutions*

MinSup problems with constraints described by quasi-equilibrium problems are considered in Banach spaces. The solutions set of such problems may be empty even in very good situations, so the aim of this paper is twofold. First, we determine appropriate regularizations which allow to asymptotically reach the value of the original problem. Then, among these regularizations we identify those which allow to bypass the lack of exact solutions to these problems by a suitable concept of viscosity solution whose existence is then proved under reasonable assumptions.

394 Maia Güell, Michele Pellizzari, **Giovanni Pica**, José V. Rodríguez Mora, *Correlating Social Mobility and Economic Outcomes*

We apply a novel measure of intergenerational mobility (IM) developed by Güell, Rodríguez Mora, and Telmer (2014) to a rich combination of Italian data allowing us to produce comparable measures of IM of income for 103 Italian provinces. We then exploit the large heterogeneity across Italian provinces in terms of economic and social outcomes to explore how IM correlates with a variety of outcomes. We find that (i) higher IM is positively associated with a variety of \good" economic outcomes, such as higher value added per capita, higher employment, lower unemployment, higher schooling and higher openness and (ii) that also within Italy the "the Great Gatsby Curve" exists: in provinces in which mobility is lower cross-sectional income inequality is larger. We finally explore the correlation between IM and several socio-political outcomes, such as crime and life expectancy, but we do not find any clear systematic relationship on this respect.

395 **Tullio Jappelli, Immacolata Marino, Mario Padula**, *Households' Saving and Debt in Italy*

In this paper we review household saving and debt trends in Italy. We summarize the available empirical evidence on Italians' motives to save, relying on macroeconomic indicators and data drawn from the Bank of Italy's Surveys of Household Income and Wealth from 1984 to 2012. The macroeconomic data indicate that households' saving has dropped significantly, although Italy continues to rank above most other countries for saving. Using microeconomic data we examine four indicators of household financial conditions: propensity to save, proportion of households with negative saving, proportion of households with debt, and proportion of households that lack access to formal credit markets. An international comparison shows that the level of debt and default risk among Italian households are relatively low. However, in light of the deep changes made to the Italian pension system, the fall in saving is a concern, particularly in the case of individuals who entered the labor market after the 1995 reform who have experienced the largest decline in pension wealth.

396 **Antonio Acconcia,** Giancarlo Corsetti, **Saverio Simonelli,** *The Consumption Response to Liquidity-Enhancing Transfers: Evidence from Italian Earthquakes*

Exploiting three earthquakes in Italy as quasi-experiments, we analyze the response of homeowners' consumption to transfers targeted to finance housing repair and reconstruction. To the extent that funds are made available up-front, these transfers are akin to loans, mainly affecting the liquidity of households' wealth. We show that these transfers have little effect over a multi-year horizon—they are not a windfall. Yet, access to reconstruction transfers has a strong and significant effect on non-durable consumption on impact, especially for households with a low level of liquid wealth and bank debt. In contrast, we find no significant consumption change in response to the in-kind equivalent of cash transfers. Our study contributes to the recent literature on the dynamics of the consumption demand by the wealthy handto- mouth, providing micro-evidence in line with the main predictions of the theory.

397 **Giuseppe De Marco**, Maria Romaniello, *On Games and Equilibria with Coherent Lower Expectations*

Different solution concepts for strategic form games have been introduced in order to weaken the consistency assumption that players' beliefs - about their opponents strategic choices - are correct in equilibrium. The literature has shown that ambiguous beliefs are an appropriate device to deal with this task. In this note, we introduce an equilibrium concept in which players do not know the opponents' strategies in their entirety but only the coherent lower expectations of some random variables that depend on the actual strategies taken by the others. This equilibrium concept generalizes the already existing concept of equilibrium with partially specified probabilities by extending the set of feasible beliefs and allowing for comparative probability judgements. We study the issue of the existence of the equilibrium points in our framework and find that equilibria exist under rather classical assumptions.

398 **Sergio Beraldo**, *On the Economic Relevance of the Principle of Gratuitousness*

In this paper the principle of gratuitousness and its relationships with other principles which motivate behaviour, such as those inspired by reciprocity, is analyzed. The basic premise is that gratuitousness is a feature acquired by an action by virtue of the intentions that inspire the action itself. In this respect, the search for gratuitousness may require to discriminate among aestetically equivalent actions on the basis of the psychological disposition of the actor. The main claim of the paper is that in economically relevant situations gratuitousness is to be conceived as a modality of cooperation, emerging as the outcome of a team reasoning perspective and motivating such a perspective without any need for reciprocity. This claim is analyzed with regard to blood donations and, more generally, with regard to the voluntary provision of goods.

