CSEF

Center for Studies in Economics and Finance

ACTIVITY REPORT 2019

Centre for Studies in Economics and Finance
University of Naples "Federico II"
Department of Economics and Statistics
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80126 NAPLES—ITALY

University of Naples Federico II

University of Salerno

Bocconi University, Milan

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What is CSEF?

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

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

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

News

In 2019 CSEF welcomed two new hires. **Elia Sartori** (PhD Princeton University) and **Mattea Stein** (PhD Paris School of Economics) were recruited through the inaugural edition of the European Job Market for Economists held in Naples at the end of 2018, and were appointed CSEF Fellows. Also **Luca Anderlini**, Professor of Economics at Georgetown University, joined CSEF.

Giovanni Walter Puopolo and **Annalisa Scognamiglio** were respectively appointed Associate Professor and Assistant Professor of Economics at the University of Naples Federico II.

CSEF Fellows **Giovanni Andreottola, Lorenzo Pandolfi** and **Luca Picariello** were awarded research fellowships. **Annalisa Scognamiglio** received a two-year Modigliani Research Grant from Unicredit Foundation, and **Roberto Nisticò** obtained a research grant from the Einaudi Institute for Economics and Finance (EIEF)**.**

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

Funding

Research projects carried out at CSEF in 2019 were funded by the University of Naples Federico II, the Compagnia di San Paolo, and the Italian Ministry of University and Research (PRIN projects).

Scientific Committee

The Scientific Committee is composed of the following members appointed by their respective university for 3 years:

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

How to contact us:

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

Conferences

Conference on Finance, Labor And Inequality

The Centre for Studies in Economics and Finance (CSEF) and the Review of Corporate Finance Studies (RCFS) organised the Conference on Finance, Labor And Inequality at the "Mario Cacace" Multimedia Center, in Anacapri on 21-22 June 2019. The event was coordinated by the following local organizers: Anna Maria Menichini (University of Salerrno), Tommaso Oliviero, Marco Pagano, Giovannni Puopolo, Saverio Simonelli and Alberto Zazzaro (University of Naples Federico II). The conference was funded by CSEF, the Society for Financial Studies, and Unicredit & Universities Foundation.

15th CSEF-IGIER Symposium on *Economics and Institutions*

From 25 to 29 June, CSEF and the Innocenzo Gasparini Institute for Economic Research (IGIER Bocconi) held their annual joint Symposium on Economics and Institutions at the Villa Orlandi Conference Centre (Anacapri). CSEF Fellows Luca Anderlini, Tullio Jappelli, Marco Pagano, Saverio Simonelli, and IGIER Fellows Jerome Adda, Mariano Massimiliano Croce, Fausto Panunzi, Stefano Rossi organised the event. Like the past editions, the Symposium featured three parallel sessions of morning seminars, afternoons being reserved to informal workshops and collaborative work. The program included papers in applied economics, macroeconomics, micro theory and finance. The keynote speakers were Luigi Pistaferri (Stanford University), Guido Menzio (New York University), Christian Dustmann (University College London), Mike Burkart (London School of Economics), George Mailath (University of Pennsylvania), Veronica Guerrieri (University of Chicago Booth School of Business), Marcin Kacperczyk (Imperial College London and CEPR).

Conference On "Frontiers in Macroeconomic Research"

The conference on Frontiers In Macroeconomic Research, jointly organized by the Center for International Macroeconomics (Northwestern University), the Center for Studies in Economics and Finance (CSEF), the Einaudi Institute for Economics and Finance (EIEF), the University College of London (UCL) and the Stockholm University, was held at the Hotel della Regina Isabella in Ischia on July, 25 and 26. The Scientific Committee included Martin Eichenbaum (Northwestern University), Kurt Mitman (Stockholm University), Morten Ravn (University College London), Sergio Rebelo (Northwestern University), Saverio Simonelli (University of Naples Federico II and CSEF).

19th Annual SAET Conference

The 19th Annual SAET Conference was held from June 30th to July 6th, 2019 in Ischia, Italy, at the Hotel Continental Terme. The conference chairs were Achille Basile, Maria Gabriella Graziano (CSEF Fellow) and Nicholas Yannelis. Achille Basile, Maria Carmela Ceparano, Claudia Meo, Vincenzo Scalzo, Ciro Tarantino (University of Naples Federico II) and Maria Gabriella Graziano, Marialaura Pesce and Vincenzo Platino (University of Naples Federico II & CSEF) managed the on-site arrangements and logistics.


CONFERENCE ON FINANCE,
LABOR & INEQUALITY
21th – 22nd June 2019
"Mario Cacace" Multimedia Centre, Anacapri
CSEF
UniCredit Foundation


Frontiers in Macroeconomic
Research
25-26 July, 2019
L'Albergo della Regina Isabella
Piazza Santa Restituta 1, 80076 Lacco Ameno Ischia (Na)
CSEF
EIEF
UCL
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Seminars

In 2019 CSEF hosted two weekly academic presentations by invited speakers and resident researchers.

January

Mattea Stein (Paris School of Economics), *Know-how and know-who: Effects of a randomized training on network changes among small urban entrepreneurs* – **Job Market paper**

Elia Sartori (Princeton University), *Competitive Provision of Digital Goods* – **Job Market paper**

Mathijs Janssen (European University Institute), *The Whole Truth? Generating and Suppressing Hard Evidence* – **Job Market paper**

Zsolt Udvari (Boston University), *When Transaction Costs Restore Effciency: Coalition Formation with Costly Binding Agreements* – **Job Market paper**

Myroslav Pidkuyko (The University of Manchester), *Heterogeneous Spillovers of Housing Credit Policy* – **Job Market paper**

Denis Gorea (European University Institute), *Liquidity Constraints in the U.S. Housing Market* (joint with Virgiliu Midrigan) – **Job Market paper**

José Montalbán (Paris School of Economics), *Countering moral hazard in higher education: The role of performance incentives in need-based grants* – **Job Market paper**

Matteo Gatti (European University Institute), *Markups and Firm Entry: Evidence from the 2012 Emilia Earthquake* – **Job Market paper**

Riccardo D. Saulle (Maastricht University), *The Myopic Stable Set for Social Environments* (joint with T. Demuynck, P. J. Herings, C. Seel) – **Job Market paper**

February

Tim Obermeier (University of Mannheim), *The Marriage Market, Inequality and the Progressivity of the Income Tax* – **Job Market paper**

Safoura Moeeni (University of Calgary), *Family Income and Children's Education: Evidence from Targeted Economic Sanctions* – **Job Market paper**

Iichiro Uesugi (Institute of Economic Research), *The Collateral Channel versus the Bank Lending Channel: Evidence from a Massive Earthquake*

Kjell G. Salvanes (Norwegian School of Economics), *Grandparents, Moms, or Dads? Why Children of Teen Mothers Do Worse in Life* (joint with Anna Aizer, Paul J. Devereux)

Vincent Iehlé (Université de Rouen Normandie), *Gradual College Admission* (joint with Guillaume Haeringer)

March

Antonio Ciccone (University of Mannheim and Pompeu Fabra), *Some Long-Run Economic Consequences of Keeping Out Refugees: Evidence from a Spatial Discontinuity in the Distribution of Refugees After WW2* (joint with Jan Nimczik)

Jurgis Karpus (Ludwig Maximilian University), *The future of human-AI interaction*

Mario Di Serio (University of Salerno), *The Euro-Area Government Spending Multiplier at the Effective Lower Bound* (joint with A. Amendola, M. Fragetta, G. Melina)

Paige Ouimet (Kenan-Flagler Business School - University of North Carolina) *Entrepreneurial Wages* (joint with Tania Babina, Wenting Ma, and Rebecca Zarutskie)

Giovanni Mastrobuoni (Collegio Carlo Alberto), *Crime is Terribly Revealing: Information Technology and Police Productivity*

April

Jakub Steiner (CERGE-EI and University of Zurich), *Attention Please!* (joint with Olivier Gossner and Colin Stewart)

Ricardo Alonso (London School of Economics), *Tampering with Information* (joint with Odilon Camara)

Mario Carillo (University of Naples Federico II and Csef), *Fascistville: Mussolini's New Towns and the Persistence of Neo-Fascism*

Marko Terviö (Aalto University), *Skill Trends and Skill Returns* (joint with Tuomas Pekkarinen, Matti Sarvimäki, and Roope Uusitalo)

Marco Maria Sorge (University of Salerno and CSEF), *Solving and estimating linearized DSGE models with informational subperiods* (joint with Giovanni Angelini)

Marco Ottaviani (Bocconi University), *Proportional Allocation across Fields, Demand Relativity, and Benchmarking*

May

Michele Lombardi (University of Glasgow), Do coalitions matter in designing institutions? (joint with Ville Korpela, Hannu Vartiainen)

Alex Frino (University of Wollongong), *Off-Market Block Trades, Transparency and Information Efficiency: Further Empirical Evidence*

Massimo Morelli (Bocconi University), *From Weber to Kafka: Political Instability and the Overproduction of Laws* (joint with Gabriele Gratton, Luigi Guiso, Claudio Michelacci)

Andrea Prat (Columbia Business School-Columbia University), *The Allocation of Authority in Organizations: A Field Experiment with Bureaucrats* (joint with Oriana Bandiera, Michael Carlos Best, Adnan Khan)

Paolo Roberti (University of Bergamo), *The Demand for Simplistic Policies*

Dimitri Vayanos (London School of Economics), *Asset Management Contracts and Equilibrium Prices* (joint with Andrea M. Buffa, P. Woolley)

Yossi Spiegel (Tel Aviv University), *The Anticompetitive Effect of Minority Share Acquisitions: Evidence from the Introduction of National Leniency Programs* (joint with Sven Heim, Kai Hüschelrath, Ulrich Laitenberger)

June

Valentino Dardanoni (University of Palermo), *Non parametric analysis of Children's attitudes towards Environment* (joint with C. Guerriero, M. Mariotti, P. Manzini)

Riccardo Ciacci (Universidad Loyola Andalucía), *On The Economic Determinants of Prostitution: The Marriage Compensation and Unilateral Divorce In U.S. States*

