BANCA D'ITALIA
EUROSISTEMA

New Research at the Bank of Italy

Number 28 – November 2012

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Highlights

Conference on "New Developments in Econometrics and Time Series" (Rome, 10-11 September 2012).

Organized by the Collaborative Research Center 823 "Statistical modelling of nonlinear dynamic processes" in conjunction with the European Centre for Advanced Research in Economics and Statistics (ECARES), and hosted by the Einaudi Institute for Economics and Finance (EIEF), the conference brought together leaders in econometrics and time series analysis to debate and exchange ideas and to lay the basis for future cooperation. The main topics covered included robust methods, volatility processes, factor models and estimation of covariance matrices. Speakers in attendance included: Manfred Deistler (Vienna University of Technology), Søren Johansen (University of Copenhagen), Roger Koenker (University of Illinois) and Masanobu Taniguchi (Waseda University).

The conference programme is available here.

Conference on "Household Finance" (Rome, 21-22 September 2012).

Organized by the National Bureau of Economic Research (NBER), the Centre for Financial Studies (CFS) and the Einaudi Institute for Economics and Finance (EIEF), the conference was hosted by the University of Oxford and brought together researchers from the U.S. and Europe who are working in the field of household finance, which includes the many financial decisions taken by households as well as the actions of businesses and government that may influence these decisions.

The conference programme and related material are available here.

Forthcoming events

On 20 November 2012 the Bank of Italy will organize a conference on "The real estate sector". Economists of the Bank will present papers on short-term, structural, and international issues concerning the real estate sector. Scholars and experts will discuss the contributions.

On 13 December 2012 the Bank of Italy will host the 2nd Workshop on "Financial Determinants of Exchange rates". Like last year, the 2012 workshop will provide a forum for discussing innovative research by central bank economists on the financial determinants of exchange rates. Several academics and private sector economists will attend. Prof. Lucio Sarno (Cass Business School) will deliver the keynote lecture.

On 17-18 December 2012, the Einaudi Institute for Economics and Finance (EIEF) will host the second edition of the EIEF – University of Bologna Workshop on Industrial Organization, a joint initiative of the Bologna Centre for Law and Economics (BCLE), the University of Bologna and EIEF. The workshop aims to strengthen debate between Italian economists working in the field, both in Italy and abroad. The programme will consist of a small number of papers, presented in plenary session, so that ample time will be left for discussion and informal interaction.

More information is available here.

On 18 December 2012 the conference on "Macroeconomics after the (financial) flood. Conference in memory of Albert Ando (1929-2002)" will take place at the Bank's headquarter in Rome. September 19, 2012 marks the 10th anniversary of the death of Prof. Albert Ando, who contributed to a number of research projects carried out at the Bank of Italy over a period of two decades. The Bank will pay tribute to him and his research activity with an international conference focusing on some of the themes that featured prominently among his interests and in his work.

More information is available here.

On 21 December 2012 the Bank of Italy will host the 11th Workshop on "Macroeconomic Dynamics: Theory and Applications". The workshop will bring together researchers based in Italy and abroad to offer the participants (in particular junior economists) an opportunity to present and discuss research on modern dynamic macroeconomics and to encourage the creation of networks of economists working in closely related fields and topics. The deadline for submissions is 14 October 2012.

The call for papers is available here.

Latest working papers

No. 888: **Monetary policy in a model with misspecified, heterogeneous and ever-changing expectations** (October 2012)

Alberto Locarno

The applied literature on adaptive learning has mostly focused on small, linear models, with homogenous expectations. In non-linear models heterogeneous expectations prevail and the process through which agents select (and change) a forecasting model becomes a necessary ingredient of the analysis; moreover, the temporary equilibrium of the learning process approaches an asymptotic limit that may be affected by the communication strategies of the monetary policymaker. The objective of this paper is to assess whether in such a model economy the optimal monetary policy exhibits properties that are similar to those found in the literature for small, linear models. The main results are the following: (1) expectations heterogeneity is an intrinsic feature of the economy: no PLM succeeds in ruling out all the other forecasting models; (2) contrary to previous findings, the monetary policymaker has no incentive to adopt highly inflation-averse policies: too strong a reaction to price shocks increases both inflation and output volatility; (3) partial transparency appears to enhance welfare somewhat (but fully transparent policies do not); (4) a higher degree of transparency calls for stronger inflation aversion.
Full text (pdf)

