



2011 Scientific Report

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What's IGIER

What's IGIER

Launched in 1990 by Francesco Giavazzi, Mario Monti, and Richard Portes as a project of Bocconi University, the Center for Economic Policy Research (CEPR) and the National Bureau for Economic Research (NBER), today IGIER is an international research environment in which Affiliates and Fellows, who are Bocconi faculty members, as well as Visiting scholars and students, conduct empirical and theoretical research in economics and the social sciences.

Mission

IGIER is committed to support a research community that shares the values and best practices of the international scientific community. To this end, it provides its scholars with an environment that nurtures frontier and rigorous empirical and theoretical research aiming to make a major impact in economics and the social sciences. The center is committed to help Bocconi fulfill the mission of hiring and retaining outstanding faculty from the best academic institutions.

Governance

IGIER has a board of six scholars (two appointed by Bocconi, two by CEPR, and two by NBER), a President and a Director.

	<i>President</i>	<i>Director</i>
1989-1994	Mario Monti	Francesco Giavazzi
1995-2002	Francesco Giavazzi	Guido Tabellini
2003-2006	Guido Tabellini	Carlo Favero
2006-2008	Guido Tabellini	Roberto Perotti
2008-2010	Francesco Giavazzi	Carlo Favero
2011-2013	Carlo Favero	Maristella Botticini

Members and Staff

Today the IGIER community consists of 69 people (27 Affiliates, 30 Fellows, 9 Visiting Fellows, 1 IT consultant, and 2 staff members).

Accomplishments

Since its beginnings in the early 1990s, IGIER has contributed to attract to Italy a pool of talented European economists working in leading research universities abroad, who are now Bocconi faculty members.

Its scholars publish books and articles in top journals in demography, economics, finance, and political sciences, and belong to the small community of highly cited scholars according to a variety of academic rankings. IGIER scholars include Fellows of the Econometric Society, past presidents and current Council members of the European Economic Association, as well as members of the editorial boards of leading journals.

IGIER fellows are the recipients of prestigious honors and prizes, including the Jahnsson award by the European Economic Association (to the best economist in Europe under 45), the Alfred P. Sloan Research fellowship in the U.S. (to the best eight young economists), and the Carlo Alberto Medal (to the best Italian economist under 40).

It is noteworthy that IGIER is one of the research centers in economics in Europe whose members have won the largest number (seven) of the competitive Starting or Advanced ERC grants in the past three years.

Three IGIER fellows are also the recent recipient of donor funded chairs.



Research at IGIER

IGIER greatly values and promotes interactions among Bocconi scholars working in different fields. Its scholars work on a wide array of topics that can be sorted into the following seven teams:

Demography and the Economy: this group studies the interrelationship between economic change, institutions, and population dynamics, the economic consequences of plagues in the medieval and early modern periods, longevity risk, as well as the interplay between changing age structures and cohort size, the economy, and financial markets.

Development and Economic History: this group studies a variety of topics including conflict, ethnic fractionalization, racial segregation, the role of media, microcredit and microfinance, human trafficking, land reforms, policy experiments to evaluate the impact of incentive programs on education outcomes, the economic history of the Jews, marriage markets, dowries and bride prices in many civilizations of the past, and the rise of marine insurance contracts and markets in medieval Europe.

Economic Theory: this group develops models to study the way individuals make decisions, as well as strategic interactions among individuals, households, and firms. Some of their findings are being applied to a wide range of fields spanning from finance to environmental economics. The team is also actively involved in testing theories through lab experiments conducted in the brand-new Experimental Laboratory housed at Bocconi.

Finance: this group of scholars works on a large variety of topics in both asset pricing and corporate finance. The team is also committed to excellence in teaching and to bring new developments to the classroom (e.g., through the MATLAB project it has created a local library of routines for the use of graduate students and researchers and introduced a new framework for teaching applied quantitative finance).

Labor Economics: this group conducts research on labor markets, immigration in Europe, economics of education, tax reforms, pensions and social security systems. The team is very active in building and managing innovative datasets (e.g., labor institutions database, time use by Italian CEOs database, Italian managers dataset, immigration policies database, the citizenships laws dataset, etc).

Macroeconomics: the group studies a wide range of topics in macroeconomic theory, monetary economics, fiscal policy, central banking, macro-econometrics, economics of the family, international finance, and international trade. The team is actively involved in the policy debate on the recent economic and financial crisis.

Political Economics: the group studies topics at the intersection of economics and political science, including the role of politicians, the political economy of the welfare state and structural reforms, social capital and culture, and political institutions. The group is very active in developing innovative datasets on electoral competitions and outcomes.

2011 Who's at IGIER

Governance

President Carlo Favero
Director Maristella Botticini

Board

Stephen Cecchetti appointed by NBER
Jordi Gali appointed by CEPR
Franco Peracchi appointed by Bocconi
Roberto Perotti appointed by Bocconi
Richard Portes President of CEPR
James Poterba President of NBER