Raoul Minetti (Michigan State University), *Bank Monitoring and Liquidity in the Business Cycle* (joint with Q. Cao, M. Di Pietro and S. Kokas)

September

Maria Stella Chiaruttini (European University Institute - EUI), *The Political economy of banking development in Risorgimento Italy*

Lawrence Smolinsky (Louisiana State University), *Preferential attachment in bibliometric models*

Giulia Bettin (Marche Polytechnic University), *In and out of poverty: does financial inclusion matter?*

Marcello Puca (University of Bergamo), *Sex in the City: Capitalizing Regulated Prostitution into Housing Prices* (joint with Federica De Rossa, Giovanni Immordino, Raphael Parchet)

Francesco Drago (University of Catania), *Wealth, Politics and Institutional Capture: Evidence from Sortition Mechanisms and Administrative Data* (joint with M. Belloc, M. Fochesato, and R. Galbiati)

October

Thorsten Beck (Cass Business School), *The Economics of Supranational Bank Supervision* (joint with Consuelo Silva-Buston and Wolf Wagnery)

Andrew Newman (Boston University), *Competing for a Quiet Life: An Organizational Theory of Market Structure* (joint with Patrick Legros and Zsolt Udvari)

Uta Schönberg (University College London), *Wind of Change? Cultural Determinants of Maternal Labor Supply* (joint with Anna Raute and Barbara Boelmann)

Carlos Alvarez Nogal (Institute of Carlos III University of Madrid) *Financial crises and public debt in Spain during the reign of Philip II*

Marco Ghitti (SKEMA Business School), *"Great Expectations"? Bankruptcy Law Reforms and Bank Credit for SMEs* (joint with Florencio Lopez-de-Silanes)

Nicola Limodio (Bocconi University), *High-Speed Internet, Financial Technology and Banking in Africa*

November

Philipp Ager (University of Southern Denmark), *The Intergenerational Effects of a Large Wealth Shock: White Southerners After the Civil War* (joint with Leah Platt Boustan, Katherine Eriksson)

Edoardo Di Porto (University of Naples Federico II and Csef), *The Perverse Effect of Flexible Labor Regulation on informality* (joint with Pietro Garibaldi, Giovanni Mastrobuoni, Paolo Naticchioni)

Stefano Rossi (Bocconi University), *Credit Cycles, Expectations, and Corporate Investment* (joint with Huseyin Gulen, Mihai Ion)

Salvatore Piccolo (University of Bergamo), *When Prohibiting Platform Parity Agreements Harms Consumers* (joint with Michele Bisceglia, Jorge Padilla)

Cinzia Di Novi (University of Pavia), *Older Patients and Geographic Barriers to Pharmacy Access: When Non-adherence Translates to an Increased Use of Other Components of Healthcare* (joint with Lucia Leporatti, Marcello Montefiori)

Elia Sartori (University of Naples Federico II and Csef), *Screening for Susceptibility and Influence* (joint with Franz Ostrizek)

December

Ethan Ilzetzki (London School of Economics), *Why is the Euro Punching Below Its Weight?* (joint with Carmen M. Reinhart, Kenneth S. Rogoff)

Jonathan Pratschke (University of Naples Federico II and Csef), *'Like with like' or 'do like'? Modelling peer effects and homophily using survey data*

Fausto Panunzi (Bocconi University), *Economic Shocks and Populism: The Political Implications of Reference-Dependent Preferences* (joint with Nicola Pavoni and Guido Tabellini)

Vincenzo Bove (University of Warwick), *Immigration, fear of crime and public spending on security* (joint with Leandro Eliac, Massimiliano Ferraresid)

ANTONIO ACCONCIA is Professor of Economics at the University of Naples Federico II. He is currently working on "Long-run Effects of a Change in Institutions: Evidence on Tax Compliance" (with M. D'Amato, R. Martina, and M. Ratto), "IPO Underpricing and the Location of Firms" (with A. Del Monte, L. Pennacchio, and G. Scepi), "Competition and Markups" (with Elisa Scarinzi), and "The Relationship between Firms' Financing Sources and Operating Choices" (with A.M. Menichini). His paper "Liquidity and Consumption: Evidence from Earthquakes in Italy" (with G. Corsetti and S. Simonelli) is forthcoming in American Economic Journal: Macroeconomics. The paper "Liquidity and Firms' Response to Fiscal Stimulus" (with C. Cantabene) has been recently published in *The Economic Journal*.

CARLO ALTAVILLA is the Head of Bank Lending Conditions Section at the European Central Bank (Frankfurt) and a CEPR Research Fellow. His research interests span monetary policy, banking, applied time series and financial econometrics. He is currently working on the effectiveness of non-standard monetary policies, bank profitability, credit and sovereign debt dynamics. Recently he published "Measuring Euro Area Monetary Policy" (joint with L. Brugnolini, R. Gürkaynak, R. Motto, G. Ragusa) in the *Journal of Monetary Economics,* while "Mending the Broken Link: Heterogeneous Bank Lending and Monetary Policy Pass-through" (joint with F. Canova, and M. Ciccarelli) is forthcoming in the *Journal of Monetary Economics*.

GIOVANNI ANDREOTTOLA is a Postdoctoral Research Fellow at CSEF. In 2017 he received a PhD in Economics from the European University Institute in Florence and in 2018-19 was a Cowles Foundation Postdoctoral Associate at Yale University. His research focuses on the interplay of electoral institutions and informational frictions, the economics of media and their role in informing voters. He is revising the paper "Signaling Valence in Primary Elections" for Games and Economic Behavior, and "Flip-flopping and Electoral Concerns" for the *Journal of Politics*. Last year he presented his work at Yale University, the MPSA Conference in Chicago, SAET Conference in Ischia and ASSET Conference in Athens. He also attended other international conferences and workshops.

ALBERTO BENNARDO is Professor of Economics at the University of Salerno. His research focuses on microeconomics, organizational economics and financial economics. His most recent articles "Multiple-Bank Lending, Creditor Rights and Information Sharing", joint with M. Pagano and S. Piccolo, and "Competitive markets with endogenous health risks", joint with S. Piccolo, were published in the *Review of Finance* and the *Journal of the European Economic Association*, respectively. He is currently working on two themes: the agents' private and social incentives to invest in information gathering and communication skills either before or after entering a principal-agent relationship, and the governance of economic institutions where renegotiation opportunities generate multilateral externalities.

SERGIO BERALDO is Associate Professor of Economics at the University of Napoli Federico II. He uses theoretical and experimental methods to investigate issues in public and institutional economics. His current research focuses on behavioral welfare economics, and on the measurement of disparities in access to health care. Recent articles include: "The emergence of reciprocally beneficial cooperation" (with R. Sugden), *Theory and Decision*; 'Much Ado About Extremes: An experimental test of the shaping effect of prices on preferences', (with V. Filoso & M. Stimolo), *Metroeconomica*; "Measuring Disparities in Access to Health Care. A Proposal Based on an ex-ante Perspective", (with A. Abatemarco, M.

Aria and F. Stroffolini), *Social Indicators Research*.

EMILIO CALVANO is Associate Professor at the University of Bologna, formerly a postdoctoral researcher at Bocconi University and at the University of Naples Federico II. He holds a PhD from the University of Toulouse. He is currently studying the effect of intelligent algorithms on retail market outcomes, such as prices and product information. His latest work with G. Calzolari and S. Pastorello explores machine-learning techniques applied to pricing algorithms online. Recently his paper “Either or both Competition: a ‘Two-sided’ Theory of Advertising with Overlapping Viewership” (with A. Ambrus and M. Reisinger) was published in the *American Economic Journal: Microeconomics*, and the paper “The Impact of Consumer Multi-Homing on Advertising Markets and Media Competition” (with S. Athey and J. Gans) was accepted for publication in *Management Science*.

SALVATORE CAPASSO Is Professor of Economics at the University of Naples Parthenope, and former Director of the Institute for Studies on Mediterranean Societies of the Italian National Research Council. His research focuses on development economics, contract theory, monetary economics and theory of financial intermediation. He has also a solid expertise on the Economics of integration and the Economics of Mediterranean countries. His latest research focuses on the relationship between crime, corruption and growth and on the role of the underground economy in economic development. Recent publications include “Domestic or foreign currency? Remittances and the composition of deposits and loans” *Journal of Economic Behavior & Organization* (with K. Neanidis) and “Spatial asymmetries in monetary policy effectiveness in Italian regions” *Spatial Economic Analysis* (with M. D’Uva, F. Cristiana, O. Napolitano).

MARIO CARILLO is a Research Fellow in the Department of Economics and Statistics of the University of Naples Federico II and CSEF since August 2018. He holds a PhD in Economics from Brown University. His research interests are in the fields of economic growth and development, economic history, macroeconomics, and applied political economy. He is the founder and manager of the CSEF Twitter account. He is the organizer of the CSEF seminar series in the area of macroeconomics and applied economics. Recently his paper on the “Battle for Grain” has been accepted by *The Economic Journal.*

DIMITRIS CHRISTELIS is a Reader (Associate Professor) in Economics at the Adam Smith Business School, University of Glasgow. His research interests include empirical macroeconomics, household finance, microeconometrics, the economics of ageing, and health economics. He is currently studying the effect of property taxes on household spending (with F. F. Russo), the effect of uncertainty on household spending (with D. Georgarakos and M. van Rooij), and the partial identification of treatment effects under sample selection (with J. Messina).

ANNA D’ANNUNZIO is a Research Fellow at CSEF since September 2017. She holds a PhD in Economics from the Toulouse School of Economics. Her research focuses on industrial organization and public economics, with applications to media and telecommunications markets. In 2019, the paper “Ad Networks and Consumer Tracking” (with A. Russo) has been accepted for publication by *Management Science* and the paper “Multi-part Tariffs and Differentiated Commodity Taxation” (with M. Mardan and A. Russo) by *The RAND Journal of Economics*. She is currently revising the paper "Advertising and consumer tracking: Theory and evidence", (with C. Peukert and A. Russo). Also, she is currently working on a project on echo chambers and fake news (with G. Andreottola and G. Immordino) and on an empirical project on Uber (with B. De Borger, G. Monchambert and A. Russo).