No. 887: **A structural model for the housing and credit markets in Italy** (October 2012)

Andrea Nobili and Francesco Zollino

We estimate a fully-fledged structural system for the housing market in Italy, taking into account the multi-fold link with bank lending to both households and construction firms. The model allows the house supply to vary in the short run and the banking sector to affect the equilibrium in the housing market, through its effect on housing supply and demand. We show that house prices react mostly to standard drivers such as disposable income, expected inflation and demographic pressures. Lending conditions also have a significant impact, especially through their effects on mortgage loans, and consequently on housing demand. Allowing short-run adjustment in supply implies a weaker response of house prices to a change in the monetary stance or in banks' deleveraging process. Finally, we find that since the mid-eighties house price developments in Italy have been broadly in line with the fundamentals; during the recent financial crisis, the worsening in credit supply conditions dampened house price dynamics, partly offsetting the positive stimulus provided by the easing of the monetary policy stance.
Full text (pdf)

No. 886: **Immigration, jobs and employment protection: evidence from Europe before and during the Great Recession** (October 2012)

Francesco D'Amuri and Giovanni Peri

In this paper we analyse the impact of immigrants on the type and quantity of native jobs. We use data on fifteen Western European countries during the 1996-2010 period. We find that immigrants, by taking manual-routine type of occupations pushed natives towards more "complex" (abstract and communication) jobs. Such positive reallocation occurred while the total number of jobs held by natives was unaffected. This job upgrade was associated in the short run to a 0.7% increase in native wages for a doubling of the immigrants' share. These results are robust to the use of two alternative IV strategies based on past settlement of immigrants across European countries measured alternatively with Census or Labor Force data. The job upgrade slowed, but did not come to a halt, during the Great Recession. We also document the labor market flows behind it: the complexity of jobs offered to new native hires was higher relative to the complexity of lost jobs. Finally, we find evidence that such reallocation was significantly larger in countries with more flexible labor laws and that this tendency was particularly strong for less educated workers.
Full text (pdf)

No. 885: **Parties, institutions and political budget cycles at the municipal level** (October 2012)

Marika Cioffi, Giovanna Messina and Pietro Tommasino

We study the magnitude, the determinants and the electoral consequences of pre-electoral fiscal manipulation by incumbent politicians. To this aim, we build a dataset covering all the Italian municipalities. We document several facts. First, there is a clear political cycle in the path of expenditures, driven by capital outlays. Second, only mayors not affiliated to a national political party induce an election-driven expenditure cycle. Third, pre-electoral expenditure boosts increase re-election prospects of the incumbent only if she is not affiliated to a party. These results are consistent with the hypothesis that national parties have both the incentives and the resources to curb the pre-electoral profligacy of party-affiliated mayors. We also consider the impact of formal institutions. In particular, we find that budget rules reduce the effects of the political cycle, whereas binding term limits seem to be ineffective.

Full text (pdf)

No. 884: **Collaboration between firms and universities in Italy: the role of a firm's proximity to top-rated departments** (October 2012)

Davide Fantino, Alessandra Mori and Diego Scalise

In the last decade R&D expenditure in Italy has been lagging at a bare 1.2-1.3 per cent of GDP. Its private share is low by international standards and Italian firms take out only a small number of patents. External sources of innovation, however, are available to firms. This work aims at examining the determinants of research collaboration between firms and universities using the results of the 15th Bank of Italy Business Outlook Survey on Firms, together with data on the quality and importance of university research. Controlling for endogeneity problems, we show that the distance from top research centres is the most important factor in determining the probability of collaboration. Other results indicate that the presence of different innovation sources increases the probability of collaboration; and that proximity is more important for small- and medium-sized firms, while larger ones collaborate with universities that are better able to sell the results of their research, regardless of their location. Sector effects also emerge from the analysis.

Full text (pdf)

No. 883: **Learning, incomplete contracts and export dynamics: theory and evidence from French firms** (October 2012)

Romain Aeberhardt, Ines Buono and Harald Fadinger

Using French firm-level trade data, we provide empirical support for a heterogeneous firm model in which exporting requires finding a local partner in each market: contracts are incomplete, exporters must get to know the reliability of their partners through experience, and export behaviour is state-dependent due to matching frictions. As predicted by our theoretical model, we find that better legal institutions ease contracting frictions especially in sectors with serious contracting problems. This increases state dependence in those sectors. Finally, hazard rates depend on the quality of local legal institutions and decline with the age of the relationship, as unreliable partners are weeded out.

