CSEF

Center for Studies in Economics and Finance

ACTIVITY REPORT 2020

Centre for Studies in Economics and Finance
University of Naples Federico II
Department of Economics and Statistics
Via Cintia, Monte S. Angelo
80126 NAPLES—ITALY

University of Naples Federico II

University of Salerno

Bocconi University, Milan

Contents

What is CSEF?

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

The Center hosts researchers and doctoral students from other Italian and foreign universities, supporting and stimulating academic research. It is involved in the activities of the Master in Economics and Finance (MEF) 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 2020 **Francisco Queirós** (PhD Universitat Pompeu Fabra) and **Ettore Panetti** (PhD Stockholm University) joined CSEF upon being appointed, respectively, Postdoctoral Research Fellow and Assistant Professor of Finance at the Department of Economics and Statistics. CSEF Fellows **Lorenzo Pandolfi** and **Luca Picariello** were appointed Assistant Professors of Economics at the University of Naples Federico II.

CSEF renewed the research fellowship to Fellows **Giovanni Andreottola** and **Elia Sartori** for a second year. Also, **Roberto Nisticò** was awarded a Visitinps Fellowship, ranking first.

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

Funding

Research projects carried out at CSEF in 2020 were funded by the University of Naples Federico II, the Compagnia di San Paolo, the Italian Ministry of University and Research (PRIN projects), the Municipality of Modena and the University of Glasgow.

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

The outbreak of the coronavirus shaped a very unusual year. The strict social distancing rules taken to stop the virus's spread required the cancellation of all events with large gatherings. Thus, CSEF decided to move its seminars online, and postpone conferences and workshops to next year.

Seminars

In 2020 CSEF hosted two weekly academic presentations by invited speakers and resident researchers.

January

Giovanni Burro (University of Warwick), *Make hay while the sun shines: an empirical study of maximum price, regret and trading decisions* (joint with Julia Brettschneider and Vicky Henderson) – **Job Market paper**

Alessandro Ferrari (European University Institute), *Global Value Chains and the Business Cycle* – **Job Market paper**

Niclas Moneke (London School of Economics & Political Science), *Can Big Push Infrastructure Unlock Development? Evidence from Ethiopia* – **Job Market paper**

Emiel Jerphanion (Tilburg University), *Student Loan Supply, Parental Saving & Portfolio Allocation* – **Job Market paper**

Alessandra Allocca (University of Mannheim), *"No Man is an Island": An Empirical Study on Team Formation and Performance* – **Job Market paper**

Markus Parlasca (University of Oxford), *Time Inconsistency in Stress Test Design* – **Job Market paper**

Vito Cormun (Boston College), *What are the Sources of Boom-Bust Cycles?* (joint with Marco Brianti) – **Job Market paper**

Avi Lichtig (Hebrew University of Jerusalem), *Endogenous Lemon Markets: Risky Choices and Adverse Selection* (joint with Ran Weksler) – **Job Market paper**

Anastasia Terskaya (Universidad de Alicante), *Sibling Differences in Educational Polygenic Scores: How do Parents React?* (joint with Anna Sanz-de-Galdeano) – **Job Market paper**

Francisco Queirós (European University Institute), *Low Competition Traps* (joint with Alessandro Ferrari) – **Job Market paper**

Juan Carlos Ruiz-Garcia (CEMFI), *Financial Frictions, Firm Dynamics and the Aggregate Economy: Insights from Richer Productivity Processes* – **Job Market paper**

Matteo Escudé (European University Institute), *Communication with partially Verifiable Endogenous Information* – **Job Market paper**

February

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

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

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

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

Anastasia Girshina (Swedish House of Finance at Stockholm School of Economics), *Wealth, savings, and returns over the life cycle: the role of education*

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

March

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

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

April

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

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

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

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

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

May

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

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

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

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

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

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

June

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

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

Mattea Stein (University of Naples Federico II and Csef), *The speed of justice – evidence from a reform in Senegal* (joint with Florence Kondylis)

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

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

October

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

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

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

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

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

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

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

November

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

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

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

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

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

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

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

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

December

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

Mattea Stein (University of Naples Federico II and Csef), *Firms' contracting networks and tax compliance: RCT design*

ANTONIO ACCONCIA is Professor of Economics at the University of Naples Federico II. He has recently published "Liquidity and Consumption: Evidence from Earthquakes in Italy" (with G. Corsetti and S. Simonelli), *American Economic Journal: Macroeconomics*; "Measuring Vulnerability to Poverty with Latent Transition Analysis" *Social Indicators Research*, (with M. Carannante, M. Misuraca, G. Scepi). He is currently working on "The Response of Taxpayer Compliance to the Large Shock of Italian Unification" (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), "Mafia Reloaded: The Response of Markup to Local Demand Freeze and Supply Restriction" (with E. Scarinzi), and "The Relationship between Firms' Financing Sources and Operating Choices" (with D. Fabbri and A.M. Menichini).

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, capital markets, applied time series and financial econometrics. Recently he published "Measuring Euro Area Monetary Policy" (joint with L. Brugnolini, R. Gürkaynak, R. Motto, G. Ragusa) in the *Journal of Monetary Economics*, and "Mending the Broken Link: Heterogeneous Bank Lending and Monetary Policy Pass-through" (joint with F. Canova, and M. Ciccarelli) in the *Journal of Monetary Economics*; while "Credit supply and demand in unconventional times" (joint with M. Boucinha, S. Holton and S. Ongena) is forthcoming in the *Journal of Money Credit & Banking*. In addition, the book *Monetary Policy in Times of Crisis* (joint with M. Rostagno, G. Carboni, W. Lemke, R. Motto, A. Saint-Guilhem and J. Yiangou) is forthcoming at Oxford University Press.

LUCA ANDERLINI is Professor of Economics at Georgetown University and Professor of Economics at the University of Naples Federico II. He has previously held permanent positions at the University of Cambridge and the University of Southampton, as well as visiting positions at Harvard, Yale, Penn and the London School of Economics. He is currently working on herding and the flow of information through networks and on the non-cooperative foundations of mechanisms of contract enforcement. In 2020 he published "Legal Efficiency and Consistency," jointly with L. Felli (LSE) and A. Riboni (Ecole Polytechnique) in the *European Economic Review*.

GIOVANNI ANDREOTTOLA is a Postdoctoral Research Fellow at CSEF. In October 2017 he received a PhD in Economics from the European University Institute in Florence and from January 2018 to July 2019 he was a Cowles Foundation Postdoctoral Associate at Yale University. His research focuses on Political Economy: in particular, he uses game-theoretical models to investigate how electoral institutions and informational frictions contribute to shape policymaking in democracies. His paper "Signaling Valence in Primary Elections" is forthcoming in *Games and Economic Behavior*, while the work "Flip-flopping and Electoral Concerns" is forthcoming in *The Journal of Politics*. Two further works, "Scandals, Media Competition and Political Accountability" and "Polarization and Policy Design", are currently under review for future publication. Last year, Giovanni and coauthors presented their research at the CSEF Lunch Talks, the Virtual Formal Theory Seminar, the European University Institute Microeconomics Working Group, Princeton University and New York University.

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 the agents’ private and social incentives to invest in information gathering and communication skills either before or after entering a principal-agent relationship, and on 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 of Economics at the University of Bologna, Research fellow of the CEPR (London) and associate faculty at the Toulouse School of Economics. He holds a PhD from the University of Toulouse. He is currently studying the effect of intelligent algorithms on retail market outcomes, such as prices and product information. His latest work with G. Calzolari, S. Pastorello and V. Denicolò explores machine-learning techniques applied to pricing algorithms online. While the work is still ongoing, preliminary results were published in the *American Economic Review* (2020), *Science* (2020) and several field journals.

SALVATORE CAPASSO is Professor of Economics at the University of Naples Parthenope, and Director of the Institute for Studies on the Mediterranean of the National Research Council of Italy. He is on the board of directors of the Neapolitan National Museum and has the scientific responsibility of many large research projects involving CNR and other governmental and research institutions. His research focuses on development economics, contract theory, monetary economics and theory of financial intermediation. His latest research focuses on the relationship between crime, corruption and growth and on the role of the underground economy in economic development. Recent publications include “Fiscal transparency and tax ethics: does better information lead to greater compliance?” *Journal of Policy Modelling* (with De Simone, L. Cicatiello, G. Gaeta, P. Reis-Mourao) and “Is it the gums, teeth or the bite? Effectiveness of dimensions of enforcement in curbing corruption”, *Economics of Governance* (with R. Goel and J. Sauronis).

