BANCA D'ITALIA
EUROSISTEMA

New Research at the Bank of Italy

Number 16 – December 2009

Bank of Italy – Economics, Research and International Relations

Number 16
December 2009

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Seminars at the Bank of Italy

Seminars at EIEF

Highlights

On October 2-3 2009, the Bank of Italy hosted the "Fourth BI-CEPR Conference on Money, Banking and Finance". This year's topic was "Corporate Governance, Capital Structure and Firm Performance". The conference brought together academics and researchers from central banks and other research centres. Twelve papers were presented over 3 sessions. The opening address was delivered by Anna Maria Tarantola, Member of the Board of the Bank of Italy, who underlined the importance of investigating the role and the structure of corporate governance, particularly since the current crisis has highlighted the need for effective rules to discipline the risk-taking behaviour of managers and traders in financial institutions. (*see the article on page 2 of this newsletter*)

On November 11 2009 the Bank of Italy organized, at its headquarters in Rome, a seminar on Islamic finance, the component of the financial industry which complies with Islamic law (sharī'ah). The meeting was attended by representatives of central banks, supervisory authorities, standard setters, international organizations, financial institutions and academics active in the field.

The seminar aimed at understanding better the characteristics of the Islamic financial services industry and its implications for the financial system in Europe and in Italy and at stimulating a discussion among policymakers on the challenges posed by this industry, and the solutions that could be envisaged in light of the experience gained in the international arena. Islamic finance has witnessed a rapid expansion over the last decade, with annual growth rates of assets in the range of 10-15 per cent, and a wide dissemination across countries, beyond its traditional centres of gravity in the Middle East and South East Asia. In the last few years, the industry has also been developing in Europe. (*see the article on page 2 of this newsletter*)

On December 14-15 2009 the Bank of Italy will host the VIII Brucchi Luchino Labour Economics Workshop.

The workshop program is available at http://www.wtw.unimi.it/brucchi/. The keynote lecture will be delivered by professor Luigi Pistaferri (Stanford University). A limited number of places is available. Interest in attending should be expressed to Ms Alessandra Piccinini (alessandra.piccinini@bancaditalia.it).

The Bank of Italy and the Associazione Carlo Giannini jointly organize the 2nd International Conference in memory of prof. Carlo Giannini, passed away in September 2004. The Conference, entitled "Time series econometrics and macroeconomic forecasting in a policy environment", will take place the 19th-20th of January 2010 in the premises of the Bank of Italy in Rome. More details (including the conference programme) are available here.

(continued from page one) The first session, entitled "Control Mechanisms: Pyramids, Families, Dual Class Shares" (presentations by Giovanni Pica, Marco Pagano, and Yishay Yafeh), focused on the role of internal capital markets in entry decisions, on the impact of inheritance law on investment in family firms and on the effects of unifying dual class shares. On the subject of internal capital markets, the main finding was that the amount of cash holdings owned by incumbent-affiliated groups is negatively related to entry into a market. Furthermore, the impact on entry of group deep pockets is more important in markets where access to external funding is likely to be more difficult. Such findings suggest that internal capital markets operate within corporate groups and that they have a potential anti-competitive effect. Concerning family firms, a cross-country analysis indicates that stricter inheritance law is associated with lower investment in this type of firm, but does not affect investment in non-family firms. Finally, evidence from a sample of Israeli firms indicates that firms which unified their dual class shares did not experience major improvements in their performance and valuation suggesting that moving from dual class shares to one share-one vote yielded, at best, a minor improvement in corporate governance.