Full text (pdf)

No. 882: **An empirical comparison of alternative credit default swap pricing models** (September 2012)

Michele Leonardo Bianchi

Most of the important models in finance rest on the assumption that randomness is explained through a normal random variable because, in general, the use of alternative models is obstructed by the difficulty of calibrating and simulating them. In this paper, we empirically study models for pricing credit default swaps under a reduced-form framework, assuming different dynamics for the default intensity process. After reviewing the most recent results on this subject, we explore both pricing performance and parameter stability during the highly volatile period from 30 June 2008 to 31 December 2010 for different classes of processes: one driven by the Brownian motion, three driven by non-Gaussian Lévy processes, and the last one driven by a Sato process. The models are analysed from both a static and dynamic perspective.

Full text (pdf)

No. 881: **On detecting end-of-sample instabilities** (September 2012)

Fabio Busetti

Tests of parameter instabilities are likely to have low power when change-points occur towards the end of the sample. This paper considers various modifications of existing tests and introduces new statistics designed to have high power in such circumstances. The properties of both Wald-type tests of a one-time shift in the parameters and locally most powerful (LMP) tests against the hypothesis of random walk coefficients are examined. It is proposed to take functionals of the Wald and LMP statistics such that either the set of possible change-points is restricted to the last part of the sample or the occurrence of change-points is given increasing weight throughout the sample. In the case of an unknown end-of-sample change-point, the LMP-type tests appear to have, in general, better properties than Wald-type tests, even against the hypothesis of a one-time shift in the parameters. Empirical illustrations describe the use of the tests for detecting structural changes at the time of the Great Recession.

Full text (pdf)

No. 880: **The micro dynamics of exporting: evidence from French firms** (September 2012)

Ines Buono and Harald Fadinger

The paper investigates the dynamics of export relationships – defined as shipments by a given firm to a given destination in a given year – in a panel of almost 25,000 French exporters over the five-year period 1995-99. It describes how the relationships evolve over time, presenting a number of stylised facts that are related to various theories of export dynamics, such as a dynamic sunk-cost model and the recent literature on exporting and learning. We find that export relationships are highly dynamic: a large fraction are created or concluded every year, and the values within relationships fluctuate considerably. Most of these dynamics are explained by relationship-specific shocks, not supply or demand shocks. Also, export values are small at first but gradually increase as relationships mature. Finally, while many export relationships are volatile, others are persistent. Previous exports to a destination substantially increase a firm's probability of making current exports there. Taken together, these facts correspond more closely to the learning than to the sunk-cost hypothesis.

Full text (pdf)

No. 879: **Industry dynamics and competition from low-wage countries: evidence on Italy** (September 2012)

Stefano Federico

This paper analyses the effect of competition from low-wage countries on domestic activity, using data on 230 Italian manufacturing sectors between 1995 and 2007. We find that low-wage import penetration is negatively related to employment and other measures of activity. The effect is significantly lower in more skill, capital and R&D-intensive sectors and in more vertically differentiated sectors. There is also evidence of significant effects of low-wage competition through inter-industry linkages: employment is negatively related to low-wage import penetration in downstream sectors but positively related to low-wage import penetration in upstream sectors.

Full text (pdf)

No. 878: **Do food commodity prices have asymmetric effects on euro-area inflation?** (September 2012)

Mario Porqueddu and Fabrizio Venditti

This paper analyses the relationship between commodity prices and consumer food prices in the euro area and in its largest economies (Germany, France and Italy) and tests whether the latter respond asymmetrically to shocks to the former. The issue is of particular interest for those monetary authorities that target headline consumer price inflation, which has been heavily influenced by pronounced swings in international commodity prices in the past decade. The empirical analysis is based on two distinct but complementary approaches. First, we employ a structural model to identify a shock to commodity prices and verify using formal econometric tests whether the Impulse Response Functions of food consumer prices is invariant to the sign of the commodity price shock. Next, we employ predictive regressions and examine

the relative forecasting ability of linear models compared with that of models that allow for sign-dependent nonlinearities. Overall, the empirical analysis uncovers very little evidence of asymmetries.
Full text (pdf)

No. 877: **Exporters and importers of services: firm-level evidence on Italy** (September 2012)