399 Alexander Borisov**, Andrew Ellul,** Merih Sevilir**,** *Access to Public Capital Markets and Employment Growth*

This paper investigates the importance of accessing public capital markets through an initial public offering (IPO), and the consequent relaxation of firms' financial constraints, for firm-level long term employment decisions. We find that firms significantly increase post-IPO investment in human capital compared to the pre-IPO stage. To address endogeneity concerns, we use a novel dataset of private firms and compare employment growth of IPO firms with two different control groups: First, private firms that file for an IPO but eventually withdraw their offering due to exogenous market conditions, and second, a propensity score matched sample of private firms that never file for an IPO. Firms that complete the IPO process experience higher employment growth in the post-IPO period relative to each control group. Importantly, our results show that the most likely channel for the realization of higher employment growth is the relaxation of financial constraints, allowing the newly public firms to access both equity and debt markets for funding investment in human capital, and not only capital expansion. Overall, our results highlight the importance of public capital markets for job creation over long term horizons.

400 Maria Rosaria Carillo, Vincenzo Lombardo, **Alberto Zazzaro,** *Family Firms and Entrepreneurial Human Capital in the Process of Development*

In this paper we present a new theory accounting for the heterogeneous impact of family firms on economic growth. We develop an overlapping generations model, where agents are heterogeneous in innate talent, and family firms have access to an additional source of managerial capital, family connections, which affects the incentives of the firms' owners to pass on the company within the family and invest in the entrepreneurial human capital of their heirs. Our theory predicts that family firms cluster into heterogeneous groups with different management practices, inducing, at the aggregate level, a misallocation of talent that affects economic growth and the evolution into either a dynamic or a stagnant society, depending on the productivity of family connections in doing business. This heterogeneity in management practices and entrepreneurial human capital explains the different contribution of family firms during industrialization, highlighting the many possible evolutionary patterns for the economy and long-run growth regimes. Consistent with the theory, we provide empirical evidence in favor of the importance of social connectivity among individuals for explaining the difference in management practices between family and non-family firms, and, in turn, the GDP per-capita across countries.

401 Andrea Bellucci, Alexander Borisov, Germana Giombini, **Alberto Zazzaro,** *Collateral and Local Lending: Testing the Lender-Based Theory*

In this paper we empirically test the recent lender-based theory for the use of collateral in bank lending. Based on a proprietary dataset of loan contracts written by a local bank in competitive credit markets, we use the physical proximity between borrowers and the lending branch of the bank to capture its information advantage and the magnitude of collateral-related transaction costs. Overall, our results seem more consistent with several classic borrower-based explanations rather than with the lender-based view. We show that, conditional on obtaining credit from the local bank, more distant borrowers experience higher collateral requirements and lower interest rates. Moreover, competitive pressure from transaction lenders does not magnify the importance of lender-to-borrower distance. Our findings are also obtained with estimation techniques that allow for endogenous loan contract terms and joint determination of collateral and interest rates.

402 Luca Fanelli**, Marco M. Sorge**, *Indeterminacy, Misspecification and Forecastability: Good Luck in Bad Policy?*

A recent debate in the forecasting literature revolves around the inability of macroeconometric models to improve on simple univariate predictors, since the onset of the so-called Great Moderation. This paper explores the consequences of equilibrium indeterminacy for quantitative forecasting through standard reduced form forecast models. Exploiting U.S. data on both the Great Moderation and the preceding era, we first present evidence that (i) higher (absolute) forecastability obtains in the former rather than the latter period for all models considered, and that (ii) the decline in volatility and persistence captured by a .nite-order VAR system across the two samples is not associated with inferior (absolute or relative) predictive accuracy. Then, using a small-scale New Keynesian monetary DSGE model as laboratory, we generate arti.cial datasets under either equilibrium regime and investigate numerically whether (relative) forecastability is improved in the presence of indeterminacy. It is argued that forecasting under indeterminacy with e.g. unrestricted VAR models entails misspecification issues that are generally more severe than those one typically faces under determinacy. Irrespective of the occurrence of non-fundamental (sunspot) noise, for certain values of the arbitrary parameters governing solution multiplicity, the pseudo out-of-sample VAR-based forecasts of in.ation and output growth can outperform simple univariate predictors. For other values of these parameters, by contrast, the opposite occurs. In general, it is not possible to establish a one-to-one relationship between indeterminacy and superior forecastability, even when sunspot shocks play no role in generating the data. Overall, our analysis points towards a 'good luck in bad policy' explanation of the (relative) higher forecastability of macroeconometric models prior to the Great Moderation period.

