



New Research at the Bank of Italy

Number 21 – February 2011

Bank of Italy –
Economics, Research
and International
Relations

Number 21
February 2011

- Contents -

Highlights	1
Latest working papers	2
Forthcoming working papers	4
Recently published working papers	5
Latest occasional papers	5
Recently published occasional papers	8
Economic history working papers	8
Selection of journal articles	9
Useful links	11

*Seminars at the
Bank of Italy*

Seminars at EIEF

Highlights

A workshop on the Chinese economy was held on 25-27 November 2010, jointly organized by the Bank of Italy, the Fondazione Masi, the Department of Economics of Ca' Foscari University (Venice) and Venice International University .

In recent years China's growing importance in the world economy has encouraged research by several Italian and foreign economists working in institutions and universities. A number of these economists met for two and half days of seminars on the subject of the recent evolution of the Chinese economy and current and future economic links between China and Italy.

The conference programme and presentations are available [here](#).

On 13 December 2010, the Bank of Italy organized, together with the IGIER and Dondena Research Centers, a “Public Policy, Social Dynamics and Population” workshop, hosted by Bocconi University.

The workshop brought together thirteen academics and researchers from the three institutions. Presentations discussed issues such as fertility, social mobility, social capital and crime. Further details can be found [here](#).

On 16-17 December 2010, the University of Padova hosted the ninth “Brucchi Luchino” labour economics workshop.

The event was jointly organized by the Bank of Italy and leading scholars in the field. It featured eleven presentations and two poster sessions addressing topics such as fertility, working conditions and industrial relations. Oriana Bandiera (LSE), the keynote speaker, presented the results of a project aiming to re-estimate US immigrant inflows and outflows during the 20th century using Ellis Island passenger data. Further details can be found [here](#).

Latest working papers

No. 780: Under/over-valuation of the stock market and cyclically adjusted earnings

Marco Taboga

The ratio between current earnings per share and share price (the EP ratio) is widely considered to be an effective gauge of under/over-valuation of a corporation's stock. Arguably, a more reliable indicator (the cyclically-adjusted EP ratio) can be obtained by replacing current earnings with a measure of 'permanent earnings', i.e. the profits that the corporation is able to earn, on average, over the medium to long run. I propose a state-space model to filter business-cycle oscillations out of current earnings and compute the cyclically-adjusted EP ratio. I estimate the model with euro-area aggregate stock market data. I find periods, notably around the 2008 financial crisis, when the adjusted and the unadjusted EP ratios provide economically and statistically different indications. I propose a method to make the adjusted EP ratio easier to interpret by translating its values into estimates of the probability that the stock market is under/over-valued. These estimates clearly indicate periods of mis-valuation in my sample. Furthermore, some simulations suggest that the model would have been able to provide early warning signs of mis-valuation in real time.

[\(full pdf text\)](#)

No. 781: Changing institutions in the European market: the impact on mark-ups and rents allocation

Antonio Bassanetti, Roberto Torrini and Francesco Zollino

We investigate whether the completion of the Single Market Programme has enhanced competition on the product markets across European countries, taking into account the companion structural reforms undertaken by the member countries, particularly in the labour market and the institutional setting of important industries (i.e. network industries). We test for a break in both mark-ups and the division of rent between capital and labour based on a statistical model incorporating efficient bargaining in the labour market. Using industry data for ten EU

countries we find that, without controlling for changes in the rent sharing, mark-up estimates tend to increase in the 1990s. However, once we assume efficient bargaining in the labour market, mark-ups remain virtually unchanged or, in some sectors or groups of countries, even decrease; this reflects the declining shares of rents accruing to workers as a result of their diminished bargaining power. The evidence is particularly strong for high and medium-tech manufacturing, for construction and for those activities that went through deep institutional changes and privatization programmes. [\(full pdf text\)](#)