Stefano Federico and Enrico Tosti

This work contributes to the small but growing body of literature on international trade in services at firm level. Our dataset, based on a new Bank of Italy survey, provides information on exports and imports of services (excluding transportation and travel) in 2008-09 for almost 3,000 Italian industrial and services firms, divided by partner country and type of service. We report a set of stylised facts on trade in services. We also analyse the choice between export and foreign direct investment in services at the firm level, thus innovating with respect to the previous literature using industry data. The main findings are as follows: the export and import of services is highly concentrated in just a few firms; firm-level variation in trade is positively correlated with firm size and productivity; country-level variation is to a large extent explained by the standard gravity variables; distance strongly reduces trade in services in spite of their intangibility; smaller and less productive firms choose to export rather than sell through foreign affiliates.
Full text (pdf)

Other recent working papers

July 2012

No. 876: Banks' reactions to Basel-III
Paolo Angelini and Andrea Gerali

No. 875: Family background, self-confidence and economic outcomes
Antonio Filippin and Marco Paccagnella

No. 874: Evidence on the impact of R&D and ICT investment on innovation and productivity in Italian firms
Bronwyn H. Hall, Francesca Lotti and Jacques Mairesse

No. 873: Euro area and global oil shocks: an empirical model-based analysis
Lorenzo Forni, Andrea Gerali, Alessandro Notarpietro and Massimiliano Pisani

No. 872: Selecting predictors by using Bayesian model averaging in bridge models
Lorenzo Bencivelli, Massimiliano Marcellino and Gianluca Moretti

No. 871: Capital destruction, jobless recoveries, and the discipline device role of unemployment
Marianna Riggi

No. 870: To misreport or not to report? The measurement of household financial wealth
Andrea Neri and Maria Giovanna Ranalli

No. 869: Network effects of public transport infrastructure: evidence on Italian regions
Valter Di Giacinto, Giacinto Micucci and Pasqualino Montanaro

April 2012

No. 868: The economic costs of organized crime: evidence from southern Italy
Paolo Pinotti

No. 867: Disinflation effects in a medium-scale New Keynesian model: money supply rule versus interest rate rule
Guido Ascari and Tiziano Ropele

No. 866: Don't stand so close to me: the urban impact of immigration
Antonio Accetturo, Francesco Manaresi, Sauro Mocetti and Elisabetta Olivieri

No. 865: Corporate geography in multi-plant firms
Rita Cappariello, Stefano Federico and Roberta Zizza

No. 864: Measuring the underground economy with the currency demand approach:
a reinterpretation of the methodology, with an application to Italy
Guerino Ardizzi, Carmelo Petraglia, Massimiliano Piacenza and Gilberto Turati

No. 863: House price cycles in emerging economies
Alessio Ciarlone

No. 862: Does gender matter for public spending? Empirical evidence from Italian municipalities
Massimiliano Rigon and Giulia M. Tanzi

Latest occasional papers

No. 139: **Italian nonfinancial firms and derivatives** (October 2012)

Mariano Graziano

This paper studies the characteristics of Italian nonfinancial firms that use derivatives and the purpose of their use according to the most important literature in financial risk management. By using the Italian credit register and balance sheet data this study extends the analysis to small and medium firms for the first time. The paper finds that derivatives are used frequently among nonfinancial firms. Firms that use derivatives are the most exposed to financial risks and have different economic and financial characteristics with respect to those that do not. By examining some financial risk indicators the analysis finds a relation between high derivative exposure and financial distress. In the use of derivatives the bank-firm relationship is more concentrated than in the loan relationship.
Full text (pdf), in Italian only

No. 138: **The new balance of payments and international investment position statistics: methodology and results** (October 2012)

Rita Cappariello, Giuseppe Ortolani and Valeria Pellegrini

The book brings together the papers given at the Workshop on "The new balance of payments and International position statistics" in Rome on 24 January 2012. The essays present the new data collection and estimation methodology for external statistics, the results of the comparison between the old and the new data in the overlapping period and the evolution of the Italian balance of payments and international investment position since the mid-1990s, using the reconstructed series and the new statistics.
Full text (pdf), in Italian only

No. 137: **The recent trends in long-term bank funding** (October 2012)