403 Luca Papi, Emma Sarno, **Alberto Zazzaro**, *The Geographical Network of Bank Organizations: Issues and Evidence for Italy*

The evolution of the banking industry has always been affected by recurrent waves of technological, regulatory and organizational changes. All such changes have significant effects on the spatial organization of banks, the interconnectedness of geographical credit markets and the core-periphery structure of banking industry. In this chapter, we review the literature on the effects of geographical distances between the key actors of the credit market (the borrowing firm, the lending branch, the lending bank, and rival banks) on lending relationships and interbank competition. Using the metrics and graph techniques for network analysis we then provide evidence concerning the evolving geographical network of bank organizations in Italy.

404 **Annalisa Scognamiglio**, *When the Mafia Comes to Town*

This paper investigates the effect of diffusion of organized crime on local economies by examining a legal institution that operated in Italy between 1956 and 1988. The law allowed Public Authorities to force mafiosos to resettle to another town. Using variation in the number of resettled mafia members across destination provinces in a differences-in-differences setting, I find no conclusive evidence on the effect of the policy on crime or homicides, while there is a very robust positive impact on employment in the construction sector. Results are consistent with mafia exploiting these new locations mainly for money laundering.

405 Maria Teresa Gorgitano, **Ornella Wanda Maietta,** *School Meals and Children Satisfaction. Evidence from Italian Primary Schools*

This paper aims to identify which variables affect the degree of primary pupils' satisfaction concerning the quality of school meals. A representative sample of 33 public primary schools offering meals was extracted for the metropolitan city of Naples. Two questionnaires were distributed, one to the headteachers concerned and the other to the pupils enrolled in the 5th grade. Information about the catering companies is mainly sourced from the AIDA database. Pupil satisfaction is measured by two key variables: pleasantness of eating at school and food tastiness. Controlling for pupil, family, school, foodservice and catering company characteristics, the paper shows that catering company size is negatively associated with pupil satisfaction with the foodservice, whereas meal average production cost is positively associated with satisfaction. The study could assist city boroughs in devising meal quality indicators to be taken into account in designing competitive tendering.

406 Leonardo Becchetti, **Pierluigi Conzo,** Francesco Salustri, *The (W)health of Nations: the Impact of Health Expenditure on the Number of Chronic Diseases*

We investigate the impact of health expenditure on health outcomes on a large sample of Europeans aged above 50 using individual and regional-level data. We find a significant and negative effect of lagged health expenditure on later changes in the number of chronic diseases. This effect varies according to age, health behavior, gender, income and education, thereby supporting the hypothesis that the impact of health expenditure across different interest groups is heterogeneous. Our empirical findings are confirmed also when health expenditure is instrumented with parliament political composition.

407 **Pierluigi Conzo**, Giulia Fuochi and Letizia Mencarini, *Fertility and Life Satisfaction in Rural Ethiopia*

There is a growing number of studies focusing on the role of fertility in subjective well-being in developed countries while developing countries have been rarely taken into account. We investigate the empirical relationship between fertility and life satisfaction in rural Ethiopia, the largest landlocked country in Africa providing the unique opportunity of panel data availability. Our results suggest that older men benefit the most in terms of life satisfaction from the investment in children, the latter being instead detrimental for women's subjective well being in reproductive age. In particular, consistently with the related socio-economic theories, we find that the number of children ever born plays a positive role for men's life satisfaction in older age. Conversely, a new birth produces the opposite effect especially for young women. We argue that this mismatch has two complementary explanations: on the one hand, rather than a source of (labour) support young children represent a burden which traditionally falls on women's shoulders in the short run; on the other hand, in poor rural areas children can be thought as a valuable long-term investment in a life-cycle perspective. Endogeneity issues are addressed by controlling for lagged life satisfaction in OLS regressions, through fixed effects and the IV approach.