Members and Staff

In 2011, the IGIER community consisted of

27 Affiliates
30 Fellows
9 Visiting Fellows
1 IT consultant
2 Staff members

Affiliates and Fellows



Alberto Alesina
Fellow



Guido Alfani
Affiliate



Anna Battauz
Affiliate



Pierpaolo Battigalli
Fellow



Mascia Bedendo
Affiliate



Francesco Billari
Fellow



Tito Boeri
Fellow



Stefano Bonini
Affiliate



Maristella Botticini
Fellow



Emilio Calvano
Affiliate



Simone Cerreia-Vioglio
Affiliate



Alessandra Cillo
Affiliate



Paolo Colla
Affiliate



Francesco Corielli
Fellow



Alfredo Di Tillio
Affiliate



Paolo Epifani
Fellow



Carlo Favero
Fellow



Viktor Fedaseyev
Affiliate



Alessandra Fogli
Fellow



Chiara Fumagalli
Fellow



Vincenzo Galasso
Fellow



Emilia Garcia
Affiliate



Francesco Giavazzi
Fellow



Massimo Guidolin
Fellow



Selim Gulesci
Affiliate



Katja Maria Kaufmann
Affiliate



Daniela Kolusheva
Affiliate



Nenad Kos
Affiliate



Eliana La Ferrara
Fellow



Fabio Maccheroni
Fellow



Andreas
Madestam
Affiliate



Marco
Maffezzoli
Fellow



Massimo
Marinacci
Fellow



Debrah
Meloso
Affiliate



Mattias
Messner
Fellow



Joshua
Miller
Affiliate



Tommaso
Monacelli
Fellow



Tommy
Murphy
Affiliate



Tommaso
Nannicini
Affiliate



Fulvio
Ortu
Fellow



Marco
Ottaviani
Fellow



Nicola
Pavoni
Fellow



Kim
Peijnenburg
Affiliate



Michele
Pellizzari
Affiliate



Roberto
Perotti
Fellow



Fabrizio
Perri
Fellow



Michele
Polo
Fellow



Giovanni
Puopolo
Affiliate



Barbara
Rindi
Fellow



Luca
Sala
Fellow



Linus
Siming
Affiliate



Anna
Simoni
Affiliate



Guido
Tabellini
Fellow



Claudio
Tebaldi
Affiliate



Antonella
Trigari
Fellow



Fernando
Vega-Redondo
Fellow



Hannes
Wagner
Affiliate

Visiting Fellows



Alberto
Bisin



Martina
Bjorkman



Laura
Bottazzi



Marco
Da Rin



Francesco
Daveri



Paolo
Manasse



Massimiliano
Marcellino



Giovanni
Pica



Aldo
Rustichini

Staff



Marco
Jazzetta
*Computer
Consultant*



Laura
Salini
*Project
Administrator*



Silvia
Tesauo
Project Assistant

2011 Visiting Students Initiative

Objective

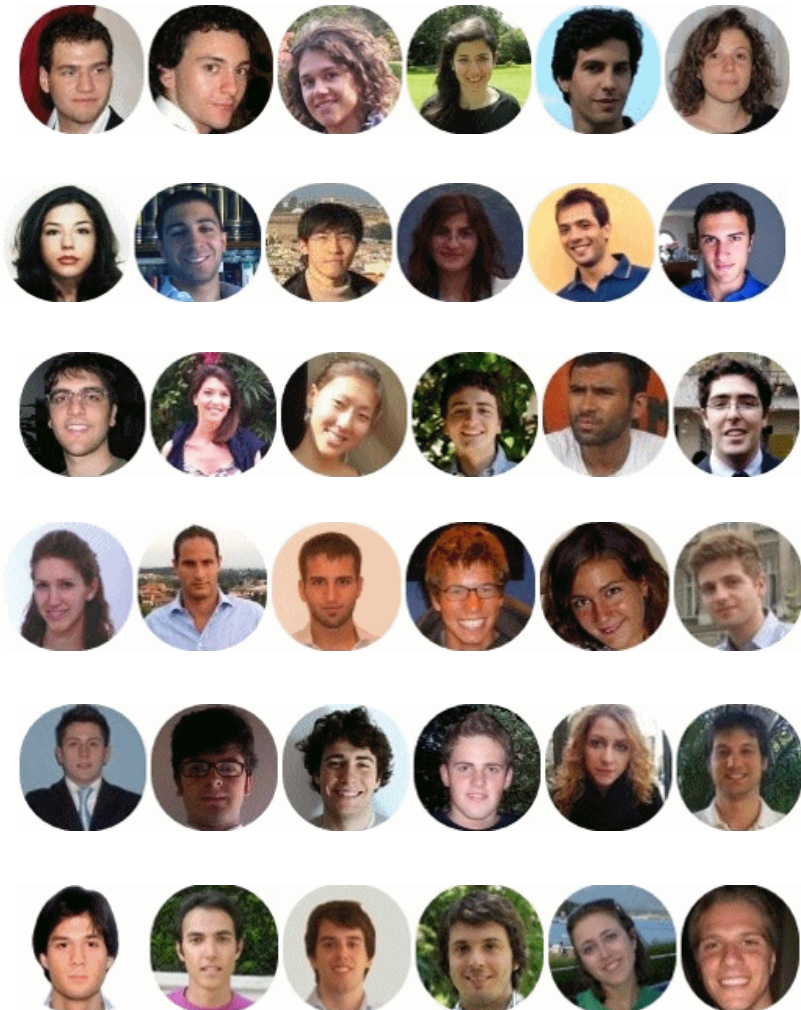
Students are one of Bocconi's most important assets. To foster mentoring and research interactions between faculty members and students, in 2011 IGIER launched the *Visiting Students Initiative*, an innovative program to mentor undergraduate and master students. The initiative is organized around a few building blocks to endow students with skills that will be helpful in developing successful academic or professional careers in Italy or abroad.

Description

The Visiting Student position is for one academic year, renewable upon mutual agreement. Subject to space availability, Visiting Students are assigned desk space in the IGIER offices. Individual mentors chosen among IGIER's scholars will supervise students' research activities. Visiting Students are expected to actively participate in the center's scientific activities (e.g., brown bag workshops, reading groups, conferences, and seminars) and to present a research paper (either original or published in academic journals) in one of IGIER's brown bag workshops or reading groups.

Eligibility and Selection Criteria

Eligible candidates are students who are enrolled in either the third year of a Bocconi undergraduate program or in the first/second year of a Bocconi MSc program. Candidates should have a courses' grade average of at least 28/30 and never been subject to academic disciplinary procedure for inappropriate academic conduct. A selection committee consisting of IGIER scholars reviews the applications received and makes a selection based exclusively on merit.



We are delighted to present the 36 students, who have been selected for the Visiting Students Initiative for the academic year 2011-2012, and their assigned mentors.

BA Program

BA Program	Name	Mentor
CLES	Michele Barale	Marco Maffezzoli
CLEF	Elisa Bassu	Massimo Marinacci
CLES	Emanuele Dicarlo	Eliana La Ferrara
CLES	Michele Fornino	Tommaso Monacelli
BIEMF	Dimitria Gavalyugova	Antonella Trigari
BIEMF	Sumi Hur	Francesco Giavazzi
CLES	Andrea Lisi	Marco Ottaviani
BIEMF	Lorenzo Pessina	Antonella Trigari
CLEAM	Sergio Rinaudo	Luca Sala
CLES	Marina Rizzi	Eliana La Ferrara
CLEAM	Riccardo Silvestri	Marco Ottaviani
CLES	Antonio Varco	Francesco Giavazzi

Master Program

Master Program	Name	Mentor
Finance 1st year	Giuseppe Amore	Carlo Favero
DES 1st year	Federica Basile	Maristella Botticini
Finance 1st year	Sergio Bellotti	Carlo Favero
DES 2nd year	Giulia Brancaccio	Fabio Maccheroni
DES 1st year	Veronica Cappelli	Massimo Marinacci
AFC 1st year	Luca Capuano	Chiara Fumagalli
DES 2nd year	Yinxiao Chu	Fabio Maccheroni
DES 2nd year	Monica Consorti	Tito Boeri
Finance 1st year	Antonio Di Lorenzo	Carlo Favero
DES 1st year	Jacopo Di Nardo	Massimo Marinacci
DES 1st year	Carlo Didonna	Massimo Marinacci
DES 1st year	Nicola Fontana	Eliana La Ferrara
Finance 1st year	Lorenzo Gazzetta	Tommaso Monacelli
DES 2nd year	Andrea Giannuzzi	Massimo Guidolin
DES 2nd year	Giulia Giupponi	Tito Boeri
DES 1st year	Francesco Loiacono	Eliana La Ferrara
Finance 2nd year	Pasquale Marco Marrazzo	Massimo Guidolin
DES 1st year	Luca Molinari	Massimo Guidolin
DES 1st year	Matteo Paradisi	Nicola Pavoni
DES 2nd year	Alberto Polo	Tommaso Monacelli
DES 1st year	Cecilia Potente	Maristella Botticini
DES 1st year	Umberto Sagliaschi	Roberto Perotti
DES 1st year	Marco Tabellini	Roberto Perotti
Finance 1st year	Annalisa Tranzi	Carlo Favero

Building Blocks

The Visiting Students Initiative is organized around a few building blocks.

Tools (« Novel Ideas and Hard Proofs »)

Whether working for a world-class consulting firm or an international organization, or whether undertaking an academic career in one of the best research institutions in the world, the ability of thinking in an analytical and rigorous way is important. To acquire these skills, IGIER offers these tutorial activities to students.