Andrea Cardillo and Andrea Zaghini

We assess the long-term funding conditions for banks in the US, the euro area and the UK and, separately, for the group of global systemically important financial institutions (G-SIFIs), over the period 1997-2011. After the outbreak of the subprime crisis there was a considerable reshuffling of the relative weight of banks' funding sources, also due to non-conventional monetary policy interventions, government support measures and a significant increase in wholesale funding costs. By looking at 6,400 bank bonds we find that both implicit and explicit guarantees by the sovereign have a substantial role in shaping the wholesale cost of bond issuance with significant differences between AAA-rated and lower-rated countries. However, when a bank CDS exists the role of the government is significantly reduced with the market giving more weight to the soundness and creditworthiness of the issuing institution.
Full text (pdf)

No. 136: **Determinants of TARGET2 imbalances** (September 2012)

Martina Cecioni and Giuseppe Ferrero

The paper analyses developments in TARGET2 imbalances within the euro area since 2007, from

two perspectives: national central banks' balance sheets and countries' balance of payments (BoP). We examine the relationship between TARGET2 balances and the Eurosystem liquidity provision, analysing how the circulation of the latter has changed during the crisis. We then study BoP developments in Greece, Portugal, Italy and Spain, investigating which of the following explanations accounts for the growing TARGET2 imbalances: (i) current account deficit, (ii) decrease of net inflows of private capital from securities and interbank markets and (iii) run on deposits. The results of our analysis suggest that while the increase in TARGET2 liabilities is related to the current account deficit in Greece, there is no evidence of this in Italy, Spain and Portugal. In all countries the increase is mostly driven by private capital outflows in securities and interbank markets; deposit runs are apparent only in Greece. In Italy, the reduction of capital inflows consisted entirely in a decrease in the interbank market cross-border activity and in portfolio investments by non-residents.
Full text (pdf)

No. 135: **Banks' balance sheets and the macroeconomy in the Bank of Italy Quarterly Model** (September 2012)

Claudia Miani, Giulio Nicoletti, Alessandro Notarpietro and Massimiliano Pisani

We investigate the relationship between macroeconomic conditions and banks' balance sheets by referring to a modified version of the Bank of Italy Quarterly Model (BIQM), regularly used for forecasting and policy analysis. In particular, we examine how regulatory bank capital and private sector default probabilities affect interest rates on loans and, ultimately, economic activity. To this end, we build an enriched version of the model to include a number of banking variables. The changes introduced in the model result in an amplification of the responses of macroeconomic variables to monetary policy and world demand shocks, although, in normal times, the effect is not large.
Full text (pdf)

No. 134: **Italian household debt after the 2008 crisis** (September 2012)

Silvia Magri and Raffaella Pico

After the crisis, from 2008 to 2010 the share of indebted households decreased both owing to a reduction in loan demand and stricter supply conditions. The reduction regarded mortgages and involved low-income households and the self-employed. Recourse to consumer credit remained stable; it increased for low-income households. Household debt sustainability, measured by debt as a proportion of income and assets, did not worsen; debt service for mortgages as a ratio of income decreased for low-income households. The percentage of vulnerable households i.e. those with a high debt service to income, remained unchanged from 2008 to 2010, when the sharp reduction in income was offset by a marked fall in interest rates; simulations for 2011-12 show modest changes in this indicator. Over-indebted households i.e. those permanently unable to repay their debt, are estimated at 160,000 or 0.6 per cent of the total.
Full text (pdf), in Italian only

No. 133: **The impact of the sovereign debt crisis on the activity of Italian banks** (September 2012)

Ugo Albertazzi, Tiziano Ropele, Gabriele Sene and Federico Maria Signoretti

We assess the effects of the sovereign debt crisis on Italian banks' activity using aggregate data on funding and loan rates, lending quantities and income statements for the period 1991-2011. We augment standard reduced-form equations for the variables of interest with the spread on 10-year sovereign bonds as an additional explanatory variable. We find that, even when controlling for the standard economic variables that influence bank activity, a rise in the spread is followed by an increase in the cost of wholesale and of certain forms of retail funding for banks and in the cost of credit to firms and households; the impact tends to be larger during periods of financial turmoil. An increase in the spread also has a direct negative effect on lending growth, beyond that implied by the rise in lending rates. Finally, we document a negative impact of the spread on banks' profitability, which is greater for larger intermediaries.
Full text (pdf)

No. 132: **Inside the labyrinth of Basel risk-weighted assets: how not to get lost** (September 2012)

