BANCA D'ITALIA
EUROSISTEMA

NUMBER 36
OCTOBER 2014

RESEARCH AT THE BANK OF ITALY
DIRECTORATE GENERAL FOR ECONOMICS, STATISTICS AND RESEARCH
NEWSLETTER

Contents

Highlights

Conference on "Social Capital, the Economy and Economic Policy"

(Rome, 27 June 2014)

On 27 June 2014 the Bank of Italy hosted the conference "Social Capital, the Economy, and Economic Policy", presenting the results of a research project. The conference covered a broad range of issues relating to the measurement of social capital, the analysis of its determinants, and the consequences for growth, public policies and credit markets. The proceedings were opened by Deputy Governor Luigi Federico Signorini. The final roundtable, chaired by Deputy Head of the Directorate General for Economics, Statistics and Research Marco Magnani, saw the participation of Emanuele Felice (Autonomous University of Barcelona), Luigi Guiso (Einaudi Institute for Economics and Finance) and Carlo Trigilia (University of Florence) and focused on the interactions between public policies and social capital.

4th Workshop on "New Developments in Econometrics and Time Series" and Workshop on "Dynamic Factor Models and Structural VAR Analysis", in honour of Marco Lippi on the occasion of his 70th birthday

(Rome, 11-13 September 2014)

On 11-13 September 2014 in Rome, the Einaudi Institute for Economics and Finance, in collaboration with the Bank of Italy, the Collaborative Research Centre "Statistical Modelling of Nonlinear Dynamic Processes" (SFB 823) and the Deutsche Forschungsgemeinschaft (DFG), organised and hosted two international workshops. The first workshop (11-12 September) was on "New Developments in Econometrics and Time Series"; the second (13 September), on "Dynamic Factor Models and Structural VAR Analysis", was in celebration of Marco Lippi's 70th birthday. The aim was to bring together internationally renowned experts in these areas and SFB 823 researchers to review recent developments and promote scientific exchange. The first workshop was in part a continuation of the successful series of "Brussels-Waseda Seminars on Time Series and Financial Statistics". The workshop on Dynamic Factor Models and Structural VAR Analysis was devoted to an area to which Marco Lippi has made substantial contributions. Both theoretical and applied issues were presented, with special emphasis on macroeconomic and policy applications.

The programme is available here.

Highlights

Annual European Conference on Household Finance

(Stockholm , 12-13 September 2014)

On 12-13 September 2014, the University of Stockholm hosted the fifth annual **European Conference on Household Finance**, organized by the EIEF, the Center on Sustainable Architecture for Finance (SAFE) at Goethe University Frankfurt, HEC Paris and the Swedish House of Finance (SHoF).

The programme is available here.

10th Annual Central Bank Workshop on the Microstructure of Financial Markets

(Rome, 2-3 October 2014)

On 2-3 October, the Einaudi Institute for Economics and Finance hosted the 10th Annual Central Bank Workshop on the **Microstructure of Financial Markets**. The workshop is the tenth in a series of annual workshops that gives researchers, policy-makers and practitioners the opportunity to discuss theoretical work, empirical findings and policy implications related to the microstructure of financial markets .

The programme is available here.

Forthcoming events

17th Central Bank Macroeconomic Modelling Workshop on "New Perspectives on Models for Policy Analysis "

(Rome, 20-21 October 2014)

The Bank of Italy is hosting the annual edition of the "Central Bank Macroeconomic Modelling Workshop". The workshop is the 17th in a series of workshops that give policy-makers and academics the opportunity to discuss critical issues relating to the class of models currently used for policy analysis. This year's edition is entitled "New Perspectives on Models for Policy Analysis" and focuses on the need to enrich structural models to account in particular for the (possibly nonlinear) interaction between the financial sector and the real economy, in closed and open economies, under low or high uncertainty and systemic risk. The workshop will be held at the Bank of Italy's headquarters in Rome, on 20-21 October 2014.

Further information is available here.

Conference on "Competition, Markets and Growth in Italy: the Long Term"

(Rome, 29-30 October 2014)

What does History teach us about the relationship between competition and growth? How has competition helped shape the Italian economy? The conference "Competition, Market and Growth: a long-run perspective" will take place at the Bank of Italy in Rome on October 29-30, 2014. After an overview of the European framework and competition measures, the workshop will focus on Italy, including from a cultural perspective. The evolution of competition in Italy will be investigated both at the aggregate and the sectorial level, offering a starting point for policy analysis, which will be the core of the concluding discussion.

Forthcoming events

Workshop on Macroeconomic Dynamics: Theory and Applications

(Rome, 19 December 2014)

The 13th edition of the Workshop on **Macroeconomic Dynamics: Theory and Applications** will be held on December 19, 2014, at the Einaudi Institute for Economics and Finance. The workshop will bring together researchers working on dynamic macroeconomics issues, both theoretical and applied, to discuss papers and research agendas.

Further information is available here.

SEMINARS AT THE BANK OF ITALY

SEMINARS AT EIEF

Latest working papers

No. 976: **Multidimensional poverty and inequality** (September 2014)

Rolf Aaberge and Andrea Brandolini

This paper examines different approaches to the measurement of multidimensional inequality and poverty. First, it outlines three aspects preliminary to any multidimensional study: the selection of the relevant dimensions; the indicators used to measure them; and the procedures for their weighting. It then considers the counting approach and the axiomatic treatment in poverty measurement. Finally, it reviews the axiomatic approach to inequality analysis. The paper provides a selective review of a rapidly growing theoretical literature with the twofold aim of highlighting areas for future research and offering some guidance on how to use multidimensional methods in empirical and policy-oriented applications. Full text (pdf)

No. 975: **Hedonic value of Italian tourism supply: comparing environmental and cultural attractiveness** (September 2014)

Valter di Giacinto and Giacinto Micucci

This paper provides an empirical evaluation of the main determinants of hotel prices in the Italian tourism industry. We pool information from two datasets: i) a database on hotel prices and attributes based on the Touring Club Italia Guide and providing information on about 1,100 hotels located in almost 300 towns in the entire Italian coastal region; and ii) a set of neighbourhood characteristics indicators that assess local environmental quality and artistic and cultural attractiveness. On the basis of the results of a hedonic analysis of hotel price differentials, we show that tourists place a high value on both marine environmental quality and local access to artistic and cultural amenities. The contribution to consumer utility is sizeable in both cases, but that of artistic and cultural amenities appears to be more stable across seasons. On the whole, our results suggest that the widespread availability of an extraordinarily rich artistic and cultural endowment, as is the case of Italy, may strongly complement environmental attributes in supporting the non-price competitiveness of the coastal tourism industry.
Full text (pdf)

No. 974: **Identification and estimation of outcome response with heterogeneous treatment externalities** (September 2014)

Tiziano Arduini, Eleonora Patacchini and Edoardo Rainone

This paper studies the identification and estimation of treatment response with heterogeneous spillovers in a network model. We generalize the standard linear-in-means model to allow for multiple groups with between and within -group interactions. We provide a set of identification conditions of peer effects and consider a 2SLS estimation approach. Large sample properties of the proposed estimators are derived. Simulation experiments show that the estimators perform well in finite samples. The model is used to study the effectiveness of policies where peer effects are seen as a mechanism by which the treatments could propagate through the network. When interactions among groups are at work, a shock on a treated group has effects on the non-treated. Our framework allows us to quantify how much of the indirect treatment effect is due to variations in the characteristics of treated peers (treatment contextual effects) and how much is to variations in peer outcomes (peer effects).
Full text (pdf)

No. 973: **Inequality and trust: new evidence from panel data** (September 2014)

Guglielmo Barone and Sauro Mocetti

The relationship between inequality and trust has attracted the interest of many scholars, who have found a negative relationship between the two variables. However, the causal link from inequality to trust has by no means been identified and the existing empirical evidence remains weak, as omitted variable bias, reverse causation and/or measurement error might be at work. In this paper we reconsider the country-level evidence to address this issue. First, we exploit the panel dimension of the data, controlling for any country unobservable time-invariant variables. Second, we provide instrumental variable estimates using the predicted exposure to technological change as an exogenous driver of inequality. According to our findings, income inequality significantly and negatively affects generalised trust. However, this