The second session, entitled "Real Impact of Banks' Difficulties" (presentations by Giovanni Dell'Ariccia, Mariassunta Giannetti, Jose Peydrò-Alcalde, and Hamid Mehran), looked into the behaviour of lenders and borrowers during the crisis. An initial finding is that the pace of credit growth by competitors led lenders to grant loans more liberally, resulting in a race to the bottom in credit quality. Moreover, less capitalized lenders appear to have behaved more aggressively in their lending decisions. The latter result offers evidence of the disciplining role of capital requirements and points to a potential role for regulatory responses to cyclical competitive pressures. Micro-level evidence from Japan indicates that government recapitalizations resulted in positive abnormal returns for the clients of recapitalized banks. After recapitalizations, banks extended larger loans to their clients and some firms increased investment but did not create any more jobs than comparable firms. Most importantly, recapitalizations allowed banks to extend larger loans to low and high quality firms alike, and low quality firms experienced higher abnormal returns than other firms. Evidence from loan-level data indicates that both adverse economic and tight monetary conditions reduce loan granting, especially to weak firms or from weak banks (i.e. banks with lower capital- and liquidity-to-total-assets ratios). Responding to the same borrower's loan applications, weak banks are less likely to grant a loan. Finally, results on executive compensation at privately-held firms were presented in the session. Using data from two nationally representative samples of privately held U.S. corporations it was found that: (i) the level of executive pay at privately held firms is higher at larger firms and varies widely by industry, consistent with stylized facts about executive pay at public companies; (ii) inflation-adjusted executive pay has fallen at privately-held companies, in contrast with the widely documented increase in executive pay at large public companies; (iii) the pay-size elasticity is much larger for privately-held firms than for the publicly traded firms on which previous research has focused almost exclusively; (iv) executive pay is higher in more complex organizations.

The last session, entitled "The Role of Managers in Corporate Governance" (presentations by Alexander Ljungqvist, Konrad Raff, and Francesco Lippi), investigated the disciplining role of boards, the effects of an active takeover market on Chief Executive Officers' (CEOs') incentives, and the role of different forms of control of the firm (family, government, etc.) on the selection of managers. As concerns the disciplining role of boards, exploiting exogenous variations due to the staggered adoption of corporate governance laws in formerly Communist countries, it was found that CEOs are fired when the company underperforms relative to the board's expectations, suggesting that boards use performance as their yardstick. CEOs are especially likely to be fired when there is mounting evidence of incompetence and when the board's power has increased following corporate governance reforms. By contrast, CEOs are not fired when performance deteriorates due to factors deemed explicitly to be beyond their control, nor are they fired for making 'honest mistakes.' Regarding the second topic of the session, the takeover market mitigates agency conflicts by creating acquisition opportunities for successful managers, allowing shareholders to reduce monetary incentives ex-ante. Shareholders optimally allow some ex-post loss-making acquisitions. In addition, a more active takeover market always discourages interference from the board. Finally corporations in which the private return on the employment relationship is high, tend to have a large proportion of senior managers and low productivity: the lack of managerial selection in family firms accounts for a decrease in average productivity of about 10 per cent.

(continued from page one) As highlighted by Governor Draghi in his opening address, the growth of Islamic finance in recent years could be seen as an aspect of the increasing role of a number of the emerging economies in the global financial system. This calls for enhanced international cooperation among policymakers and regulators, based on an adequate knowledge of the key features of different components of the financial system and their interactions.

In view of the importance of this issue for the Bank's institutional duties, the seminar focused on issues pertaining to monetary policy and banking supervision, building on a discussion of global trends in Islamic finance, addressed in the keynote speech delivered by Zeti Akhtar Aziz (Governor of Bank Negara Malaysia) who stressed the increased internationalization of Islamic finance and the need for more effective surveillance and cross border coordination to ensure financial stability across jurisdictions.

A detailed picture of the current state of Islamic finance from different perspectives was offered in the first session, chaired by the Deputy Director General Ignazio Visco. Shamshad Akhtar (Vice president MENA, World Bank) analysed the global landscape from an international financial institution's perspective and pointed out to the prominence of the Middle East and North Africa region in the business, chiefly Iran and the Gulf countries.

Rodney Wilson (University of Durham, UK) analyzed the current environment for Islamic banking in Europe, with a focus on the UK, where the first European developed marketplace for Islamic financial services is located. Limitations hampering both the retail and investment banking business in Europe were identified and some effects of the current crisis on the European retail, securities and asset management segments were highlighted. Different regulatory approaches were also mentioned, especially the FSA pro-active position and the Banque de France supportive attitude.

Finally, the prospects for Islamic finance in Italy were analyzed (Piccinelli, Second University of Naples). In this regard, despite the fact that no concrete experience of Islamic finance exists in Italy, a long-standing academic research tradition has been traced. In Italy, where the Muslim population is fairly poor and with a low propensity to save in financial assets, Islamic banking was also seen as a possible spur to the process of financial inclusion.

In the second session, chaired by Khalid Hamad (Executive Director, Central bank of Bahrain), the issues of monetary policy and liquidity management have been addressed.

Jobst (IMF) suggested that a fragmented market system coupled with surplus liquidity seem to have sheltered Islamic financial systems from the credit crisis, but they have not escaped unscathed.