No. 782: Central banks' macroeconomic projections and learning

Giuseppe Ferrero and Alessandro Secchi

We study the impact of the publication of central banks' macroeconomic projections on the dynamic properties of an economy where (i) private agents have incomplete information and form their expectations using recursive learning algorithms; (ii) the short-term nominal interest rate is set as a linear function of the deviations of inflation and real output from their target level; and (iii) the central bank, ignoring the exact mechanism used by private agents to form expectations, assumes that it can be reasonably approximated by perfect rationality and releases macroeconomic projections consistent with this assumption. The set of macroeconomic projections released by the central bank crucially affects the results in terms of stability of the equilibrium and speed of convergence of the learning process. In particular, while the publication of inflation and output gap projections enlarges the set of interest rate rules associated with stable equilibria and helps agents to learn faster, the announcement of the interest rate path exerts the opposite effect. In the latter case, in order to stabilize expectations and to speed up the learning process the response of the policy instrument to inflation should be stronger than when there is no announcement. [\(full pdf text\)](#)

No. 783: (Non)persistent effects of fertility on female labour supply

Concetta Rondinelli and Roberta Zizza

The negative association between fertility and female

labour market participation is complicated by the endogeneity of fertility. We address this problem by using an exogenous variation in family size caused by infertility shocks, mainly related to the fact that nature prevents some women from achieving their desired fertility levels. Despite a widely documented reduction of female labour supply around childbirth, using the Bank of Italy's SHIW we find that this effect dissipates over time, with some clues of penalties related to job quality. Results are confirmed exploiting the Istat Birth Survey, with insights of a different impact according to the age of the child. ([full pdf text](#))

No. 784: Stars and comets: an exploration of the patent universe

Carlo Menon

The analysis of patent and citation data has become a popular source of evidence on localized knowledge spillovers and innovation. Nevertheless, one aspect has been overlooked: the patent distribution across inventors is extremely skewed, as many inventors -- the comets -- register one or few patents, while a small number of inventors -- the stars -- register many patents. This raises a number of questions relating to the geography of innovation: do different categories of inventors interact with the local economic environment in the same way? Are they equally distributed over space or do they tend to concentrate? Is spatial proximity beneficial for their activity? Using a rich database on US inventors, we provide evidence suggesting that the two categories of patents are associated with different kinds of cities. We then test whether the activity of stars is beneficial for local comets, finding that a 10% increase in the number of patents authored by star inventors leads to a 3% increase in the number of patents developed by comet inventors. ([full pdf text](#))

No. 785: Sectoral money demand and the great disinflation in the US

Alessandro Calza and Andrea Zaghini

Estimates of the welfare costs of inflation based on Bailey's (1956) methodology are typically computed on the basis of aggregate money demand models. Yet, the behavior of money demand is likely to vary across sectors. As a result, the impact on welfare of changes in the inflation regime may differ between

households and firms. We specifically investigate the sectoral welfare implications of the shift from the Great Inflation to the present regime of low and stable inflation. In order to do so, we estimate different functional specifications of sectoral money demand models for US households and non-financial firms using flow of funds data covering four decades. We find that the benefits were significant for both households and firms. ([full pdf text](#))

No. 786: Public sector efficiency and political culture

Raffaella Giordano and Pietro Tommasino

The capability of a country's public sector to provide high-quality goods and services in a cost-effective way is crucial to fostering long-term growth. In this paper we study the determinants of public service efficiency (PSE) and in particular the role of citizens' political values. Indeed, we argue that citizens' willingness to invest time and effort monitoring public affairs is necessary if policy-makers are to be held accountable for what they do and deterred from wasting public resources. Contrary to other papers, our empirical analysis exploits within-country variation, therefore reducing the risk of omitted variable bias and implicitly controlling for differences in formal institutions. First, we compute PSE measures for several public services (namely education, civil justice, healthcare, childcare and waste disposal) for the 103 Italian provinces; then we show that a higher degree of political engagement increases PSE. This remains true even after controlling for the possible endogeneity of political culture. In our analysis, values specifically related to the political sphere are kept distinct from generically pro-social values. Our results suggest that the latter have no independent impact on PSE. ([full pdf text](#))

€coin

*the real time indicator
of the
Euro Area economy*



No. 787: Monetary incentives vs. monitoring in addressing absenteeism: experimental evidence

Francesco D'Amuri

Exploiting two unexpected variations in sickness absence policy for civil servants in Italy, this paper assesses the relative importance of monitoring and monetary incentives in determining a basic measure of effort: presence at work. When stricter monitoring was introduced together with an average 20% cut in replacement rates for civil servants on short sick leave, sickness absence decreased by 26.4%, eliminating the wedge in absence rates with comparable private sector workers. The impact substantially decreased when a subsequent policy change brought back monitoring to the pre-reform level, while leaving monetary incentives untouched. Results are confirmed by a variety of robustness checks and are not driven by the presence of attenuation bias. No shift is detected in other types of absence as a consequence of the reforms. Given that sickness absence rates are higher in the public than in the private sector in the US and Western Europe as well, these results provide useful insights on how to draw a successful strategy for addressing absenteeism. ([full pdf text](#))