Latest working papers

result only holds for developed countries. We also explore new insights into the effects of different dimensions of inequality, exploiting measures of both static inequality – such as the Gini index and top income shares – and dynamic inequality – proxied by intergenerational income mobility. Full text (pdf)

No. 972: **Are sovereign wealth funds contrarian investors?** (September 2014)

Alessio Ciarlone and Valeria Miceli

This paper investigates the determinants of the investment activity of Sovereign Wealth Funds (SWFs) at a macro level, with special emphasis on the possible reaction to a financial crisis in a potential target economy. The analysis relies upon a specially built proprietary database, which encompasses 1,903 acquisition deals spanning the period 1995-2010 and involving 29 out of the 69 existing SWFs. According to a three-step modelling approach, we find that this class of investors prefers to invest in countries with a higher degree of economic development, larger and more liquid financial markets, institutions that offer better protection of legal rights, and a more stable macroeconomic environment. Most importantly, and in stark contrast with the existing empirical literature on other major institutional investors, SWFs seem to engage in 'contrarian' investment behaviour, i.e. increasing their acquisitions in countries where crises hit. The results are shown to be valid if we consider both the likelihood of a country being the target of SWFs' investments and the amount SWFs choose to invest in each country. Capital flows stemming from SWFs' acquisition activity worldwide may therefore eventually have a stabilizing effect on local markets during periods of financial turmoil, protecting the targeted countries from foreign shocks instead of propagating them globally.
Full text (pdf)

No. 971: **Random switching exponential smoothing and inventory forecasting** (September 2014)

Giacomo Sbrana and Andrea Silvestrini

Exponential smoothing models represent an important prediction tool both in macroeconomics, finance and business. This paper provides the analytical forecasting properties of the random coefficient exponential smoothing model in the multiple source of error framework. The random coefficient state-space representation allows for switching between simple exponential smoothing and local linear trend. Therefore it enables controlling, in a flexible manner, the random changing dynamic behavior of the time series. The paper establishes the algebraic mapping between the state-space parameters and the implied reduced form ARIMA parameters. In addition, it shows that the parametric mapping allows overcoming the difficulties that are likely to emerge in estimating directly the random coefficient state-space model. Finally, it presents an empirical application comparing the forecast accuracy of the suggested model vis-à-vis other benchmark models, both in the ARIMA and in the Exponential Smoothing class. Using time series relative to wholesalers inventories in the USA, the out-of-sample results show that the reduced form of the random coefficient exponential smoothing model tends to be superior to its competitors.
Full text (pdf)

No. 970: **Academic performance and the great recession** (September 2014)

Effrosyni Adamopoulou and Giulia Martina Tanzi

In this paper we study how the Great Recession affected university students in terms of performance, with a focus on the drop-out probability. To do so, we use individual-level data on a representative sample of university students in Italy in 2007 and 2011. We measure the severity of the recession in terms of increases in the adult and youth unemployment rates and we exploit geographical variation to achieve identification. On the one hand, an increase in the adult male unemployment rate worsens the financial condition of the family, raising the drop-out probability. On the other hand, by reducing the opportunity cost of tertiary education, an increase in the youth unemployment rate reduces the drop-out probability. Focusing on students who were enrolled at university before the Recession we are able to study the effects of the crisis on performance net of any potential effect on enrolment. We find evidence that overall, university drop-out decreased as a result of the Recession and that the probability of graduating on time increased for more motivated students. Full text (pdf)

Latest working papers

No. 969: **Stock market efficiency in China: evidence from the split-share reform** (September 2014)

Andrea Beltratti, Bernardo Bortolotti and Marianna Caccavaio

We perform an event study to investigate the efficiency of the Chinese stock market. We study the reaction of stock returns and trading volumes to the 2005-2006 structural reform which allowed the transformation of non-tradable shares (NTS) into tradable shares (TS) through payment of a compensation to holders of TS. We find evidence of positive abnormal returns in the few days before the announcement of which companies will undergo the reform process and in the ten days after the readmission to trading of participating companies following the determination of the compensation, but no abnormal returns after the payment itself. From a methodological viewpoint, our contribution is the introduction of a bootstrap procedure that is designed to replicate the actual degree of covariance across firms.
Full text (pdf)

No. 968: **Price pressures in the UK index-linked market: an empirical investigation** (July 2014)

Gabriele Zinna

We investigate the impact of long term investors' demand for UK index-linked gilts on the term structure of real rates for the 1987-2012 period. This is done by carrying out a structural estimation of the preferred-habitat model of Vayanos and Vila (2009). We use data on long-term investors' holdings of inflation-linked gilts by long-term investors, issuance of index-linked bonds and average maturity to identify the impact of supply/demand imbalances on rates. We find that demand pressure from long-term investors contributed to the decline in longer-term real rates over the 1987-2012 period by compressing bond risk premia. Before 2000, the fall in rates is largely due to the in-creasing demand pressure exerted by UK pension funds. Foreign institutional investors' demand in-stead played an important role in the subsequent decade. Full text (pdf)

No. 967: **Measuring spatial effects in presence of institutional constraints: the case of Italian Local Health Authority expenditure** (July 2014)

Vincenzo Atella, Federico Belotti, Domenico Depalo and Andrea Piano Mortari

Spatial econometric models are now an established tool for measuring spillover effects between geographical entities. Unfortunately, however, when entities share common borders but are subject to different institutional frameworks, unless this is taken into account the conclusions may be misleading. In fact, under these circumstances, where institutional arrangements play a role, we should expect to find spatial effects mainly in entities within the same institutional setting, while the effect across different institutional settings should be small or nil even where the entities share a common border. In this case, factoring in only geographical proximity will produce biased estimates, due to the combination of two distinct effects. To avoid these problems, we derive a methodology that partitions the standard contiguity matrix into within-contiguity and between-contiguity matrices, allowing separate estimation of these spatial correlation coefficients and simple tests for the existence of institutional constraints. We then apply this methodology to Italian Local Health Authority expenditures, using spatial panel techniques. We find a high and significant spatial coefficient only for the within-contiguity effect, confirming the validity of our approach.
Full text (pdf)

No. 966: **Bank bonds: size, systemic relevance and the sovereign** (July 2014)

Andrea Zaghini

I analyze the risk premium on bank bonds at origination with special focus on the role of implicit and explicit public guarantees and the systemic relevance of issuing institutions. Looking at the asset swap spread on 5,500 bonds, I find that explicit guarantees and sovereign creditworthiness have a substantial effect on the risk premium. In addition, while large institutions still enjoy lower issuance costs linked to the TBTF framework, I find evidence of enhanced market

Latest working papers

discipline for systemically important banks which have faced an increased premium on bond placements since the onset of the financial crisis.
Full text (pdf)

No. 965: **Behind and beyond the (headcount) employment rate** (July 2014)

Andrea Brandolini and Eliana Viviano

This paper argues that we need more general statistical indices to analyse European labour markets. First, the paper discusses some normative aspects implicit in the current definition of the employment rate, which is a fundamental policy target in the new Europe 2020 strategy. Second, it proposes a class of generalised indices based on work intensity, as approximated by the total annual hours of work relative to a benchmark value. Third, it derives household-level employment indices within a consistent framework. These indices provide a more nuanced picture of the European labour markets, which better reflects the diversity in the use of part-time and fixed-term jobs as well as other factors affecting the distribution of work across and within households.
Full text (pdf)

No. 964: **Foreign exchange reserve diversification and the "exorbitant privilege"** (July 2014)