MARIO CARILLO is a post-doctoral researcher at the University of Naples Federico II. He holds a PhD in Economics from Brown University. His research interests are in the fields of economic growth and development, economic history, macroeconomics, and applied political economy. His paper on the “Battle for Grain” has been accepted by *The Economic Journal*. His paper “Pandemic and Regional Economic Growth: Evidence from the Great Influenza in Italy” (with T. Jappelli) is forthcoming in the *European Review of Economic History*. He is currently studying the effects of infrastructures built by authoritarian regimes on cultural, political, and socioeconomic outcomes. Last year he presented his work at Bocconi, the Italian Society of Economists, the Annual Meeting of the Economic History Association, and the Econometric Society European Winter Meeting.

DIMITRIS CHRISTELIS is Reader (Associate Professor) in Economics at the Adam Smith Business School, University of Glasgow. His research interests include empirical macroeconomics, household finance, microeconometrics, the economics of ageing, and health economics. He is currently studying the effect of Covid-19 on household spending (with D. Georgarakos, T. Jappelli and G. Kenny), 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 an Associate Professor at Toulouse Business School. She holds a PhD in Economics from the Toulouse School of Economics. Her research focuses on industrial organization and public economics, with main applications to media markets. She is currently revising the paper "Advertising and consumer tracking: Theory and evidence" (with C. Peukert and A. Russo). Also, she is working on projects on echo chambers and fake news (with G. Andreottola and G. Immordino), taxation (with A. Russo) and telemedicine and precision medicine (with C. Canta and A. Mantovani).

MARCELLO D'AMATO is Professor of Economic Policy at the University of Napoli, Suor Orsola Benincasa. His current research focuses on the economics of education, social mobility and inequality, credit market imperfections, 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*. "Good co(o)p or bad co(o)p? Redistribution Concerns and Competition in Credit Markets with Imperfect Information" in *The B.E. Journal of Economic Analysis & Policy* (with M. Sorge and C. Di Pietro). 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: "On the convexity of preferences in decisions and games under (quasi-)convex/concave imprecise probability correspondences" in the *International Journal of Approximate Reasoning* (2019) and "On the Fictitious Default Algorithm in Fuzzy Financial Networks" in the *International Journal of Approximate Reasoning* (2020).

EDOARDO DI PORTO is Associate Professor at the University of Naples Federico II, currently on leave to work as Public Manager at INPS-Direzione Centrale Studi e Ricerche. Among his duties, he manages the VisitINPS project. He is also affiliated to UCFS, Uppsala University. His research focuses on public economics, urban economics and applied econometrics. He has worked on local public finance, tax compliance, tax incidence, optimal auditing strategies, and migration. He is currently working on sickness leave monitoring, the long-lasting effects of WWII on health and on the labour market, the relation between alternative work arrangements and the shadow economy.

FRANCESCO DRAGO is Professor of Economics at the University of Catania, Research Fellow of CEPR and IZA, and co-founder of the Ortygia Business School in Sicily. His research focuses on political economy and the economics of crime. In 2020, his papers on compliance behavior in networks and political economy of crime were published in the *American Economic Journal: Applied Economics* and the *Journal of the European Economic Association*. He is involved in several projects on the economics of crime and political economy.

ANDREW ELLUL is Professor of Finance and Fred T. Greene Chair in Finance at Indiana University's Kelley School of Business, part-time Associate Professor of Economics at the University of Naples Federico II and Executive Editor of the Review of Corporate Finance Studies. His research interests focus on empirical corporate finance, institutional investors' trading and market microstructure. In 2020 his paper titled "Career Risk and Market Discipline in Asset Management", co-authored with M. Pagano and A. Scognamiglio, was published by the *Review of Financial Studies*. His paper titled "Access to Public Capital Markets and Employment," with Alex Borisov and Merih Sevilir was accepted for publication by the *Journal of Financial Economics*. Last year he completed a new working paper titled "Insurers as Asset Managers and Systemic Risk" and 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. Her paper "Dynamic Vertical Foreclosure" (joint with M. Motta, CSEF Working Paper 522) is forthcoming in *The Journal of Law and Economics*, and the paper "Tying in Evolving Industries, When Future Entry Cannot Be Deterred" (joint with M. Motta, CSEF Working Paper 548), appeared in *The International Journal of Industrial Organization* (73), 1-23, 2020. In 2020 Chiara has worked at the paper "Shelving or Developing? Acquisition of Potential Competitors", with M. Motta and E. Tarantino), CEPR Discussion Paper No. 15113. She is also revising "Insurance Between Firms: The Role of Internal Labor Markets" (with G. Cestone, F. Kramarz and G. Pica CSEF Working Paper 386) for the *Review of Economic Studies* (2nd round).

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, economies with public goods, economies with uncertainty and asymmetric information, housing market models. Recently she published "Blocking coalitions and fairness in asset markets and asymmetric information economies" (with A. Bhowmik), in *The B.E. Journal of Theoretical Economics* (2019), "The core and the provision of collective goods through an endogenous social division of labor" (with A. Basile, R.P. Gilles and M. Pesce) in *Economic Theory* (2020), "Social Loss and the core of an economy with externalities" (with C. Di Pietro and V. Platino), in *Economic Theory* (2020), "Shapley and Scarf housing markets with consumption externalities" (with C. Meo and N.C. Yannelis) in *Journal of Public Economic Theory* (2020), and "Generalized coalitions and bargaining sets" (with M. Pesce and N. Urbinati) in *Journal of Mathematical Economics* (2020). She is currently working on the following research projects: "Core and stable sets in exchange economies with externalities" (with C. Meo and N.C. Yannelis), and "Characterizations and existence of linear cost share equilibria" (with M. Pesce and M. Romaniello).

CARLA GUERRIERO is 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 the local PI of the research project: "Heuristics and Attention in Children" (PRIN 2017). In 2020 she published "Children's Willingness to Pay for Environmental Protection" (with V. Dardanoni) in *Ecological Economics*, and "Health and Sustainability in Post-Pandemic Economic Policies" (with A. Haines and M. Pagano) in *Nature Sustainability*. The paper "Hospitals' Strategic Behaviour and Patient Mobility: Evidence from Italy" (with P. Berta and R. Levaggi) is forthcoming in *Socio-Economic Planning Sciences*. She is currently working on a project on "Attention in children" joint with V. Dardanoni, P. Manzini and M. Mariotti and "Analyzing Matching Patterns in Marriage: Theory and Application to Italian Data" with P.A. Chiappori and E. Ciscato.

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 2020 three of his papers were published or accepted for publication: "Optimal Leniency and the Organization Design of Group Delinquency" (with S. Piccolo and P. Roberti), in *Journal of Public Economics*; "Criminal Mobility, Fugitives and Extradition Rules", (with R. Crinò and S. Piccolo) in *Journal of Public Economic Theory* and "Taxing and Regulating Vices" (with A. Menichini and M. Romano) in *Scandinavian Journal of Economics*. He has also written "Mafia Wears Out Women in Power: Evidence from Italian Municipalities" (with A. Baraldi e M. Stimolo), CSEF Working paper n. 586.

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), Fellow of the European Economic Association, and Regular Research Visitor at the European Central Bank. In 2020 he published "Trust in the Central Bank and Inflation Expectations" (with D. Christelis, D. Georgarakos and M. van Roij) in the *International Journal of Central Banking*; "Reported MPC and Unobserved Heterogeneity" (with L. Pistaferri) in the *American Economic Journal: Economic Policy*; "Investment in Financial Information and Portfolio Performance" (with L. Guiso) in *Economica*, Consumption Uncertainty and Precautionary Saving (with D. Christelis, D. Georgarakos and M. van Roij) in *The Review of Economics and Statistics*. The paper "Social Security Uncertainty and Demand for Retirement Saving" (with I. Marino and M. Padula) has been accepted for publication in *The Review of Income and Wealth*, and "Pandemic and Regional Economic Growth: Evidence from the Great Influenza in Italy" (with M. Carillo), in the *European Review of Economic History*. In 2020 he wrote the following working papers: "Permanent Income Shocks, Target Wealth, and the Wealth Gap" (with L. Pistaferri), "The Covid-19 Crisis and Consumption: Survey Evidence from Six EU

Countries" (with D. Christelis, D. Georgarakos, and G. Kenny), "Financial Risk-Taking and Differential Bargaining Power within Households" (with D. Christelis and D. Georgarakos), and "Heterogeneous Wealth Effects" (with D. Christelis, D. Georgarakos, L. Pistaferri, and M. van Rooij).