MARCELLO D'AMATO is Professor of Economic Policy at the University of Naples Suor Orsola Benincasa. His current research focuses on the economics of education, social mobility and inequality, tax evasion dynamics and modeling of the commitment value of unobservable investment in entry games. Recent publications include "Occupational Mobility and Wealth Evolution in a Model of Educational Investment with Credit Market Imperfections", *Journal of Economic Inequality* (with C. Di Pietro), "On the Causal Effects of Selective Admission Policies on Students' Performances: Evidence from a Quasi-experiment in a Large Italian University" in the *Oxford Economic Papers* (with V. Carrieri and R. Zotti) and "Credit allocation in heterogeneous banking systems" on the *German Economic Review.* He is currently working on the following projects: "Educational Signaling, Credit Constraints and Inequality Dynamics" (with D. Mookherjee), "The Commitment Value of Unobservable Investment" (with L. Brighi), and "Tax Evasion Dynamics" (with A. Acconcia, R. Martina and L. Ratto).

GIUSEPPE DE MARCO is Associate Professor of Mathematical Economics and Finance at the University of Naples Parthenope. His current research focuses on ambiguous games, imprecise probabilities, set-valued analysis, psychological games, moral hazard models, networks and financial contagion. Recent publications include: "Ambiguous Games without a State Space and Full Rationality" in the *International Journal of Approximate Reasoning* (2018) and "On the Measure of Contagion in Fuzzy Financial Networks" (with C. Donnini, F. Gioia, F. Perla) in the *Applied Soft Computing Journal* (2018), "On the convexity of preferences in decisions and games under (quasi-)convex/concave imprecise probability correspondences" in the *International Journal of Approximate Reasoning* (2019).

EDOARDO DI PORTO is Associate Professor at the University of Naples Federico II and Associate Researcher at the Uppsala Center for Fiscal Studies (UCFS) of Uppsala University. He is currently on leave, working as public manager at INPS (Istituto Nazionale Previdenza Sociale), where he is also in charge of the "VisitINPS scholars" program. He has ongoing research on topics related to INPS activities, such as compliance with labour legislation, sickness leave monitoring and the effect migrant legalization on labor market outcomes.

FRANCESCO DRAGO is Professor of Economics at the University of Catania, Research Fellow at CEPR and IZA, and co-founder of Ortygia Business School in Sicily. His research focuses on political economy and the economics of crime. In 2019, his papers on compliance behavior in networks and political economy of crime were accepted for publication in the *American Economic Journal: Applied Economics* and the *Journal of the European Economic Association*. He is involved in several projects on the economics of crime and political economy.

ANDREW ELLUL is Professor of Finance and Fred T. Greene Chair in Finance at Indiana University's Kelley School of Business and Executive Editor of the Review of Corporate Finance Studies. His research interests focus on empirical corporate finance, institutional investors' trading and market microstructure. In 2019 his paper titled "Corporate Leverage and Employee Protection in Bankruptcy", co-authored with Marco Pagano, was published by the *Journal of Financial Economics*. His paper titled "Career Risk and Market Discipline in Asset Management" (with M. Pagano and A. Scognamiglio), was accepted for publication by the *Review of Financial Studies*. In the same period he completed a new working paper titled "Labor Unemployment Risk and CEO Incentive Compensation." He was appointed as a visiting scholar to the Office of Financial Research.

CARLO FAVERO is Deutsche Bank professor of Asset Pricing and Quantitative Finance and Head of Department of Finance at Bocconi University. He has published in scholarly journals on the econometric modelling of bond and stock prices, applied econometrics, monetary and fiscal policy and time-series models for macroeconomics and finance. He is a research fellow of CEPR and a member of the scientific committee of the Centro Interuniversitario Italiano di Econometria (CIDE). In 2019 he published the book *Austerity. When it works and when it does not* (with A. Alesina and F. Giavazzi) with Princeton University Press. and two articles: "Implications of Returns Predictability for Consumption Dynamics and Asset Pricing Models" (with F. Ortu, A.Tamoni and H.Yang) in the *Journal of Business & Economic Statistics*, and "Effects of Austerity: Expenditure- and Tax-Based Approaches" (with A. Alesina and F. Giavazzi) in the *Journal of Economic Perspectives*.

CHIARA FUMAGALLI is Associate Professor of Economics at Bocconi University and a CEPR Research Affiliate. She is member of the Economic Advisory Group on Competition Policy (EAGCP), CRESSE Associates, EARIE Executive Committee, and OXERA Economics Council. Her research concerns competition policy and the activity of diversified business groups. In 2019 she has worked on "Dynamic Vertical Foreclosure" (joint with M. Motta, CSEF Working Paper 522), under revision for the *Journal of Law and Economics*, and on "Tying in evolving industries, when future entry cannot be deterred" (joint with M. Motta, CSEF Working Paper 548), forthcoming in *The International Journal of Industrial Organization*. Chiara is also revising "Insurance Between Firms: The Role of Internal Labor Markets" (with G. Cestone, F. Kramarz and G. Pica CSEF Working Paper 386) for the *Review of Economic Studies*.

MARIA GABRIELLA GRAZIANO is Professor of Mathematics at the University of Naples Federico II, and Chairman of the Department of Economics and Statistics for 2019-21. 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. Recently she published "Coalition fairness with participation rates (with A. Basile and C. Tarantino) in the *Journal of Economics (*2018), "Blocking coalitions and fairness in asset markets and asymmetric information economies" (with A. Bhowmik), in The *B.E. Journal of Theoretical Economics (*2019). The paper "The core and the provision of collective goods through an endogenous social division of labor?" (with A. Basile, R.P. Gilles, M. Pesce) is forthcoming in *Economic Theory*. She is currently working on the following research projects: "Housing market models with consumption externalities" (with C. Meo and N.C. Yannelis, submitted), "Social Loss and the core of an economy with externalities" (with C. Di Pietro and V. Platino, submitted), "Characterizations and existence of linear cost share equilibria" (with M. Pesce and M. Romaniello).

CARLA GUERRIERO is Senior Assistant Professor of Public Economics at the University of Naples Federico II. Her research interests are in the field of family economics, health and environmental economics. She is currently leading two research projects: "Childrole", investigating the role of children as decision makers in the household and "BiketoWork", a randomized controlled trial assessing the effectiveness of cycling on physical and mental health. She is also local PI of the research project: "Heuristics and attention in children" (PRIN 2017). In 2019, she published the book "Cost-Benefit Analysis of Environmental Interventions" for *Elsevier Academic Press*. Last year she published the paper: "Using Animation to Self-Report Health: A Randomized Experiment with Children." in *Patient* and completed the following papers: "Hospitals' strategic behaviour and patient mobility: evidence from Italy" (with P. Berta and R. Levaggi, CSEF Working Paper n. 555); "Children's willingness to pay for environmental protection" (CSEF Working Paper n. 550). She is currently working on a project on attention in children (joint with V. Dardanoni, P. Manzini and M. Mariotti)

GIOVANNI IMMORDINO is Professor of Political Economy at the University of Naples Federico II and Associate Editor of the *International Review of Law and Economics*. He holds a PhD in Economics from the University of Toulouse. In 2019 three of his papers were published or accepted for publication: "Costly Pretrial Agreements" (with L. Anderlini and L. Felli), in *Journal of Legal Studies*; "Marginal deterrence at work", (with R. Crino' and S. Piccolo), in *Journal of Economic Behavior and Organizations;* and "Taxing and Regulating Vices" (with A. Menichini and M. Romano), forthcoming in *Scandinavian Journal of Economics.* He has also written two working papers: "Prostitution and violence: evidence from Sweden", (with M. Perrotta Berlin, G. Spagnolo, and F. Russo) SITE Working Paper Series 52, Stockholm School of Economics, Stockholm Institute of Transition Economics and "Education, taxation and the perceived effects of sin good consumption" (with A. Menichini and M. Romano), CSEF working paper n.536.

TULLIO JAPPELLI is Professor of Economics at the University of Naples Federico II, Research Fellow of CEPR and of the Center of Financial Studies (Frankfurt), Netspar International Research Fellow (Tilburg University) and a Fellow of the European Economic Association. In 2019 he published the article "Asymmetric Consumption Effects of Transitory Income Shocks" (with D. Christelis, D. Georgarakos, L. Pistaferri and M. van Rooij) in *The Economic Journal*. He also published the chapter "La vulnerabilità economica delle famiglie" (with I. Marino and M. Padula) in *Vulnerabilità di fronte alle istituzioni e vulnerabilità delle istituzioni*, edited by L. Corso and G. Talamo for Giappichelli. Last year the following papers were accepted for publication: "Investment in Information and Portfolio Performance" (with L. Guiso), forthcoming in *Economica*; "Consumption Uncertainty and Precautionary Saving" (with D. Christelis, D. Georgarakos and M. van Roij), forthcoming in *The Review of Economics and Statistics*; "Reported MPC and Unobserved Heterogeneity (with L. Pistaferri), forthcoming in *American Economic Journal: Economic Policy*; "Trust in the Central Bank and Inflation Expectations" (with D. Christelis, D. Georgarakos and M. van Roij), forthcoming in the *International Journal of Central Banking*. Currently he is working on the effect of pension risk on retirement saving, and on the response of consumption to income and wealth shocks.

FRANCESCO LANCIA is an Assistant Professor of Economics at the University of Salerno and a CEPR Research Affiliate. His main fields of study are macroeconomics and political economy, with particular focus on dynamic public finance and the economic effects of intergenerational conflicts. In 2019, he published: "Compliance Technology and Self-Enforcing Agreements" (with B. Harstad and A. Russo) in the *Journal of the European Economic Association*; and "Sustaining Cooperation through Self-Interested Actions" (with Alessia Russo) in *The B.E. Journal of Theoretical Economics*. His paper "Youth Enfranchisement, Political Responsiveness, and Education Expenditures: Evidence from the U.S." (with G. Bertocchi, A. Dimico and A. Russo) is forthcoming at *the American Economic Journal: Economic Policy*. He is currently working on "Optimal Sustainable Intergenerational Insurance" (with A. R. and T. Worrall); and on "Compliance Technology in Climate Policy" (with B. Harstad and A. Russo).