In the spring semester, the weekly *Reading Group in Mathematics*, coordinated by professors Fabio Maccheroni and Massimo Marinacci, covers basic tools in functional analysis and optimization. In the same semester, a tutorial seminar on *Dynamic Optimization* covers essential tools that are used in many fields in economics and finance (e.g., value functions, Bellman and Euler equations, etc). As a prerequisite for these two tutorial activities, IGIER Visiting Students are encouraged to take/audit the Real Analysis course taught by professor Fabio Maccheroni during the fall semester in the PhD program in Statistics.

Meet the IGIER Scholars

Twice a month, an IGIER scholar presents one of his/her published articles or current research projects to the students. The primary goal of this tutorial activity is to teach students what are the exciting and open questions in a given field, how to develop a novel research idea, the necessary tools and steps to write a paper, and the best research practices in a given field.

Learn from Visiting Scholars

Through its lively Visiting Faculty program and its monthly seminar series, IGIER hosts outstanding faculty members from research institutions abroad. Students are expected to attend the IGIER seminar series, as well as these lectures prepared for them:

- ✓ October 10-11 --- Aldo Rustichini (University of Minnesota) « Personality Theory and Decision Theory » and « Experiments and Game Theory »
- ✓ October 27 --- Oriana Bandiera (LSE) « Incentives in Organizations: Evidence from Field Experiments » and « No margin, no mission? A Field Experiment on Incentives for Pro-Social Tasks »

- ✓ March 2012 --- Pamela Jakiela (University of Maryland) « Topics in Development Economics »
- ✓ April 2012 --- Francesco Caselli (LSE) « Topics in Economic Growth »
- ✓ April 2012 --- Silvana Tenreyro (LSE) « Topics in International Finance »
- ✓ June 2012 --- Stephanie Schmitte-Grohe (Columbia University) « DSGE Models, I »
- ✓ June 2012 --- Martin Uribe (Columbia University) « DSGE Models, II »

Reading Groups

Based on students' research interests, IGIER organizes a reading group twice a month in which each student presents and discusses an article or working paper.

Develop a Research Idea

Each student is assigned a mentor among the IGIER scholars. One of the key roles of the mentor is to help the student learn how to develop a novel research idea, acquire the necessary tools, and write a paper in a professional way.

Enhance Your Presentation Skills

Regardless of which professional path the students will undertake once they graduate from Bocconi, the ability of presenting ideas in a clear and rigorous way is an essential skill. Through the tutorial activities and seminars, the Visiting Students learn helpful presentation skills.

Students Present Their Research Projects

At the end of the academic year, the Visiting Students enrolled in one of the MSc programs present either an article in the literature or an original paper developed under the supervision of the mentor. The audience consists of their fellow students and a number of IGIER scholars.

Building the Citizens of Tomorrow

IGIER intends to nurture and foster positive values among its Visiting Students. To this end, it coordinates some pro bono activities through which the Visiting Students will devote some time and effort to help Bocconi undergraduate students who may encounter difficulties with first-year courses. IGIER Visiting Students are also invited to help with Bocconi Orientation activities geared toward high-school students.

2011

Visiting Scholars Program

A research community benefits from having a lively Visiting faculty program that brings scholars in economics and the social sciences to Bocconi. IGIER is committed to support this objective. In 2011, it hosted these scholars for short-term visits:

July

Eddie Dekel (Northwestern and Tel Aviv University)
Amanda Friedenberg (Arizona State University)
Alessandro Lizzeri (New York University)
Marciano Siniscalchi (Northwestern University)
James Snyder (MIT)

September

Jacob Goeree (University of Zurich)
Michelle Goeree (University of Zurich)

October

Oriana Bandiera (London School of Economics)
Mark Dincecco (IMT Lucca)
Mark Gertler (New York University)
Aldo Rustichini (University of Minnesota)

November

Adam Szeidl (UC Berkeley and CEU Budapest)

December

Robert Hall (Stanford University)

IGIER Fellows in Editorial Boards, 2011



Econometrica
Pierpaolo Battigalli

Games and Economic Behavior
Pierpaolo Battigalli
Massimo Marinacci
Fernando Vega-Redondo



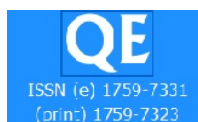
Journal of Economic Theory
Massimo Marinacci

Journal of the European Economic Association
Maristella Botticini
Eliana La Ferrara
Fabio Maccheroni
Massimo Marinacci
Fabrizio Perri



Journal of Monetary Economics
Antonella Trigari

Quarterly Journal of Economics
Alberto Alesina



Quantitative Economics
Fabrizio Perri

Review of Economic Studies
Marco Ottaviani



Theoretical Economics
Pierpaolo Battigalli
Massimo Marinacci

2011 Honors and Awards to IGIER Scholars

This is the list (in alphabetical order) of IGIER scholars who received special academic recognitions in 2011.



Pierpaolo Battigalli has been elected Fellow of the Econometric Society.



Massimo Marinacci is the recipient of the endowed AXA-Bocconi Chair in Risk.



Maristella Botticini has been awarded an Advanced ERC grant (2012-2016) and elected member of the Executive Committee of the European Economic Association.



Tommaso Monacelli has been awarded a Starting ERC grant for four years (2012-2015).



Eliana La Ferrara is the recipient of the endowed Invernizzi Chair in Development Economics.



Marco Ottaviani has been awarded an Advanced ERC grant for five years (2012-2016).

Sponsored Research: ERC Grants

IGIER is one of the research centers in economics in Europe whose scholars have received the largest number (seven) of ERC grants—the most prestigious and competitive grants awarded in Europe.

Maristella Botticini

ERC Advanced Grant (2012-2016)

Title: Contracts, Markets, and Institutions in Historical Perspective

Eliana La Ferrara

ERC Starting Grant (2008-2012)

Title: Conflict, Identity and Markets

Massimo Marinacci

ERC Advanced Grant (2009-2013)

Title: Bounded Rationality and Social Concerns in Decision Processes: Theory, Experiments, and Applications

Tommaso Monacelli

ERC Starting Grant (2012-2015)

Title: Financial Imperfections and Macroeconomic Implications

Marco Ottaviani

ERC Advanced Grant (2012-2016)

Title: Designing Institutions to Evaluate Ideas

Nicola Pavoni

ERC Starting Grant (2008-2011)

Title: Social Insurance and Welfare-to-Work Programs: Optimal Design and Structural Evaluation

Guido Tabellini

ERC Advanced Grant (2009-2013)

Title: How Do Values Influence the Functioning of Institutions and the Effects of Policies?



2011 IGIER Policy Focus

The Great Financial Crisis



In 2011, IGIER research has contributed to the evaluation of important economic policies implemented during the financial crisis, with particular reference to fiscal policies and the effects of the crisis on the functioning and the outlook for the European Monetary Union.

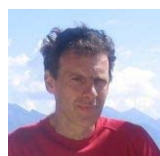


The research on fiscal policy has concentrated on the measurement of fiscal multipliers and on the way fiscal policy actions are transmitted to the real economy. In particular, IGIER's research has focused on analyzing the heterogeneity of such transmission, recognizing that countries are different and there is no such thing as a single fiscal multiplier which is the same in the United States and in Japan, or in Europe, for instance because debt levels are very different across countries and such differences affect the working of fiscal policy (see Favero and Giavazzi 2010; Favero, Giavazzi, and Perego 2011; and Perotti 2011a).