Pietro Cova, Patrizio Pagano and Massimiliano Pisani

We assess the global macroeconomic implications of different strategies of official reserve management by developing a large scale new-Keynesian dynamic general equilibrium model of the world economy, calibrated on the euro area, the United States, China, Japan and the rest of the world. An increase in global demand for euros would boost euro-area aggregate demand because of the reduction in euro-area interest rates (the main benefit associated with the "privilege" of being a global currency). If the higher demand for euros is associated with lower demand for US dollars, then US economic activity falls because of higher interest rates, which depress domestic aggregate demand, while the external balance improves; countries accumulating reserves continue to run a trade surplus, as exports to the euro-area increase. We also compute welfare gains/costs for all economies.
Full text (pdf)

Other recent working papers

June 2014

No. 963: Technical progress, retraining cost and early retirement
Lorenzo Burlon and Montserrat Vilalta-Bufí

No. 962: Cooperative R&D networks among firms and public research institutions
Marco Marinucci

April 2014

No. 961: Public expenditure distribution, voting, and growth
Lorenzo Burlon

No. 960: The impact of R&D subsidies on firm innovation
Raffaello Bronzini and Paolo Piselli

No. 959: A tale of an unwanted outcome: transfers and local endowments of trust and cooperation
Antonio Accetturo, Guido de Blasio and Lorenzo Ricci

No. 958: The intergenerational transmission of reading: is a good example the best sermon?
Anna Laura Mancini, Chiara Monfardini and Silvia Pasqua

No. 957: Are the log-returns of Italian open-end mutual funds normally distributed? A risk assessment perspective
Michele Leonardo Bianchi

Latest occasional papers

No. 239: **Geography of internationalization statistics** (September 2014)

Chiara Bentivogli, Giacomo Oddo and Valeria Pellegrini

The paper presents an overview of available statistics on the internationalization of the Italian economy. The different sources are compared in terms of completeness, consistency and compatibility, timeliness, relevance and frequency of revisions, presence of systematic biases and significant discontinuities. The data representing the internationalization of the Italian productive system are not always consistent with each other. To address some deep questions, widely debated in the scientific literature, there is still a need to improve and enrich the production of statistics. The best answer to this type of information requirements is to be found in microdata, in which, as far as economically burdensome their production, investments are needed in order to understand a phenomenon of increasing complexity that has now gone beyond the information capacity of macroeconomic statistics. Such data would also be very useful for an effective economic policy, in which you feel a strong need, to enhance the attractiveness of the region for foreign investment, to improve the productivity of enterprises, to support the internationalization. Full text (pdf) in Italian only

No. 238: **Financing long-term investment: ongoing initiatives and the main policy directions** (September 2014)

Giuseppe Grande and Giovanni Guazzarotti

The topic of financing long-term investment is on the top of the agenda of economic policy makers and it is among the priorities of the Italian Presidency of the European Union. The paper describes the main international initiatives in the field and highlights the three most promising courses of action: (i) the revival of bank lending, also through the resumption of securitisation; (ii) the promotion of non-bank finance, with incentives for risk capital, the development of specialised financial institutions and more detailed information on firms; (iii) the efficient use of public resources, through loan guarantees, tax incentives and European financial instruments.
Full text (pdf) in Italian only

No. 237: **Surprise! Euro area inflation has fallen** (September 2014)

Marianna Riggi and Fabrizio Venditti

Between 2013 and 2014, following the recession triggered by the sovereign debt crisis, euro-area inflation decreased sharply. Although a fall in the inflation rate was to be expected, given the severity of the recession, professional forecasters failed to anticipate it. A possible explanation for this forecast failure lies in a break in the cyclicality of inflation, which was unaccounted for in forecasting models. We probe this explanation in the context of a simple backward-looking Phillips curve and find that the sensitivity of inflation to the output gap has recently increased. We rationalize this result through a structural model, in which a steepening of the Phillips curve arises either from lower nominal rigidities (a decrease in the average duration of prices) or from fewer strategic complementarities in price-setting due to a reduction in the number of firms in the economy.
Full text (pdf)

No. 236: **Exploring flows to tax havens through means of a gravity model: evidence from Italy** (September 2014)

Alessia Cassetta, Claudio Pauselli, Lucia Rizzica and Marco Tonello

We exploit a gravity model to study the main determinants of cross-border financial flows and to identify those flows that appear to be abnormally above the predicted value. Our data include all Italian cross-border bank transfers that took place between 2007 and 2010. We find that, other things being equal, financial flows to risky destinations are 36 per cent larger than in other countries. Using the residuals from our main econometric specification, we then construct an index of anomaly and find positive and statistically significant correlations between this and the rate of property and drugs-related crimes in the province of origin, and also between the index and other measures of foreign jurisdictions' riskiness and opacity of legislation.
Full text (pdf)

Latest occasional papers

No. 235: **EU bank deleveraging** (September 2014)

Pierluigi Bologna, Marianna Caccavaio and Ariana Miglietta

We analyse the deleveraging process with reference to a sample of European banks from December 2011 to June 2013 and find that the leverage ratio (measured as assets to equity) has declined on average from 28.6 to 25.0. Its standard deviation fell from 8.2 to 6.5. About 2/3 of the deleveraging has been achieved by raising common equity while 1/3 took place by reducing balance sheet assets. The deleveraging has been more "good" (raising capital and reducing non-core assets) than "ugly" (indiscriminate asset sales) even though only a few banks in our sample managed to pursue it also through a reduction in bad assets. Based on the US experience, we argue that European banks have not yet completed their deleveraging, although what has been done to date is more substantive that it appears prima facie given the generalized increase in banks' sovereign exposure. Full text (pdf)

No. 234: **Consumer credit during the crisis: evidence from contracts** (September 2014)

Pierpaolo Cristaudo, Silvia Magri, Raffaella Pico and Maria Giovanna Zavallone

The study analyses trends in the market for consumer credit during the crisis, relying on data by CRIF referring to demand for personal and special-purpose loans and to contracts signed between 2007 and 2013 in Italy (55 and 37 million respectively). The analysis shows how the sharp reduction in durable consumption has been associated with a decrease in demand for loans, with the exception of contracts for small amounts (<1000 euro). These were more widespread among the youngest customers, whose relative importance has therefore increased. Banks and financial companies have supported the repositioning towards loans for small amounts and contracts with low monthly installments (<100 euro). Moreover, the average amount of loans has decreased more for banks, whose activity has become increasingly similar to that of financial companies. Loans for medium-large amounts have been taken out by a much lower number of people; moreover, the maturity of these loans has been lengthened to reduce the installments. Risk indicators have improved. Full text (pdf) in Italian only

No. 233: **Exploring price and non-price determinants of trade flows in the largest euro-area countries** (September 2014)

Claire Giordano and Francesco Zollino

Since the mid-2000s standard price-competitiveness indicators for some European countries have been providing conflicting signals, particularly in Italy. Against a broad stability of the producer price (PPI)-based measure, the manufacturing unit labour cost (ULCM)-deflated indicator points to a major cumulated loss of competitiveness in Italy. We find that this discrepancy mostly reflects the divergence of ULCM and PPI trends in competitor countries while in Italy they have actually progressed hand in hand. Owing to the internationalization of production processes and to the subsequent fading representativeness of labour in respect of overall costs, seen to a different degree across countries, price-based indicators are arguably more appropriate than those based on ULCMs to assess external competitiveness and external performance. We provide empirical evidence that points in the same direction. In Italy ULC-based indicators play a less important role relative to price-deflated measures in explaining both export and import trends; this result does not hold for Germany and France. Moreover, a proxy for non-price competitiveness proves important in explaining Italian, German and, in particular, Spanish exports. Full text (pdf)

No. 232: **Shock transmission through international banks: the Italian case** (September 2014)

Marianna Caccavaio, Luisa Carpinelli, Giuseppe Marinelli and Enrico Sette

This paper studies what impact liquidity shocks have on liquid assets and domestic and cross-border lending. In particular, we look for differences across banks depending on their international exposure and we account for the effects of the sovereign debt crisis and the ECB's non-conventional monetary policy measures. Our main findings are that liquid assets are important drivers of lending adjustment to liquidity risk and that this effect is significant for domestic lending