Francesco Lancia is an Associate Professor of Economics at the University of Salerno, a CEPR Research Affiliate and an Associate Fellow at Johns Hopkins SAIS. His main fields of study are macroeconomics and political economy. In 2020, he published "Youth Enfranchisement, Political Responsiveness, and Education Expenditures: Evidence from the U.S." (with G. Bertocchi, A. Dimico and A. Russo) in the *American Economic Journal: Economic Policy*. He is currently working on "Optimal Sustainable Intergenerational Insurance" (with A. Russo and T. Worrall) and on "Policies and Instruments for Self-Enforcing Agreements" (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, household finance and empirical banking. She is currently working on "Do Internal Rating Models Mitigate Bank Opacity? Evidence from Analysts' Forecasts" (with B. Bruno and G. Nocera), "Do Harder Local Budget Constraints Affect Patient Mobility?" (with S. Beraldo and M. Collaro), and "Age Effects in Primary Education: A Double Disadvantage for Second-Generation Immigrants" (with A. Abatemarco, M. Cavallo and G. Russo). Her paper "Social Security Uncertainty and Demand for Retirement Saving" (with T. Jappelli and M. Padula) is forthcoming in *The Review of Income and Wealth.*

Riccardo Martina is Professor of Economics at the University of Naples Federico II. His research is in the areas of industrial organization and public economics and currently his work focuses on the strategic role of incentive contracts in oligopolistic markets, patent protection and the long run determinants of tax evasion in Italy. In 2020, his paper "Patents Protection and Threat of Litigation in Oligopoly" (joint with C. Capuano and I. Grassi), was published in the *Journal of Economics*.

Annamaria Menichini is Professor of Economics at the University of Salerno. Her research spans corporate finance, corporate governance, microeconomics and behavioural economics. She is currently working on the determinants of the firm's reliance on leasing (with M.G. Romano), the relationship between firms' financing and operating choices (with A. Acconcia and D. Fabbri), the benefits of separation versus conglomeration in loan contracts (with P. Simmons), and the determinants of relationship lending versus arm's length debt (with D. Fabbri). In 2020 her paper "Taxing and regulating Vices" (with G. Immordino and M. G. Romano) appeared in the *Scandinavian Journal of Economics,* while a revision was requested for the paper "Education, Taxation and the Perceived Effects of Sin Good Consumption" (with G. Immordino and M.G. Romano).

Salvatore Morelli is Assistant Professor in Public Economics at the University of Roma Tre, Law Department, and Senior Scholar at the Stone Center on Socio-Economic Inequality in New York where he directs the GC Wealth project. His research interests centre around the measurement, determinants, and consequences of income and wealth distribution as well as the economics of income and wealth taxation. In 2020 "kmr: A STATA Command to Correct Survey Weights for Unit Nonresponse" (with Ercio Munoz) was accepted for publication in *The Stata Journal*;. He also wrote a report funded by the Nuffield Foundation (jointly with B. Nolan, J. Palomino, and P. Van Kerm) on "The Wealth of Families: The Intergenerational Transmission of Wealth in Britain in Comparative Perspective", and two working papers: "Wealth Transfers and Net Wealth at Death: Evidence from the Italian Inheritance Tax Records 1995-2016" (with P. Acciari), NBER WP No. 27899 and "On the Distribution of Estates and the Distribution of Wealth:

Evidence from the Dead" (with Y. Berman), forthcoming in the NBER volume "Measuring and Understanding the Distribution and Intra/Inter-Generational Mobility of Income and Wealth" (R. Chetty, J. N. Friedman, J. C. Gornick, B. Johnson & A. Kennickell, editors). Currently, his research centres on the role of intergenerational transfers and its taxation in shaping wealth distribution, and on methodological issues in the estimation of personal wealth concentration (mostly using inheritance tax and survey data).

JACQUELINE MORGAN is a former Professor of Game Theory at the University of Naples Federico II. She is currently working on algorithms for Nash equilibria in continuous games and on existence of solutions and regularizations for multi-leader-multi- follower games. Her recent publications include: "Subgame Perfect Nash Equilibrium: A Learning Approach via Costs to Move" 2019 (with F.Caruso and M. C.Ceparano) in *Dynamics Games and Applications*; "Further on Inner Regularizations in Bilevel Optimization" 2019 (with M.B. Lignola) in *Journal of Optimization, Theory and App*.; "Regularizations and Approximation Methods in Stackelberg Games and Bilevel Optimization 2020 (with F. Caruso and M.B. Lignola) in the *Springer book on Bilevel Optimization*; "An inverse-adjusted Best Response Algoritm" 2020 (with F. Caruso and M. C. Ceparano) in *SIAM Journal of Optimization*. Her paper "Best response algorithms in ratio-bounded games: convergence of affine relaxations to Nash equilibria" (with F. Caruso and M.C. Ceparano) appeared in 2020 as WP CSEF No.593.

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, labor and political economics. In 2020, he produced the HEDG working paper n. 2023 "Opium Price Shocks and Prescription Opioids in the US" (with C. Deiana and L. Giua) and the IZA discussion paper n. 12991 "Fertility Decisions and Employment Protection: Evidence from the Italian Jobs Act Reform" (with M. De Paola and V. Scoppa). He was also awarded a Visitinps Fellowship. 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), "Microeconomic Effects of Peacekeeping on Health" (with V. Bove, J. Di Salvatore and L. Elia), and "Labor Market Effects of Economic Sanctions" (with A. Moghaddasi Kelishomi).

TOMMASO OLIVIERO is Senior Assistant Professor of Economics at the University of Naples Federico II. In 2014 he obtained a PhD in economics at the European University Institute (Florence). He spent visiting periods at the Wharton Business school (Philadelphia) and the Cass Business school (London). He has recently been awarded research fellowships at BIS (Basel) and at INPS (Rome). His research interests are in empirical banking, financial regulation and applied microeconomics. In 2020 his papers were published in the *Journal of International Money and Finance*, the *Review of Corporate Finance Studies* and the *European Economic Review*.

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 (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*, "On the Effect of Financial Education on Financial Literacy: Evidence from a Sample of College Students" (with A. Brugiavini, D.

Cavapozzi, Y. Pettinicchi) in the *Journal of Pension Economics and Finance*, and "Social Security Uncertainty and Demand for Retirement Saving" (with I. Marino and T. Jappelli) in the *Review of Income and Wealth*.

MARCO PAGANO is Professor of Finance at the University of Naples Federico II and Director of CSEF. He is Fellow of the EIEF, ECGI, CEPR and CFS. In 2020 he published the following articles: "Career Risk and Market Discipline in Asset Management" (with A. Ellul and A. Scognamiglio) in the *Review of Financial Studies*; "Local Crowding Out in China" (with Y. Huang and U. Panizza) in the *Journal of Finance*; "The COVID-19 Shock and Equity Shortfall: Firm-level Evidence from Italy" (with E. Carletti, T. Oliviero, L. Pelizzon and M. Subrahmanyam) in the *Review of Corporate Finance Studies*, "Health and Sustainability in Post-Pandemic Economic Policies" (with C. Guerriero and A. Haines) in *Nature Sustainability*, and "Risk Sharing within the Firm: A Primer" in *Foundations and Trends in Finance*. His paper "Short-Selling Bans and Bank Stability" (with A. Beber, D. Fabbri and S. Simonelli), is forthcoming in the *Review of Corporate Finance Studies*. He also published the chapter "Emergency measures for equity trading: the case against short-selling bans and stock exchange shutdowns" (with L. Enriques), in *Pandemic Crisis and Financial Stability*, edited by C. V. Gortsos and W.-G. Ringe, European Banking Institute, and the asset pricing textbook *Economia dei Mercati Finanziari* (with L. Pandolfi and G. W. Puopolo), Il Mulino. His current research investigates issues in labor and finance, asset pricing, financial intermediation, and market microstructure.

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 2020 he completed the following papers: "Projection of Private Values in Auctions" (with Tristan Gagnon-Bartsch and Antonio Rosato); "The Value of Transparency in Dynamic Contracting with Entry" (with Gülen Karakoç and Salvatore Piccolo); "Vertical Contracting with Endogenous Market Structure" (with Salvatore Piccolo and Markus Reisinger); and "Information Acquisition and Financial Advice" (with Gülen Karakoç, Salvatore Piccolo and Giovanni Walter Puopolo). He is currently working on "Environmental Regulation, Biased Agencies and the Role of Discretion" (with J. Kastl, P. Roberti and S. Piccolo) and "Feedback Effect and the Design of Financial Markets" (with G. W. Puopolo).

LORENZO PANDOLFI is Senior Assistant Professor of Economics at the University of Naples Federico II. He holds a PhD in Economics and Finance from Pompeu Fabra University (Barcelona). His research focuses on international economics, banking, and behavioral economics. In 2020, he published "Real Effects of Sovereign Debt Inflow Shocks" in the annual issue of the *AEA Papers & Proceedings*, and the textbook *Economia dei Mercati Finanziari* (Il Mulino), written with Marco Pagano and Giovanni W. Puopolo. He has also three forthcoming articles: "Cutting Through the Fog: Financial Literacy and Financial Investment Choices" (with M. Nieddu), in the *Journal of the European Economic Association;* "Bail-in and Bailout: Friends or Foes?", in *Management Science*; and "Winners and Losers from Sovereign Debt Inflows" (with F. Broner, A. Martin and T. Williams), in the *Journal of International Economics*. He is currently revising the article "The Effectiveness of Promotion Incentives for Public Employees: Evidence from Italian Academia" (with M. Nieddu, CSEF Working Paper n. 507) for resubmission at *Economic Policy*, and working on a new research project (with M. Nieddu) on the effects of psychological pressure on performance.