IMMACOLATA MARINO is Assistant Professor of Economics at the University of Naples Federico II. She is an applied microeconomist with research interests in the fields of public economics/public policy, household finance and empirical banking. She is currently working on "The effect of stricter supervision on bank opacity" (with B. Bruno and G. Nocera). She is also revising the paper "Direct Propagation of a Fiscal Shock: Evidence from Italy's Stability Pact" (with D. Coviello, N. Persico and T. Nannicini).

RICCARDO MARTINA is Professor of Economics and member of the Board of the University of Naples Federico II. His research interests are mainly in the areas of industrial organization and public economics. His recent research focuses on the long run determinants of tax evasion and on the strategic role of incentive contracts in oligopolistic markets. In 2019, his paper "Patents Protection and Threat of Litigation in Oligopoly" (joint with C. Capuano and I. Grassi) was accepted for publication in the *Journal of Economics*. He also published "Imperfect Patent Protection and Licensing: A Theoretical Model", (with C. Capuano and I. Grassi), in a book edited by A. Del Monte et al. The paper "Long-Run Effects of a Change in Institutions: Evidence on Tax Compliance", (joint with A. Acconcia, M. D'Amato and M. Ratto), appeared as CSEF WP. n. 551.

ANNAMARIA MENICHINI is Professor of Economics at the University of Salerno. Her research spans corporate finance, corporate governance, microeconomics and behavioural economics. She is currently working on the role of multiple loan financing as a way to mitigate the deadweight loss of costly audits (with P. Simmons), on the effects of an optimism bias on consumption of sin goods, and on the effectiveness of taxation and education in mitigating them (with G. Immordino and M.G. Romano). A working paper version of this project, "Education, taxation and the perceived effects of sin good consumption," has recently appeared as CSEF Working Paper. The paper "Taxing and regulating Vices" (with G. Immordino and M.G. Romano) is forthcoming in the *Scandinavian Journal of Economics*.

SALVATORE MORELLI is Research Assistant Professor at the Stone Center on Socio-Economic Inequality and ARC Distinguished Fellow at the Graduate Center, CUNY. In 2019, his paper 'The Dynamics of Wealth Concentration: Thoughts on Tony Atkinson's Contributions' was published in the *Italian Economic Journal*. He also co-authored the chapter "Recent Trends in Wealth Inequality" with Joe Hasell (Oxford) and Max Roser (Oxford) published in the volume "*Reducing social inequalities in cancer: evidence and priorities for research*", IARC Scientific Publication No. 168, International Agency for Research on Cancer, World Health Organization. As external collaborator, he was recipient of a Nuffield Foundation grant. Currently, his research focuses on the estimation of personal wealth concentration using inheritance tax data and the mortality multiplier method (with Y. Berman and F. Alvaredo); on the correction of survey weights for differential unit non-response (with E. Munoz); on the estimation of wealth concentration in Italy using inheritance tax data (with P. Acciari and F. Alvaredo); and on the estimation of historical wealth concentration series in Italy using national and provincial data from historical estate archives (with G. Gabbuti).

JACQUELINE MORGAN Is a former Professor of Game Theory at the University of Naples Federico II. She is currently working on algorithms for Nash equilibria in continuous games and on existence of solutions and regularizations for multi-leader-follower games. Her recent publications include: "Uniqueness of Nash Equilibrium in Continuous Two-player Weighted Potential Games" (with F. Caruso and M. C. Ceparano), in the *Journal of Mathematical Analysis and App*.; "Subgame Perfect Nash Equilibrium: A Learning Approach via Costs to Move" (with F. Caruso and M. C. Ceparano), in *Dynamics Games and Applications*; "Further on Inner Regularizations in Bilevel Optimization" (with M.B. Lignola) in the

Journal of Optimization, Theory and App. Two papers have been accepted for publication and will appear in the SIAM Journal of Optimization: "Regularizations and Approximation Methods in Stackelberg Games and Bilevel Optimization (with F. Caruso and M.B. Lignola), and "An inverse-adjusted Best Response Algoritm" (with F. Caruso and M. C. Ceparano).

ROBERTO NISTICÒ is Senior Assistant Professor of Economics at the University of Naples Federico II. He holds a PhD in Economics from the University of Essex. His research spans the fields of development economics, labor economics and political economy. In 2019 he published "The effect of parental job loss on child school dropout: evidence from the Occupied Palestinian Territories" (with M. Di Maio) in *Journal of Development Economics*, "The effects of conflict on fertility: evidence from the genocide in Rwanda" (with T. Bruck, M. Di Maio and K. Kraehnert) in *Demography*. He also wrote "The economics behind the epidemic: Afghan opium price and prescription opioids in the US" (with C. Deiana and L. Giua), CSEF working paper n. 525 and "Ordinal rank and peer composition: two sides of the same coin?" (with M. Bertoni), IZA Discussion Paper n. 12789. Last year he was awarded the EIEF research grant for the project "Fertility decisions and employment protection: evidence from the Italian Jobs Act reform" (with M. De Paola and V. Scoppa). He is currently working on "Academic careers and fertility decisions" (with M. De Paola and V. Scoppa), "The socio-economic impact of hosting refugee centers on Italian municipalities" (with C. Deiana and E. Ciani), and "Microeconomic effects of peacekeeping on health" (with V. Bove, J. Di Salvatore and L. Elia).

TOMMASO OLIVIERO is Senior Assistant Professor of Economics at the University of Naples Federico II. From 2013 to 2016 he was Unicredit Foscolo Europe Research Fellow at CSEF. In 2014 he obtained the PhD in economics at the European University Institute (Florence). Last years he was awarded a grant for a research project at INPS (Rome) and BIS (Basel). He has recently published "Property tax and property values: Evidence from the 2012 Italian Tax Reform" (with A. Scognamiglio) in the *European Economic Review*, and "Deposit Insurance and Banks' Deposit Rates: Evidence from the 2009 EU policy" (with M. Gatti) in the *International Journal of Central Banking*.

MARIO PADULA is Professor of Economics at "Ca' Foscari" University of Venice. He has a Ph.D. in Economics from University College London. Since May 2016, he chairs the Italian Supervision Authority on Pension Funds (Commissione di Vigilanza sui Fondi Pensione, Covip). His current research interests are pension reforms, financial literacy and saving, the effect of law enforcement on credit allocation, and household portfolio choice. Recently he published "Investment in Financial Literacy, Social Security and Portfolio Choice" (with T. Jappelli) in the *Journal of Pension Economics and Finance*, "Wealth and Consumption Effects of an Unanticipated Income Shock" (with T. Jappelli) in *Management Science*, and "On the Effect of Financial Education on Financial Literacy: Evidence from a Sample of College Students" (with A. Brugiavini, D. Cavapozzi, Y. Pettinicchi) in the *Journal of Pension Economics and Finance*.

MARCO PAGANO is Professor of Finance at the University of Naples Federico II and Director of CSEF. He is also Fellow of the Einaudi Institute for Economics and Finance (EIEF), of the European Corporate Governance Institute (ECGI), the Centre for Economic Policy Research (CEPR) and Centre for Financial Studies (CFS). In 2019 he published the article "Corporate Leverage and Employee Protection in Bankruptcy" (joint with A. Ellul) in the *Journal of Financial Economics*, and coauthored three forthcoming articles: "Career Risk and Market Discipline in Asset Management" (joint with A. Ellul and A. Scognamiglio) in the *Review of Financial Studies*; "Local Crowding Out in China" (joint with Y. Huang and U.

Panizza) in the *Journal of Finance*; and "Risk Sharing within the Firm: A Primer" in *Foundations and Trends in Finance*. He also published the chapter "A Common Safe Asset for Eurozone Bank Stability" in *European Financial Infrastructure in the Face of New Challenges*, edited by F. Allen, E. Carletti, M. Gulati and J. Zettelmeyer, EUI, and "Debito e vulnerabilità" in *Vulnerabilità di fronte alle istituzioni e vulnerabilità delle istituzioni*, edited by L. Corso and G. Talamo, Giappichelli. His current research focuses on talent discovery, layoff risk and unemployment insurance (with L. Picariello), careers in finance (with A. Ellul and A. Scognamiglio, and the effect of corporate ownership and control on employees' careers (with L. Picariello).

MARCO PAGNOZZI is Professor of Economics at the University of Naples Federico II, where he directs the Master in Economics and Finance and the Laurea Magistrale in Economics and Finance. He has a PhD. in Economics from Oxford University and a Doctorate in Applied Mathematics from the University of Naples Federico II. His research focuses on auction theory, industrial organization, experimental economics and information economics. In 2019 he published "Efficiency in Auctions with (Failed) Resale" (with K. Jabs Saral) in the *Journal of Economic Behavior & Organization*; "Entry by Successful Speculators in Auctions with Resale" (with K. Jabs Saral) in Experimental Economics; and "Auctions with Limited Liability through Default or Resale" (with K. Jabs Saral) in the *Journal of Economic Behavior & Organization*. He also completed two papers: "The Value of Transparency in Dynamic Contracting with Entry" (with G. Karakoç and S. Piccolo) and "Vertical Contracting with Endogenous Market Structure" (with S. Piccolo and M. Reisinger). He is currently working on "Projection of Private Values in Auctions" (with T. Gagnon-Bartsch and A. Rosato); "Environmental Regulation, Biased Agencies and the Role of Discretion" (with P. Roberti and S. Piccolo); "Feedback Effect and the Design of Financial Markets" (with G. W. Puopolo), funded by an EIEF grant; and "Multidimensional Financial Advice" (with Gülen Karakoç and Giovanni Walter Puopolo).