Liquidity management remains a key challenge; the Islamic money market is still thin and under-developed, due to the shortage of shari'ah-compliant money market instruments because of the prohibitions on debt investment and derivatives. Different possible solutions were mentioned (Brodjonegoro, Islamic Research and Training Institute): the use of innovative more liquid and diverse asset classes, and, on the liabilities side, of more long-term funding sources to balance long-term exposures to real estate; lastly, the promotion of Islamic Government securities market and the use of such instruments in open-market operations.

As for the sukuk market, regional fragmentation persists and the secondary markets are still illiquid. Saidi (Chief Economist, Dubai International Financial Centre) emphasized the opportunity to develop securities markets in the Middle East and the Gulf to absorb and invest locally excess liquidity, thus contributing to reducing global imbalances worldwide.

Finally, the third session, chaired by the Deputy Director General Anna Maria Tarantola (presentations by Rifaat Ahmed Abdel Karim - Secretary General, Islamic Financial Services Board, Claudio Porzio – Parthenope University of Naples, Muhammed bin Ibrahim - Assistant Governor Central Bank of Malaysia, and Michel Cardona, Banque de France), focused on the crucial issue of the regulatory and supervisory framework.

Risks peculiar to Islamic banking were analyzed and different regulatory and supervisory perspectives were compared having in mind the three basic Islamic banking and finance models now in existence: 1) single Islamic financial system; 2) dual financial system (e.g. the Malaysian financial system); 3) conventional banks with Islamic windows and products.

Attention was paid to the role played and the challenges faced by the Islamic Financial Services Board in drafting and issuing standards and guidelines, in line with the international best practices, dealing with the regulatory, supervisory and liquidity framework, the crisis management as well as the accounting, auditing and disclosure issues.

As for the European context, Cardona emphasized that no specific rules for Islamic banking are envisioned, in keeping with the principle of level playing field. However, he pointed out that some issues need to be addressed to ensure both the smooth functioning of this segment of the financial system and a non discriminatory regulatory and supervisory approach. The co-operation between international Islamic institutions, domestic Islamic supervisory authorities and European supervisory authorities is a must to provide some answers.

A number of additional intriguing questions were also raised in the general discussion, in light with the spirit of a "seminarium", meant to sow the seed with a number of open issues, as highlighted by Giorgio Gomel, Head of International Economic Analysis and Relations Department in his conclusion. (Angela Di Maria)

Latest working papers

No. 724: **Nonlinear dynamics in welfare and the evolution of world inequality**

Davide Fiaschi and Marzia Romanelli

The paper proposes a measure of countries' welfare based on individuals' lifetime utility and applies it to a large sample of countries in the period 1960-2000. Even though welfare inequality across countries appeared stable, the distribution dynamics points out the emergence of three clusters. Such tendencies to polarization shall strengthen in the future. In terms of the world population distribution, welfare inequality decreased as the result of the decline in inequality of both per capita GDP and life expectancy, but this downward trend should be reverted hereafter. Finally, a polarization pattern emerged, which is expected to further intensify in the future. (full pdf text)

No. 725: **How are firms' wages and prices linked: survey evidence in Europe**

Martine Druant, Silvia Fabiani, Gabor Kezdi, Ana Lamo, Fernando Martins and Roberto Sabbatini

This paper presents new evidence on the patterns of price and wage adjustment in European firms and on the extent of nominal rigidities. It uses a unique dataset collected through a firm-level survey conducted in a broad range of countries and covering various sectors. Several conclusions are drawn from this evidence. Firms adjust wages less frequently than prices: the former tend to remain unchanged for about 15 months on average, the latter for around 10 months. The degree of price rigidity varies substantially across sectors and depends strongly on economic features, such as the intensity of competition, the exposure to foreign markets and the share of labour costs in total cost. Instead, country specificities, mostly related to the labour market's institutional setting, are more relevant in characterising the pattern of wage adjustment. The latter also exhibits a substantial degree of time-dependence, as firms tend to concentrate wage changes in a specific month, mostly January in the majority of countries. Wage and price changes feed into each other at the micro level and there is a relationship between wage and price rigidity. (full pdf text)