MARIALAURA PESCE is Associate Professor of Mathematics at the University of Naples Federico II. Her research focuses on general equilibrium, uncertainty and asymmetric information, fairness, and economies with public goods. Her recent articles include "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) *in Annals of Finance;* "The provision of collective goods through a social division of labour" (with R. Gilles and D. Diamantaras) in *Journal of Economic Behavior & Organization*; "Generalized coalitions and bargaining sets" (with M.G. Graziano and N. Urbinati) in *Journal of Mathematical Economics;* "The Core and the Provision of Collective Goods through an Endogenous Social Division of Labour" (with A. Basile, R. Gilles and M.G. Graziano) in *Economic Theory;* "Absence of Envy Among 'Neighbors' can be Enough" (with C. Donnini) forthcoming in *The B.E. Journal of Theoretical Economics (BEJTE)*; and "Convergence and stability of Walrasian equilibrium under asymmetric information" (with N. Yannelis), forthcoming in *Pure and Applied Functional Analysis.*

GIOVANNI PICA is Professor of Economics at the Università della Svizzera Italiana. He is currently working on the role of internal capital and labour markets within organizations, on the effects of non-tariff measures on the behaviour of firms, and on occupational licensing. Ongoing work on these topics includes "TBTs, Firm Organization and Labour Structure" (with G. Barba Navaretti, L. Fontagné, G. Orefice and A.C. Rosso) and "Quality and Selection in Regulated Professions" (with Gaetano Basso, Eleonora Brandimarti and Michele Pellizzari). Currently, he is revising the paper "Insurance between Firms: The Role of Internal Labor Markets" (with G. Cestone, C. Fumagalli and F. Kramarz) for the *Review of Economic Studies*.

LUCA PICARIELLO is Assistant Professor at the Department of Economics and Statistics at the University of Naples Federico II. He holds a PhD in Economics from the Norwegian School of Economics. His research is at the intersection of organization economics, contract theory, personnel economics and corporate finance. In 2020, he worked on talent discovery, layoff risk and unemployment insurance, and on ownership, control and careers (with M. Pagano); organizational design with portable skills; the link between promotions and on-the-job training; feedback effects from financial markets to corporate decisions and investment horizon (with G. W. Puopolo, with funding by a Baffi Carefin grant); the impact of education on specialization (with A. Rodivilov).

SALVATORE PICCOLO is Professor of Economics at the University of Bergamo. He holds a PhD in Economics from Northwestern University. In 2019 he joined Compass Lexecon to perform research on antitrust cases on mergers, damages and regulation of the digital industry. His research deals with contract theory, economics of crime, industrial organization and finance. In 2020 he published "Does Direct Connect Benefit Travelers?" (with J. Padilla) in *Economics Letters,* "Optimal Leniency and the Organization Design of Group Crime" (with G. Immordino and P. Roberti) in the *Journal of Public Economics,* and "Fighting Mobile Crime" (with R. Crinò and G. Immordino) in the *Journal of Public Economic Theory*.

VINCENZO PLATINO is Assistant Professor of Mathematical Economics at the University of Naples Federico II. He holds a PhD in Applied Mathematics from the University Paris 1 Pantheon-Sorbonne and a PhD in Economics from the University Ca' Foscari. His research focuses on general equilibrium theory, economies with externalities, revealed preference theory, collective decision-making, and game theory. His recent publications include "On the Regularity of Smooth Production Economies with Externalities: Competitive Equilibrium à la Nash" (with E. Del Mercato) in

Economic Theory; “Private Ownership Economy with Externalities and Existence of Competitive Equilibria: A Differentiable Approach" (with E. Del Mercato) in the *Journal of Economics* and “Social Loss with respect to the core of an economy with externalities” (with C. Di Pietro and M. G. Graziano) in *Economic Theory*. Recently he also wrote "Externalities in private ownership production economies with possibility functions. An existence result”, CSEF Working Paper n. 549.

MICHELE POLO is Professor of Economics, Eni Chair in Energy Markets, President of the GREEN Research Centre and IGIER Fellow at Bocconi University. His research interests are in industrial organization, regulation and antitrust, law and economics, political economics and the economics of organized crime. In 2020 he published "Market Power, Competition and Innovation in Digital Markets: A Survey" (with E. Calvano), *Information Economics and Policy,* 2020, "Blowing in the Wind: the Infiltration of Sicilian Mafia in the Wind Power Business" (with V. Checchi), *Italian Economic Journal,* 2020, 6:325-353.

JONATHAN PRATSCHKE is Associate Professor of Economic Sociology at the University of Naples Federico II. His research interests focus on the quantitative study of social and spatial inequalities in relation to health, the labour market and education. Recent publications include “Periferie ed esiti elettorali. Un’analisi territoriale su piccole unità applicata ai risultati delle elezioni del 2018 in un’area del Mezzogiorno.” (Polis), “Peer effects in education” (Oxford Research Encyclopedia of Education) and “Perché il M5S non ha sfondato a Milano? Un’analisi strutturale a scala metropolitana” (Meridiana), all published in 2020.

GIOVANNI WALTER PUOPOLO is Associate Professor of Economics at the University of Naples Federico II, after being 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. Giovanni is the Principal Investigator of several research projects such as “Household asset allocation and financial intermediation: The Role of Financial Advice” funded by Compagnia di San Paolo and Fondazione Istituto Banco di Napoli (STAR Grant) and “Feedback Effect and the Design of Financial Markets” funded by EIEF.

FRANCISCO QUEIRÓS is a Post-doctoral Fellow at the University of Naples Federico II and a CSEF Fellow since September 2020. He holds a PhD in Economics from Pompeu Fabra University (Barcelona). Previous to joining CSEF, he was a Max Weber fellow at the European University Institute (Florence). His interests lie at the intersection of macroeconomics, firm dynamics and finance. In his paper “The Real Side of Stock Market Exuberance” he studies the industry consequences of stock market overvaluation, in particular on firm entry and productivity growth. In “Asset Bubbles and Product Market Competition” he studies the interactions between product market competition and asset price bubbles. Finally, in “Low Competition Traps” (joint with A. Ferrari), he studies the business cycle consequences of the emergence of superstar firms.

MARIA GRAZIA ROMANO is Assistant Professor of Economics at the University of Salerno. She received a PhD in Applied Mathematics from the University of Naples Federico II and a Master in Financial Markets and Intermediaries from the University of Toulouse. Her research focuses on market microstructure, corporate finance, and microeconomics. She is currently working on the determinants of rental contracts as an alternative to purchase contracts, with A.M.C. Menichini; herding in financial markets, with H. Sabourian; the effect of education and taxation on sin good consumption, with G. Immordino and A.M.C. Menichini; off-market block trades and post trade transparency, with A. Frino.

ANTONIO ROSATO is a Senior Lecturer in Economics at the Business School of the University of Technology Sydney and part-time Associate Professor in Economics at the University of Naples Federico II. He has a PhD in Economics from the University of California Berkeley. His research focuses on auction theory, industrial organization and behavioral economics. In 2019 he published “Loss Aversion and Competition in Vickrey Auctions: Money Ain't no Good” (with A. Tymula) in *Games and Economic Behavior*. 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 “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 PhD 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 the use of cash and tax evasion in a panel of countries. In “Fighting Tax Evasion by Discouraging the Use of Cash?” (*Fiscal Studies*) he studies the effect on evasion of a tax on cash withdrawals from bank tellers and ATM machines.

GIUSEPPE RUSSO is Associate Professor of Economics at the University of Salerno. He holds a PhD in Economic Analysis and Policy from PSE. His research focuses on political economy, cultural assimilation and human migrations. Recently, he published “Electoral Systems and Immigration” (with F. Salsano) in the *European Journal of Economy*, and "Interregional Migration of Human Capital and Unemployment Dynamics: Evidence from Italian Provinces” (with R. Basile, A. Girardi, M. Mantuano) in the *German Economic Review*. His current research on the educational achievement of second-generation immigrants in Italy appeared as CSEF WP no. 554/2020 (“Reading Performance and Math Performance of Second-Generation Children in Italy”) and 567/2020 (“Age Effects in Primary Education: A Double Disadvantage for Second-Generations).

ELIA SARTORI is a post-doctoral Fellow at CSEF since September 2019. He holds a PhD in Economics from Princeton University. His research interests are in applied microeconomic theory and information economics. He is currently working on search in labor markets (“Firm Heterogeneity, Wage Rigidity, and the Labor Market”, with M. Fornino), and on the following papers: “Competitive Provision of Digital Goods”, “Screening for Susceptibility and Influence” (with F. Ostrizek), “Optimal Transparency with Behavioural Types” (with F. Ostrizek), and “Stationary Price Incentivation into Social Programs: Estimation and Control”.