LORENZO PANDOLFI is a Postdoctoral Research Fellow at CSEF since September 2017. He holds a PhD in Economics and Finance from Pompeu Fabra University (Barcelona). His research interests are in international finance, banking, and behavioral finance. In 2019, his paper "Cutting Through the Fog: Financial Literacy and Financial Investment Choices" (with M. Nieddu), was accepted for publication in the *Journal of the European Economic Association,* while "Capital Flows and Sovereign Debt Markets: Evidence from Index Rebalancings" (with T. Williams), was published in the *Journal of Financial Economics.* A paper on the heterogeneous effects of sovereign debt inflows to emerging countries on domestic firms (with F. Broner, A. Martin, and T. Williams) has been presented at the 2020 ASSA Meeting in San Diego, and an extension of it ("Real Effects of Sovereign Debt Inflow Shocks") will be published in the 2020 Issue of the *AEA Papers & Proceedings*. Also, he is revising the paper "Bail-in vs. Bailout: A False Dilemma" (CSEF Working Paper n. 499) for resubmission at *Management Science.*

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. Her recent articles include "Strict Fairness of Equilibria in Asymmetric Information Economies and Mixed Markets" (with C. Donnini) in *Economic Theory*; "A new approach to the rational expectations equilibrium: existence, optimality and incentive compatibility" (with L. De Castro and N. Yannelis) forthcoming *in Annals of Finance;* The paper "The Core and the Provision of Collective Goods through an Endogenous Social Division of Labour" (with A. Basile, R. Gilles and

M. G. Graziano) is forthcoming in *Economic Theory.* She is currently working on several research projects: “Absence of Envy Among “Neighbors” can be Enough” (with C. Donnini); “The Provision of Collective Goods through a Social Division of Labour” (with D. Diamantaras and R.P. Gilles); “Generalized coalitions and bargaining sets” (with M.G. Graziano and N. Urbinati); “On the dynamic foundation of the rational and Walrasian expectation equilibria” (with D. Kim and N. Yannelis).

GIOVANNI PICA is Professor of Economics at the Università della Svizzera Italiana. His research focuses on the labour market effects of financial market imperfections, globalization and labour market institutions. He recently published "Correlating Social Mobility and Economic Outcomes" (with M. Güell, M. Pellizzari and J.V. Rodríguez Mora) in *The Economic Journal*, and he is currently revising the paper "Insurance between firms: the role of internal labor markets" (with G. Cestone, C. Fumagalli and F. Kramarz, funded by an AXA Research Grant) and the paper "TBTs, Firm Organization and Labour Structure" (with G. Barba Navaretti, L. Fontagné, G. Orefice and A.C. Rosso, funded by the European Commission). Current work in progress focuses on endogenous group formation (funded by a SNF grant), and on occupational licensing.

LUCA PICARIELLO is a Postdoctoral Researcher at CSEF. He holds a Ph.D. in Economics from the Norwegian School of Economics. His research interests lie at the intersection of organizational economics, contract theory, personnel economics and corporate finance. Last year he worked on talent discovery, layoff risk and unemployment insurance (with M. Pagano); ownership, control and careers (with M. Pagano); organizational design with portable skills; the link between promotions and on-the-job training; feedback effect from financial markets to corporate decisions and investment horizon (with G.W. Puopolo), with funding from a Baffi Carefin grant; educational systems and their impact on specialization (with A. Rodivilov).

SALVATORE PICCOLO is a Professor of Economics at the University of Bergamo (Italy). He holds a Ph.D in Economics from Northwestern University. In 2019 he joined Compass Lexecon to perform scientific work on recent Antitrust cases on mergers, damages and regulation of the digital industry.His research interests are contract theory, economics of crime, industrial organization and finance. Last year he published "Corruption, Organized Crime, and the Bright Side of Subversion of Law” (with A. Gamba and G. Immordino) in the *Journal of Public Economics*, “Consumer Loss Aversion, Product Experimentation and Implicit Collusion” (with A. Pignataro) in the *International Journal of Industrial Organization,* “Selling Information to Competitive Firms” (with J. Kastl and M. Pagnozzi) in the RAND Journal of Economics, and “Terrorism, Counterterrorism and Optimal Striking Rules” (with G. Karakoc and G. Immordino) in the *Revue Economique*. His paper on “Organized Crime, Violence, and Politics” with A. Alesina and P. Pinotti is forthcoming on the *Review of Economic Studies.*

VINCENZO PLATINO is Assistant Professor of Mathematical Economics at the University of Naples Federico II. He holds a Ph.D. in Applied Mathematics from the University Paris 1 Pantheon-Sorbonne and a Ph.D. in Economics from the University Ca' Foscari. His research focuses on general equilibrium theory, economies with externalities, revealed preference theory, collective decision-making, and game theory. His recent publications include “On the Regularity of Smooth Production Economies with Externalities: Competitive Equilibrium à la Nash" (with E. Del Mercato) in *Economic Theory*; “Private Ownership economy with Externalities and Existence of Competitive Equilibria: A Differentiable Approach" (with E. Del Mercato) in the *Journal of Economics*. In 2019 he wrote the following papers: “Social Loss with respect to the core of an economy with externalities” (with C.

Di Pietro and M. G. Graziano), CSEF Working Paper n. 538 (revised and resubmitted at *Economic Theory*); Externalities in private ownership production economies with possibility functions. “An existence result”, CSEF Working Paper n. 549 (submitted to *Decisions in Economics and Finance*).

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 2019 he published “Strategic Differentiation by Business Models: Free-to-air vs. Pay-Tv” (with E. Calvano) *Economic Journa*l, forthcoming; “The Innovation Theory of Harm: an Appraisal” (with V. Denicolo), *Antitrust Law Journal*, “Convergence of European Gas Prices” (with A.Bastianin and M.Galeotti), *Energy Economics*, and “Blowing in the Wind: the Infiltration of Sicilian Mafia in the Wind Power Business” (with V. Checchi) GREEN Working Paper n. 4/2019.

JONATHAN PRATSCHKE is Associate Professor of Economic Sociology at the University of Naples Federico II. His research interests focus on social and spatial inequalities in relation to health, the labour market and education, using advanced statistical modelling techniques. Recently he published the studies “Direct and Indirect Influences of Socio-Economic Position on the Wellbeing of Older Adults: A Structural Equation Model Using Data from the First Wave of the Irish Longitudinal Study on Ageing” in *Ageing and Society*, “A Longitudinal Study of Area-level Deprivation in Ireland, 1991-2011” in *Environment and Planning B*, and “Female employment and the economic crisis” in *European Societies and Urban Studies*.

GIOVANNI WALTER PUOPOLO is Associate Professor of Economics at the University of Naples Federico II. Previously he was Assistant Professor of Finance at Bocconi University and at the University of Naples Federico II. He received a PhD 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, and household finance. He is currently PI of two research projects: “Household asset allocation and financial intermediation: The Role of Financial Advice” funded by Compagnia di San Paolo and Fondazione Istituto Banco di Napoli (STAR Grant) and “Feedback Effect and the Design of Financial Markets” funded by EIEF.

MARIA GRAZIA ROMANO is Assistant Professor of Economics at the University of Salerno. She received a PhD in Applied Mathematics at the University of Naples Federico II and 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 two research projects: the determinants of rental contracts as an alternative to purchase contracts, with A.M.C. Menichini; and herding in financial markets, with H. Sabourian. In 2019, she published the article ”Taxing and Regulating Vices” (with G. Immordino and A.M.C. Menichini) in the *Scandinavian Journal of Economics*

ANTONIO ROSATO is a Senior Lecturer in Economics at the Business School of the University of Technology Sydney in Australia and an Associate Professor in Economics at the University of Napoli "Federico II" (part-time). He holds a Ph.D. in Economics from the University of California Berkeley. His research focuses on auction theory, industrial organization and behavioral economics. In 2018 he was awarded a Discovery Early Career Research Award by the Australian Research Council. In 2019 he published “Loss Aversion and Competition in Vickrey Auctions: Money Ain't no Good” (with A. Tymula) in *Games and Economic Behavior*. Furthermore, his paper "Expectations-Based Loss Aversion in

Auctions with Interdependent Values: Extensive vs. Intensive Risk" (with Benjamin Balzer) is forthcoming in Management Science. He is currently working on the projects "Projection of Private Values in Auctions" (with M. Pagnozzi and T. Gagnon-Bartsch) and "Dutch versus First-Price Auctions with Dynamic Reference-Dependent Preferences" (with B. Balzer and J. von Wangenheim).

FRANCESCO FLAVIANO RUSSO is Associate Professor of Economics at the University of Naples Federico II. He received a Ph.D. in Economics from Boston University. His research focuses on Immigration, illegal markets and on tax evasion. His most recent works, joint with G. Immordino, focus on the relationship between cash and tax evasion. In "Cashless Payments and Tax Evasion" (*European Journal of Political Economy*) he shows a robust empirical relationship between cash use and tax evasion in a panel of countries. In "Fighting Tax Evasion by Discouraging the Use of Cash?" (*Fiscal Studies*) he studies the effect on evasion of a tax on cash withdrawals from bank tellers and ATM machines.

GIUSEPPE RUSSO is Associate Professor of Economics at the University of Salerno. He holds a Ph.D. in Economic Analysis and Policy from PSE. His research focuses on political economy, cultural assimilation and human migrations. In 2019, he published the paper "Electoral Systems and Immigration" (joint with F. Salsano) in the *European Journal of Economy*, and the paper "Interregional Migration of Human Capital and Unemployment Dynamics: Evidence from Italian Provinces" (with R. Basile, A. Girardi, M. Mantuano) in the *German Economic Review*. He is currently working on the educational achievement of second-generation children in Italy.

ELIA SARTORI is a post-doctoral Fellow at CSEF since September 2019. He holds a Ph.D in Economics from Princeton University. His research interest are in Applied Microeconomic Theory and Information Economics. He is also working on Search/Labor (Firm Heterogeneity, Wage Rigidity, and the Labor Market, with M. Fornino, MIT). He is currently working on "Competitive Provision of Digital Goods", "Screening for Susceptibility and Influence" (with F. Ostrizek), "Optimal Transparency with Behavioural Types" (with F. Ostrizek), and on "Stationary Price Incentivation into Social Programs: Estimation and Control".

ANNALISA SCOGNAMIGLIO is Senior Assistant Professor at the University of Naples Federico II. She holds a Ph.D. in Economics from MIT. Her main current research interests are labor economics and financial economics. In 2019, she published the paper "Property tax and property values: evidence from the 2012 Italian tax reform" (with T. Oliviero) in the *European Economic Review*, and the paper "Career risk and market discipline in asset management" (with A. Ellul and M. Pagano) in the *Review of Financial Studies*. Currently she is finalizing a joint paper with A. Ellul and M. Pagano on the careers of workers in different sectors of the US economy.