No. 726: **Low skilled immigration and the expansion of private schools**

Davide Dottori and I-Ling Shen

A political-economic model is provided to study the impact of low-skilled immigration on the receiving country's education system, in terms of sources of school funding, expenditure per pupil, and type of parents who are more likely to send children to privately funded schools. The education regime results from the interplay between households' choices on fertility and education and the public education provided. No exogenous culturally-based difference is assumed among agents. Low-skilled migrant workers differ from their local counterparts only in voting rights and adjustment costs. The impact of immigration on public school congestion, tax base, wages and skill premium are considered. When the number of low-skilled immigrants is large, the education regime tends to become more segregated, with wealthier locals more likely to opt out of the public system into private schools. The fertility differential between high- and low-skilled locals increases due to a quantity/quality trade-off. The theoretical predictions conform to stylized facts revealed in US census data and OECD PISA (2003). (full pdf text)

No. 727: **Sorting, reputation and entry in a market for experts**

Enrico Sette

This paper analyses the market for professional (expert) services where the experts are motivated by reputational concerns. A key feature of such markets, which is often overlooked, is that clients can have specific characteristics that affect their evaluation of the service, and (or) the likelihood the service can be provided successfully. These different characteristics can induce clients to choose between experts with different reputations. The paper shows that clients choices have an important impact on the incentives of experts to provide a high quality service. In particular, sorting of clients affects incentives through three channels: changes in the types of client who are indifferent between getting the service from experts of different reputation, changes in the information on good performance as a signal of an expert's talent, and changes in the average complexity of the service the expert provides which impacts on the marginal efficiency of effort. The paper also investigates under what conditions increased entry of experts increases their incentives to exert effort. The results of the model can be applied to examine the effects of entry into the markets for doctors, lawyers, professional consultancies. (full pdf text)

No. 728: **Ricardian selection**

Andrea Finicelli, Patrizio Pagano and Massimo Sbracia

We analyze the foundations of the relationship between trade and total factor productivity (TFP) in the Ricardian model. Under general assumptions about the autarky distributions of industry productivities, trade openness raises TFP. This is due to the selection effect of international competition - driven by comparative advantages - which makes "some" high- and "many" low-productivity industries exit the market. We derive a model-based measure of this effect that requires only production and trade data. In a sample of 41 countries, we find that Ricardian selection raised manufacturing TFP by 11% above the autarky level in 2005 (as against 6% in 1985), with a neat positive time trend and large cross-country differences. (full pdf text)

No. 729: **Trade-Revealed TFP**

Andrea Finicelli, Patrizio Pagano and Massimo Sbracia

We introduce a novel methodology to measure the relative TFP of the tradeable sector across countries, based on the relationship between trade and TFP in the model of Eaton and Kortum (2002). The logic of our approach is to measure TFP not from its "primitive" (the production function) but from its observed implications. In particular, we estimate TFPs as the productivities that best fit data on trade, production, and wages. Applying this methodology to a sample of 19 OECD countries, we estimate the TFP of each country's manufacturing sector from 1985 to 2002. Our measures are easy to compute and, with respect to the standard development-accounting approach, are no longer mere residuals. Nor do they yield common "anomalies", such as the higher TFP of Italy relative to the US. (full pdf text)

No. 730: **The riskiness of corporate bonds**

Marco Taboga

When the riskiness of an asset increases, then, arguably, some risk-averse agents that were previously willing to hold on to the asset are no longer willing to do so. Aumann and Serrano (2008) have recently proposed an index of riskiness that helps to make this intuition rigorous. We use their index to analyze the riskiness of corporate bonds and how this can change over time and across rating classes and how it compares to the riskiness of other financial instruments. We find statistically significant evidence that a number of financial and macroeconomic variables can predict time-variation in the riskiness of corporate bonds, including in ways one might not expect. For example, a higher yield-to-maturity lowers riskiness by reducing the frequency and the magnitude of negative holding-period returns. (full pdf text)

No. 731: **The interbank market after August 2007: what has changed, and why?**

Paolo Angelini, Andrea Nobili and Cristina Picillo

The outbreak of the financial crisis coincided with a sharp increase of worldwide interbank interest rates. We analyze the micro and macroeconomic determinants of this phenomenon, finding that before August 2007 interbank rates were insensitive to borrower characteristics, whereas afterwards they became reactive to borrowers' creditworthiness. At the same time, conditions for large borrowers became relatively more favorable, both before and after the failure of Lehman Brothers. This suggests that banks have become more discerning in their lending, a welcome change, but that moral hazard considerations related to the "too big to fail" argument should remain a main concern for central banks. (full pdf text)