Latest occasional papers

but not for foreign lending even considering the characteristics of the destination market. Differences in banks' international exposure play a limited role in the way liquidity shocks are transmitted. Full text (pdf)

No. 231: **The secular stagnation hypothesis: a review of the debate and some insights** (September 2014)

Patrizio Pagano and Massimo Sbracia

Recent studies warn that the U.S. economy may return to a phase of secular stagnation. In the next 20 to 50 years, U.S. economic growth will be negatively affected by lower contributions of hours worked and education. But some studies also add that productivity could decelerate sharply and that GDP per capita, by focusing on the average household, neglects that income has already been stagnating in the last 30 years for the households in the bottom 99% of the income distribution. After reviewing recent long-run projections, we argue that similar warnings were issued in the past after all deep recessions. Interestingly, pessimistic predictions turned out to be wrong neither because they were built on erroneous theories or data, nor because they failed to predict the discovery of new technologies, but because they underestimated the potential of the technologies that already existed. These findings suggest that today we should not make the same mistake and undervalue the effects of the information technology. Finally, we discuss a number of issues that should be tackled by future research. Full text (pdf)

No. 230: **Foreign direct investment and institutional quality** (September 2014)

Alessandro Borin, Riccardo Cristadoro and Elena Mattevi

Several factors contribute to attracting foreign investment: cyclical, such as demand fluctuations; structural, such as industrial specialization or the presence of natural resources; fiscal policy, including taxes; political, such as social stability and country governance; and finally, the overall quality of institutions. According to our estimates, the quality of institutions - measured by the World Bank's Doing Business indicators - has a positive and significant effect in attracting foreign investment, even controlling for other relevant characteristics of the target countries. The time and complexity of procedures, rather than their costs, are key determinants in foreign investors' choices. Italy, which receives less FDI than countries with similar economic characteristics, lags behind in those indicators of institution quality that most affect the allocation of investment. According to our analysis, if Italian institutions had been qualitatively in line with the euro-area average, foreign investment inflows would have been 15% (about 16 billion euros) higher during the 2006-2012 period.
Full text (pdf) in Italian only

No. 229: **Territories, logistics services and infrastructures: a survey of manufacturers** (September 2014)

Enrico Beretta and Andrea Migliardi

This paper exploits the results of a survey conducted by the Bank of Italy in 2012 on a sample of 1,200 Italian manufacturers in order to analyse logistics costs, outsourcing and the features potentially impacting on the efficiency of the Italian supply chain. We also compare manufacturers' assessments of the possible weaknesses of logistics services with the main indicators of infrastructure endowment and local accessibility available in the literature. We find evidence of some correlations between our key variables: first, logistics costs represent a smaller proportion of total costs for manufacturers in territories with good accessibility; second, this cost ratio is higher where manufacturers encounter major hurdles that negatively affect supply-chain efficiency. Finally, manufacturers' assessments of logistics weaknesses are better for territories with easier accessibility and higher indicators of infrastructural endowment.
Full text (pdf) in Italian only

No. 228: **Euro Area (cross-border?) banking** (September 2014)

Pierluigi Bologna and Marianna Caccavaio

This paper presents stylized facts of the segmentation of the Euro Area (EA) banking system and investigates cross-border banking dynamics. Results show that the determinants of cross-border banking change substantially over-

Latest occasional papers

time: (i) in the pre-crisis period of financial integration the physical distance and the financial distance between countries were the main drivers; (ii) during the global financial crisis banks reduced the concentration in their foreign claims portfolio and retrenched from the more externally vulnerable countries but kept on investing in the still profitable countries with a sound fiscal position; and (iii) during the EA sovereign tensions, while portfolio diversification and the pull-back from externally vulnerable countries continued, foreign claims were also driven by the deteriorating sovereign conditions, the bank-sovereign link, and opportunities for flight-to-quality. During the crisis the structure of banks' international organization also mattered as banks retrench more when they do not operate through foreign branches and subsidiaries. Full text (pdf)

No. 227: **The macroprudential measures adopted in Europe for the real estate sector** (September 2014)

Daniele Ciani, Wanda Cornacchia and Paolo Garofalo

Risks are emerging in the real estate sector in Europe and the authorities have taken macroprudential measures to contain them. This paper reviews the main measures that have been or are being adopted in a number of European countries, and analyzes the main issues concerning the choice and the effectiveness of the different instruments. In the countries examined, the macroprudential instruments are just beginning to be phased and clear evidence of their effectiveness is not yet available. In some countries several measures have been introduced: given the uncertainty surrounding the functioning of these tools, the use of multiple instruments appears to offer greater potential, including in terms of the ability to reduce avoidance. The initial experiences show that macroprudential measures are more effective if they are put in place promptly when the indicators of risk in the real estate market and finance start to worsen. Calibration issues also appear to be crucial for their effectiveness. Full text (pdf) in Italian only

No. 226: **Italian trade and direct investment in North Africa** (September 2014)

Riccardo Settimo

More than three years since the events of the Arab Spring, the five North African countries – Algeria, Egypt, Libya, Morocco and Tunisia – are still going through a difficult transition. This study provides an overview of Italian trade and direct investment in the region. The main stylized facts are the following: (1) among the countries of the European Union, Italy is the region's largest trading partner; (2) the region is a crucial source of energy, supplying 31 per cent of the oil and 44 per cent of the natural gas that Italy imports; (3) compared with the EU average, Italian exports are specialized in refined petroleum products and capital goods. The primary objective of Italian firms' direct investment in North African countries is to enter new markets rather than to secure lower production costs. Full text (pdf) in Italian only

No. 225: **A microsimulation model to evaluate Italian households' financial vulnerability** (September 2014)

Valentina Michelangeli and Mario Pietrunti

We build a microsimulation model to monitor the financial vulnerability of Italian households. Starting from household-level data from the Survey on Household Income and Wealth and matching them with macroeconomic forecasts on debt and income, we project the future path of households' indebtedness and debt-service ratio. This allows us to assess households' vulnerability at a higher frequency and in a more timely manner than by using household data alone. We find that the share of vulnerable households (defined as those with a debt-service ratio below 30 per cent and income below the median) over the total population is projected to be about stable between 2012 and 2014, with a slight decrease in 2015 due to positive income growth. Their debt is also projected to decrease in those years. Overall, we find that the dynamics of income growth are the main driver of households' vulnerability.
Full text (pdf)

Latest occasional papers

No. 224: **Infrastructure investments in the main emerging countries** (September 2014)

Lorenzo Bencivelli, Annalisa Bucalossi, Luigi Concistrè, Raffaele De Marchi, Giorgio Merlonghi, Valeria Rolli and Giorgio Trebeschi

This paper surveys the current conditions and prospects for the infrastructure sector in seven large emerging countries — Brazil, China, India, Indonesia, Mexico, Russia and Turkey — assessing the adequacy of their current infrastructural endowment and illustrating the latest government investment plans. It also discusses the extent of private sector involvement and the main obstacles to the realization of the planned investments, including those related to the limited availability and high costs of financing. The seven countries cited in the research, which all have large domestic markets (either effective or potential) coupled with substantial requirements for new investment in public infrastructure, are of undoubted strategic importance for Italian firms operating in the infrastructure sector and planning international expansion.
Full text (pdf) in Italian only

No. 223: **The survey on international merchandise transport of Italy: methods and results** (September 2014)

Enrico Pastori, Miriam Tagliavia, Enrico Tosti and Simonetta Zappa

The paper describes the methodology and the main results of the sample survey on international merchandise transport that the Bank of Italy has carried out since 1999, with a reconstruction of the aggregate time series to 1989. We have obtained information on the different transport modes from several sources and used interviews with operators to estimate freight rates according to the structure of the reference market. Foreign and Italian transporters' market shares of import and export volumes are estimated on the basis of the sample data and administrative records. We then break down foreign trade data by transport mode to take account of the structural overestimation of road haulage. We perform a quantitative analysis of the possible determinants of freight rates and compare the results with those available in the literature. The relationship between trade flows, transport distance and costs is estimated using a gravitational model.
Full text (pdf) in Italian only