Francesco Cannata, Simone Casellina and Gregorio Guidi

Many studies have questioned the reliability of banks' calculations of risk-weighted assets (RWAs) for prudential purposes. The significant divergences found at international level are taken as indicating excessive subjectivity in the current rules governing banks' risk measurement and capital requirement calculations. This paper emphasises the need for appropriate metrics to compare banks' riskiness under a risk-sensitive framework (either Basel 2 or Basel 3). The ratio of RWA to total assets – which is widely used for peer analyses – is a valuable starting point, but when analysis becomes more detailed it needs to be supplemented by other indicators. Focusing on credit risk, we propose an analytical methodology to disentangle the major factors in RWA differences and, using data from Italian banks (given the inadequate degree of detail of Pillar 3 reports), we show that a large part of the interbank dispersion is explained by the business mix of individual institutions as well as the use of different prudential approaches (standardised and IRB). In conclusion we propose a simple data template that international banks could use to apply the framework suggested.
Full text (pdf)

No. 131: **In search of lost capital: an estimation of undeclared portfolio assets** (September 2012)

Valeria Pellegrini and Enrico Tosti

The analyses of the international investment position and balance of payments statistics suggest that foreign assets held abroad are greatly underestimated, in particular in the sector of portfolio investments. The aim of this paper is to test this hypothesis and to estimate the magnitude of under-reported assets. The approach is based on the comparison of mirror statistics on portfolio assets and liabilities, mainly using data from the Coordinated Portfolio Investment Survey (CPIS) conducted by the IMF, along with information drawn from several international databases. For the years from 2001 to 2010 the global discrepancy is estimated at 7.3% of world GDP on average. Different criteria have been adopted to attribute the share of the estimated under-reporting, particularly significant in the case of mutual funds issued by Luxembourg and the main off-shore centres, to the main euro-area countries. The results vary from 6 to 10 per cent of national GDPs. If these amounts were added to national data, statistical consistency in international statistics would improve.
Full text (pdf)

No. 130: **A primer on R&D cooperation among firms** (September 2012)

Marco Marinucci

This paper provides an introduction to the economic analysis of R&D cooperation among firms. Basing on some stylised facts, we survey the relevant theoretical literature in order to discuss the benefits and costs that firms face when they cooperate on R&D. We then analyse the pros and cons of R&D cooperation from a policy-making perspective. We find that R&D cooperation is usually considered welfare improving and can be promoted by several policies. Finally, we discuss paths of research not yet taken in the theoretical literature.
Full text (pdf)

No. 129: **The clean development mechanism and technology transfer to China** (September 2012)

Daniela Marconi and Francesca Sanna-Randaccio

In this study we analyse the role of the Clean Development Mechanism (CDM) established by the Kyoto Protocol in channelling foreign technology to China. The descriptive analysis investigates the sources and the determinants of foreign technology transfer based on the examination of 1,355 registered projects. As key features, we show the prominence of German firms as technology providers and the absence of a strong relationship between technology suppliers and credit buyers. We also discuss the role of leading Chinese and foreign consultants and of major credit buyers. The econometric analysis finds that project size and cost, project location, credit buyers' and consultants' characteristics, as well as technology diffusion are all relevant factors in determining the probability of having a foreign supplier of technology in the respective project.
Full text (pdf)

No. 128: **Recent estimates of sovereign risk premia for euro-area countries** (September 2012)

Antonio Di Cesare, Giuseppe Grande, Michele Manna and Marco Taboga

This paper examines the recent behaviour of sovereign interest rates in the euro area, focusing on the 10 year yield spreads with respect to Germany for Italy and other euro-area countries. Both previous analyses and the new evidence presented in the paper suggest that, in recent months, for several countries the spread has increased to levels that are well above those that could be justified on the basis of fiscal and macroeconomic fundamentals. Among the possible reasons for this gap, the analysis focuses on the perceived risk of a break up of the euro area.

Full text (pdf)

Other recent occasional papers

July 2012

No. 127: Financial fragility and growth prospects: credit rationing during the crisis
Giorgio Albareto and Paolo Finaldi Russo

No. 126: Cultural activities and economic development: a territorial survey
Enrico Beretta and Andrea Migliardi

No. 125: Crisis and Italian households: a microeconomic analysis of mortgage contracts
Roberto Felici, Elisabetta Manzoli and Raffaella Pico

April 2011

No. 124: Europe 2020 and national reforms: economic governance and structural reforms
Paolo Sestito and Roberto Torrini

No. 123: Competition and regulation in Italy
Magda Bianco, Silvia Giacomelli and Giacomo Rodano