A related line of research (Perotti 2011b) has analyzed the view that fiscal consolidations can be “expansionary,” debunking a myth that is commonly held. In parallel,

Monacelli and Perotti (2011a, 2011b) and Giavazzi and McMahon (2012) have studied the redistributive effects of fiscal policy, pointing to the fact that government spending programs that are apparently neutral have effects that vary significantly across groups in the population.



The empirical relation between fiscal fundamentals and interest rate spreads within the Euro area has been analyzed by Favero and Missale (2012). The finding of this research has provided a sound empirical ground which has helped shift the discussion on the desirability of a “Euro Bond” away from politics and ideology towards economics.



In a set of papers, Barbara Rindi and co-authors (2011a, 2011b) have produced a number of results on the relationship between the regulation and structure of financial markets and their liquidity properties --- an issue which is at the forefront of the challenges that market regulators today face.

The analysis of the desirable conduct of economic policies during a financial crisis has also been prominent in the IGIER 20th Anniversary conference (June 2011), as well as in the IGIER seminar series as nicely illustrated by Mark Gertler's lecture (October 2011) on the interaction between government financial policies and the behavior of banks during the crisis.

References

Carlo Favero and Alessandro Missale, “Sovereign Spreads in the Euro Area. Which Prospects for a Eurobond?”, IGIER Working Paper no. 424 (October 2011), forthcoming in *Economic Policy*.

Carlo Favero and **Francesco Giavazzi**, “Reconciling VAR-based and Narrative Measures of the Tax Multiplier”, IGIER Working Paper no. 361 (July 2010), forthcoming in *American Economic Journals: Economic Policy*

Carlo Favero, **Francesco Giavazzi**, and Jacopo Perego, “Country Heterogeneity and the International Evidence on the Effects of Fiscal Policy”, IGIER Working Paper no. 407 (July 2011), forthcoming *IMF Economic Review*.

Francesco Giavazzi and **Michael McMahon**, “Policy Uncertainty and Household Savings“, IGIER Working Paper no. 355, forthcoming in *The Review of Economics and Statistics* (2012).

Tommaso Monacelli and **Roberto Perotti**, “Tax Cuts, Redistribution, and Borrowing Constraints”, IGIER Working Paper no. 408 (2011a).

Tommaso Monacelli and **Roberto Perotti**, “Redistribution and the Multiplier”, IGIER Working Paper no. 409 (2011b).

Roberto Perotti, “Expectations and Fiscal Policy: An Empirical Investigation”, IGIER Working Paper no. 429 (2011a).

Roberto Perotti, “The Austerity Myth: Gain Without Pain?”, IGIER Working Paper no. 430 (2011b).

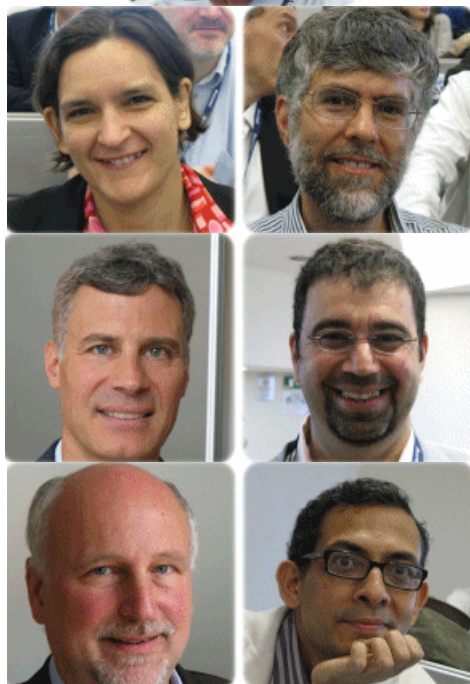
Sabrina Buti, **Barbara Rindi**, Ingrid M. Werner, “Dark Pool Trading Strategies”, IGIER Working Paper no. 421 (2011a).

Sabrina Buti and **Barbara Rindi**, “Undisclosed Orders and Optimal Submission Strategies in a Dynamic Limit Order Market”, IGIER Working Paper no. 389 (2011b).

IGIER 20th Anniversary Conference

In June 2011, IGIER organized a two-day conference at Bocconi to celebrate its 20th birthday. More than 300 faculty and students filled two rooms in the Velodromo building to hear the lectures of

- Daron Acemoglu (MIT)
- Alberto Alesina (Harvard)
- Franklin Allen (Wharton)
- Abhijit Banerjee (MIT)
- Olivier Blanchard (MIT and IMF)
- Eddie Dekel (Northwestern and Tel Aviv)
- Esther Duflo (MIT)
- Lars Peter Hansen (Chicago)
- Alan Krueger (Princeton)
- Wolfgang Lutz (Vienna)
- Joel Mokyr (Northwestern)
- Jean-Charles Rochet (Toulouse and Zurich).



On Wednesday, June 8th, Francesco Giavazzi welcomed the speakers and the conference participants and summarized IGIER's history, including the people who have been pivotal in setting the research center up. The conference program then started with the first session, *Insights from Theory*, hosting Eddie Dekel and Jean-Charles Rochet. In the afternoon, the conference focused on the two fields of finance and macroeconomics, hosting Franklin Allen and Lars Peter Hansen for the session on *Financial Markets*, and Alberto Alesina and Olivier Blanchard for the session *Macroeconomic Outlook: The Big Picture*.

In the evening, Mario Monti introduced the Governor of the Bank of Israel, Stanley Fischer, who delivered a distinguished lecture.

The morning of June 9th hosted a multi-disciplinary session (*Human Capital and Labor Markets*) in which Wolfgang Lutz and Alan Krueger offered insights on these topics from the viewpoints of demography and economics. The conference concluded in the afternoon with two sessions: Abhijit Banerjee and Joel Mokyr discussed the *Engines of Economic Development*, whereas Daron Acemoglu and Esther Duflo offered insights on *The Political Economy of Growth*.

2011 Events

Co-Organized or Hosted by IGIER

January 9-12, La Thuile
Alp-Pop The Alpine Population Conference

Jointly organized by Dondena and IGIER
Keynote speakers:
Alberto Alesina (Harvard University)
Hans-Peter Kohler (University of Pennsylvania)

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June 27 – July 1, Anacapri
7th CSEF-IGIER Symposium on Economics and Institutions (CISEI)

Jointly organized by CSEF and IGIER
Invited speakers:
Christopher Carroll (Johns Hopkins University)
Andrew Newman (Boston University)
Alessandro Pavan (Northwestern University)
Andrea Prat (London School of Economics)
James Snyder (MIT)
Pietro Veronesi (Booth GSB, University of Chicago)

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October 3, Bocconi University
Fiscal Policy in Times of Crisis: Lessons from the IMF Fiscal Monitor

Jointly organized by EconPubblica and IGIER
Guest Speaker: *Carlo Cottarelli*, Director of the Fiscal Affairs Department, IMF
Lello Naso, Sole24Ore, moderated the debate with
Roberto Artoni, EconPubblica, Università Bocconi
Pietro Modiano, President Nomisma
Roberto Perotti, IGIER, Università Bocconi

~ ~ ~

IGIER is delighted to report that on October 4th,
Carlo Favero (IGIER President and Fellow) delivered
the **Deutsche Bank Lecture** on “The Longevity Risk”
to inaugurate his Deutsche Bank Chair in Quantitative Finance and Asset Pricing.