No. 222: **Analysing financial vulnerability by income group** (July 2014)

Paolo Acciari, Elisabetta Manzoli, Sauro Mocetti and Eliana Viviano

In this paper we examine credit market participation and financial vulnerability by income, making use of a large sample of individuals aged 25-54. From 2005 to 2011 the percentage of individuals with more than €75,000 of debt increased, mainly as a result of slower debt repayment. Developments differed across income classes: the new borrowers were mainly concentrated in higher income classes, while the slowdown in debt repayment was more pronounced for the middle and lower income groups. During the period debt-servicing difficulties also increased: the delinquency rate in the poorest quintile of the population was 10 times higher than that in the richest quintile. This gap widened further in the wake of the global financial crisis. Our estimates show that income instability significantly increased the prevalence of financial distress. However, the high concentration of debt in the richest income classes helped to mitigate banks' overall risk.
Full text (pdf) in Italian only

No. 221: **Diffusion and outlook of firm-level bargaining in Italy** (July 2014)

Francesco D'Amuri and Cristina Giorgiantonio

The article surveys the main actions, either defined by social partners or by government intervention, which have attempted to encourage firm-level bargaining decentralization in recent years. The overall structure and the relative importance of different levels of bargaining have not however been modified by the many innovations introduced. Empirical evidence shows that firm-level bargaining has been associated with innovative managerial practices, but also that a significant share of firms would be willing to sign

Latest occasional papers

contracts that would grant higher wages or preserve occupational levels in order to obtain higher flexibility in the use of the workforce. Uncertainty in the application of laws and contracts can make it harder to reach such deals.
Full text (pdf) in Italian only

No. 220: **International tourism in Italy (1997-2012)** (July 2014)

Andrea Alivernini, Emanuele Breda and Eva Iannario

The Bank of Italy conducts a sample survey on international tourism at the country's main border crossings for balance-of-payments and analysis purposes. Each year a sample of international travellers (both foreigners in Italy and Italians abroad) who have crossed Italy's borders is interviewed; counting operations are carried out in order to determine the size of the reference population. Between 1997 and 2012 international tourism produced a surplus in Italy's balance of payments. Nonetheless, the tourism balance fell from 1.1 to 0.6 per cent of GDP, mainly due to the fall in real terms of foreigners' expenditure in Italy, whereas expenditure by Italians abroad remained practically unchanged as a share of GDP. As a result, the market share of Italian receipts decreased from 6.8 per cent in 1997 to 3.7 per cent in 2012. During the first years of the recent crisis, Italian international tourism receipts fell at a slower pace than those of its two main European competitors, France and Spain; but in 2011-12 their recovery was faster.
Full text (pdf)

Other recent occasional papers

April 2014

No. 219: The Italian system of public research
Pasqualino Montanaro and Roberto Torrini

No. 218: The quality of Italian education: a comparison between the international and the national assessments
Pasqualino Montanaro and Paolo Sestito

No. 217: An indicator of systemic liquidity risk in the Italian financial markets
Eleonora Iachini and Stefano Nobili

No. 216: Business incubators in Italy
Marta Auricchio, Marco Cantamessa, Alessandra Colombelli, Roberto Cullino, Andrea Orame and Emilio Paolucci

No. 215: How to measure the unsecured money market? The Eurosystem's implementation and validation using TARGET2 data
Luca Arciero, Ronald Heijmans, Richard Heuver, Marco Massarenti, Cristina Picillo and Francesco Vacirca

The new €10

Design

Size: **127 x 67 mm**

Colour: **Red**

Architectural style: **Romanesque**

DISCOVER
THE SECURITY FEATURES

Compare with the first series €10

Selection of Journal articles

and books by Bank of Italy staff

Authors' names in boldface: Bank of Italy

Full list since 1990

Forthcoming

Accetturo A., A. Dalmazzo and **G. de Blasio**, "Skill Polarization in Local Labor Markets under Share-Altering Technical Change", *Journal of Regional Science*, v. 54, 2, pp. 249-272.

Atkinson A. and **Brandolini A.**, "Unveiling the Ethics behind Inequality Measurement: Dalton's Contribution to Economics", *Economic Journal*.

Barigozzi M., **A. Conti** and M. Luciani, "Do Euro Area Countries Respond Asymmetrically to the Common Monetary Policy?", *Oxford Bulletin of Economics and Statistics*.

Barone G. and **S. Mocetti**, "Natural Disasters, Growth and Institutions: a Tale of Two Earthquakes", *Journal of Urban Economics*. (WP No. 949)

Brandolini A., "The Big Chill. Italian Family Budgets after the Great Recession", in C. Fusaro and A. Kreppel (eds.), *Italian Politics 2013*, New York, Berghahn.

Bronzini R. and **E. Iachini**, "Are Incentives for R&D Effective? Evidence from a Regression Discontinuity Approach", *American Economic Journal : Economic Policy*. (WP No. 791)

Bugamelli M., **S. Fabiani** and **E. Sette**, "The Age of the Dragon: The Effect of Imports from China on Firm-level Prices", *Journal of Money, Credit and Banking*. (WP No. 737)

Bulligan G., M. Marcellino and **F. Venditti**, "Forecasting Economic Activity with Targeted Predictors", *International Journal of Forecasting.*

Dalmazzo **A., P. Pin** and **D. Scalise**, "Communities and Social Inefficiency with eterogeneous groups", *Journal of Economic Dynamics and Control.*

de Blasio F., **D. Fantino** and **G. Pellegrini**, "Evaluating the Impact of Innovation Incentives: Evidence from an Unexpected Shortage of Funds", *Industrial and Corporate Change.* (WP No. 792)

Gobbi, G. and **E. Sette**,"Relationship Lending During a Financial Crisis", *Journal of the European Economic Association.*

Marconi D. and F. Sanna-Randaccio, "The Clean development Mechanism and Technology Transfer to China", in R. van Tulder et al. (eds.), *Progress in International Business Research; Vol 8; International Business and Sustainable Development*. Emerald Group Publishing Limited. (OP No. 129)

Mercatanti A., "Bayesian Inference for Randomized Experiments with Noncompliance and Nonignorable Missing Data", in A. Paganoni, P. Secchi (eds.), Advances *in complex data modelling and computational methods in statistics*, Springer.

Stacchini M. and P. Degasperi, "Trust, Family Business and Financial Intermediation", *Journal of Corporate Finance.*

Selection of Journal articles

2014

Aeberhardt R., **I. Buono** and H. Fadinger , "Learning, Incomplete Contracts and Export Dynamics: Theory and Evidence from French Firms", *European Economic Review*, v. 68, pp. 219-249.

Accetturo A., **G. de Blasio** and L. Ricci, "A Tale of an Unwanted Outcome: Transfers and Local Endowments of Trust and Cooperation", *Journal of Economic Behavior and Organization*, v. 102, pp. 74-89.

Accetturo A., **F. Manaresi**, **S. Mocetti** and **E. Olivieri**, "Don't Stand So Close to Me: The Urban Impact of Immigration", *Regional Science and Urban Economics,* v. 45, pp. 45-56. (WP No. 866)

Albertazzi U. and **M. Bottero**, "Foreign Bank Lending: Evidence from the Global Financial Crisis", *Journal of International Economics*, v. 92, 1, pp. 22-35. (WP No. 926)

Andini M. and C. Andini, "Finance, Growth and Quantile Parameter Heterogeneity", Journal of Macroeconomics, v. 40, pp. 308-22.

Angelini P., **S. Neri** and **F. Panetta**, "The Interaction between Capital Requirements and Monetary Policy", Journal *of Money, Credit and Banking*, v. 46, 6, pp. 1073-1112. (WP No. 801)

Baducco S. and **F. Caprioli**, "Optimal Fiscal Policy in a Small Open Economy with Limited Commitment", *Journal of International Economics*, v. 93, 2, pp. 302-315.