No. 788 FaMIDAS: a mixed frequency factor model with MIDAS structure

Cecilia Frale and Libero Monteforte

In this paper a dynamic factor model with mixed frequency is proposed (FaMIDAS), where the past observations of high frequency indicators are used following the MIDAS approach. This structure is able to represent with richer dynamics the information content of the economic indicators and produces smoothed factors and forecasts. In addition, the Kalman filter is applied, which is particularly suited for real time forecast as it solve the problem of the unbalanced data set and of the revisions in preliminary data. In the empirical application we specify and estimate a FaMIDAS to forecast Italian quarterly GDP. The short-term forecasting performance is evaluated against other mixed frequency models in a pseudo-real time

experiment, also allowing for pooled forecast from factor models. ([full pdf text](#))

No. 789 Policies for local development: an evaluation of Italy's "Patti Territoriali"

Antonio Accetturo and Guido de Blasio

In Italy, Patti Territoriali (Territorial Pacts) are one of the main government-sponsored programmes to foster growth in disadvantaged areas. A territorial pact is an agreement among the local authorities and representatives of civil society (mainly entrepreneurs and trade unions) of a number of neighbouring municipalities that is subsequently endorsed by the central government. It consists in a fully-fledged development plan, including a series of private and public investments for which public funding is provided. This paper evaluates the effectiveness of territorial pacts by comparing the economic performance, in terms of employment and number of plants, of participating municipalities with a sample of municipalities not involved in the policy. The results suggest that the programme has been largely ineffective in stimulating growth. ([full pdf text](#))

Forthcoming working papers

Cecioni M. and S. Neri

The monetary transmission mechanism in the euro area: has it changed and why?

D'Amuri F. and J. Marcucci

"Google it!" Forecasting the US unemployment rate with a Google job search index

Neri S. and T. Ropele

Imperfect information, real time data and monetary policy in the euro area

Sessa L.

On the (in) stability of money growth rules

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.771: Antonio Bassanetti, Michele Caivano and Alberto Locarno,
Modelling Italian potential output and the output gap (September 2010)
- No.772: Stefania De Mitri, Giorgio Gobbi and Enrico Sette,
Relationship lending in a financial turmoil (September 2010)
- No.773: Martina Cecioni,
Firm entry, competitive pressures and the US inflation dynamics (September 2010)
- No.774: Roberto Violi,
Credit ratings in structured finance and the role of systemic risk (September 2010)
- No.775: Sabrina Di Addario and Daniela Vuri,
Entrepreneurship and market size. The case of young college graduates in Italy (September 2010)
- No.776: Alberto Feletigh and Stefano Federico,
Measuring the price elasticity of import demand in the destination markets of Italian exports (October 2010)
- No.777: Andrea Neri and Roberta Zizza,
Income reporting behaviour in sample surveys (October 2010)
- No.778: Silvia Magri and Raffaella Pico,
The rise of risk-based pricing of mortgage interest rate in Italy (October 2010)
- No.779: Roberta Fiori and Simonetta Iannotti,
On the interaction between market and credit risk: a factor-augmented vector autoregressive (FAVAR) approach (October 2010)

Latest occasional papers

No. 76: Lessons learned from the financial crisis for financial stability and banking supervision

Alessio De Vincenzo, Maria Alessandra Freni, Andrea Generale, Sergio Nicoletti Altamari, Mario Quagliariello