~ ~ ~

December 12-13, Bocconi University
NBER Conference on Fiscal Policy After the Financial Crisis

IGIER Fellows *Alberto Alesina* and *Francesco Giavazzi* organized
the two-day conference that brought to Bocconi 25 economists from all over the world.



2011 IGIER Seminar Series

On average, about 100 people including IGIER scholars, and Bocconi faculty and students attended each of these seminars.

Spring 2011

January 10

Alvin Roth (Harvard University)
“Kidney Exchange”

January 18

Bernard Salanie (Columbia University)
“Partner Choice and Marital College Premium”

March 14

Costas Meghir (UCL and Yale University)
“Matching, Sorting, and Wages”

April 11

John Cochrane (Booth GSB, Univ. of Chicago)
“Discount Rates”

June 10

Samuel Kortum (University of Chicago)
“International Trade: Linking Micro and Macro”

Fall 2011

September 23

Robert Staiger (Stanford University)
“Optimal Design of Trade Agreements in the Presence of Renegotiation”

October 13

Mark Gertler (New York University)
“Financial Crises, Bank Risk Exposure and Government Financial Policy”

November 28

Adam Szeidl (UC Berkeley and CEU Budapest)
“A Model of Focusing in Economic Choice”

December 2

Luigi Zingales (Booth GSB, Univ. of Chicago)
“Time Varying Risk Aversion”

2011 IGIER Policy Seminar

May 16

Frederick Mishkin
(Columbia Business School)
“Monetary Policy Strategy:
Lessons from the Crisis”

December 15

Robert Hall
(Stanford University)
“Employment Fluctuations with a Persistent
Nominal Wage Norm”

2011 Articles in Refereed Journals

In 2011, IGIER scholars published 30 articles in leading journals in economics, finance, and political science.

Alberto Alesina (with P. Giuliano) "Family Ties and Political Participation", *Journal of the European Economic Association* (2011), vol. 9, no. 5, pp. 817-1019

Alberto Alesina (with E. Zhuravskaya) "Segregation and the Quality of Government in a Cross Section of Countries", *American Economic Review* (2011), vol. 101, pp. 1872-1911

Alberto Alesina (with W. Easterly and J. Matuszeski) "Artificial States", *Journal of the European Economic Association* (2011), vol. 9, no. 3, pp. 246-77

Pierpaolo Battigalli and Alfredo Di Tillio (with E. Grillo and A. Penta). "Interactive Epistemology and Solution Concepts for Games with Asymmetric Information", *The B.E. Journal of Theoretical Economics (Advances)* (2011), vol. 11, no. 1

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2011 IGIER Working Papers Series

In 2011, IGIER scholars produced **55** working papers that were uploaded on REPEC. This is the list of the working papers in chronological order from the most recent:

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- Expectations and Fiscal Policy: An Empirical Investigation

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- Self-Confirming Equilibrium and Uncertainty

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- Central Banks and the Financial System

424. **Carlo Favero**, Alessandro Missale

- Sovereign Spreads in the Euro Area. Which Prospects for a Eurobond?

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410. Peter Klibanoff, Massimo **Marinacci**, Sujoy Mukerji
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 • Country Heterogeneity and the International Evidence on the Effects of Fiscal Policy
406. **Carlo A. Favero** and Marco Giacoletti
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- Ambiguity and Robust Statistics

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- Strategies and interactive beliefs in dynamic games

Meet the IGIER Scholars

Pierpaolo Battigalli



You earned your undergraduate and PhD degrees in economics from Bocconi University, and a Master degree from the London School of Economics. You worked for a few years at Princeton University and the European University Institute in Florence before joining Bocconi and IGIER. Who are the scholars, among all those you met throughout your career, who have made the most profound impact on the way you think as an economist, and why?

I find it hard to point to a particular scholar who had a decisive influence. Certainly my undergraduate studies in the Economics and Social Sciences (DES) track at Bocconi had a deep impact. I was lucky to learn the Bayesian approach to Statistics from Donato Cifarelli, and Mathematical Economics from Aldo Montesano, who later became my supervisor. During my undergraduate and then graduate studies, I developed a new research program that was very much my own. Later on, I discovered strong affinities with the work on rationalizability and learning in games developed by Adam Brandenburger, Eddie Dekel, Drew Fudenberg, David Levine, and David Pearce.

This past August, you delivered one of the invited lectures at the World Congress of the Econometric Society in Shanghai. We all know that this is a major accomplishment: scholars invited to deliver these lectures are considered to be among the leaders in their fields. Bravo! Can you tell us what are “dynamic psychological games” on which you recently focused your research?

Introspection, casual evidence, and experimental evidence point to a need for enriching the standard economic assumptions about human motivation. A concern for others and emotions may play an important role. Emotions need not hamper our ability to reason (well, sometimes they do!), but they often affect our preferences. As Jon Elster says, emotions are triggered by beliefs. With Martin Dufwenberg we developed an extension of game theory that allows to describe this formally, keeping track of the dynamics of beliefs and emotions in “games” that represent social and economic interactions.

What would be your reply to someone who may tell you: economic theory is either boring or useless or both. “Get lost” is not among the acceptable comments to such a statement. I’d ask you to offer an elegant and smart answer.

There are two kinds of scholars: those who study some phenomena, e.g. the economic ones, using implicit, non articulated, hence non criticisable assumptions, and those who try to clearly and rigorously articulate their assumptions. Theorists like myself help the second kind of scholars, who may well be doing applied or empirical work. As for the first kind ... they should get lost!

Bocconi University has a pretty large, excellent, and collegial Theory group spread across the two Departments of Decision Sciences and Economics. Suppose students want to enter academia and become theorists. What advice would you give them?

If you want to become an economic theorist you must love conceptual thinking and you must like math. Then, come to Bocconi University and you will find faculty members who would be delighted to teach, and work with, you. I cannot think of a better place to study decision theory and game theory.

You practice fencing (foil? épée? saber?) at a pretty excellent level. What are the key skills for being a great fencer? Do you think strategically as a game theorist when you fence? You use tit-for-tat or some other game-theory strategy?

I wish I could say I am an excellent fencer. I am just an amateur who trains and regularly competes in épée (i.e. “spada”---remember Matteo Tagliariol, olympic gold medal in Beijing? That was épée). Applying the art of strategic thinking to fencing is fascinating, but very hard. So much depends on acquired technique (our “human capital”), speed, and reactivity! But there is some strategizing. Fencers constantly try to anticipate the moves and countermoves of the opponents, and they strive to randomize their own moves to be less predictable. However, I am afraid that being a game theorist does not make me a better fencer.

Leonardo da Vinci, Napoleon, Pelè, George Clooney: suppose you can choose to be one of the four. Which one would you pick and why?