Barbiellini Amidei, F. and **C. Giordano**, The redesign of the bank-industry-financial market ties in the U.S Glass-Steagall and the 1936 Italian Banking Acts, in P. Clement, James, H., Van der Wee, H. (eds.), *Financial Innovation, Regulation and Crises in History*, London, Pickering & Chatto Publishers

Bardozzetti A. and **D. Dottori**, "Foreign Collective Action Clauses: How Do They Affect Sovereign Bond Yields?", *Journal of International Economics*, v. 92, 2, pp. 286-303.

Carlucci F. and **F. Montaruli**, "Co-integrating VAR Models and Economic Policy", *Journal of Economic Surveys*, v. 28, 1, pp. 68-81.

D'Amuri F. and G. Peri, "Immigration, Jobs and Employment Protection: Evidence from Europe before and during the Great Recession", *Journal of the European Economic Association*., v. 12, 2, pp. 432-464. (WP No. 886)

Daniele F. and **F. Zollino**, "Macroeconomic Imbalances in Europe: Institutional Progress and the Challenges That Remain", *Applied Economics,* v. 46, 4-6, pp. 589-602.

D'Ignazio A. and E. Giovannetti, "Continental Differences **Di Giacinto V.**, **M. Gomellini**, **G. Micucci** and **M. Pagnini**, Mapping local productivity advantages in Italy: industrial districts, cities or both?, *Journal of Economic Geography*, v. 14, pp. 365–394 (WP No. 850)

Federico S., "Industry dynamics and competition from low-wage countries: Evidence on Italy", *Oxford Bulletin of Economics and Statistics*, v. 76, 3, pp. 389-410. (WP No. 879)

Francese M. and **M. Romanelli**, "Is There Room for Containing Healthcare Costs? An Analysis of Regional Spending Differentials in Italy", *The European Journal of Health Economics,* v. 15, 2, pp. 117-132 (WP No. 828)

Gambacorta L. and **P. E. Mistrulli**, "Bank Heterogeneity and Interest Rate Setting: What Lessons have we Learned since Lehman Brothers?", *Journal of Money, Credit and Banking,* v. 46, 4, pp. 753-778. (WP No. 829)

Gambacorta L. and **F. M. Signoretti**, "Should Monetary Policy Lean Against the Wind? An Analysis Based on a DSGE Model with Banking", *Journal of Economic Dynamics and Control*, v. 43, pp. 146-74. (WP No. 921)

Giordano C., G. Piga and G. Trovato, "Fascist Italy's Industrial Great Depression: Fascist Price and Wage Policies", *Macroeconomic Dynamics*, v. 18, 3, pp. 689-720.

Gobbi, G. and **E. Sette**,"Do Firms Benefit from Concentrating their Borrowing? Evidence from the Great Recession", *Review of Finance*, v. 18, 2, pp. 527-560

Huntley J. and **V. Michelangeli**, "Can Tax Rebates Stimulate Consumption Spending in a Life-Cycle Model?", *American Economic Journal: Macroeconomics*, v. 6, 1, pp. 162-89.

Ichino A., E. A. Lindstrom and **E. Viviano**, "Hidden Consequences of a First-Born Boy for Women", *Economics Letters*, v. 123, 3, pp. 274-278.

Molnar K. and **S. Santoro**, "Optimal Monetary Policy when Agents are Learning", *European Economic Review*, v. 66, pp. 3-62.

Monteforte L. and C. Frale, "The Financial Content of Inflation Risks in the Euro Area: Comments", *International Journal of Forecasting*, v. 30, 3, pp. 660-661.

Rocco M., "Extreme value theory in finance: a survey", *Journal of Economic Surveys*, v. 28, 1, pp. 82-108 (OP No. 99)

Sbrana G. and **A. Silvestrini**, "Random Switching Exponential Smoothing and Inventory Forecasting", *International Journal of Production Economics*, v. 156, pp. 283-294.

Taboga M., "The Riskiness of Corporate Bonds", *Journal of Money, Credit and Banking*, v.46, 4, pp. 693-713. (WP No. 730)

Selection of Journal articles

2013

Accetturo A., **M. Bugamelli** and **A. Lamorgese**, "Skill Upgrading and Exports", *Journal Economics Letters, December*, v. 121, 3, pp. 417-20.

Adamopoulou E., "New Facts on Infidelity", *Economics Letters*, v. 121, 3, pp. 458-62.

Alesina A., **L. Francesca** and **P.E. Mistrulli**, "Do Women Pay More for Credit? Evidence from Italy", *Journal of the European Economic Association,* v. 89, v. 11, 2, pp. 45-66*.*

Amatori A., **M. Bugamelli** and A. Colli, "Technology, Firm Size, and Entrepreneurship", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press. (EHWP No. 13)

Ascari G. and **T. Ropele**, "Disinflation Effects in a Medium-Scale New Keynesian Model: Money Supply Rule versus Interest Rate Rule", *European Economic Review*, v. 61, pp. 77-100.

Atkinson A. and **Brandolini A.**, "On the Identification of the Middle Class", in In J. C. Gornick and M. Jäntti (eds), Income *Inequality: Economic Disparities and the Middle Class in Affluent Countries*, Stanford, Stanford University Press.

Baffigi A., "National Accounts, 1861-2011", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press. (EHWP No. 18)

Balassone F., M. Francese and **A. Pace**, "Public Debt and Economic Growth: Italy's First 150 Year", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy Since Unification*, New York, Oxford University Press. (EHWP No. 11)

Barba Navaretti G., **M. Bugamelli, R. Cristadoro** and D. Maggioni, "Are Firms Exporting to China and India Different from Other Exporters?", in G. Gomel, Giorgio, D. Marconi, I. Musu, B. Quintieri (eds), *The Chinese Economy: Recent Trends and Policy Issues*, Springer-Verlag, Berlin.

Barbiellini Amidei F., J. Cantwell and A. Spadavecchia, "Innovation and Foreign Technology", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press. (EHWP No. 7)

Battilossi S., **A. Gigliobianco** and **G. Marinelli**, "Resource Allocation by the Banking System", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press.

Bertola G. and **P. Sestito**, "Human Capital", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press. (EHWP No. 6)

Bianco, M., M. E. Bontempi, R. Golinelli and **G. Parigi**, "Family Firms' Investments, Uncertainty and Opacity", *Small Business Economics*, v. 40, iss. 4, pp. 1035-58.

Bianco M. and G. Napolitano, "Why the Italian Administrative System Is a Source of Competitive Disadvantage", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press. (EHWP No. 24)

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*, v. 11, 5, pp. 1032-1052. (WP No. 835)

Borin A., R. Cristadoro, R. Golinelli and **G. Parigi**, "Forecasting World Output: The Rising Importance of Emerging Asia", in G. Gomel, Giorgio, D. Marconi, I. Musu, B. Quintieri (eds), *The Chinese Economy: Recent Trends and Policy Issues*, Springer-Verlag, Berlin.

Brandolini A., "Poverty", in L. Bruni and S. Zamagni (eds), *Handbook on the Economics of Reciprocity and Social Enterprise*, Cheltenham, Edward Elgar.

Brandolini A. and G. Vecchi, "Standards of Living", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press. (EHWP No. 19)

Broadberry S.N., **C. Giordano** and **F. Zollino**, "Productivity", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press. (EHWP No. 20)

Bronwyn H, **F. Lotti** and J. Mairesse, "Evidence on the Impact of R&D and ICT Investments on Innovation and Productivity in Italian Firms", *Economics of Innovation and New Technology*, v. 22, iss. 3-4, pp. 300-328.