The financial crisis that began in 2007 has revealed a need for a new supervisory and regulatory approach aimed at strengthening the system and containing the

risk of future financial and economic disruptions. Three ingredients are needed to ensure financial stability: robust analysis, better regulation, and international cooperation. First, financial stability analysis must be improved to take full account of the different sources of systemic risk. Data coverage of the balance sheets of both non-bank financial institutions and the non-financial sectors should be increased. Moreover, to address the problems raised by the interconnections among financial institutions more granular and timely information on their exposures is needed. There must be further integration of macro- and micro-information and an upgrading of financial stability models. The second ingredient is the design of robust regulatory measures. Under the auspices of the G20 and the Financial Stability Board, the Basel Committee on Banking Supervision recently put forward substantial proposals on capital and liquidity. They will result in more robust capital base, lower leverage, less cyclical capital rules and better control of liquidity risk. Finally, the third ingredient is strong international cooperation. Ensuring more effective exchanges of information among supervisors in different jurisdictions and successful common actions is key in preserving financial integration, while avoiding negative cross-border spill-overs. Better resolution regimes are part of the efforts to ensure that the crisis of one institution does not impair the ability of the financial markets to provide essential services to the economy.
([full pdf text](#))

No. 77: Retirement savings in the Survey on Household Income and Wealth

Giuseppe Cappelletti and Giovanni Guazzarotti

This paper examines the retirement decisions of Italian households using data from the Survey on Household Income and Wealth (SHIW) for 2008. The analysis focuses on the adequacy of pension wealth, knowledge of supplementary retirement rules, the determinants of enrolment decisions and workers' propensity to convert their wealth into an annuity at retirement. The results indicate that pension wealth is inadequate for a substantial part of the Italian population. Moreover, workers have a poor understanding of the rules of supplementary retirement schemes and little awareness of their pension situation. These results confirm that an improvement in financial education is essential in order to promote retirement saving. The analysis shows, however, that such interventions could be

ineffective in the case of workers in lower income classes with little opportunity to increase their savings.

[\(full pdf text - only in Italian\)](#)

No. 78: Regulatory impact assessment at the Bank of Italy

Francesco Cannata, Massimo Libertucci, Francesco Piersante and Mario Quagliariello

The far-reaching regulatory activity in which the financial sector has been involved in recent years has been attracting increased attention to the expected costs and benefits of such regulation; measures undertaken in response to the financial crisis have made these issues even more topical. Regulatory impact assessment (RIA) has become a widespread practice for the international institutions and for the regulators in the main developed countries. RIA has recently been adopted at the Bank of Italy, proving to be a useful tool not only to refine the rules being adopted, but also to strengthen the interaction with the public during the consultation phase. The publication of the RIA Guidelines provides a tool for codifying the process of the analysis; with the help of some exemplifications drawn from RIAs conducted so far, this document provides a key for the interpretation of the analyses and helps to clarify the underlying logical steps.

[\(full pdf text - only in Italian\)](#)

No. 79: A tale of two bazaar economies: an input-output analysis for Germany and Italy

Emanuele Breda and Rita Cappariello

This paper evaluates the extent of internationalisation of production between 1995 and 2006 for Italy and Germany. The analysis is based on a large set of indicators of international outsourcing including a new one, the direct and indirect import content of production, which also takes into account the import content of domestic inputs. In 2006 the intensity of international off-shoring was quite similar in the two countries, although slightly higher for Italian firms when only manufacturing was considered. From a dynamic point of view, between 1995 and 2000 the growth in off-shoring was substantial in both economies but stronger in Germany, which at least in manufacturing had started from a lower level. During the first years of the past decade the off-shoring intensity of the two economies stagnated, but in the last period under study (2004-06) their growth

resumed at a fast pace, especially in Italy. This seems to suggest a change in strategies and a reorganisation of production in Italian firms. The new challenges posed by globalisation, by the diffusion of information and communication technologies, and by the adoption of the euro have induced the most dynamic Italian firms to rethink their organisation, including their degree of vertical specialisation.

[\(full pdf text\)](#)

No. 80: The tax burden on the banking sector: some methodological issues and assessments

Giacomo Ricotti, Vittorio Pinelli, Giovanni Santini, Laura Santuz, Ernesto Zangari and Stefania Zotteri

The paper considers several approaches to the measurement of firms' tax burden in order to identify significant indicators for the banking sector. It also analyses features of tax provisions which are peculiar to the Italian system. On these bases, it looks at measures affecting the tax burden on the Italian banking system over the period 2000-09. Inter alia, the analysis shows the role played by the rules for a firm's tax base and for tax relief and considers the increasing importance of deferred tax assets. The comparison between the Italian banking sector and those of other countries, in relation to commercial banks, shows that over the period 1998-2008 all jurisdictions experienced a reduction in both effective and statutory tax rates. Even if the tax burden on Italian banks has seen one of the largest reductions, this tax indicator is still the highest among the countries considered.