ANNALISA SCOGNAMIGLIO is Senior Assistant Professor at the University of Naples Federico II. She holds a PhD in Economics from MIT. Her main research interest is labor economics. In 2020 she published the paper “Career risk and market discipline in asset management” (with A. Ellul and M. Pagano) in the *Review of Financial Studies*. Currently she is finalizing a joint paper with A. Ellul and M. Pagano on the careers of workers in different sectors of the US economy and a paper with L. Coraggio, M. Pagano and J. Tag on the link between misallocation of workers to jobs and firm productivity.

SAVERIO SIMONELLI is Professor of Economics at the University of Naples Federico II. His research focuses on fiscal and monetary policy, macroeconomic forecasting and instability of financial institutions. He is currently working with F. Esposito on “Firms Network and Natural Disasters”. He recently published "Liquidity and

Consumption. Evidence from three Post-earthquakes Reconstruction Programs in Italy" (with A. Acconcia and G. Corsetti) in the *American Economic Journal: Macroeconomics* and "Short-Selling Bans and Bank Stability" (with A. Beber, D. Fabbri and M. Pagano) in *Review of Corporate Finance Studies*.

MARCO MARIA SORGE is Associate 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. He has recently published "Computing Sunspot Solutions to Rational Expectations Models with Timing Restrictions" in the *B.E. Journal of Macroeconomics*; "Sunspot-Driven Fat Tails: A Note" (with C. Dave) in *Economics Letters*; "Credit Allocation in Heterogeneous Banking Systems" (with M. D'Amato and C. Di Pietro) in the *German Economic Review*.

MATTEA STEIN is a Post-Doctoral 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 deals with development economics, with focus on business and social networks, firms and development, state institutions (courts, tax authority), and impact evaluation of public policies. She is revising the paper "The Speed of Justice", joint with F. Kondylis, for resubmission at the *Review of Economics and Statistics*, and the papers "Effects of a randomized training on network changes between small urban entrepreneurs" and "Status and egalitarianism in traditional communities: An analysis of funeral attendance in six Zimbabwean villages" (with A. Barr). She received a 2^{nd} stage grant from ICTD and a top-up grant from the World Bank for an ongoing randomized control trial on "Firms' supply chain networks and tax compliance" (with F. Kondylis, B. Sarr and L. Czajka), and is PI on the impact evaluation of a youth employment and entrepreneurship project funded by the European Commission.

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, family firms, migration and economic development. In 2020 he published "Communication frictions in banking organizations: Evidence from credit score lending (with S. Filomeni and G.F. Udell), *Economics Letters*; "Sanctions and public opinion: The case of the Russia-Ukraine Gas Disputes" (with W. Seitz), *Review of International Organizations*; "The Reallocation Effects of COVID-19: Evidence from Venture Capital Investments around the World", (with A. Bellucci, A. Borisov and G. Gucciardi), *Covid 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 and 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 2020 he co-chaired the program of the 9^{th} MoFiR workshop on banking.

Here is the full list of the Working Papers published by CSEF in 2020. All papers published since 1998 are available at https://csef.it/research_tax/working-papers/#.

554 Mariagrazia Cavallo and **Giuseppe Russo**, *Lost in Translation: Reading Performance and Math Performance of Second-Generation Children in Italy*

This paper studies the effect of language proficiency on Math achievement for ten-year-old second-generation children in Italy. Through an IV given by the interaction between age and linguistic distance, we find that a higher score in Italian reduces the score in Math. This outcome is led by children with insufficient command of Italian (namely, those whose reading score is below 95% of the natives' average) and suggests that these students can improve their Italian only at the cost of reducing their performance in other subjects. This delay in language acquisition may undermine equality of opportunities from childhood.

555 Paolo Berti, **Carla Guerriero** and Rosella Levaggi, *Hospitals' Strategic Behaviours and Patient Mobility: Evidence from Italy*

The aim of this study is to explore hospitals' behaviours in attracting extra-regional patients and to investigate the effects of these behaviours on the quality of care to resident patients in a context where choices by regional patients are constrained by a budget cap and extra-regional patients are unconstrained source of revenue. Empirical results suggest that, controlling for hospital fixed effects, patients' demographic and health characteristics, hospitals use waiting times and length of stay to attract exra-regional patients. Regional patients admitted in both private and public hospitals with higher proportions of extra-regional patients show lower mortality rates and reimbursement costs. These results suggest that competition increases the quality of care and reduces costs through spillover effects produced by the market for extra-regional patients. Finally, the pattern of reimbursement asked for extra-regional care generates a financial flow in favour of richer regions, exacerbating the north-south gradient in the Italian NHS.

556 Francesca Calamunci and **Francesco Drago**, *The Economic Impact of Organized Crime Infiltration in the Legal Economy: Evidence from the Judicial Administration of Organized Crime Firms*

We analyze the economic consequences on firm profitability, performance, and investments of having another firm in the same market affiliated with a criminal organization. We do so by evaluating the spillover effects of a law providing the judicial administration of organized crime firms through the imposition of external managers in order to remove the connection to the criminal organization, and at the same time guarantee the continuity of production. By using detailed information on more than 180,000 companies, we exploit the firms' yearly variation in the exposure to criminal firms' judicial administration in their market (in the same province and industry). The empirical design allows us to control for confounding effects at the firm, market, and year levels. The results show that there is a large, positive spill over from the enforcement law, suggesting that the burden the organized crime firms impose on other firms is very large. Firms' performance and turnover increases by 2.2 and 0.7 percent, respectively, in the first four years after an organized crime firm enters the status of judicial administration. Investments measured by tangible and intangible assets increase with the number of firms entering into judicial administration by 0.75 percent. These results suggest that intensifying confiscation measures against criminal organizations has a strong positive effect on the economy.

557 **Giovanni Andreottola** and Antoni-Italo de Moragas, *Scandals, Media Competition and Political Accountability*

We present a model of a media market in which a set of news outlets compete to break news. In our model, each media receives some information on whether a politician in office is corrupt. Media outlets can decide whether to break the story immediately or wait and fact-check, taking into account that if another media breaks the news, the profit opportunity disappears. We show that as the number of competitors increases, each outlet becomes more likely to break the news without fact-checking. Therefore, as the number of media increases, the incumbent politician is more likely to be accused of corruption by the media: this makes the re-election of incumbents more difficult and increases political turnover. In particular, we show that if voters consult with higher priority the media outlets that report about a scandal, increasing the number of competitors decreases the probability of having an honest politician in office.

558 **Giovanni Andreottola**, *Flip-opping and Electoral Concerns*

Politicians who change their mind on a policy issue are often confronted with the accusation of being flip-oppers. However, a changing environment sometimes makes policy revisions necessary. The model developed in this paper suggests that flip-opping signals that politicians are poorly informed and is therefore detrimental to their reputation. As a result, electorally concerned politicians can have an incentive to stick to an inefficient policy choice in order to avoid the stigma of flip-opping. This behaviour damages both the quality of policies and the ability of voters to select competent politicians through elections. The paper also provides an in-depth discussion of how institutional features of the policy-making environment interact with the problem of insufficient flip-opping: these include term limits, the presence of media and the partial delegation of actions to independent agents and can be found in the Online Appendix.

559 **Giovanni Andreottola**, *Signaling Valence in Primary Elections*

I build a model of two-stage (primary and general) elections in which primary election candidates differ in terms of a privately observed quality dimension (valence). I show that primary election candidates have the incentive to signal their valence by means of their policy platform choice. There can be two types of separating equilibria in primary elections: an extremist equilibrium, in which valent candidates choose more extreme policies than non-valent ones, and a centrist one, in which valent candidates instead move close to the incumbent from the opposing party. The ideology of primary elections voters is the main driver of the choice of one versus the other separating strategy. I also study the conditions under which party voters benefit from primaries, as well as those under which primaries increase the probability for a party of winning the general election. Finally, I assess the effects of incumbency advantage/disadvantage, explore alternative patterns of valence observability and extend the model to account for both parties holding primaries.

560 **Maria Gabriella Graziano**, **Marialaura Pesce** and Niccolò Urbinati, *Generalized Coalitions and Bargaining Sets*

We introduce new notions of bargaining set for mixed economies which rest on the idea of generalized coalitions (Aubin1979) to define objections and counter-objections. We show that the bargaining set defined through generalized coalitions coincides with competitive allocations under assumptions which are weak and natural in the mixed market literature. As a further result, we identify some additional properties that a generalized coalition must satisfy to object an allocation.