No. 732: **Tax morale and public spending inefficiency**

Guglielmo Barone and Sauro Mocetti

Tax evasion is a widespread phenomenon and encouraging tax compliance is an important and much debated policy issue. Many studies have shown that tax cheating has to be attributed to a considerable extent to the tax morale of taxpayers. The aim of the present paper is to shed light on the relationship between the taxpayer and the public sector. Specifically, we investigate whether public spending inefficiency shapes individual tax morale. Combining data from Italian municipalities' balance sheets with individual data from a properly designed survey on tax morale, we find that the attitude towards paying taxes is better when resources are spent more efficiently. This does not appear to be due to some confounding factors at the municipality level or to spatial sorting of citizens. It is also robust to alternative measures of both inefficiency and tax morale. (full pdf text)

No. 733: **Dynamic macroeconomic effects of public capital: evidence from regional Italian data**

Valter Di Giacinto, Giacinto Micucci and Pasqualino Montanaro

This paper assesses the effects of public capital in Italy on the main macroeconomic aggregates: GDP, private capital and labour. A cointegrated vector autoregressive (VAR) model, in line with recent advancements in the field, allows us to take into account the complex nexus of direct and indirect links between the variables. We find a persistent increase in GDP in response to a positive shock to public capital; this result is mainly attributable to a strong stimulus exerted by public infrastructures on private capital (crowding in). The positive effects of public capital are quite pervasive across Italy, albeit to differing extents. In particular, a higher elasticity of GDP to public capital is estimated for the South, whereas marginal productivity turns out to be higher in the Centre-North. This suggests that public capital has a lower economic return in the South, bearing out the existence of a potential conflict between equity and efficiency goals. Finally, we indirectly document the existence of positive spillover effects at the regional level, allowing individual regions to benefit from the endowment of public capital in the rest of the country. (full pdf text)

No. 734: **Networks with decreasing returns to linking**

Filippo Vergara Caffarelli

This paper presents a model of non-cooperative network formation in which the marginal benefit of new links eventually decreases. Agents link with each other to gain information and update their links according to better-reply dynamics. In the long run the system settles to a unique network architecture that consists of a constellation of starred wheels. This is reminiscent of some real-world features. Collections of smaller disjoint networks connecting only a few agents are more common than global networks connecting all the agents in a community. Differences within a connected component such as the centre and the periphery are established. (full pdf text)

No. 735: **Mutual guarantee institutions and small business finance**

Francesco Columba, Leonardo Gambacorta and Paolo Emilio Mistrulli

A large body of literature has shown that small firms experience difficulties in accessing the credit market due to informational asymmetries. Banks can overcome these asymmetries through relationship lending, or at least mitigate their effects by asking for collateral. Small firms, especially if they are young, have little collateral and short credit histories, and thus may find it difficult to raise funds from banks. In this paper, we show that even in this case, small firms may improve their borrowing capacity by joining Mutual Guarantee Institutions (MGI). Our empirical analysis shows that small firms affiliated to MGIs pay less for credit compared with similar firms. We obtain this result for interest rates charged on loan contracts which are not backed by mutual guarantees. We then argue that our findings are consistent with the view that MGIs are better at screening and monitoring opaque borrowers than banks are. Thus, banks benefit from the willingness of MGIs to post collateral since this implies that firms are better screened and monitored. (full pdf text)

Forthcoming working papers

Affinito M. and E. Tagliaferri
Why do (or did?) banks securitize their loans? Evidence from Italy

Ascari G. and T. Ropele
Disinflation in a DSGE perspective: sacrifice ratio or welfare gain ratio?

Bugamelli M., S. Fabiani and E. Sette
The pro-competitive effect of imports from China: an analysis on firm-level price data

Buono I. and G. Lalanne
The effect of the Uruguay round on the intensive and extensive margins of trade

Cappelletti G.
A note on rationalizability and beliefs restrictions

Cecioni M.
External trade and monetary policy in a currency area

Faiella I.
The use of survey weights in regression analysis

Forni L., A. Gerali and M. Pisani
The macroeconomics of fiscal consolidations in a monetary union: the case of Italy

Gerali A., S. Neri, L. Sessa and F. M. Signoretti
Credit and banking in a DSGE model of the euro area

Pinotti P.
Financial development and the demand for Pay-As-You-Go social security

Sette E.
Competition and opportunistic advice of financial analysts: theory and evidence

Sørensen C. K., D. Marqués Ibáñez and C. Rossi
Modelling loans to non-financial corporations in the euro area