408 Sam Langfield, **Marco Pagano**, *Bank Bias in Europe: Effects on Systemic Risk and Growth*

Europe's financial structure has become strongly bank-based – far more so than in other economies. We document that an increase in the size of the banking system relative to equity and private bond markets is associated with more systemic risk and lower economic growth, particularly during housing market crises. We argue that these two phenomena arise owing to an amplification mechanism, by which banks overextend and misallocate credit when asset prices rise, and ration it when they drop. The paper concludes by discussing policy solutions to Europe's "bank bias", which include reducing regulatory favouritism towards banks, while simultaneously supporting the development of securities markets.

409 Moritz Bosbach**, Ornella Wanda Maietta,** Hannah Marquardt, *Domestic Food Purchase Bias: A Cross-Country Case Study of Germany, Italy and Serbia*

This work examines several psychological mechanisms that motivate the purchase of domestic food products rather than foreign ones. A purposed-made survey was conducted in Germany, Italy and Serbia to investigate the influence of socio-demographic and national contexts on food consumption patterns. The interdisciplinary approach of the present study yields a comprehensive image of consumer preferences, including different perceptions of food standards and requirements. Food quality evaluation, consumer ethnocentrism, nationalism and openness to other cultures are defined, measured and then used to simultaneously explain the intention to purchase domestic food products. Our findings provide insights in the choices of different consumer groups at country level and show that accounting for individual and country characteristics is key to develop effective marketing and communication strategies as well as policy strategies within and across national boundaries.

410 **Carlo Altavilla, Marco Pagano, Saverio Simonelli,** *Bank Exposures and Sovereign Stress Transmission*

The domestic sovereign exposures have amplified the transmission of sovereign stress to the solvency risk of banks and to their lending activity, both during and after the Euro debt crisis. We estimate the magnitude of this amplification mechanism relying on novel ECB monthly data on sovereign exposures and lending policies of 245 euro-area banks from 2007 to 2015. For the median bank in stressed countries, the amplification due to sovereign exposures almost doubled the response of the bank's CDS premium to the sovereign CDS premium, and the response of its loan rate to the sovereign yield. Moreover, the losses on domestic sovereign holdings associated with a 1-standard-deviation rise of the 10-year sovereign yield account for 9% of the actual drop in total loans in stressed countries. No such amplification effects are detected in non-stressed countries. Finally, both yield-seeking and moral suasion motives appear to have affected banks' portfolio choices in stressed countries: in response to higher domestic sovereign yields, banks increased their domestic sovereign holdings more if public- than private-owned, domestic- than foreign-owned, and poorly than well-capitalized.

411 Facundo Alvaredo, Anthony B. Atkinson, **Salvatore Morelli,** *The Challenge of Measuring UK Wealth Inequality in the 2000s*

The concentration of personal wealth is now receiving a great deal of attention – after having been neglected for many years. One reason is the growing recognition that, in seeking explanations for rising income inequality, we need to look not only at wages and earned income but also at income from capital, particularly at the top of the distribution. In this paper, we use evidence from existing data sources to attempt to answer three questions: (i) what is the share of total personal wealth that is owned by the top 1 per cent, or the top 0.1 per cent? (ii) is wealth much more unequally distributed than income? (iii) is the concentration of wealth at the top increasing over time? The main conclusion of the paper is that the evidence about the UK concentration of wealth post-2000 is seriously incomplete and significant investment is necessary if we are to provide satisfactory answers to the three questions.

412 **Giovanni Immordino, Anna Maria C. Menichini, Maria Grazia Romano**, *Inefficient Taxation of Sin Goods*

Within an O. Donoghue and Rabin (2006) style model, we study the optimal sin taxes that a government wants to implement when consumers are time-inconsistent, and taxation is inefficient in terms of administrative, collection and compliance costs. We find that, if the inefficiency of taxation is not too large, the optimal tax is positive and it may be higher or lower than the first best depending on the elasticity of demand with respect to taxation. Finally, the extent of the distortion depends on the degree of inefficiency of taxation.