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)

Cingano F. and P. Pinotti, "Politicians at Work. The Private Returns and Social Costs of Political Connections", *Journal of the European Economic Association,* v. 89, v. 11, 2, pp. 433-465*.* (WP No. 709)

Conti M. and **E. Sette**, "Type of Employer and Fertility of Working Women: does Working in the Public Sector or in a Large Private Firm Matter?", *Cambridge Journal of Economics*, v. 37, 6, pp. 1303-1333 .

Crafts N. and **M. Magnani**, "The Golden Age and the Second Globalization in Italy", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press. (EHWP No. 17)

Selection of Journal articles

Cristadoro R., **G. Saporito** and **F. Venditti**, "Forecasting Inflation and Tracking Monetary Policy in the Euro Area, does National Information Help?", *Empirical Economics*, v.44, 3, pp. 1065-1086.

Cuciniello V., "Large Labour Unions and Terms-of-Trade Externality", *Economics Letters*, v. 120, 1, pp. 135-38.

De Bonis R., **L. Infante** and **F. Paternò**, Determinants and Consequences of Credit Tightening: An Analysis of the United States and the Euro Area, in B. Winkler, A. Van Riet, P. Bull (eds.), *A Flow-of-Funds Perspective on the Financial Crisis*, Palgrave Macmillan

De Socio A., "The Interbank Market after the Financial Turmoil: Squeezing Liquidity in a 'Lemons Market' or Asking Liquidity 'On Tap'", *Journal of Banking and Finance*, v. 37, iss. 5, pp. 1340-58. (WP No. 819)

Di Iasio G., "Incentives and Financial Crises: Microfounded Macroprudential Regulation", *Journal of Financial Intermediation*, v. 22, 4, pp. 627-38.

Di Stefano E., "Demographic Trends and Sustainability of the Old-Age Security System in China", in G. Gomel, Giorgio, D. Marconi, I. Musu, B. Quintieri (eds), *The Chinese Economy: Recent Trends and Policy Issues*, Springer-Verlag, Berlin.

Di Nino V., B. Eichengreen and **M. Sbracia**, "Real Exchange Rates, Trade, and Growth", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press. (EHWP No. 10)

Dottori D., S. I-Ling and F. Estevan, "Reshaping the schooling system: The role of immigration", *Journal of Economic Theory*, v. 148, 5, pp. 2124-2149. (WP No. 726)

Fazio G. and **L. Lavecchia**, "Social Capital Formation Across Space: Proximity and Trust in European Regions", *International Regional Science Review*, v. 36, 3, pp. 296-321

Ferguson S. and **S. Formai**, "Institution-Driven Comparative Advantage and Organizational Choice", *Journal of International Economics*, v. 90, 1, pp. 193-200.

Filippin A., C. V. Fiorio and **E. Viviano**, "The Effect of Tax Enforcement on Tax Morale", *European Journal of Political Economy*, v. 32, pp. 320-331. (WP No. 937)

Finicelli A., **P. Pagano** and **M. Sbracia**, "Ricardian selection", *Journal of International Economics*, v. 89, 1, pp. 96-109. (WP No. 728)

Gaiotti E., "Credit Availability and Investment: Lessons from the Great Recession", *European Economic Review*, v. 59, pp. 212-227. (WP No. 793)

Gennari E. and **M. Giovanna**, "How Sticky are Local Expenditures in Italy? Assessing the Relevance of the Flypaper Effect through Municipal Data", *International Tax and Public Finance*, (DOI: 10.1007/s10797-013-9269-9). (WP No. 844)

Gomellini M. and C. Ó Gráda, "Migrations", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press. (EHWP No. 8)

Grande G., **A. Levy**, **F. Panetta** and **A. Zaghini**, "Public Guarantees on Bank Bonds: Effectiveness and Distortions", in J. R. LaBrosse, R. Olivares-Caminal, D. Singh (eds.), *Financial Crisis Containment and Government Guarantees*, Cheltenham, UK, Edwar Elgar.

Huysentruyt M., E. Lefevere and **C. Menon**, "Dynamics of Retail-Bank Branching in Antwerp (Belgium) 1991-2006: Evidence from Micro-geographic Data", *Journal of Banking and Finance*, v. 37, 2, pp. 291-304.

Jenkins, S. P., **Brandolini A.,** Micklewright, J. and Basso G., The Great Recession and its consequences for household incomes in 21 countries, in S. P. Jenkins, A. Brandolini, J. Micklewright and B. Nolan (eds.), *The Great Recession and the Distribution of Household Income*, Oxford, Oxford University Press

Jenkins, S. P., **Brandolini A.,** Micklewright, J. and Nolan B., The Great Recession and the Distribution of Household Income. Summary and conclusions, in S. P. Jenkins, A. Brandolini, J. Micklewright and B. Nolan (eds.), *The Great Recession and the Distribution of Household Income*, Oxford, Oxford University Press

Iuzzolino G., G. Pellegrini and G. Viesti, "Regional Convergence", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press. (EHWP No. 22)

Marini M. and **F. Zollino**, "Macroeconomic Developments in China: The Statistical Challenges", in G. Gomel, Giorgio, D. Marconi, I. Musu, B. Quintieri (eds), *The Chinese Economy: Recent Trends and Policy Issues*, Springer-Verlag, Berlin.

Monteforte L. and **G. Moretti**, "Real-Time Forecasts of Inflation: The Role of Financial Variables", *International Journal of Forecasting*, v. 32, 1, pp. 51-61. (WP No. 767)

Nucci F. and **M. Riggi**, "Performance Pay and Changes in U.S. Labor Market Dynamics", *Journal of Economic Dynamics and Control*, v. 37, 12, pp. 2796-2813. (WP No. 800)

Sbrana G. and **A. Silvestrini**, "Aggregation of exponential smoothing processes with an application to portfolio risk evaluation", *Journal of Banking and Finance,* v. 37, 5, pp. 1437-1450.

Sbrana G. and **A. Silvestrini**, "Forecasting Aggregate Demand: Analytical Comparison of Top-Down and Bottom-Up Approaches in a Multivariate Exponential Smoothing Framework", *International Journal of Production Economics*, v. 146, 1, pp. 185-98.

Selection of Journal articles

Venditti F., "From Oil to Consumer Energy Prices: How Much Asymmetry Along the Way?", *Energy Economics*, 40.

2012

Affinito M., "Do interbank customer relationships exist? And how did they function in the crisis? Learning from Italy", *Journal of Banking and Finance, v. 36, 12, pp. 3163-3184*. (WP No. 826)

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

Anzuini A. and F. Fornari, "Macroeconomic determinants of carry trade activity", *Review of International Economics*, v. 20, 3, pp. 468-488. (WP No. 817)

Ascari G. and **T. Ropele**, "Disinflation in a DSGE perspective: sacrifice ratio or welfare gain ratio?", *Journal of Economic Dynamics and Control*, v. 36, 2, pp. 169-182. (WP No. 736)

Barbiellini Amidei F., **A. Gigliobianco** and **C. Giordano**, "Credit policy and economic development in post-WWII Italy", in H. Bonin, N. V. Haueter, A. Gigliobianco and J. Harold (eds.), *Public Policies and the Direction of Financial Flows. Studies in Banking and Financial History*, Bucharest, EABH.

Barbieri G. and **P. Sestito**, "The Quality of Temporary Work", in, Tindara Addabbo & Giovanni Solinas (ed.), *Non-Standard Employment and Quality of Work. The Case of Italy*, AIEL - Associazione Italiana Economisti del Lavoro, Roma.

Bartiloro L., **M. Coletta**, **R. De Bonis** and **A. Mercatanti**, "Household wealth in a cross-country perspective", in R. De Bonis and A. F. Pozzolo (eds.), *The Financial Systems of Industrial Countries. Evidence from the Financial Accounts,* Berlin, Springer Verlag.

Bartolucci F. and **V. Nigro**, "Pseudo conditional maximum likelihood estimation of the dynamic logit model binary panel data", *Journal of Econometrics, v. 170, 1, pp. 102-116*.