Recently published working papers

No.714: Luigi Infante and Paola Rossi,
The retail activity of foreign banks in Italy: effects on credit supply to households and firms (June 2009)

No.715: Ines Buono
Firm heterogeneity and comparative advantage: the response of French firms to the entry of Turkey in the European Customs Union (June 2009)

No.716: Matteo Bugamelli, Fabiano Schivardi and Roberta Zizza,
The euro and firm restructuring (June 2009)

No.717: Francesco Decarolis,
When the highest bidder loses the auction: theory and evidence from public procurement (June 2009)

No.718: Bronwyn H. Hall, Francesca Lotti and Jacques Mairesse,
Innovation and productivity in SMEs. Empirical evidence for Italy (June 2009)

No.719: Silvia Magri,
Household wealth and entrepreneurship: is there a link? (June 2009)

No.720: Giuseppe Ferrero and Alessandro Secchi,
The announcement of monetary policy intentions (September 2009)

No.721: Paolo Pinotti,
Trust and regulation: addressing a cultural bias (September 2009)

No.722: Elisabetta Fiorentino, Alessio De Vincenzo, Frank Heid, Alexander Karmann and Michael Koetter,
The effects of privatization and consolidation on bank productivity: comparative evidence from Italy and Germany (September 2009)

No.723: Fabio Busetti, Juri Marcucci and Giovanni Veronese,
Comparing forecast accuracy: a Monte Carlo investigation (September 2009)

Latest occasional papers

No. 56: **Infrastructure and project financing in Italy: the (possible) role of the regulation**

Cristina Giorgiantonio and Valentina Giovanniello

There has been a significant increase in project financing in the public sector in Europe in the past decade, benefiting the implementation of infrastructure projects. In Italy, project financing is still much more limited than in such countries as Spain and the UK: the projects funded are smaller and the sectors involved are less appropriate. Based on the economic literature, European initiatives and international comparisons, the paper examines the aspects of the regulations that could encourage the appropriate use of project financing and considers the problems with the Italian regulations, proposing some corrective measures. The main limitations involve: i) uncertainties over the allocation of administrative and regulatory risks; ii) poor procedures for selecting the private contractors; iii) relative lack of attention to the contract terms; and iv) inadequate safeguards to ensure the bankability of the projects. (full pdf text - only in Italian)

No. 57: **Dynamic provisioning: rationale, functioning and prudential treatment**

Marco Burroni, Mario Quagliariello, Emiliano Sabatini and Vincenzo Tola

Current policy debate has renewed interest in countercyclical provisioning policies; dynamic provisions are regarded as a valuable device for pursuing this goal. Last July, Ecofin supported "the introduction of forward-looking provisioning, which consists in constituting provisions deducted from profits in good times for expected losses on loan portfolios, and which would contribute to limiting procyclicality". This paper describes: i) how dynamic provisions work in a general framework based on expected losses; ii) how they work according to the Spanish system, which is the only real example of countercyclical provisioning; iii) the differences and similarities between the expected loss model and the Spanish approach. Building on proposals currently under discussion in the international community, it also suggests a possible way forward for introducing a system of dynamic provisions that, while meeting the prudential goal of having more conservative provisioning policies, would not clash with accounting standards.(full pdf text)

Forthcoming occasional papers

Caprara D., A. Carmignani and A. D'Ignazio
Public incentives for firms: micro-level evidence

Casadio P.
Firm level wage bargaining and territorial wage differentials: evidence from the Bank of Italy survey on firms

Fiaschi D. and M. Romanelli,
The evolution of wages in Italy between 1986 and 2004: evidence from the Working Histories Italian Panel

Giordano R.
The public sector pay gap in Italy

Marconi D.
Environmental regulation and revealed comparative advantages in Europe: is China a pollution haven?