SAVERIO SIMONELLI is Professor of Economics at the University of Naples Federico II. His research focuses on fiscal and monetary policy, macroeconomic forecasting and instability of financial institutions. He is currently working with A. Beber, D. Fabbri and M. Pagano on "Short-Selling Bans and Bank Stability" and with E. Ilzetzki on "Measuring Productivity Dispersion: Lessons from Counting One-Hundred Million Ballots". In 2019 he published the article "Liquidity and Consumption. Evidence from three Post-earthquakes Reconstruction Programs in Italy" (with A. Acconcia and G. Corsetti) in the *American Economic Journal: Macroeconomics*.

MARCO MARIA SORGE is Senior Assistant Professor of Economic Policy at the University of Salerno and Affiliate Professor at the University of Göttingen. His research interests cover computational economics, dynamic macroeconomics and political economy. In 2019 he published “Computing Sunspot Solutions to Rational Expectations Models with Timing Restrictions” in the *B.E. Journal of Macroeconomics;* “Solving Rational Expectations Models with Informational Subperiods: A Comment” (with F. Hespeler) in *Computational Economics;* “Arbitrary Initial Conditions and the Dimension of Indeterminacy in Linear Rational Expectations Models” in *Decisions in Economics and Finance.*

MATTEA STEIN is a Research Fellow at the University of Naples Federico II. She received a PhD in Economics from the Paris School of Economics and a Master in Economics for Development from the University of Oxford. Her research focuses on business networks, development economics, and their intersections with public policy interventions and state institutions (courts, tax authority). She has several ongoing projects: "Know-how and know-who: Effects of a randomized training on network changes between small urban entrepreneurs; "Social learning or spillovers - Indirect effects of technical and business skills training for small entrepreneurs" (with F. Campos, O. Pimhidzai, M. Goldstein and B. Zia); "Status and egalitarianism in traditional communities: An analysis of funeral attendance in six Zimbabwean villages" (with A. Barr); "Firms' supply chain networks and tax compliance" (with F. Kondylis, B. Sarr and L. Czajka).

ALBERTO ZAZZARO is Professor of Economics at the University of Naples Federico II, and a Research Affiliate at MoFiR (Ancona), and Ld’A (Milan). He is President elected of the Italian Economic Association for three-year period 2020-22. His main research interests are in the fields of banking and economic development. In 2019 he published " The rise and fall of family firms in the process of development (with M.R. Carillo and V. Lombardo) in the *Journal of Economic Growth*; House prices and immovable property tax: evidence from OECD countries (with T. Oliviero. A. Sacchi and A. Scognamiglio) in *Metroeconomica*, Financial dependence and growth: The role of input-output linkages (with D. Maggioni and A. Lo Turco) in the *Journal of Economic Behavior and Organization*; Collateralization and distance (with A. Bellucci, A. Borisov and G. Giombini) in the *Journal of Banking and Finance*, “Public R&D Subsidies: Collaborative versus Individual Place-Based Programs for SMEs” (with A. Bellucci and L. Pennacchio) in *Small Business Economics*; “Relational Capital in Lending Relationships. Evidence from European Family Firms” (with M. Cucculelli and V. Peruzzi) in *Small Business Economics*. He has collaborated to several projects on relationship lending and employment, public subsidies and corporate debt, finance and poverty, voters-politicians proximity, family firms management innovation, producing working papers and preliminary drafts. He is a member of the editorial board of the *Italian Economic Journal*, *PSL Quarterly Review* and *Minerva Bancaria*. In 2019 he co-chaired the program of the 8th MoFiR workshop on banking held at the DePaul University in Chicago.

Here is the full list of the Working Papers published by CSEF in 2019. All papers published since 1998 can be downloaded from the URL http://www.csef.it/Working-Papers.

521 Maria Rosaria Carillo, Vincenzo Lombardo and **Alberto Zazzaro**, *The Rise and Fall of Family Firms in the Process of Development*

This paper explores the causes and the consequences of the evolution of family firms in the growth process. The theory suggests that in early stages of development, valuable family specific human capital stimulated the productivity of family firms and the development process. However, in light of the rise in the importance of managerial talents for firms' productivity in later stages, family firms generated a misallocation of managerial talents, curbing productivity and economic growth. Evidence supports the dual impact of family firms in the development process and the role of socio-cultural characteristics in observed variations in the productivity of family firms.

522 **Chiara Fumagalli**, Massimo Motta, *Dynamic Vertical Foreclosure*

This paper shows that vertical foreclosure can have a dynamic rationale. By refusing to supply an efficient downstream rival, a vertically integrated incumbent sacrifices current profits but can exclude the rival by depriving it of the critical profits it needs to be successful. In turn, monopolizing the downstream market may prevent the incumbent from losing most of its future profits because: (a) it allows the incumbent to extract more rents from an efficient upstream rival if future upstream entry cannot be discouraged; or (b) it also deters future upstream entry by weakening competition for the input and reducing the post-entry profits of the prospective upstream competitor.

523 **Giuseppe De Marco**, *On the Convexity of Preferences in Decisions and Games Under (quasi-)convex/concave Imprecise Probability Correspondences*

The Shafer and Sonnenshein convexity of preferences is a key property in game theory. Previous research has shown that, in case of decisions under uncertainty, the compliance with this property (jointly) depends on the concavity/convexity of the imprecise probabi- listic model with respect to the decision variable and on the attitudes towards imprecision of the decision maker. The present paper deepens the analysis by looking at set-valued imprecise probabilistic models that encompass sets of probability distributions and sets of almost desirable gambles. Moreover, it is shown that the required Shafer and Sonnenshein convexity property is obtained also in case the imprecise probability correspondences satisfy quasi-concavity/convexity with respect to the decision variable so that the set of admissible probabilistic models is significantly broadened. It is well known that sets of probability distributions and sets of almost desirable gambles are general models of representation of uncertainty that are connected to each other; moreover, they are both related to another model known as lower expectation. Therefore, the second part of this work explores the links between the (quasi-)concavity/convexity properties accross the three different models so as to understand to what extent the Shafer and Sonnenshein convexity results hold.

524 Franco Peracchi and **Claudio Rossetti**, *A Nonlinear Dynamic Factor Model of Health and Medical Treatment*

Quantitative assessments of the relationship between health and medical treatment are of great importance to policy makers. However, simply looking at the raw correlation between health and medical care is unlikely to give the right answer because of endogeneity problems. We overcome these problems by formulating and estimating a tractable dynamic factor model of health and medical treatment where individual observed health outcomes are driven by the individual's latent health stock. The dynamics of latent health reflects both exogenous health depreciation and endogenous health investments. Our model allows us to investigate the effect of medical treatment on current health, as well as on future medical treatment and health outcomes. We estimate the model by maximum simulated likelihood and minimum distance methods using a rich longitudinal data set from Italy obtained by merging a number of administrative archives. These data contain detailed information on medical drug use, hospitalization, and mortality for a representative sample of elderly hypertensive patients. Our findings show that medical care consumption is highly correlated over time, and this relationship depends on both permanent and time-varying observed and unobserved heterogeneity. They also show that medical drug use significantly maintains future health levels and prevents transitions to worse health. These results suggest that policies aimed at increasing the awareness and the compliance of hypertensive patients help reduces cardiovascular risks and consequent hospitalization and mortality.

525 Claudio Deiana, Ludovica Giua and **Roberto Nisticò**, *The Economics Behind the Epidemic: Afghan Opium Price and Prescription Opioids in the US*

We investigate the effect of variations in the price of opium in Afghanistan on per capita dispensation of prescription opioids in the US. Quarterly county-level data for 2003-2016 indicate that reductions in opium prices significantly increase the quantity of opioids prescribed, and that the magnitude of the effect increases with the county's ex-ante demand for opioids. Most of the increase involves natural and semi-synthetic but not fully synthetic opioids. We further find that both opioid-related deaths and drug-related crimes increase following a decline in the opium price. Finally, firm-level analysis reveals that the stock prices and profits of opioid producers react significantly to opium price shocks. Overall, the findings suggest that supply-side economic incentives have played an important role in the opioid epidemic.

526 **Tullio Jappelli, Immacolata Marino** and **Mario Padula**, *Pension Uncertainty and Demand for Retirement Saving*

According to the life-cycle model, if there is an expectation that social security benefits will fall, demand for retirement saving should increase. In precautionary saving models, the risk associated to future benefits matters and, if benefits become more uncertain, individuals will react by increasing their demand for retirement saving. To assess the empirical relevance of this mechanism, we rely on unique Italian data to obtain individual level measures of the subjective distribution of the social security benefit replacement rate. Italy is an interesting example, because of the frequent changes to eligibility rules and benefits implemented in the past thirty years, fueling individual uncertainty about future pension outcomes. We find evidence of wide cross-sectional heterogeneity in both the location and scale of the subjective replacement rate distribution. Our results indicate higher participation in private pension funds among individuals who expect lower and more uncertain replacement rates.

527 Andrea Bellucci, Luca Pennacchio and **Alberto Zazzaro**, *R&D Subsidies and Firms' Debt Financing*

This study investigates the impact of public subsidies for research and development (R&D) on the debt financing of small and medium-sized enterprises (SMEs). It examines a public program implemented in the Marche region of Italy during the period 2005–2012. The study combines matching methods with a difference-in-difference estimator to examine whether receiving public subsidies affects total indebtedness, the structure and cost of debt of awarded firms. The results indicate that R&D subsidies modify firms' (especially young firms') debt structure in favor of long-term financing, and help firms to limit the average cost of debt. Subsidies also foster the use of bank financing, but do not affect the overall level of debt. Taken together, these findings suggest that public funding of SMEs' innovation projects plays a certification role in access to external financial resources for firms receiving subsidies.

528 Chiara Donnini and **Marialaura Pesce**, *Absence of Envy Among "Neighbors" can be Enough*

We investigate the fairness property of equal-division competitive market equilibria (CME) in asymmetric information economies with a space of agents that may contain non-negligible (large) traders. We first propose an extension to our framework of the notion of strict fairness due to Zhou (1992). We prove that once agents are asymmetrically informed, any equal-division CME allocation is strictly fair, but a strictly fair allocation might not be supported by an equilibrium price. Then, we investigate the role of large traders and we provide two sufficient conditions under which, in the case of complete information economies, a redistribution of resources is strictly fair if and only if it results from a competitive mechanism.