Definitely not Napoleon! I play soccer so badly that I just cannot put myself in Pelè’s shoes. Clooney? Tempting, but – again – I cannot relate to him. I am afraid I have to give the trivial answer: Leonardo, because he was a scientist, as I try to be, he was an artist, like my mother, and he was left-handed, like me.

(Milano, November 25, 2010)

Meet the IGIER Scholars

Tito Boeri



You earned your undergraduate degree from Bocconi and your PhD in economics from New York University. Who is the scholar who had the most profound impact on the way you think as an economist?

If you mean on the way to write a paper I would say William Baumol. He always finds the right word for an idea, the right example to convey the key concepts. And he was an antidote against excessive specialization. If you mean the scholar who had an impact on the way of structuring my thoughts, choosing the right framework, then I would say Olivier Blanchard. But this came after NYU.

You have worked as senior economist at the Organisation for Economic Co-operation and Development (OECD) in Paris before joining Bocconi and IGIER. What did you learn at the OECD (and also when consulting for the IMF, World Bank, and European Commission)?

I had the opportunity to follow the transition to a market economy of formerly planned economies of Central and Eastern Europe. These countries were struggling to enter the EU and OECD membership was considered as a first step in this direction. Thus, they were very keen to co-operate with us at the highest levels of their new ruling class. I was working with Ministers sometimes younger than me. My main task was to supervise the build-up of unemployment benefit systems and safety nets in these countries.

What would be your reply to someone who may tell you: labor economics---your main field---is either boring or useless or both. "Get lost" is not among the acceptable comments to such a statement. I want you to offer an elegant and smart answer.

Useless? Very strange statement now that unemployment is considered to be problem number one worldwide! Boring? Well you must just be tired of having implicitly used labor economics for such a long time. You were born because your parents decided to take some time off work, and then invested in your human capital. You have been searching always for the

classmates to sit next to, the jobs to apply for, the partner to marry with... Essentially you have been practicing labor economics throughout your entire life.

In a few words, what is your most exciting research project on which you are currently working?

I am working on the interactions between financial and labor markets, learning from the Great Recession. I am looking at both unemployment and income distribution. The key issue is: should governments have paid more attention to saving jobs rather than financial institutions? A more entertaining project is on match rigging in professional football. It is a way to cheat the work-leisure trade-off having a bit of both.

Outreaching---making academic research known among the general public---is an important task. Funding agencies, such as the National Science Foundation in the U.S., recognize the importance of outreach when they award a grant.

You have been a pioneer of outreach in Italy: first, as a founding member of LaVoce (now a network of websites throughout Europe) and then as the Scientific Director of the Festival dell'Economia in Trento (with festivals now organized in France, Ireland and Spain). To an Italian citizen who clicks on LaVoce's web site and to a young person who attends the Festival dell'Economia, what is the message you want to send?

I have a message for (i) the non-economists and (ii) one for the economists. (i) Economics contributes to explain many relevant events in everyday life. It is not simple as our societies are enormously complex, but the key ideas can be made simple. If you do not understand what we are talking about, it means that we are not good economists. Please ask us to talk to you, not only to our colleagues. (ii) Junior researchers often consider outreach as a waste of time. But if you cannot explain what your research is all about to people who have no training in economics, then you are not ready for our profession.

Leonardo da Vinci, Napoleon, Pelè, George Clooney: suppose you can choose to be one of the four. Which one would you pick and why?

I vote for Leonardo as he encompasses all the others. He had a stronger leadership than Napoleon: the intellectual leadership is on a historical basis much more important than a military leadership. Leonardo invented the concept of the helicopter, applied by Pelè in the Mexican World Cup where he jumped well above the toughest defense to score. Finally, Leonardo was not as handsome as George Clooney but he would have been a much better physician than Doctor Douglas in E.R.

(Milan, 25 November 2010)

Meet the IGIER Scholars

Francesco Giavazzi



You got your undergraduate degree in electrical engineering from the Politecnico in Milan and your PhD in economics from MIT. As an undergraduate student, who was your most impressive teacher?

My first teacher, Luigi Amerio, who taught me Calculus. For someone raised with a classical education it was an incredible discovery. He was able to make the transition extremely smooth. The Bolzano-Weirstrass theorem seemed just another chapter in the philosophy class.

When did you think about becoming an economist? What was the turning point that made you think “this is what I want to study for the rest of my life”?

I met Franco Modigliani by chance, in Milan, in the early 1970s and he told me how to apply to MIT. “You were an ideal candidate,” Franco told me years later, “you knew math but no economics. When Italian students come to MIT we often have to spend a year teaching them math and the following one fighting the ‘strange ideas’ they have about economics.” Then Ezio Tarantelli got me a scholarship – not an easy step since I did not have an economics degree. But the truth is I was envious of my friends who were studying at Bocconi and discussing issues which seemed to me far more relevant for society than the theory of filters—my field at the time (the “punishment” is that today in my Advanced Macro course I have to teach filters!).

Who is the scholar who has left the most profound impact on the way you think as an economist?

Rudi Dornbusch. Rudi has been a teacher and friend, I don’t know which came first. “The next time you come to me with another question about ‘methodology’ you might as well leave the program,” I heard him once say to one of my fellow students. This was Rudi’s approach to economics: techniques are useful tools, but if you don’t have an idea, the technique will get you nowhere. This is why at his 8 am seminar at MIT you were allowed to eat as many doughnuts as you wanted, but slides were strictly forbidden: only words. He also taught me how important it is to be curious about the world. Once, in 1998, he called me and said: “Francesco, I’ve never been to China, neither have

you: let’s go, we need to understand.” We left for a month with no precise commitment, no conference, no seminars. On the way back we wrote a paper on banking reform in China. We received a prize for it!

Your career is a successful combination of academic achievements, institution building, and policy making and advising. From your perspective how do these professional experiences overlap one with the other?

Rudi Dornbusch and Franco Modigliani taught me with their lives that there is no better life than teaching. The three years I spent in government have been among the most important in my life, but my wife Giovannella was right from day one: this is not made for you. People often say that when I speak or write I am particularly clear: it happened at the Treasury, it happens with my editorials on Corriere della Sera. But this is only thanks to my students. Because the moment your lecture becomes convoluted, you immediately see it in the eyes of your students, and it is not a nice sight.

Since 1991 you have been a faculty member at Bocconi University. You have also been pivotal in building IGIER, the research center that has helped attract excellent scholars here in Bocconi. How has been your working experience at Bocconi through these years?

Let me tell you a “secret.” In the mid 1980s I was teaching in Bologna and contemplating an offer from the European University Institute in Florence. One day I travelled to Rome to attend a conference. I flew there with Mario Monti, then the department’s chairman. On the plane we talked about the future and Mario tried to convince me to leave Bologna and join Bocconi. As we landed in Rome, Mario told me: “I came to Rome to have a chance to talk to you without distractions for an hour. I can now take the next flight back to Milan. I have no real interest in this conference.” A master in hiring! I owe Bocconi a lot: IGIER goes a short way in compensating for what this university and particularly its students have given me.

Last question: Is there anything you never did and would love to do? How about singing “Strangers in the Night” like Frank Sinatra? or climbing the Everest together with other economists? Or becoming the next President of Italy?