Torrini R.
The long-run evolution of factor shares in Italy

Recently published occasional papers

No.46: Antonio Bassanetti, Martina Cecioni, Andrea Nobili and Giordano Zevi,
The main recessions in Italy: a retrospective comparison (July 2009)

No.47: Fabio Panetta, Thomas Faeh, Giuseppe Grande, Corinne Ho, Michael King, Aviram Levy, Federico M. Signoretti, Marco Taboga and Andrea Zaghini,
An assessment of financial sector rescue programmes (July 2009)

No.48: Carlo Maria Arpaia, Raffaele Doronzo and Pasquale Ferro,
Computerization, accounting transparency and competitiveness of public administration: a regional analysis (July 2009)

No.49: Luigi Cannari and Giovanni Iuzzolino,
Consumer price levels in Northern and Southern Italy (July 2009)

No.50: Luigi Cannari, Marco Magnani and Guido Pellegrini,
What policies do we need for Southern Italy? The role of national and regional policies in the last decade (July 2009)

No.51: Juan Carlos Martinez Oliva,
German reunification and convergence policies (July 2009)

No.52: Emilia Bonaccorsi di Patti,
Weak institutions and credit availability: the impact of crime on bank loans (July 2009)

No.53: Federico Cingano and Piero Cipollone,
The private and social return to schooling in Italy (September 2009)

No.54: Andrea Colabella, Enrica Di Stefano and Claudia Maurini,
The reform of IMF quotas: the way towards the 2008 resolution (September 2009)

No.55: Luisa Carpinelli,
Real effects of banking crises: a survey of the literature (September 2009)

Workshops and conferences

This series collects the proceedings of workshops and conferences organized by Banca d'Italia.

No. 1: Financial market regulation in the wake of financial crises: the historical experience
Edited by *Alfredo Gigliobianco and Gianni Toniolo*

The focus of the present volume - which originates from a workshop held at the Bank of Italy on 16 and 17 April 2009 - is the regulatory response given by different countries to financial crises in the past. Alongside the scholarly interest of such a review, its aim is also to offer some insights that may be useful in redesigning regulation in the present time of distress. The studies assembled in this volume can be viewed as part of a historical survey on the issue. The basic question is whether regulatory responses form a pattern, and more specifically, whether they tend to be biased with respect to an optimum, however defined. In particular, the volume includes evaluations of long-term national experiences (USA, Italy, Finland, Belgium, Spain), an analysis of specific crisis and regulatory episodes (Norway, Russia, Germany), as well as more general theoretical contributions on regulatory design, aims and effects. Finally, rather than finding one pattern of response, we were able to identify the "disturbances" which most often enter the post-crisis decision-making process. The awareness of such factors, and some knowledge of their functioning, are instrumental (for academics) in understanding and (for policy makers) in governing the response to major financial crises. (full pdf text)

No. 2: The Mezzogiorno and regional policies
Edited by *Luigi Cannari*

The book brings together a series of research papers presented at the conference on "The Mezzogiorno and regional policies", held in Perugia on 26-27 February 2009. The analyses refer to various aspects of the regional economies: wages, bargaining and prices; environmental diseconomies; public capital and competitiveness; disparities in European regions and other countries' experiences; households' financial choices and the difficulties firms face in the South of Italy; and regional policies and federalism. (full pdf text - only in Italian)

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

(full list since 1990)

Forthcoming

Altunbas Y., **L. Gambacorta** and D. Marqués, *Securitisation and the bank lending channel*, European Economic Review (WP No. 653)

D'Amuri F., G. I. P. Ottaviano and G. Peri, *The labor market impact of immigration in Western Germany in the 1990's,* European Economic Review (WP No. 687)

Iacoviello M. and **S. Neri**, *Housing market spillovers: evidence from an estimated DSGE model,* American Economic Journal: Macroeconomics (WP No. 659)

2009

Affinito M. and **F. Farabullini**, *Does the law of one price hold in euro-area retail banking?,* International Journal of Central Banking, v. 5, 1, pp. 5-37

Behrens K., **A. Lamorgese**, G. I. P. Ottaviano and T. Tabuchi, *Beyond the home market effect: market size and specialization in a multi-country world,* Journal of International Economics, v. 79, 2, pp. 259-265 (WP No. 628)

Forni L., L. Monteforte and **L. Sessa**, *The general equilibrium effects of fiscal policy: estimates for the euro area,* Journal of Public Economics, v. 93, 3-4, pp. 559-585 (WP No. 652)

Gola C. and A. Roselli, *The UK Banking System and its Regulatory and Supervisory Framework*, Palgrave Macmillan

Lippi F. and **A. Secchi**, *Technological change and the households' demand for currency ,* Journal of Monetary Economics 56, 2, 222-230, (WP No. 697)

Pagano P. and **M. Pisani**, *Risk-adjusted forecasts of oil prices,* The B.E. Journal of Macroeconomics, v. 9, 1, Article 24 (WP No. 585)