413 V. Chiorazzo, V. D'Apice, P. Morelli, **Giovanni W. Puopolo**, *Economic Activity and Credit Market Linkages: New Evidence from Italy*

We investigate the interactions between the business cycle and credit markets in Italy, focusing on how macroeconomic shocks affect the banking sector (i.e. the real effect) and in turn how the financial system's reaction influences the economic activity (i.e. the feedback effect). We find evidence of both effects, with the former conveyed primarily by the creditworthiness of large firms. Moreover, using data from the Bank Lending Survey provided by the ECB, we disentangle credit supply shocks due to factors inside the banking sector (the bank lending channel), from those outside the banking sector (the borrower's balance-sheet channel), finding that both types of shocks have a significant impact on the real economy. Our results have far reaching implications for financial stability.

414 **Giovanni W. Puopolo**, *Portfolio Selection with Transaction Costs and Default Risk*

I propose a simple consumption/investment problem with transaction costs and default risk. When default occurs, I assume the value of the risky asset drops to zero and the investor receives the terminal wealth only in the form of the other (riskless) security. I show that default risk can generate a first-order effect on the investor's asset allocation. On the contrary, the liquidity premium is one order of magnitude smaller than the transaction costs, implying that the additional source of risk determined by the possibility of default is not able to generate a first-order effect on asset pricing.

415 Biagia De Devitiis, **Ornella Wanda Maietta** *Shadow Prices of Human Capital in Agriculture. Evidence from European FADN Regions*

TThe aim of this paper is to measure the shadow price of human capital in EU agriculture and to determine whether the CAP has affected the productivity of this growth-enhancing factor. For this purpose, we used the balance sheet data for the period 1986-2012, referring to the Standard Results of the EU Farm Accountancy Data Network (FADN) farm, which is representative of commercial agriculture at regional level. Data concerning output and input price indices and education attainment levels were obtained from Eurostat and from national FADNs. DEA-VRS input-oriented annual frontiers were computed to estimate the shadow price of three levels of human capital: low, medium and high. The results show an increasing trend in the shadow prices of human capital and suggest that the shadow price of the high level of human capital has been significantly greater than the shadow price of the medium level of human capital since 1990.

416 **Marco Pagnozzi,** Krista J. Saral, *Demand Reduction in Multi-Object Auctions with Resale: An Experimental Analysis*

We analyze the effects of different resale mechanisms on bidders' strategies in multi-object uniform-price auctions with asymmetric bidders. Our experimental design consists of four treatments: one without resale and three resale treatments that vary the information available and the bargaining mechanism in the resale market. The presence of a resale market induces demand reduction by high-value bidders and speculation by low-value bidders, thus affecting the allocation of the objects on sale. The magnitude of these effects, however, depends on the form of the resale market. Features of the resale market that tend to increase its efficiency result in lower auction efficiency and seller's revenue. We also show that, without resale, asymmetry among bidders reduces demand reduction.

417 Maria Carmela Ceparano, **Jacqueline Morgan**, *Equilibria for Multi–leader Multi–follower Games with Vertical Information: Existence Results*

We consider a two–stage multi–leader multi–follower game where the action chosen by any leader is observed by only one "exclusive" follower. Many real–world situations can be modeled as such a game, for example in Pagnozzi and Piccolo, Vertical Separation with Private Contracts, The Economic Journal (2012), where competing manufacturers (the leaders) delegate retail decisions to exclusive retailers (the followers) offering a private contract. This game, called with vertical information, may have an infinity of Nash equilibria but it is not possible to refine using the concept of subgame perfect Nash equilibrium since the associate extensive form has no proper subgames. This motivates the introduction of selections of Nash equilibria based on the beliefs that each follower has about the actions observed by the other followers. In this paper, focusing on the concept of equilibrium under passive beliefs for a general model, we show the effectiveness of the concept and we investigate the existence of such a selection for significative classes of problems satisfying conditions of minimal character on possibly discontinuous data.

418 **Tullio Jappelli,** Carmela Anna Nappi, Roberto Torrini, *Research Quality and Gender Gap in Research Assessment*

The literature on the gender gap in science reveals differences in wages, productivity, access to funding and impact on the scientific community that disadvantage women. This paper contributes to work on the gender gap in science by investigating issues such as the presence of differences in research quality between genders, the effect of family responsibilities on research quality, differences in collaborations and international co-authorships, the effect of evaluation methodology, i.e. whether bibliometric evaluation disadvantages women, and the presence of discrimination defined by referees' gender. We use the data from the National Research Assessment (VQR 2004-2010) conducted by the Italian Agency for the Evaluation of Universities and Research Institutes. These rich data allow us to control for individual variables, research output characteristics and university and scientific sector fixed effects. We find that gender differences in research quality are reduced if we control for researchers' observable characteristics, evaluation method, and referees. In particular, we find that maternity and the intensity of research collaborations and international co-authorships play no role in explaining research quality differences. Further analysis of a random sample of papers evaluated using bibliometric indicators and peer review reveals that bibliometric evaluation does not penalize women with respect to men.