You came close. Five years ago I planned to walk to the Everest base camp in Nepal with Alberto Alesina. A few weeks before leaving, Alberto suffered an injury and the plan got cancelled. Now I doubt I would be able to reach those altitudes. But I have done some homework and discovered there are places I can still reach, for example in Ladakh, in India. If I get there, I may even be able to spend a week meditating and doing some yoga in a Buddhist monastery.

(Milano, November 25, 2010)

Meet the IGIER Scholars

Eliana La Ferrara



You earned your undergraduate degree from Bocconi University and your PhD in economics from Harvard University. Who are the scholars who have made the most profound impact on the way you think as an economist, and why?

During my studies I have had the privilege of interacting with scholars of exceptional quality, and many of them have shaped the way I think about economics. If I have to pick, two of the people from whom I have learnt the most are Abhijit Banerjee and Alberto Alesina.

Abhijit transmitted to me his passion for development research, and taught me how to integrate theory and empirical analysis, challenging modelling choices and econometric approaches with a depth of thinking and an ability to get to the essence of the problem which surprised me every time I talked to him as an advisor. From Alberto I learnt that a good economist also needs to have an “instinct” for interesting research questions, and for the right way of thinking about those. Choosing and developing research ideas in a way that makes them original and with the potential to have an impact is something I have learnt (and am still learning) through our joint work.

What would be your comment to someone who may tell you: economic development (your field) is either boring or useless or both. “Get lost” is not among the acceptable comments to such a statement. I want you to provide an elegant and smart answer.

Well, I would tell this person to go to a developing country, look around and think that three-fourths of the world’s population lives like that.

I am interviewing you while you are visiting Rwanda. You are not an “armchair” economist. Rather, you spent and still spend time visiting developing countries for your research projects. Among the different experiences, which ones have left a permanent mark on you as a scholar and as a person?

The experience that has changed me the most dates back to 1999, when I spent three months in the slums of Nairobi doing a survey of cooperatives and self-help groups. What left a mark were not only the hard living conditions, but also the hopelessness that I saw in some of the local development initiatives, including some of the groups I was interviewing.

Your research is widely cited and in 2008 you also won one of the prestigious Starting Grants awarded by the European Research Council (ERC). Brava! Can you briefly describe what this research project is about?

In the project “Conflict, Identity and Markets,” I investigate the roots of social and violent conflict from different points of view. One line of research examines the role of ethnic and cultural identity; another line looks at economic shocks and natural resource endowments from a microeconomic point of view; and the third component of the project considers the role of international actors and institutional arrangements for conflict prevention. The common thread is the attempt to incorporate social and institutional variables in the economic analysis of conflict, from a micro perspective.

Suppose tomorrow you meet a group of Bocconi students (or even your children) who want to enter academia and become development economists. What advice would you give them?

I would advise them to spend some time in a developing country. When you visit a place you often become aware of aspects of the problem that you did not even imagine. And the best research ideas may come from these “serendipitous” discoveries.

In an imaginary trip back in time, you can choose to be: Jeanne d’Arc, Caterina de Medici, Marie Curie, or Greta Garbo. Which one would you like to be?

Jeanne d’Arc, though I know she’s the most controversial... But she was brave.

You studied piano in high school. Do you still play?

I wish I still played... my piano keys are covered in dust. But I like to entertain the irrational expectation that one day I will pick it up again!

(Milano, November 25, 2010)

Meet the IGIER Scholars

Fabio Maccheroni



You hold an undergraduate degree in Mathematics from the University of Milano and a PhD degree in Applied Mathematics from the University of Brescia. Who are the teachers and scholars, who made the most profound impact on the way you think as an economist, and why?

Erio Castagnoli. In 1996 he gave a 45-minute seminar which transformed the prejudices of an arrogant young pure mathematician about applied mathematics into curiosity. He taught me to search for answers to the questions I care about irrespective of how difficult or fashionable these questions are. He also taught me a fundamental lesson: in forming the party for this quest, you want companions who are better than yourself.

Next, Massimo Marinacci. He transmits passion and dedication to knowledge, be it economic theory or classical history. Speaking of decision theory, for me Massimo together with Itzhak Gilboa and David Schmeidler set the scholarly and moral standards of the profession.

In 2010, through a competitive nomination process, an international selection committee has awarded you with the Carlo Alberto Medal assigned to the best Italian economist (working in Italy or abroad) under 40. Bravo! Can you describe three exciting research questions on which you have been working or are currently working?

The first time I attended a probability class I was ecstatic about the beauty of the theory. At the same time I used to think “well, it only remains to call the pantheon and ask some benign goddess (dices are a human deed, but natural events ...)” The theoretical issue of incompleteness of probabilistic information, together with its implications in economics and finance are my main research topics.

A conceptually related problem is the problem of preference formation. Like assigning probabilities, choosing is a difficult task, and my problem in doing

that has never been maximizing my utility over available alternatives, but rather constructing a ranking among them (the utility to maximize). Incompleteness of preference relations was the main topic of my Ph.D. dissertation and I keep finding intriguing questions on this issue.

More in general, decision making seems to me one of the most pervasive and complex activities on which every person spends considerable time and effort. Pervasiveness and complexity make the problem very exciting. A simple example is given by preference interdependence: people care about what other people consume, even when no strategic interaction is observable. How can this fact be reconciled with the neoclassical theory of utility maximization? What are the policy implications?

What would be your comment to someone who says: economic theory is either boring or useless or both. “Get lost” is not an acceptable comment. I want you to provide an elegant and smart answer.

Indeed I would not bother to reply. When many years ago I made such a “smart” comment about Latin literature, I got the following wise answer: “Very good, prove your statement and, more important, show that you know what you are talking about by writing a ten-page critique against Latin literature, and I will read it with interest.”

Bocconi University has a pretty large, excellent, and collegial Theory group spread across the two departments of Decision Sciences and Economics. Suppose a student wants to enter academia and become an economic theorist. What advice would you give to him or her?

It often happens that students knock at my door and ask advice about pursuing an academic career. By now, they all know the answer even before knocking at my door: “Advice is free and what you pay is what you get. You could invest your time more fruitfully---I do not care for the moment about your research plans---by studying something (anything). Did you read Nash (1950) one-page paper on equilibrium points in N-person games? Or Debreu (1959) book?” At the end of this first meeting, we agree on some book to read or class to attend, and then I tell the student “Come back if you really really loved studying this stuff.”

Some come back. One who did and makes me especially proud is Simone Cerreia Vioglio (he got his Ph.D. at Columbia University and just joined Bocconi, choosing it over job offers he received in the United States).

Imagine yourself travelling back in time and being offered the possibility of being Archimedes (or Euclid?), Napoleon, or Jesse Owens. Which one would you pick and why?

Euclid. He was the first mathematician who in order to understand a real object (our physical world) built an abstract model (geometry) from principles (axioms) and studied it. He systematically founded what we call today the axiomatic approach, which is (and has been for 23 centuries) the method of all theories, in mathematics, physics, biology, economics, etc.

What is the thing you never did and you would love to do in the future? Singing “Nessun dorma” in the role of Calaf at La Scala? Sailing around the world in 80 days? Something else?

Something else. XXXXXXXXXXXXX

(Milano, September 1, 2011)

Meet the IGIER Scholars

Tommaso Monacelli



You earned your undergraduate degree from Bocconi University and your PhD in economics from New York University. Among the scholars you met during your undergraduate and graduate studies, who are the ones who have made the most profound impact on the way you think as an economist, and why?