[\(full pdf text - only in Italian\)](#)

No. 81: A short history of tax compliance in Italy

Stefano Manestra

This study retraces the history of tax compliance in Italy from unification to today. We review the attempts at evaluating the gap between actual and potential tax revenue, from nineteenth-century descriptive statistics up until the formal estimates of recent decades, which distinguish lawful tax erosion from avoidance and evasion. Secondly, we analyze the explanations given and solutions proposed to increase tax compliance, grouping them into five "theses": excessive tax burden, structural deficiencies in specific taxes, inefficiency of tax administration, taxpayers' reluctance and the complexity of tax laws. We also assess the changing attitudes of taxpayers

towards tax and the tax authorities over the same period. The excursus shows that compliance problems are a long-term constant of the Italian tax system, even if their scale has diminished over time, at least in percentage terms. The problems have always originated from a specific group of taxpayers (self-employed workers and sole proprietorships). On the other hand the causes, and therefore the solutions to be taken into consideration, are complex and multifaceted.

[\(full pdf text - only in Italian\)](#)

No. 82: Risk allocation and incentives for private contractors: an analysis of Italian project financing contracts

Rosalba Cori, Cristina Giorgiantonio and Ilaria Paradisi

Based on the economic literature and international comparison, the paper examines the adequacy of the terms of Italian project financing contracts to build and operate public works, and identifies potential areas for improvement. We analyze the main contractual content of the public works construction and management concessions submitted to the Project Financing Technical Unit with a view to monitoring public-private contract partnerships. Overall, the analysis reveals the backwardness of the Italian system and the existence of not insignificant problem areas. The survey supports the need to foster adequate standardization of contracts in Italy aimed, in particular, at ensuring: i) the provision of more appropriate mechanisms for the employment of penalties for breach of contract by the concessionaire, especially in the management phase, and - conversely - of reward mechanisms; ii) the inclusion of clauses relative to the sharing of financing documents by the contracting authorities; iii) appropriate attention to the quantitative elements of the business plan; and iv) the strengthening of supervisory activity of the grantor during the various phases of the contract.

[\(full pdf text - only in Italian\)](#)

No. 83: The awarding of public works in Italy: an analysis of the mechanisms for the selection of private contractors

Francesco Decarolis, Cristina Giorgiantonio, Valentina Giovanniello

Despite the many reforms in the public procurement sector in recent years, the Italian system is still

marked by high levels of fragmentation and is considerably exposed to the risks of collusion, corruption and of ex-post renegotiations with the winning contractors. Other deficiencies are also present at the planning stages of the works. These problem areas appear ascribable in part to the current regulations on the awarding of public works contracts, which do not guarantee the correct functioning of the selection mechanisms of private contractors. Indications from the economic literature and international comparisons suggest that improvements could arise from: i) the elimination of automatic exclusion mechanisms for anomalous tenders (which would reduce the risk of collusion between bidders); ii) the centralization of assessments of anomalous offers under the responsibility of larger adjudicating authorities and with an increase in the surety guarantees given by the winning bidders, which would reduce the risk of subsequent renegotiations; iii) the reinforcement of measures to combat corruption; iv) a greater standardization of planning and, for the more complex auctions, the use of competitive dialogue.

[\(full pdf text - only in Italian\)](#)

No. 84: The quality of public services in Italy

Francesco Bripi, Amanda Carmignani and Raffaella Giordano

This paper provides a survey of a number of studies conducted in recent years, above all at the Bank of Italy, aiming at assessing the quality and the efficiency of public services in Italy. We consider services provided by the central government (education and civil justice), regional governments (health) and municipalities (local public transportation, waste disposal, water and gas supply, and childcare). The analysis shows in general that Italy lags behind noticeably compared with other countries and there are large regional differences in terms of both quality and efficiency, regardless of the level of government providing the service. The lags seem to be attributable, depending on the case, to agents' incentives, citizens' behaviour and the regulation. Furthermore, the analysis emphasizes the need for more information to enhance our understanding of the problems and improve the effectiveness of action taken to counter them.