561 **Andrew Ellul**, **Marco Pagano**, and **Annalisa Scognamiglio**, *Careers in Finance*

Employees in finance are known to earn higher wages and returns to talent than non-finance workers since the 1990s, suggesting that finance may have attracted talent at the expense of other industries. However, the allocation of talent is likely to respond to differences in career paths across industries, not in wages at a given date. We analyze the careers of 9,964 individuals from 1980 to 2017 based on their resumes, and find that they tend to remain in the same industry for most of their working lives, consistently with them choosing occupations based on comparisons of entire career paths. Comparing various aspects of careers – levels, slopes, PDV and risk of pay profiles – we document that finance as a whole offers a career premium compared to manufacturing and high tech, through higher and steeper pay profiles. This however masks significant diversity within finance: while asset managers enjoy a large career premium and no commensurate career risks, the opposite applies to banking and insurance employees. Furthermore, relative to manufacturing, the asset management career premium has risen for cohorts entering soon before and during the financial crisis, even after controlling for career risk, while the high- tech career premium has become commensurately large for the latest cohorts.

562 Fernando Broner, Alberto Martin, **Lorenzo Pandolfi**, and Tomas Williams, *Winners and Losers from Sovereign Debt Inflows*

We study the transmission of sovereign debt inflow shocks on domestic firms. We exploit episodes of large sovereign debt inflows in six emerging countries which are due to the announcements of these countries' inclusion in two major local currency sovereign debt indexes. We show that these episodes significantly reduce government bond yields and appreciate the domestic currency, and have heterogeneous spillovers on domestic firms. Financial and government-related firms experience positive abnormal returns in the days following the announcement episodes. Instead, companies operating in tradable industries exhibit negative abnormal returns after the episodes. We find that the former expansionary effect is more pronounced in countries where the government bond yields drop more in response to the announcement, while the latter recessionary effect is larger in countries where the domestic currency appreciates more. Also, we find that firms which rely more on external financing are positively affected by these events. Our findings shed novel light on the channels through which sovereign debt inflows affect firms in recipient countries. They suggest that these inflows can contribute to reshaping the domestic economy, by increasing the importance of the non-tradable sector at the expenses of the tradable one.

563 **Marco Pagano,** Christian Wagner and Josef Zechner**,** *Disaster Resilience and Asset Prices*

This paper investigates whether security markets price the effect of social distancing on firms' operations. We document that firms that are more resilient to social distancing significantly outperformed those with lower resilience during the COVID-19 outbreak, even after controlling for the standard risk factors. Similar cross-sectional return differentials already emerged before the COVID- 19 crisis: the 2014-19 cumulative return differential between more and less resilient firms is of similar size as during the outbreak, suggesting growing awareness of pandemic risk well in advance of its materialization. Finally, we use stock option prices to infer the market's return expectations after the onset of the pandemic: even at a two-year horizon, stocks of more pandemic-resilient firms are expected to yield significantly lower returns than less resilient ones, reflecting their lower exposure to disaster risk. Hence, going forward, markets appear to price exposure to a new risk factor, namely, pandemic risk.

564 Leda Maria Bonazzi, Raffaele Fiocco and **Salvatore Piccolo**, *Vertical Price Restraints and Free Entry under Asymmetric Information*

We investigate the impact of vertical price restraints on the free-entry equilibrium and its welfare properties in a vertically related market where manufacturer-retailer hierarchies compete under asymmetric information. We compare the legal regimes of laissez-faire and ban on resale price maintenance (RPM) under different entry decision modes. When the entry decision is taken upstream, laissez-faire generates higher entry and increases consumer surplus, but a ban on RPM enhances total welfare. Socially excessive entry occurs under both legal regimes, and the entry bias declines with the spread of demand uncertainty. Conversely, when the entry decision is taken downstream, a ban on RPM stimulates entry and consumer surplus, but laissez-faire can be total welfare superior. Our results provide antitrust policy implications about vertical price control.

565 Maria Rosa Battaggion, Steven Jeremy Ntambi and **Salvatore Piccolo**, *On the Dark Side of Political Stability*

We build a simple model highlighting the link between efficient procurement, stability, and competition. Specifically, we characterize the trade-off between political stability and economic efficiency that shapes governments' procurement decisions in hostile or politically unstable environments.

566 Elena Carletti, **Tommaso Oliviero**, **Marco Pagano**, Loriana Pelizzon and Marti G. Subrahmanyam, *The COVID-19 Shock and Equity Shortfall: Firm-level Evidence from Italy*

We forecast the drop in profits and the equity shortfall triggered by the COVID-19 lockdown, using a representative sample of 80,972 Italian firms. A 3-month lockdown entails an aggregate yearly drop in profits of about 10% of GDP and results in financial distress for 17% of the sample firms, employing 8.8% of the sample employees. Distress is more frequent for small and medium-sized enterprises, for firms with high pre-COVID-19 leverage, and those belonging to the Manufacturing and Wholesale Trading sectors. Listed companies are less likely to enter distress, while there is no clear correlation between distress rates and family firm ownership.

567 Antonio Abatemarco, Mariagrazia Cavallo**, Immacolata Marino** and **Giuseppe Russo,** *Age Effects in Primary Education: A Double Disadvantage for Second Generations*

A double disadvantage occurs when the interaction of two disadvantages generates an additional disadvantage. We show that second-generation children in the Italian primary school experience a double disadvantage in Italian and Math scores. The double disadvantage stems from the interaction of the immigration background and age effects.

568 **Mario F. Carillo** and **Tullio Jappelli**, *Pandemics and Local Economic Growth: Evidence from the Great Influenza in Italy*

We investigate the link between the 1918 Great Influenza and regional economic growth in Italy, a country in which the measures implemented by public authorities to contain the contagion were limited or ineffective. The pandemic caused about 600,000 deaths in Italy, a death rate of about 1.2%. We find evidence of a strong and significant adverse effect of the pandemic on regional growth. In particular, going from regions with the lowest mortality to those with the highest mortality is associated to a decline in per capita GDP growth of about 6.5%, which dissipated within three years. In line with this finding, we also estimate a small and transitory negative effect of the influenza on industrialization. Our estimates provide an upper bound of the adverse effect of pandemics on local economic growth in the absence of non-pharmaceutical public-health interventions.

569 **Edoardo Di Porto,** Paolo Naticchioni and Vincenzo Scutinio**,** *Partial Lockdown and the Spread of Covid-19: Lessons from the Italian Case*

This paper investigates the effect of the lockdown on COVID-19 infections. After the 22nd of March 2020, the Italian government shut down many economic activities to limit the contagion. Sectors deemed essentials for the economy were, however, allowed to remain active. We exploit the distribution of the density of essential workers across provinces and rich administrative data in a difference in difference framework. We find that a standard deviation increase in essential workers per square kilometre leads to an additional daily registered case per 100,000 inhabitants. This is a sizeable impact, and it represents about 18% of the daily increase in COVID-19 cases after the 22nd of March. Back of envelope computations suggest that the about one third of the cases considered could be attributed to the less stringent lockdown for essential sectors, with an additional 107 million Euros in direct expenditure. Although this assessment should be taken with caution, this suggests that the less stringent lockdown came at moderate public health related economic costs. In addition, we find that these effects are heterogeneous across sectors, with services having a much larger impact than Manufacturing, while there are only small differences across geographic areas. These results are stable across a wide range of specifications and robustness check.

570 **Francesco Flaviano Russo**, *Epidemics and Policy: The Dismal Trade-off*

I propose a stochastic SIR-Macro model to study the effects of alternative policies to cope with an epidemic. Lockdowns that order firms to close and that discontinues social activities slow down the epidemic progression at the cost of reducing GDP and increasing debt and, on average, decrease mortality. Testing strategies that identify and isolate a large number of infected but asymptomatics decrease mortality at a lower cost, but they are effective only if thorough. The more aggressive the pathogen, and the smaller the capacity of the health system, the bigger the gains from both policies. I also find that lockdowns work best in case of bigger average family size, diffused participation to the job market and bigger average workplace size.

571 Tristan Gagnon-Bartsch, **Marco Pagnozzi** and **Antonio Rosato**, *Projection of Private Values in Auctions*

We explore how taste projection – the tendency to overestimate how similar others' tastes are to one's own – affects bidding in auctions. Taste-projecting bidders underestimate the dispersion in valuations and exaggerate the intensity of competition. Consequently, they overbid in first-price auctions – irrespective of whether values are independent, correlated, or (a) symmetrically distributed – but not in second-price auctions. Hence, first-price auctions raise more revenue. Moreover, the optimal reserve price in first-price auctions is lower than the rational benchmark, and decreasing in the extent of projection and the number of bidders. With an uncertain common-value component, projecting bidders draw distorted inferences about others' information. This misinference is stronger in second-price and English auctions, reducing their allocative efficiency compared to first-price auctions.