529 William Seitz and **Alberto Zazzaro**, *Sanctions and Public Opinion: The Case of the Russia-Ukraine Gas Disputes*

Economic sanctions usually fail, sometimes even provoking the opposite of the intended outcome. Why are sanctions so often ineffective? One prominent view is that sanctions generate popular support for the targeted government and its policies; an outcome referred to as the rally-around-the-flag effect. We quantify this effect in the context of a major trade dispute between Ukraine and the Russian Federation, which led to a cut in gas exports to Ukraine and a sharp increase of gas prices. Using individual data on political and economic preferences before and after the trade dispute and exploiting the cross section heterogeneity in the individual exposure to the price shock—measured by the connection to a centralized gas/heating system—we find that people more directly affected by the increase of gas prices were significantly more likely to change their opinions in support of Western-style political and economic systems preferred by the incumbent government, consistent with a rally-around-the-flag effect.

530 **Annalisa Scognamiglio,** *Paid Sick Leave and Employee Absenteeism*

This paper studies the response of sickness absences to changes in the replacement rate for sick leave. In June 2008 a national law modified both the strength of monitoring and the monetary cost of sick leaves for public sector employees in Italy. This paper focuses on the National Health Service, which accounts for about 21% of the total number of workers employed in the Italian public administration. Using administrative data I show that absenteeism largely decreased following the reform. I identify the effects of an increase in the monetary cost of an absence using a difference-in-differences strategy that exploits variation in changes to the replacement rate for sick leave. Under the assumption that changes in monitoring had the same proportional impact on absenteeism within the same institutions, I estimate that a 1 percentage point decrease in the replacement rate reduces absenteeism by 1%.

531 **Dimitris Christelis,** Dimitris Georgarakos, **Tullio Jappelli,** Luigi Pistaferri and Maarten van Rooij, *Wealth Shocks and MPC Heterogeneity*

We use the responses of a representative sample of Dutch households to survey questions that ask how much their consumption would change in response to unexpected, permanent, positive or negative shocks to their home value. The average MPC is in the 2.1-4.7% range, in line with econometric estimates that use housing wealth and consumption realizations. However, our analysis uncovers significant sample heterogeneity, with over 90% of the sample reporting no consumption adjustment to positive or negative wealth shocks. The relation between the MPC from wealth shocks and cash-on-hand is negative, consistent with models with precautionary saving and liquidity constraints.

532 Matteo Gatti and **Tommaso Oliviero**, *Deposit Insurance and Banks' Deposit Rates: Evidence from the 2009 EU Policy*

In early 2009 the EU increased the minimum deposit insurance limit from €20,000 to €100,000 per bank account. Italy was the only country with a limit already set to €103,291 from 1994. To evaluate the impact of the new directive we run a diff-in-diff analysis and compare the bank-size weighted average deposit interest rates of the Eurozone countries with the Italian ones. We find that the increase of deposit insurance leads to a decrease of deposit rates in European countries relative to Italy between 0.3 and 0.7 percentage points. The drop in deposit rates is confirmed by a diff-in-diff analysis run at bank level after implementing a propensity score matching of Italian banks with European ones. We finally show that this effect mainly come from riskier banks confirming that deposit insurance negatively affects deposit rates by reducing the depositors' required risk-premium.

533 Pierluigi Murro, **Tommaso Oliviero** and **Alberto Zazzaro**, *The Role of Relationship Lending on Employment Decisions in Firms' Bad Times*

Using firm-level survey information, we study if relationship lending affects companies' employment decisions when they face adverse conditions. Our empirical analysis reveals that firms with durable lending relationships show a significantly lower degree of sensitivity of internal workforce variation to shocks in sales. This result is robust to different measures of the shocks in sales and to an instrumental variable strategy. We also show that the result is stronger for younger, smaller and more innovative firms, confirming that relationship lending provides insurance against adverse conditions for companies whose internal labor force is arguably more valuable.

534 **Annalisa Scognamiglio,** *Cesarean Sections: Use or Abuse?*

The cesarean rate in Italy is about 34%, higher than in other European countries and in the United States. It has been rising dramatically over the past decades and it varies considerably across geographical areas. I show that such geographical variation is not driven by medical need and that higher cesarean rates are achieved by performing the procedure on less and less appropriate patients. I find no evidence that high-use areas develop higher ability in performing cesareans. Finally, by using both panel data analysis and instrumental variables, I show that there is no significant relation between risk-adjusted cesarean rates and maternal and neonatal mortality. The combined evidence in this paper suggests that lowering cesarean rates would likely affect less appropriate patients, would not have negative spillovers in terms of quality of the procedure and would not affect neonatal nor maternal mortality.

535 **Giuseppe De Marco**, Chiara Donnini, Federica Gioia, Francesca Perla, *On the Fictitious Default Algorithm in Fuzzy Financial Networks*

In the literature on financial contagion, the possibility to deal only with imprecise information about the overall interbank exposures and the implications in the analysis of the stability of the financial system seems to be a relevant problem. In particular, previous literature has shown that fuzzy data arise naturally in this framework and turn to be sufficiently friendly to handle from the computational point of view. The present paper generalizes the well known_fictitious default algorithm to the fuzzy setting, providing an existence result for the corresponding fuzzy fixed points, the convergence of the algorithm to fixed points, an implementation of the algorithm in MATLAB and numerical simulations.

536 **Giovanni Immordino, Anna Maria C. Menichini, Maria Grazia Romano,** *Education, Taxation and the Perceived Effects of Sin Good Consumption*

In a setting in which an agent has a behavioral bias that causes an underestimation or an overestimation of the health consequences of sin goods consumption, the paper studies how a social planner can affect the demand of such goods through education initiatives and/or taxation. When only optimistic consumers are present, depending on the elasticity of demand of the sin good with respect to taxation and the relative efficiency of educational measures, the two instruments can be used as substitutes or complements. When both optimistic and pessimistic consumers coexist, the correcting effect that taxation has on optimistic consumers has unintended distorting effects on pessimistic ones. In this framework, educational measures, by aligning both consumers' perceptions closer to the true probability of health damages, are more effective than taxation.

537 Carlo Capuano, Iacopo Grassi and **Riccardo Martina**, *Patent Protection and Threat of Litigation in Oligopoly*

In a context of imperfect patent protection, this paper analyses the strategic use of patents from a novel perspective; patents are seen as a means available to the incumbent firm to control entry and, more importantly, to influence the post-entry market interaction process effectively, by creating the conditions that favour collusion. The level of patent protection chosen by the incumbent affects the likelihood that a potential entrant will be found guilty of patent infringement. This mechanism can operate as a punishment device that eases the conditions for collusion sustainability. Therefore, in a sense, patent protection can be regarded as an instrument allowing replication of the monopoly outcome in the context of a contestable market.

538 Christian Di Pietro, **Maria Gabriella Graziano** and **Vincenzo Platino**, *Social Loss with Respect to the Core of an Economy with Externalities*

We consider a pure exchange economy with externalities. We adopt a cooperative approach to equilibrium analysis, allowing each individual to cooperate with others and to form coalitions. Individual preferences are affected by the consumption of all other agents in the economy, and the consumption set of each agent is affected by the coalition to which he/she belongs. Following Montesano (2002), we introduce a measure of social loss with respect to the gamma-core and alpha-core of the economy which completely characterizes the corresponding core allocations.

539 **Marcello D'Amato,** Christian Di Pietro and **Marco M. Sorge,** *Serving the (Un)Deserving? The Allocation of Credit in Markets with Asymmetrically Informed Lenders*

Historical examinations of credit markets provide ample evidence on the coexistence of a variety of banking models, some of which specialize in information-intensive business practices. This paper studies the operation of markets in which asymmetrically informed lenders compete for investment projects with stochastic returns. We explore how the business model underlying informed lending — profit maximization (e.g. for profit relational lenders) vs. inter-member surplus redistribution (e.g. credit cooperatives) — shapes relative comparative advantages and affects market efficiency. Three findings stand out. First, consistent with real world evidence, a variety of market configurations — in terms of e.g. credit volumes and market shares — may obtain in equilibrium. Second, market failures (overlending) always prove mitigated when both types of lenders are operative, relative to a world in which equally uninformed lenders only populate the banking landscape. Third, market interaction between asymmetrically informed lenders can generate multiple equilibria. Hence, small changes in the business conditions or other fundamentals can cause large shifts in the allocation of credit leading to either highly selective markets or ones which rather endorse credit provision to undeserving entrepreneurs.

540 **Anna D'Annunzio,** Mohammed Mardan and Antonio Russo, *Multi-part Tariffs and Differentiated Commodity Taxation,* forthcoming in *RAND Journal of Economics*

We study commodity taxation in markets where firms, such as Internet Service Providers, energy suppliers and payment card platforms, adopt multi-part tariffs. We show that ad valorem taxes can correct underprovision and hence increase welfare, provided the government applies differentiated tax rates to the usage and access parts of the tariff. We obtain this result in different settings, including vertically interlinked markets, markets where firms adopt menus of tariffs to screen consumers and where they compete with multi-part tariffs. Our results suggest that exempting these markets from taxation may be inefficient.

541 Francesco Caruso, Maria Beatrice Lignola and **Jacqueline Morgan**, *Regularization and Approximation Methods in Stackelberg Games and Bilevel Optimization*

In a two-stage Stackelberg game, depending on the leader's information about the choice of the follower among his optimal responses, one can associate different types of mathematical problems. We present formulations and solution concepts for such problems, together with their possible connections in bilevel optimization, and we illustrate the crucial issues concerning these solution concepts. Then, we discuss which of these issues can be positively or negatively answered and how managing the latter ones by means of two widely used approaches: regularizing the set of optimal responses of the follower, via different types of approximate solutions, or regularizing the follower's payoff function, via the Tikhonov or the proximal regularizations. The first approach allows to obviate the lack of existence and/or stability through approximating problems, whose solutions exist under not restrictive conditions and enable to construct a surrogate solution to the original problem. The second approach permits to overcome the non-uniqueness of the follower's optimal response, by constructing sequences of Stackelberg games with a unique second-stage solution which approximate in some sense the original game, and to select among the solutions by using a constructive method with behavioural motivations.