419 **Francesco Drago,** Friederike Mengel, Christian Traxler, *Compliance Behavior in Networks: Evidence from a Field Experiment*

This paper studies the spread of compliance behavior in neighborhood networks involving over 500,000 households in Austria. We exploit random variation from a field experiment which varied the content of mailings sent to potential evaders of TV license fees. Our data reveal a strong treatment spillover: 'untreated' households, who were not part of the experimental sample, are more likely to switch from evasion to compliance in response to the mailings received by their network neighbors. We analyze the spillover within a model of communication in networks based on DeGroot (1974). Consistent with the model, we find that (i) the spillover increases with the treated households' eigenvector centrality and that (ii) local concentration of equally treated households produces a lower spillover. These findings carry important implications for enforcement policies.

420 Jakub Kastl, **Marco Pagnozzi, Salvatore Piccolo**, *Selling Information to Competitive Firms*

A monopolistic information provider sells an informative experiment to a large number of perfectly competitive firms. Within each firm, a principal contracts with an exclusive agent who is privately informed about his production cost. Principals decide whether to acquire the experiment, that is informative about the agent's production cost. While more accurate information reduces agency costs and allows firms to increase production, it also results in a lower market price, which reduces principals' willingness to pay for information. We show that, even if information is costless for the provider, the optimal experiment is not fully informative when demand is price-inelastic and agents are likely to be inefficient. This result hinges on the assumption that firms are competitive and exacerbates when principals can coordinate vis-à-vis the information provider. In an imperfectly competitive information market, providers may restrict information by not selling the experiment to some of the principals.

421 **Dimitris Christelis**, Dimitris Georgarakos, **Tullio Jappelli,** Maarten van Rooij, *Consumption Uncertainty and Precautionary Saving*

Using survey data from a representative sample of Dutch households, we estimate the strength of the precautionary saving motive by eliciting subjective expectations on future consumption. We find that expected consumption risk is higher for the young and the self-employed, and is correlated positively with income risk. We insert these subjective expectations (rather than consumption realizations, as in the existing literature) in a Euler equation for consumption, and estimate the degree of prudence by associating expected consumption risk with expected consumption growth. Robust OLS and IV estimates both indicate a coefficient of relative prudence of around 2.

422 **Salvatore Capasso,** Stefano Monferrà, Gabriele Sampagnaro, *The Shadow Economy and Banks' Lending Technology*

Is there a relationship between bank monitoring models and the level of shadow economy? This paper develops a model of optimal lending technology to study the relationship between local underground economic activity and banks' lending choices. In turn, as the aggregate level of informality and tax evasion increase, it becomes more profitable for banks to screen and supervise borrowers using more costly in-depth monitoring technologies. A large dataset of regional Italian data confirms these conjectures.

423 Alessandro Beber, Daniela Fabbri**, Marco Pagano,** *Short-Selling Bans and Bank Stability*

In both the 2008-09 crisis and the 2011-12 euro debt crisis, security regulators imposed short selling bans, targeting them mainly at financial institutions. Their motivation was that a collapse in the stock price of banks could lead them to experience funding problems, which would trigger further price drops: short-selling bans of bank stocks would break this loop, stabilizing banks and enhancing their solvency. We test this hypothesis by canvassing the evidence produced by both crises, by estimating panel data regressions for 13,473 stocks in 2008 and 16,424 stocks in 2011 from 25 countries, taking also the endogeneity of short-selling bans into account. Contrary to the regulators' intentions, in neither crisis short-selling bans have been associated with increased bank stability: upon being subject to a short-selling ban, financial institutions featured larger stock price drops, return volatility and probability of default, these effects being larger for more vulnerable banks. Moreover, the 2011 ban did not help to mitigate the “diabolic loop” between bank and sovereign insolvency risk during the euro-area sovereign debt crisis.