Panetta F., F. Schivardi and M. Shum, *Do mergers improve information? Evidence from the loan market,* Journal of Money, Credit, and Banking, v. 41, 4, pp. 673-709 (WP No. 521)

Quagliariello M. (ed.), *Stress-testing the Banking system,* Cambridge University Press

2008

Angelini P., P. Del Giovane, S. Siviero and **D. Terlizzese**, *Monetary policy in a monetary union: What role for regional information?,* International Journal of Central Banking, 4, 3, 1-28 (WP No. 457)

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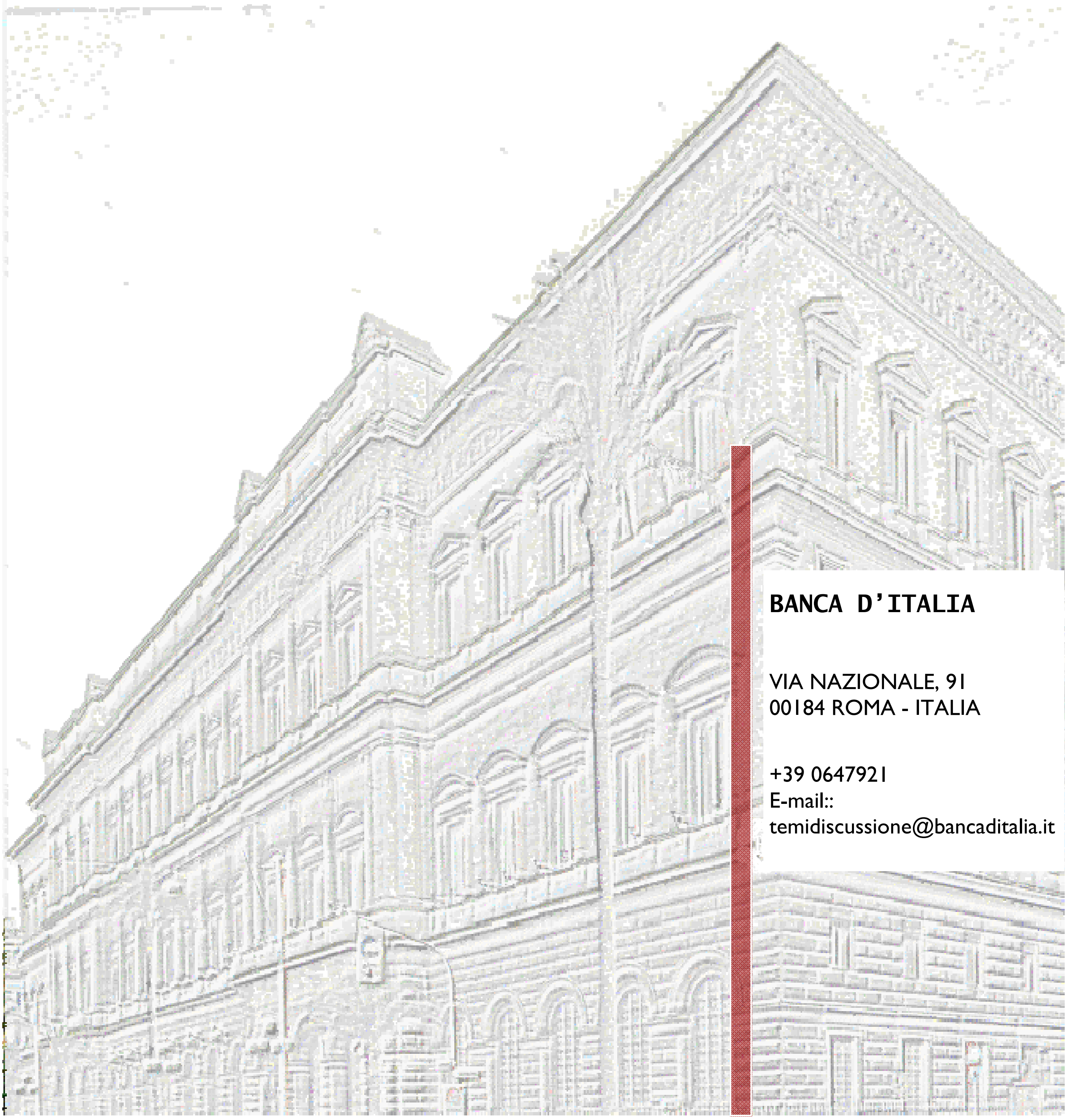

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