572 Bärd Harstad**, Francesco Lancia** and Alessia Russo**,** *Policies and Instruments for Self-Enforcing Treaties*

We characterize the optimal policy and policy instruments for self-enforcing treaties when countries invest in green technology before they pollute. If the discount factor is too small to support the first best, then both emissions and investments will be larger than in the first best, when technology is expensive. When technology is inexpensive, countries must instead limit or tax green investment in order to make future punishment credible. We also uncover a novel advantage of price regulation over quantity regulation, namely that when regulation is sufficiently flexible to permit firms to react to non-compliance in another country, the temptation to defect is reduced. The model is tractable and allows for multiple extensions.

573 Enrique Andreu, Damien Neven and **Salvatore Piccolo**, *Delegated Sales, Agency Costs and the Competitive Effects of List Price*

We propose a simple agency framework in which although competing producers always find it optimal to share information about their list (undiscounted) prices, consumers are not necessarily harmed by these agreements. In particular, when sales are delegated to self-interested parties (such as salesmen or retailers), we find that expected discounts are higher with than without information sharing if and only if agency costs are sufficiently low. This shows that agreements according to which firms disclose list prices to their competitors should be presumed neither as anti-competitive nor as pro-competitive.

574 **Tullio Jappelli** and Luigi Pistaferri, *Permanent Income Shocks, Target Wealth, and the Wealth Gap*

We test the key implication of the buffer stock model, namely that any revision in permanent income leads to a proportionate revision in target wealth. We use panel data on the amount of wealth held for precautionary purposes available in the 2002-2016 SHIW. Using an instrumental variable approach to overcome measurement error issues and direct estimates of the permanent component of income, we find that households indeed revise approximately one-for-one their target wealth in response to permanent income shocks. We explore heterogeneity of the response across the cash-on-hand distribution, for positive and negative shocks, and for shocks of different size. We also find that the change in the ratio of cash-on-hand to permanent income is negatively correlated with the "wealth gap", particularly for individuals whose wealth is substantially above target.

575 **Francesco Flaviano Russo,** *Increasing Lab Capacity for Covid-19 Viral Testing*

I study how to increase the capacity to test for Covid-19 with the two-swabs group testing strategy. It consists in bunching first swabs in groups and processing the second swabs individually only in case the group result is positive. Using a simulation, I derive multipliers of the lab capacity in worst case scenario that indicate how many more tests a lab can be sure to perform each day. The results show that the gains can be substantial even in case the actual fraction of positive tests is bigger than the expected fraction used to set the optimal group size.

576 Brunella Bruno**, Immacolata Marino,** Giacomo Nocera and Andrea Resti, *Do Internal Rating Models Mitigate Bank Opacity? Evidence from Analysts' Forecasts*

Based on a sample of large European banks, we test whether the usage of internal rating models for regulatory purposes affects bank opacity. We find that a more intensive use of advanced internal rating models is associated with lower forecast error and disagreement across analysts on bank earnings per share. We also find that these models alleviate the negative effect of non-performing loans on bank transparency.

577 Giulia Bettin, Claudia Pigini and **Alberto Zazzaro**, *Financial Inclusion and Poverty Transitions: An Empirical Analysis for Italy*

We estimate the causal effect of financial inclusion on transition probabilities into and out of poverty. By exploiting a longitudinal sample from the Bank of Italy's Survey on Household Income and Wealth between 2002 and 2016, we find that financial inclusion is effective in both reducing the likelihood of falling into poverty and helping the poor to improve their economic condition and climb out of poverty. According to our baseline estimates, access to a deposit account actually reduces the risk of falling below the poverty line by 3 percentage points and increases the chance of exiting poverty by 5 percentage points. The significance and magnitude of such effects are also confirmed when considering alternative proxies for financial inclusion (availability of debit/credit/pre-paid cards, use of remote banking services) and are robust to alternative empirical strategies (bivariate model with overidentifying restrictions) and to misspecification problems related to omitted factors, such as the level of household indebtedness.

578 Brian Nolan, Juan Palomino, Philippe Van Kerm and **Salvatore Morelli**, *Intergenerational Transfers by Size and Wealth Inequality in Rich Countries*

This paper uses household wealth surveys to compare patterns of intergenerational wealth transfers across six rich countries and assess the relationships between transfers, current levels of net wealth, and wealth inequality. The paper examines four Euro Area countries, France, Germany, Italy, and Spain and extends the systematic comparison to the US and the UK. It finds that many of those currently at the top of the wealth distribution did not benefit from intergenerational transfers, but those who did received particularly large amounts while those toward the bottom of the wealth distribution received very little. A substantial gap in net wealth is seen between those who received or did not receive some wealth transfer. Controlling for age, gender, education and household size reduces the size of that gap but it remains substantial, especially in the US. We further look at how a marginal increase in the proportion of recipients of transfers of differing sizes would contribute to the shape of the overall wealth distribution using influence function regressions. Crucially, we show that the impact depends not only on the locations in the wealth distributions of recipients versus non-recipients, but also on the size of the receipt, an aspect which has been overlooked to date. In most countries, increasing the proportion of recipients of large transfers generally increases overall wealth inequality. In contrast, having more recipients of small or medium-sized transfers would be expected to reduce wealth inequality modestly, as they are more concentrated around the middle of the wealth distribution than non-recipients.

579 **Francesco Flaviano Russo**, *Cash Thresholds, Cash Expenditure and Tax Evasion*

I investigate whether cash thresholds that forbid cash payments on big transactions are effective at reducing tax evasion. I find that the 1000 euros threshold implemented in Italy in 2011 induced a bigger cash expenditure reduction for the households with self-employed members, and the more so in case they work in cash intensive sectors. With the help of a simple model, I show that this empirical evidence suggests a tax evasion reduction, and I compute the tax revenue increase implied by the empirical estimates. Calibrating the model, I also perform a counterfactual exercise to quantify the potential effects of lower thresholds.

580 **Sergio Beraldo**, Michela Collaro and **Immacolata Marino**, *Do Harder Local Budget Constraints Affect Patient Mobility?*

A recent article by Bordignon et al. (2020) looks at the experience of Financial Recovery Plans (FRPs) imposed on regional governments running large fiscal deficits in the management of Health Services, finding convincing evidence that FRPs led in Italy to a significant containment in health spending and almost entirely wiped out regional deficits. The article also suggests that FRPs did not produce any significant deterioration in the quality of health services and in citizens' health. In this paper we reconsider the effects that FRPs may have produced on health services, by focusing on patient migration. By reframing the empirical analysis within the relevant strand of literature that considers migration as mainly driven by the supply side features of the healthcare systems (Levaggi and Zanola, 2004) and by considering the announcement effects related to this form of fiscal discipline, we estimate an increase in patient mobility in the range 15-18% as due to FRPs (18-25% when a commissioner is appointed). Our results suggest that the improvements in fiscal discipline may have widened the quality gap in the health services regionally delivered, with undesirable consequences in terms of increased disparities in the distribution of access opportunities to healthcare.

581 Timo Autio, Jorge Padilla, **Salvatore Piccolo,** Pekka Sääskilahti and Lotta Väänänen, *On the Risk of Using a Firm-Level Approach to Identify Relevant Markets*

In a recent influential paper Coate et al. (2020) have criticized the standard firm-level approach to market definition in merger review. They argue why a market-level approach to critical loss is more appropriate than a firm-level critical loss analysis. Their conclusion is that under certain plausible demand scenarios - i.e., non-linearity of demand functions - a diversion-based firm-level analysis could easily reach the wrong answer on market definition. We extend their analysis by showing that in standard environments used by the most recent theoretical and empirical academic work on merger analysis (namely CES and logit demand functions), a firm level approach actually leads to an excessively narrow market definition as opposed to a market-level approach, thereby increasing the risk of type I errors.

582 Jorge Padilla, Joe Perkins and **Salvatore Piccolo,** *Self-Preferencing in Markets with Vertically-Integrated Gatekeeper Platforms*

The competitive strategies of 'gatekeeper' platforms are subject to enhanced scrutiny. For instance, Apple and Google are being accused of charging excessive access fees to app providers and privileging their own apps. Some have argued that such allegations make no economic sense when the platform's business model is to sell devices. In this paper, we build a model in which a gatekeeper device-seller facing potentially saturated demand for its device has the incentive and the ability to exclude from the market third-party suppliers of a service that consumers buy via its devices. Foreclosure is more likely if demand growth for the platform's devices is slow or negative, and can harm consumers if the device-seller's services are inferior to those offered by the third parties.

583 Jorge Padilla, **Salvatore Piccolo** and Helder Vasconcelos**,** *On the Private and Social Value of Consumer Data in Vertically-Integrated Platform Markets*

We characterize and compare the private and social incentives to collect consumer data by a vertically-integrated online intermediary who competes with third-party sellers listed on its platform and is required by regulation to share with rivals all the information it gathers. With linear intermediation fees and price competition, the intermediary over-invests in accuracy compared to the social optimum when the intra-platform competition is sufficiently weak and when demand is not too responsive to quality. By contrast, the intermediary tends to under-invest in accuracy when the intra-platform competition is strong enough, and demand is sufficiently responsive to quality. With quantity competition, the intermediary always over-invests in accuracy. Importantly, when consumers exhibit privacy concerns, the over-investment problem worsens, whereas the under-investment problem mitigates. We also investigate the impact of alternative (non-linear) contractual arrangements.