[\(full pdf text - only in Italian\)](#)

No. 85: **The tax system and the financial crisis**

Vieri Ceriani, Stefano Manestra, Giacomo Ricotti, Alessandra Sanelli, and Ernesto Zangari

This paper investigates the effects of the tax system on the economic factors that triggered the financial crisis. We examine three cases in which the tax regime interacted with these factors, reinforcing them. First, we focus on the taxation of residential building: while the importance of capital gains taxes is disputed, the deductibility of mortgage interest may have contributed to the financial crisis by creating some of the raw materials for the securitization industry. Second, a narrow perspective on the tax treatment, together with specific provisions, may have fostered performance-based remuneration of managers, resulting in overemphasis of short-term profitability and incentive to excessive risk-taking. Third, the securitization process, which played a key role in the outbreak of the financial crisis, was accompanied by opportunities for tax arbitrage and reduction of the overall tax wedge paid by investors, through offset of incomes that are ordinarily taxed at different rates; a de facto exemption of CDS premiums received by non-residents supplemented the tax arbitrage. ([full pdf text](#))

No. 86: **The Italian firms between crisis and the new globalization**

Antonio Accetturo, Anna Giunta and Salvatore Rossi

This paper analyzes the characteristics of Italian firms involved in global value chains (“intermediate” firms) by using the Bank of Italy survey on industrial companies. Intermediate firms show, on average, worse features than “final” firms: smaller size, lower share of white collars, lower productivity and export propensity. However we observe a strong heterogeneity, depending on the ability (and modalities) to upgrade along the value chains. There are wide differences between upgrading and non-upgrading (marginal) intermediate firms in terms of size, efficiency, human capital endowment and international competitiveness. During the 2008-09 crisis, marginal intermediate firms performed definitely worse; moreover, facing a collapse in world trade, firms that were upgrading by expanding their international linkages were more severely hit than those that were differentiating their internal functions. ([full pdf text - only in Italian](#))

Recently published occasional papers

- No.70: Sergio Nicoletti-Altimari and Carmelo Salleo, *Contingent liquidity: a proposal to reduce liquidity risk* (June 2010)
- No.71: Giuseppe De Martino, Massimo Libertucci, Mario Marangoni and Mario Quagliariello, *Countercyclical contingent capital (CCC): possible use and ideal design* (June 2010)
- No.72: Vincenzo Tola, *Measuring sectoral/geographic concentration risk* (July 2010)
- No.73: Giorgio Gomel (coordinator), Angelo Cicogna, Domenico De Falco, Marco Valerio Della Penna, Lorenzo Di Bona De Sarzana, Angela Di Maria, Patrizia Di Natale, Alessandra Freni, Sergio Masciantonio, Giacomo Oddo, Emilio Vadalà, *Islamic finance and conventional financial systems. Market trends, supervisory perspectives and implications for central banking activity* (July 2010)
- No.74: Paolo Angelini, Andrea Enria, Stefano Neri, Fabio Panetta and Mario Quagliariello, *Pro-cyclicality of capital regulation: is it a problem? How to fix it?* (July 2010)
- No.75: Sauro Mocetti, Elisabetta Olivieri and Eliana Viviano, *Italian households and labour market: structural characteristics and effects of the crisis* (July 2010)

Economic history working papers

No. 5: **Economic Theory and Banking Regulation: The Italian Case (1861-1930s)**

Alfredo Gliobianco and Claire Giordano

The paper provides a qualitative assessment of the role mainstream economic theory had in orienting Italy’s banking legislation from its political unification (1861) to the introduction of the 1936 Banking Act. Five regulatory regimes are considered. Whilst market discipline and self-regulation

arguments characterized the first sub-period (1861-1892), the debate over convertibility and limits on note issuance was intense in the second (1893-1906). The third sub-period (1907-1925) was punctuated by two banking crises: the first (1907) vindicated economists who had stressed the need of a lender of last resort à la Bagehot; the second (1921-23) confirmed – to no avail – the dangers congenital to bank-industry ties. The following sub-period (1926-1930) was inaugurated by the first commercial bank regulation (1926) and responded to the prevailing economists’ call for restricting bank competition. The 1936 regulation, which inaugurated the approximately five-decade long fifth regime, matured in a virtual vacuum of professional economic debate. Overall, two key factors were found to affect the degree to which legislation drew upon contemporary economic thought: a) the severity of the preceding crisis; and b) the timing of the subsequent regulation. ([full pdf text](#))