Mainly three people: Andrea Ichino, Jordi Galí, and my PhD advisor, Mark Gertler. Back in the old days of IGIER, at the Abbazia di Mirasole, I was Andrea Ichino's RA, and TA for Micro (yes Micro!) principles. I was impressed by his passion for research. Andrea was also taking care of the many bugs of the pc network, a rather ambitious investment in a technologically less advanced period, and (remarkably) installed around the corners of a 13th century abbey. His efforts for the community of scholars were admirable. Once, he visited me during a TA class in Bocconi. When all students broke into a burst of applause, I realized that research, teaching, and good citizenship can all be beautifully blended together.

Jordi Galí has taught me how rigorous, elegant as well as inspiringly transparent an economist can (and should) be. Frequently, when facing a new question, or struggling with a new problem, I ask myself: how would Jordi think through this?

Mark Gertler has taught me how intuition, especially in macroeconomics, can go a much longer way than techniques. When I worked as RA for him, I would kill myself for days on computer programs, but it would take him an eye blink to grasp the logic behind the most intricate system of dynamic stochastic difference equations (!).

You have just been awarded one of the prestigious Starting Grants from the European Research Council (ERC). Bravo! Can you briefly tell us what are the exciting questions you aim to address in this research project?

My project studies the role of financial market imperfections in macroeconomics. (I should mention that parts of it are intended to be in collaboration with my superb colleagues Roberto Perotti, Antonella Trigari and Vincenzo Quadrini.)

A striking lesson I have learnt from the recent crisis is that macroeconomists and financial economists were living on different planets, and speaking different languages.

I quickly realized that I wanted my research to deal with this problem, and with questions such as: What should a country (like, e.g., Australia, Spain, Ireland, Greece, New Zealand, Israel, UK in the last decade) do when facing recurrent phenomena of high credit growth, current account imbalances, exchange rate and asset price appreciation? Let their currency float or fix it? Should monetary policy in "tranquil times" be independent of policy in "crisis times"? (my a priori is no!). Why, if turbulence, e.g., in the interbank credit markets spikes up, does my next-door neighbor lose his/her job? Does it matter, for aggregate economic activity, whether tax changes are geared more in favor of the rich rather than the poor? And does the structure of financial markets matter for this? (At first glance one would think no, but it actually does, and to a great extent).

Suppose one of the many talented undergraduate Bocconi students stops by your office and asks for advice to enter academia in economics. What advice would you give to him or her?

Studying economics is like learning karate, or any art of self-defense. For one, it is much more exciting and deeper than usually appreciated. But most importantly, it teaches you the clarity of thought on a far reaching set of questions and problems of our life. This is an indispensable tool to defend oneself from the sometimes unbearable cloud of unstructured propositions and illogical reasoning about "social events" that derives from our contemporary media, public opinions, and political pundits.



At Bocconi University, you are the director of the Bachelor program in Economics and Social Sciences (CLES). This has been and still is a very successful bachelor program that prepares students to both academic and professional careers in the corporate world. We know you are a committed and enthusiastic director of this program. Tell us why a student currently enrolled in high school should consider enrolling in CLES? What are the strengths of the program?

Most importantly, economics does not teach you what to think but how to think. This is the most valuable asset in the advanced and globalized labor market our students should aim at, and exactly what CLES tries to teach its students.

Whether employed for a manufacturing firm, an investment bank, or for an international organization, there is one thing our students will have to face for sure in the future: an increasing degree of complexity. That complexity can be dealt with only with a robust methodological background and a well-developed human capital.

In a nutshell: if all a talented youngster aims at is to become a manager or the marketing director in a multinational firm, does it matter to (have the tools to) understand, e.g., why Italian women work so little, why Argentina was richer than the US in the 19th century and is so much poorer now, why unemployment rises and fall, or whether more immigrants lower or rise the wage of domestic workers? My answer is yes, and a resounding one.

Imagine yourself travelling back in time and being offered the possibility of being Alexander the Great, David Ricardo, or Pelè. Which one would you pick and why?

I would pick Ricardo, so that probably I would finally, and once and for all, fully understand his “labor theory of value”...

What is the thing you never did and you would love to do in the future? Singing “Nessun dorma” in the role of Calaf at La Scala? Playing one match at San Siro in the Inter team against Milan? Climbing the Kilimangiaro? Something else?

In the unfeasible set: compose and play a piano concert. In the (hopefully) feasible one: ski downhill from the Mont Blanc, and have my three small boys tell me: let’s do it once again! (As for my soccer fantasies, it’s been way more than enough having been in Madrid on May 22, 2010).

(Milano, July 29, 2011)

Meet the IGIER Scholars

Guido Tabellini



You earned your undergraduate degree from the University of Torino and your PhD in economics from UCLA. Among the scholars you met during your undergraduate and graduate studies, who are the ones who have made the most profound impact on the way you think as an economist, and why?

Mario Monti, who taught me to go beyond strictly normative prescriptions in economic policy, and to ask how public policy is shaped by governments' incentives and constraints. Axel Leijonhufvud, who taught me to pay attention to substantive ideas over mathematical formalism and intellectual fashions. Ed Leamer, who taught me how to draw inferences from non-experimental data.

You have been a faculty member in the Departments of Economics of Stanford University and UCLA before returning to Italy. To what extent has that experience shaped your career and research agenda? What are the best things you remember about working in the United States?

The time spent in the US had an immense influence on my professional life. The best part of that experience was the open and intense intellectual environment. Clarity of thinking and originality were the only thing that mattered in the workplace, irrespective of your age and professional rank.

You have received many honors and awards that recognize your leadership in the field of political economy. You have been recently awarded one of the prestigious Advanced Grants from the European Research Council (ERC). Bravo! Can you briefly tell

us what are the exciting questions you aim to address in this five-year research project?

The main focus of the grant is to study how the functioning of public institutions is shaped by the values and beliefs that prevail in society, and how this influences economic performance.

Suppose one of the many talented undergraduate Bocconi students stops by your office and asks for advice to enter academia in economics. What advice would you give to him or her?

Do it only if this is truly your passion.

In the past 15-20 years Bocconi University has developed into a research-oriented, international institution. There are many bright Italian and non-Italian scholars working abroad. What would be the attractive features of working at Bocconi for any of them?

Bocconi is one of the few leading international universities entirely focused on the economic and social sciences. This, together with the flexibility that comes from being a private institution, gives us unusual degrees of freedom in the pursuit of a variety of scientific approaches. A second special feature of Bocconi is the talent of its students, who come to our university because of the quality of the faculty, its links with the best institutions throughout the world, and its overall efficiency.

Imagine yourself travelling back in time and being offered the possibility of being Julius Caesar, Leonardo da Vinci, or Pelè. Which one would you pick and why?

Julius Caesar, who enlarged the borders of what was at the time the modern and civilized world.

What is the thing you never did and you would love to do in the future? Sailing around the world with a "veliero"? Singing "Celeste Aida" in the role of Radames at La Scala? Playing one match at San Siro in the role that Pato has with the Milan team against Inter...? Anything else?

This is an easy one, "il veliero"!

(Milano, July 25, 2011)