No. 122: Human capital for growth: possible steps towards an upgrade of the Italian education system
Piero Cipollone, Pasqualino Montanaro and Paolo Sestito

No. 121: The innovation gap of Italy's production system: roots and possible solutions
Matteo Bugamelli, Luigi Cannari, Francesca Lotti and Silvia Magri

No. 120: Italian real estate investment funds: market structure and risk measurement
Michele Leonardo Bianchi and Agostino Chiabrera

Economic history working papers

No. 27: **Italian National Accounts Revisited (1951-1970)** (July 2012)

Guido M. Rey, Luisa Picozzi, Paolo Piselli and Sandro Clementi

The research presented here is part of a wider project of revision of historical national accounts in Italy between 1891 and 1970. The reconstruction for 1951-70 relies on a previous estimate of the inter-sectoral (input-output) matrix for 1951 and on a new estimate of the inter-sectoral matrix for 1970. For that year (the last "pillar" on which this reconstruction is based) the reconstruction of the level of national accounts aggregates is carried out, while keeping consistency with the figures estimated in the previous "pillar years", both in terms of classification of economic activities and with reference to the accounting scheme (ISTAT 65). Starting from values pinned down in the pillar years, value added for 15 branches and GDP uses are computed for each year under the constraint of two other inter-sectoral matrices in 1959 and 1965. Annual data between pillars are estimated with Denton's interpolation method, using as reference series the growth rates of original series from ISTAT.

Full text (pdf), in Italian only

Selection of recent journal articles and books by Bank of Italy staff

Authors' names in boldface: Bank of Italy

Full list since 1990

Forthcoming

Affinito M., "Do interbank customer relationships exist? And how did they function in the crisis? Learning from Italy", *Journal of Banking and Finance.* (WP No. 826)

Bartolucci F. and **V. Nigro**, "Pseudo conditional maximum likelihood estimation of the dynamic logit model binary panel data", *Journal of Econometrics.*

Blanchard O. J. and **M. Riggi**, "Why are the 2000s so different from the 1970s? A structural interpretation of changes in the macroeconomic effects of oil prices", *Journal of the European Economic Association.* (WP No. 835)

Cocozza E. and **P. Piselli**, "Testing for East-West contagion in the European banking sector during the financial crisis", in R. Matoušek; D. Stavárek (eds.), *Financial Integration in the European Union,* Taylor & Francis. (WP No. 790)

De Socio A., "Squeezing liquidity in a "lemons market" or asking liquidity "on tap", *Journal of Banking and Finance.* (WP No. 819)

Dias Daniel A. , M. Dossche, E. Gautier, I. Hernando, **R. Sabbatini**, H. Stahl and P. Vermeulen, "Price setting in the Euro Area: some stylised facts from individual producer price data", *Journal of Money, Credit and Banking.*

Druant M., **S. Fabiani**, G. Kezdi, A. Lamo, F. Martins and **R. Sabbatini**, "Firms' price and wage adjustment in Europe: survey evidence on nominal stickiness", *Labour Economics.*

Federico S., "Headquarter intensity and the choice between outsourcing versus integration at home or abroad", *Industrial and Corporate Change.* (WP No. 742)

Federico S., "Industry dynamics and competition from low-wage countries: Evidence on Italy", *Oxford Bulletin of Economics and Statistics.* (WP No. 877)

Finicelli, A., **P. Pagano** and **M. Sbracia**, "Ricardian selection", *Journal of International Economics*. (WP No. 728)

Giordano C., G. Piga and G. Trovato, "Fascist Wage and price policies, and the industrial great depression in Italy", *Macroeconomic Dynamics*.

Pinotti P., M. Bianchi and P. Buonanno, "Do immigrants cause crime?", *Journal of the European Economic Association*. (WP No. 698)

Rocco M., "Extreme value theory in finance: a survey", *Journal of Economic Surveys*. (OP No. 99)

Sbrana G. and **A. Silvestrini**, "Aggregation of exponential smoothing processes with an application to portfolio risk evaluation", *Journal of Banking and Finance*.

2013

Busetti F. and **J. Marcucci**, "Comparing forecast accuracy: a Monte Carlo investigation", *International Journal of Forecasting*, v. 29, 1, pp. 13-27. (WP No. 723)

2012

Albanese G. and S. Modica, "Government size, the role of commitments", *Oxford Bulletin of Economics and Statistics*, v. 74, 4, pp. 532-546.

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