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](#))
- Angelini P.**, **A. Nobili** and **C. Picillo**, *The interbank market after August 2007: What has changed, and why?*, Journal of Money, Credit and Banking ([WP No. 731](#))
- Ciapanna E.**, *Directed matching with endogenous Markov probability: clients or competitors?*, The RAND Journal of Economics
- Pinotti P.**, M. Bianchi and P. Buonanno, *Do immigrants cause crime?*, Journal of the European Economic Association ([WP No. 698](#))
- Schivardi F. and **E. Viviano**, *Entry barriers in retail trade*, Economic Journal ([WP No. 616](#))

2011

- Busetti F.** and A. Harvey, *When is a copula constant? A test for changing relationships*, Journal of Financial Econometrics, v. 9, 1, pp. 106-131

2010

- Altissimo F., **R. Cristadoro**, M. Forni, M. Lippi and **G. Veronese**, *New Eurocoin: tracking economic growth in real time*, Review of Economics and Statistics, v. 92, 4, pp. 1024-1034 ([WP No. 631](#))
- Cingano F.**, M. Leonardi, J. Messina and G. Pica, *The effects of employment protection legislation and financial market imperfections on investment: evidence from a firm-level panel of EU countries*, Economic Policy, v. 25, 61, pp. 117-149
- 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, v. 54, 4, pp. 550-570 ([WP No. 687](#))
- Fabiani S.**, C. Kwapil, T. Rõõm, K. Galuscak and A. Lamo, *Wage rigidities and labor market adjustment in Europe*, Journal of the European Economic Association, v. 8, 2-3, pp. 497-505
- Gerali A.**, **S. Neri**, **L. Sessa** and **F. M. Signoretti**, *Credit and banking in a DSGE model of the euro area*, Journal of Money, Credit and Banking, v. 42, 6, pp. 107-141 ([WP No. 740](#))
- Iacoviello M. and **S. Neri**, *Housing market spillovers: evidence from an estimated DSGE model*, American Economic Journal: Macroeconomics, v. 2, 2, pp. 125-164 ([WP No. 659](#))
- Magri S.**, *Debt Maturity Choice of Nonpublic Italian Firms*, Journal of Money, Credit and Banking, v. 42, 2-3, pp. 443-463 ([WP No. 574](#))
- Nicoletti C. and **C. Rondinelli**, *The (mis)specification of discrete duration models with unobserved heterogeneity: a Monte Carlo study*, Journal of Econometrics, v. 159, 1, pp. 1-13 ([WP No. 705](#))
- Prati A. and **M. Sbracia**, *Uncertainty and currency crises: evidence from survey data*, Journal of Monetary Economics, v. 57, 6, pp. 668-681 ([WP No. 446](#))

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
- Ascari G. and **T. Ropele**, *Trend inflation, Taylor principle, and indeterminacy*, Journal of Money, Credit and Banking, v. 41, 8, pp. 1557-1584 ([WP No. 708](#))
- 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

- Ferrero G.** and **A. Nobili**, *Futures contract rates as monetary policy forecasts*, International Journal of Central Banking, v. 5, 2, pp. 109-145, ([WP No. 681](#))
- Foglia A.**, *Stress testing credit risk: a survey of authorities' approaches*, International Journal of Central Banking, v. 5, 3, pp. 9-45 ([QEF No. 37](#))
- 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
- Rossi S.**, *Controtempo, l'Italia nella crisi mondiale*, Laterza, Bari-Roma

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](#))
- Angelini P.** and **A. Generale**, *On the evolution of firm size distributions*, American Economic Review 98, 1, 426-438, ([WP No. 549](#))
- Busetti F.** and **A. Harvey**, *Testing for trend*, Econometric Theory, 24, 1, 72-87 ([WP No. 614](#))
- Cesarano F.**, *Money and monetary systems: selected essays of Filippo Cesarano*, Cheltenham, Elgar
- Casolaro L.**, **D. Focarelli** and **A. Pozzolo**, *The pricing effect of certification on syndicated loans*, Journal of Monetary Economics, 55, 2, 335-349
- De Bonis R.**, *La Banca*, Carocci, Roma
- Del Giovane P.** and **R. Sabbatini** (eds.), *The euro, inflation and consumers' perceptions. Lessons from Italy*,