584 Vincenzo Atella**, Edoardo Di Porto,** Johanna Kopinska and Maarten Lindeboom, *Maternal Stress and Offspring Lifelong Labor Market Outcomes*

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

585 Claudio Daminato and **Mario Padula**, *The Life-Cycle Effects of Pension Reforms: A Structural Approach*

To assess the life-cycle welfare effects of pension reforms, we provide a dynamic stochastic model of saving, portfolio choice and retirement with a pension system that operates according to the notional defined contribution principle. Relying on the exogenous variation from a sequence of Italian pension reforms, we identify and estimate the model, which is then used to draw implications of alternative pension policies. Our results also shed further light on the mechanisms behind the offset between social security and private wealth and show the importance of labor supply at retirement as an insurance mechanism against shocks to pension wealth.

586 Anna Laura Baraldi**, Giovanni Immordino** and Marco Stimolo, *Mafia Wears Out Women in Power: Evidence from Italian Municipalities*

We test a neglected implication of women's higher risk aversion: i.e., organized crime infiltration, increasing the perceived risk of entering politics, can prove more effective in discouraging highly qualified women to run for election compared to men. We constructed a data set based on yearly observations of 1,608 Italian municipalities in the 1985–2016 period. Exploiting the exogenous shock of municipal government dissolution for mafia infiltration, we robustly identify a stronger negative effect of organized crime activity on female politicians than on male.

587 Gülen Karakoç, **Marco Pagnozzi, Salvatore Piccolo** and **Giovanni Walter Puopolo,** *Information Acquisition and Financial Advice*

This paper studies the interplay between the investor's incentives to delegate her asset allocation choice to a biased financial advisor, and the advisor's decision to acquire information about multiple characteristics of the risky asset. We show that, to prevent unprofitable investments, the investor may delegate to the advisor imposing a cap on the amount of wealth that the advisor can invest. This cap (i) is decreasing in the magnitude of the conflict of interests between the investor and the advisor and (ii) may be lower when the advisor possesses more information. Interestingly, although the investor always prefers a more-informed advisor, the advisor may choose not to acquire full information, and reducing the conflict of interests with the investor may actually induce the advisor to acquire less information.

588 Vincenzo D'Apice, Franco Fiordelisi and **Giovanni Walter Puopolo,** *Judicial Efficiency and Lending Quality*

We investigate the causal relationship between the efficiency of country's judicial system and the quality of bank lending, using the enforcing contracts reforms that have been implemented in four European countries as a quasi-natural experiment. We find that improvements of enforcing contracts determine large, significant, and persistent reductions of banks' non-performing-loans (NPLs). These findings are robust to several difference-in-difference tests and reverse causality concerns. Our results have important policy implications especially at the light of the recent Covid-19 pandemic since they may help the banking system mitigate the virus' negative financial effects.

589 Ercio Munõz and **Salvatore Morelli**, *kmr: A Command to Correct Survey Weights for Unit Nonresponse using Groups' Response Rates*

This article describes kmr, a Stata command to estimate a micro compliance function using group's nonresponse rates (2007, Journal of Econometrics 136: 213-235), which can be used to correct survey weights for unit nonresponse. We illustrate the use of kmr with an empirical example using the Current Population Survey and state-level nonresponse rates.

590 **Dimitris Christelis**, Dimitris Georgarakos, **Tullio Jappelli** and Geoff Kenny, *The Covid-19 Crisis and Consumption: Survey Evidence from Six EU Countries*

Using new panel data from a representative survey of households in the six largest euro area economies, the paper estimates the impact of the Covid-19 crisis on consumption. The panel provides, each month, household-specific indicators of the concern about finances due to Covid-19 from the first peak of the pandemic until October 2020. The results show that this concern causes a significant reduction in non-durable consumption. The paper also explores the potential impact on consumption of government interventions and of another wave of Covid-19, using household-level consumption adjustments to scenarios that involve positive and negative income shocks. Pandemic-related financial concerns induce a significant reduction (increase) in the marginal propensity to consume in response to a positive (negative) income shock, an effect consistent with models of precautionary saving and liquidity constraints. These results are robust to endogeneity problems through the use of panel fixed effects models as well as partial identification methods that account also for time-varying unobservable variables, and provide informative identification regions of the average treatment effect of the financial concern due to Covid-19 under weak assumptions.

591 **Francesco Flaviano Russo,** *Testing Policies during an Epidemic*

I simulate a stochastic SIR-Macro model to study the effects of different testing policies to isolate and quarantine the infectious during an epidemic. I show that contact tracing performs better than random screenings, and then tests on a voluntary basis, only conditionally on having enough capacity to frequently process a large number of tests. Since the testing capacity is difficult to build in the short run through investments, I study the effects of two alternatives: group testing and the use of less sensitive tests. Both strategies, when combined with contact tracing, can significantly smooth the peak of the epidemic, ease the pressure on hospitals, decrease mortality and reduce the overall output loss. I also show that the gains are higher in case of an endogenous reduction of social activities in response to the epidemic.

592 Vincenzo Alfano, **Salvatore Capasso** and Valerio Filoso, *The Quality of Governance in Europe: A Guide for the Perplexed*

This paper investigates the quality of governance in the European geographical area for the period 1995–2019 employing the six World Governance Indicators (The World Bank, 2020): control of corruption, government effectiveness, political stability and absence of violence/terrorism, rule of law, regulatory quality, voice and accountability. With regard to EU membership, we partition countries into three blocks: Historical Members, Entrants, and Outsiders. We check systematic differences, static and dynamic, between the three blocks to verify whether EU membership makes a difference. Results highlight a complex scenario: while statically Historical Members outperform Entrants and Entrants outperform Outsiders on all six dimensions, dynamically we find club convergence in growth rates for all variables across the three blocks. Historical Members stand in a high equilibrium club, except for Greece. In a single case, we even observe absolute convergence for a low club of voice and accountability. Several Outsiders stand consistently either in the high or the low club, while Entrants vary widely in their performances. The remote determinants of governance's quality are very difficult to identify because cultures, institutions and economies interact in complex and unexpected ways; moreover, natural experiments of EU memberships do not exist, so we cannot establish causal effects in the strictest sense. Nonetheless, for the first time, we establish a clear picture of all main dimensions of government's quality for the European area, achieving at least a number of robust empirical facts which can be used by scholars, policymakers, and European administrators.

593 Francesco Caruso, Maria Carmela Ceparano and **Jacqueline Morgan,** *Best response algorithms in ratio-bounded games: convergence of affine relaxations to Nash equilibria*

In two-player non-cooperative games whose strategy sets are Hilbert spaces, in order to approach Nash equilibria we are interested in the affine relaxations of the best response algorithm (where a player's strategy is exactly a best response to the strategy of the other player that comes from the previous step, sometimes called as "fictitious play"). For this purpose we define a class of games, called ratio-bounded games, that relies on explicit assumptions on the data and that contains large classes of games already known in literature, both in finite and in infinite dimensional setting: extended quadratic games including potential and antipotential games, non-quadratic games with a bilinear interaction, and linear state differential games. We provide a classification of the ratio-bounded games in four subclasses such that, for each of them, the following issues are examined: the existence and uniqueness of Nash equilibria, the convergence of affine relaxations of the best response algorithm and the estimation of related errors. In particular, the results on convergence of convex relaxations of the best response algorithm include those obtained for zero-sum games in Morgan [Int. J. Comput. Math., 4 (1974), pp. 143-175], and the results on convergence of affine non-convex relaxations include those obtained for non-zero-sum games in Caruso, Ceparano, Morgan [SIAM J. Optim., 30 (2020), pp. 1638-1663].

594 **Dimitris Christelis,** Dimitris Georgarakos and **Tullio Jappelli,** *Financial Risk Taking and Differential Bargaining Power Within the Household*

Using survey data from a representative sample of Dutch households from 2002 to 2018, we examine whether inequality of amounts held in bank accounts within couples affects financial risk-taking. Using both ordinary least squares and panel data methods, we find that such inequality is associated with a reduced propensity to invest in stocks directly held and/or mutual funds. Specifically, an increase by 10 percentage points in the maximum share of bank account balances is associated with a drop in the probability to invest in risky financial assets by 1 percentage point. The results suggest that higher economic inequality between the two partners leads to a desire to de-risk the household's financial portfolio. This in turn implies that in times of financial distress adverse economic outcomes that intensify within-household economic inequalities (such as job loss of one partner) could lead households to withdraw money from financial markets.