542 Michele Bisceglia, Jorge Padilla and **Salvatore Piccolo,** *When Prohibiting Platform Parity Agreements Harms Consumers*

We consider a three-level supply chain where a monopolistic seller distributes its product both directly through its own distribution channel and indirectly through platforms accessed by intermediaries competing for final consumers. In this setting, we examine the welfare effects of platform parity agreements, namely contractual provisions according to which the seller cannot charge different prices for the same product distributed through different platforms. We find that these agreements mitigate the marginalization problem both in a wholesale and an agency model. However, only in the former model platform parity unambiguously increases consumer surplus; in the latter, it also increases the commissions paid by the monopolist to the platforms, whereby exacerbating the marginalization problem. On the net, platform parity benefits consumers in the agency model when competition between direct and indirect distribution is sufficiently intense. Interestingly, in both models consumers' preferences are always aligned with the platforms' but not with the seller's.

543 **Marcello D'Amato**, Niall O'Higgins and Marco Stimolo, *The Giver as a General in Her Fortunes. Experimental Evidence on Trust, Inequality and Growth (or Decline*)

We report the results of a laboratory experiment based on the trust game and designed to assess the impact of economic growth and inequality on trust in a unified framework. Compared to a control with no inequality, we implement three treatments with exogenously induced inequality in environments characterized by growing, stable or falling initial average endowments. We find that trust and trustworthiness both decrease with inequality, and trust (but not trustworthiness) increases with an increase in the average endowment level. Hence, the negative impact of inequality on trust results to be stronger in the environment with falling average endowment, whereas no effect is recorded in the environment with growing average endowment. These aggregate effects are driven by the significant negative reactions to inequality by those who, due to treatment, end up at the bottom of the endowment distribution.

544 Achille Basile, Robert P. Gilles, **Maria Gabriella Graziano** and **Marialaura Pesce**, *The Core of Economies with Collective Goods and a Social Division of Labor*

This paper considers the Core of a competitive market economy with private commodities as well as (non-Samuelsonian) collective goods that are provided through an endogenous social division of labour. Our approach is founded on the hypothesis that every agent is a "consumer-producer", producing private commodities as well as consuming collective and private goods. We develop the s-core concept, assuming that collective goods are scalable with community size. We show that the s-core can be founded on deviations of coalitions of arbitrary size, extending the seminal insights of Vind and Schmeidler for pure exchange economies. Our analysis also shows that self-organisation in a social division of labour can be incorporated into the Edgeworthian barter process directly. This is formulated as an equivalence of the s-core and a structured s-core concept based on blocking coalitions that use internal divisions of labour. Furthermore, Grodal's theorem is extended, allowing applications of metrics that express productive similarities between agents making up blocking coalitions. Finally, we consider the equivalence of the s-core and the set of cost share equilibrium allocations.

545 Giorgio Barba Navaretti, Lionel Fontagné, Gianluca Orefice, **Giovanni Pica**, and Anna Rosso, *TBTs, Firm Organization and Labour Structure*

Trade shocks in export markets may affect the employment composition and the organization of exporting firms. In particular, the imposition of new technological standards in destination markets may force exporters to adjust the firm's organization to comply and cope with the additional complexity of the new production process. This paper investigates the effects on firms' organization of shocks induced by the introduction of Technical Barriers to Trade (TBTs) in exporting countries. It relies on the Specific Trade Concern (STC) data released by the WTO to identify trade-restrictive TBT measures, combined with matched employer-employee data for the population of French exporters over the period 1995-2010. It also exploits information on the list of product-destinations served by each French exporter. Controlling for tariffs and for a given state of technology in the sector of the firm, it finds that exporters respond to increased complexity associated with restrictive Technical Barriers to Trade at destination by raising the share of managers at the expense of blue collars, white collars and professionals. This paper is related to the growing literature exploring how firms organize production in hierarchies to economize on their use of knowledge. It is also related to the well beaten literature on the labour market effects of trade, but from the perspective of exports rather than imports.

546 **Luca Picariello**, *Organizational Design with Portable Skills*

Workers can move across firms and carry along portable human capital. I present a model where workers' talent is observable but task allocation is non-contractible. To reduce mobility firms may inefficiently match workers with tasks that reduce their outside option. I show that by organizing the firm as an equity-partnership, the efficient task allocation can be implemented and profits increase. This result is attained by shifting control rights to workers who become partners, decide over task allocation and earn dividends as compensation. This provides a new rationale for the widespread presence of firms organized as partnerships in human-capital intensive industries.

547 Jorge Padilla and **Salvatore Piccolo**, *Does Direct Connect Benefit Travelers?*

Direct connect refers to a business practice that has become fashionable again in the travel industry after a period of irrelevance. Airlines provide direct access to their sales systems to travel retailers, who can thus avoid dealing with traditional indirect distribution intermediaries, such as GDS aggregators. Although this practice is often advertised as pro-competitive, we show that it may actually harm consumers, especially in very competitive environments.

548 **Chiara Fumagalli** and Massimo Motta, *Tying in Evolving Industries, When Future Entry Cannot be Deterred*

We show that the incentive to engage in exclusionary tying (of two complementary products) may arise even when tying cannot be used as a defensive strategy to protect the incumbent's dominant position in the primary market. By engaging in tying, an incumbent firm sacrifices current profits but can exclude a more efficient rival from a complementary market by depriving it of the critical scale it needs to be successful. In turn, exclusion in the complementary market allows the incumbent to be in a favorable position when a more efficient rival will enter the primary market, and to appropriate some of the rival's efficiency rents. The paper also shows that tying is a more profitable exclusionary strategy than pure bundling, and that exclusion is the less likely the higher the proportion of consumers who multi-home.

549 **Vincenzo Platino,** *Externalities in Private Ownership Production Economies with Possibility Functions. An Existence Result*

We consider a private ownership production economy with consumption and production externalities. Each household is characterized by a consumption set described by a possibility function, an endowment of commodities, and preferences described by a utility function. Each firm is owned by the household and it is characterized by technology desribed by a transformation function. Describing equlibria in terms of first order conditions and market clearing conditions, and using a homotopy approach, we prove the non-emptiness and compactness of the set of competitive equilibria with consumptions and prices strictly positive.

550 Valentino Dardanoni and **Carla Guerriero,** *Children's Willingness to Pay for Environmental Protection*

Young generations will bear the cost of present natural capital degradation and, as the recent wave of school climate strikes for climate change proved, do not want their voices to be ignored. Discrete Choice Experiments are increasingly being used for the valuation of environmental goods, nevertheless, they have never been conducted with children. We designed and administered a discrete choice experiment to elicit children, aged 8-19 years, willingness to pay (WTP) for environmental protection projects. Our results suggest that children marginal WTP is higher for projects targeting natural protection in their own country (Italy) and that the utility of environmental protection is greater for females and for older children. Furthermore, we find that individual attitude towards environment negatively affect the probability of choosing the status quo alternative. Given recent findings on transfer of knowledge, attitudes and behaviours towards environmental protection from children to parents, these results are important to support policy makers decisions on how to deal with the issues of natural capital degradation.

551 **Antonio Acconcia, Marcello D'Amato, Riccardo Martina** and Marisa Ratto, *Long-run Effects of a Change in Institutions: Evidence on Tax Compliance*

The unification of Italy in 1861 determined that all institutions of the pre-unitary states were replaced by those of the new-born Kingdom of Italy, thus implying common rules for agents formerly obeying to different ones. Moreover, a major tax reform was also set in that determined differential increments of the tax burden across provinces. We investigate the potential implications of these events for tax compliance. By comparing a province-level measure of tax evasion just after the reform with a corresponding recent one, we show a strong process of convergence in compliance. Non-negligible spatial differences in tax evasion, however, still persist nowadays. Further empirical evidence suggests that such differences can be at least in part traced back to the tax reform.

552 **Luca Picariello**, *Promotions and Training: Do Competitive Firms Set the Bar too High?*

Firms use promotions to match workers with jobs that fit their ability, but also to provide incentives to exert on-the-job training effort. As promotions make workers more attractive in the labor market, firms will balance productivity and retention costs. I show that if workers exert firm-specific training effort, profit-maximizing firms that cannot commit to promotion rules promote fewer workers than efficient. Differently, if firms can commit to promotion bars, for instance by means of structured managerial practices, they set the bar efficiently. If workers acquire portable training, this directly increases retention costs. Firms that cannot commit to promotion bars will set them inefficiently high. In this case, workers are discouraged from training when competition for talent is fierce. If firms can commit to promotion bars, they set them lower than without commitment providing strong incentives for workers to acquire portable training. However, in this scenario the promotion bar may be set too low compared with the efficient talent allocation.

553 **Marco Pagano**, *Risk Sharing within the Firm: A Primer*

Labor income risk is key to the welfare of most people. This paper starts by asking why this risk is mainly insured "within the firm" and not by financial markets, and what restricts the extent of such risk sharing. It identifies four main constraining factors: public unemployment insurance, moral hazard on the workers' side, limited commitment by firms, and workers' wage bargaining power. These factors explain three empirical regularities: (i) family firms provide more employment insurance than nonfamily firms; (ii) the former pay lower real wages, and (iii) firms provide less employment insurance where public unemployment benefits are more generous. The paper also explores the connection between risk sharing and firms' capital structure: highly leveraged firms have more unstable employment, so that greater leverage calls for high wages to compensate employees for job risk; nevertheless, firms may want to lever up strategically in order to offset the bargaining power of labor unions. Hence, the distributional conflict between shareholders and workers may limit risk sharing within the firm. By contrast, bondholders and workers are not necessarily in conflict, as both are harmed by firms' risk-taking. Finally, firms may also insure employees against the risk due to uncertainty about their own talent, but their capacity to do so is constrained by the fact that, in the presence of labor market competition, talented employees require high wages, making uncertainty about talent uninsurable. Lastly, the paper offers evidence that risk sharing within firms has declined steadily in recent decades and discusses possible explanations.