- Springer, Berlin-Heidelberg
- Gambacorta L.**, *How do banks set interest rates?*, European Economic Review, 52, 5, 792-819 ([WP No. 542](#))
- Guiso L.** and **M. Paiella**, *Risk aversion, wealth and background risk*, Journal of the European Economic Association, v. 6, 6, pp. 1109-1150, ([WP No. 483](#))
- Pericoli M.** and **M. Taboga**, *Canonical term-structure models with observable factors and the dynamics of bond risk premia*, Journal of Money, Credit and Banking, 40, 7, 1471-1488 ([WP No. 580](#))

2007

- Angelini P.** and **F. Lippi**, *Did prices really soar after the euro cash changeover? Evidence from ATM withdrawals*, International Journal of Central Banking, 3, 4, 1-22 ([WP No. 581](#))
- Ascari G.** and **T. Ropele**, *Optimal monetary policy under low trend inflation*, Journal of Monetary Economics, 54, 8, 2568-2583 ([WP No. 647](#))
- Busetti F.**, **L. Forni**, **A. Harvey** and **F. Venditti**, *Inflation convergence and divergence within the European monetary union*, International Journal of Central Banking, 3, 2, 95-121
- Bonaccorsi di Patti E.** and **G. Gobbi**, *Winners or losers? The effects of banking consolidation on corporate borrowers*, Journal of Finance, 62, 669-695 ([WP No. 479](#))
- Cesarano F.**, *Monetary theory in retrospect: The selected essays of Filippo Cesarano*, Routledge, Abington
- Cipollone P.** and **A. Rosolia**, *Social interactions in high school: lessons from an earthquake*, American Economic Review, 97, 3, 948-965 ([WP No. 596](#))
- Dedola L.** and **S. Neri**, *What does a technology shock do? A VAR analysis with model-based sign restrictions*, Journal of Monetary Economics, 54, 2, 512-549 ([WP No. 607](#))
- Devicienti F.**, **A. Maida** and **P. Sestito**, *Downward wage rigidity in Italy: Micro based measures and implications*, Economic Journal, 117, 524, F530-F552
- Fabiani S.**, **C. Loupias**, **F. Martins** and **R. Sabbatini** (eds.), *Pricing decisions in the euro area: How firms set prices and why*, Oxford University Press, New York
- Lippi F.** and **S. Neri**, *Information variables for monetary policy in a small structural model of the euro area*, Journal of Monetary Economics, 54, 4, 1256-1270 ([WP No. 511](#))

Locarno A., *Imperfect knowledge, adaptive learning, and the bias against activist monetary policies*, International Journal of Central Banking, 3, 3, 47-85 ([WP No. 590](#))

Magnoli Bocchi A. and **M. Piazza**, *La Banca mondiale*, Il Mulino Editore, Bologna

Marchetti D.J. and F. Nucci, *Pricing behavior and the response of hours to productivity shocks*, Journal of Money, Credit and Banking, 39, 7, 1587-1611

([WP No. 524](#))

Paiella, M., *The forgone gains of incomplete portfolios*, Review of Financial Studies, 20, 5, 1623-1646 ([WP No. 625](#))

Rossi S., *La politica economica italiana 1968-2007*, Laterza, Bari-Roma

Useful links

WORKING PAPERS OF THE OTHER EURO-AREA CENTRAL BANKS:

[Banque Nationale de Belgique](#)

[Deutsche Bundesbank](#)

[Central Bank of Cyprus](#)

[Bank of Estonia](#)

[Bank of Finland](#)

[Bank of Greece](#)

[Banco de España](#)

[Banque de France](#)

[Central Bank of Ireland](#)

[Banque Centrale du Luxembourg](#)

[Central Bank of Malta](#)

[De Nederlandsche Bank](#)

[Oesterreichische Nationalbank](#)

[Banco de Portugal](#)

[Central Bank of Slovakia](#)

[Bank of Slovenia](#)

[European Central Bank](#)

OTHER

[BIS Central Bank Research Hub](#)

[International Journal of Central Banking](#)



BANCA D'ITALIA

VIA NAZIONALE, 91
00184 ROMA - ITALIA

+39 0647921

E-mail:

temidiscussione@bancaditalia.it