Bianchi M., P. Buonanno and **P. Pinotti**, "Do immigrants cause crime?", *Journal of the European Economic Association*, v. 10, 6, pp. 1318–1347. (WP No. 698)

Bologna P., J. Viñals, J. Fiechter, N. Aditya, J. Elliott, I. Tower and M. Hsu, "The making of good supervision: learning to say No", in A. Narain, I. Ötker-Robe and C. Pazarbasioglu (eds.), *Building a More Resilient Financial Sector,* Washington D.C., International Monetary Fund.

Bonci R., "The effects of monetary policy in the euro area: first results from the flow of funds", in R. De Bonis and A. F. Pozzolo (eds.), *The Financial Systems of Industrial Countries. Evidence from the Financial Accounts,* Berlin, Springer Verlag.

Brandolini A., **S. Magri** and T. M. Smeeding, Asset-Based Measurement of Poverty, In D. J. Besharov and K. A. Couch (eds), *Counting the Poor: New Thinking About European Poverty Measures and Lessons for the United States*, Oxford and New York: Oxford University Press (WP No. 755)

Brandolini A., **A. Rosolia** and **R. Torrini, Roberto**, The EU-wide Earnings Distribution, in J. A. Bishop and R. Salas (eds), *Research on Economic Inequality, Volume 20 – Inequality, Mobility and Segregation: Essays in Honor of Jacques Silber*, Bingley, Emerald Group Publishing Limited

Bruno G., **R. De Bonis** and **A. Silvestrini**, "Do financial systems converge? New evidence from financial assets in OECD countries", *Journal of Comparative Economics,* v. 40, pp. 141-155.

Buono I. and G. Lalanne, "The effect of the Uruguay Round on the intensive and extensive margins of trade", *Journal of International Economics* v. 86, 2, pp. 269-283*.* (WP No. 743)

Cesarano F., G. Cifarelli and G. Toniolo, "Exchange rate regimes and reserve policy: The Italian lira, 1883-1911", *Open Economies Review*, v. 23, 2, pp. 253-275.

Chłoń-Domińczak A., **D. Franco** and E. Palmer, "The first wave of NDC reforms: the experiences of Italy, Latvia, Poland, and Sweden", in R. Holzmann, E. Palmer and D. Robalino (eds.), *Nonfinancial Defined Contribution Pension Schemes in a Changing Pension World. V. 1, Progress, Lessons, and Implementation*, Washington D.C., The World Bank.

Cingano F. and **A. Rosolia**, "People I know: job search and social networks", *Journal of Labor Economics*, v. 30, 2, pp. 291-332. (WP No. 600)

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

Cristadoro R. and **D. Marconi**, "Urban and rural household savings in China: determinants and policy implications", in G. Gomel, D. Marconi, I. Musu and B. Quintieri (eds), *The Chinese economy. Recent trends and policy issues*, Berlin, Springer Verlag (WP No. 838)

De Bonis R. and **A. Gigliobianco**, "The origins of financial accounts in the United States and Italy: Copeland, Baffi and the institutions", in R. De Bonis and A. F. Pozzolo (eds.), *The Financial Systems of Industrial Countries. Evidence from the Financial Accounts,* Berlin, Springer Verlag

Selection of Journal articles

De Bonis R. and **A. F. Pozzolo**, "Financial systems: introduction and summary", in R. De Bonis and A. F. Pozzolo (eds.), *The Financial Systems of Industrial Countries. Evidence from the Financial Accounts,* Berlin, Springer Verlag

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,* v. 44, 8, pp. 1474-1696.

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, v. 19, 5, p. 772-782*.

Federico S., "Headquarter intensity and the choice between outsourcing versus integration at home or abroad", *Industrial and Corporate Change*, v. 21, 6, pp. 1337-1358. (WP No. 742)

Filippin A. and **M. Paccagnella**, "Family background, self-confidence and economic outcomes", *Economics of Education Review*, v. 31, 5, pp. 824-834. (WP No. 875)

Gomel G., **D. Marconi,** I. Musu and B. Quintieri, "The Chinese economy. Recent trends and policy issues", Berlin, Springer Verlag .

Guerrieri P. and **F. Vergara Caffarelli,** "Trade Openness and International Fragmentation of Production in the European Union: The New Divide?", *Review of International Economics*, v. 20, 3, pp. 535-551. (WP No. 855)

Infante L., A. Pozzolo and R. Tedeschi, Imbalances in Household, Firm, Public and Foreign Sector Balance Sheets in the 200s: A Case of "I told you so"?, in R. De Bonis, A. Pozzolo (eds.), The *Financial Systems of Industrial Countries. Evidence from Financial Accounts*, Springer-Verlag Berlin Heidelberg

Lombardi M. and **G. Nicoletti**, "Bayesian prior elicitation in DSGE models: macro- vs micropriors", *Journal of Economic Dynamics and Control*, v. 36, 2, pp. 394-313.

Marconi D., "Environmental regulation and revealed comparative advantages in Europe: is China a pollution haven?", *Review of International Economics*, v. 20, 3, pp. 616-635. (OP No. 67)

Marino M. R. and **R. Zizza**, "Personal income tax evasion in Italy: an estimate by taxpayer type", in M. Pickhardt and A. Prinz (eds.) *Tax evasion and the shadow economy*, Cheltenham, Edward Elgar.

Metghalchi M., **J. Marcucci** and Chang Yung-Ho, "Are moving average trading rules profitable? Evidence from the European stock markets", *Applied Economics*, v. 44, 10-12, pp. 1539-1559.

Neri S. and **T. Ropele**, "Imperfect information, real-time data and monetary policy in the Euro Area", *The Economic Journal*, v. 122, 561, pp. 651-74 (WP No. 802)

2011

Angelini P., **A. Nobili** and **C. Picillo**, "The interbank market after August 2007: What has changed, and why?", *Journal of Money, Credit and Banking*, v. 43, 5, pp. 923-958. (WP No. 731)

Antonelli C. and **F. Barbiellini Amidei**, "The dynamics of knowledge externalities. Localized technological change in Italy", Cheltenham, Edward Elgar.

Barone G. and **F. Cingano**, "Service regulation and growth: evidence from OECD countries", *Economic Journal,* v. 121, 555, pp. 931-957. (WP No. 675)

Barone G., **R. Felici** and **M. Pagnini**, "Switching costs in local credit markets", *International Journal of Industrial Organization*, v. 29, 6, pp. 694-704. (WP No. 760)

Barone G. and **S. Mocetti**, "Tax morale and public spending inefficiency", *International Tax and Public Finance*, v. 18, 6, pp. 724-49. (WP No. 732)

Bentivogli C., **E. Cocozza, A. Foglia** and **S. Iannotti**, "Basel II and changing bank-firm relationship: a survey", in G. Calcagnini and I. Favaretto (eds.), *The Economics of Small Businesses – An International Perspective,* Heidelberg, Physica-Verlag GmbH & Co. (OP No. 6)

Bugamelli M. and **F. Paternò**, "Output growth volatility and remittances", *Economica,* v. 78, 311, pp. 480-500. (WP No. 673)

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.

Calza A. and **A. Zaghini**, "Welfare costs of inflation and the circulation of US currency abroad", *The B. E. Journal of Macroeconomics*, v. 11, 1, art. 12. (WP No. 812)

Catte P., **P. Cova**, **P. Pagano** and **I. Visco**, "Macroeconomic policies and the roots of the global crisis", *SUERF Study 2011/3,* Larcier. (OP No. 69)

Cesarano F., "The political and economic dimension of monetary unions", *Open Economies Review*, v. 22, 5, pp. 985-996.

Ciapanna E., "Directed matching with endogenous Markov probability: clients or competitors?", *The RAND Journal of Economics,* v. 42, 1, pp. 92-120. (WP No. 665)

Selection of Journal articles

Corsetti G., **M. Pericoli** and **M. Sbracia**, Correlation analysis of financial contagion", *in* R.W. Kolb (ed.), *Financial Contagion: The Viral Threat to the Wealth of Nations,* New York, Wiley.

Cova P., "Keynesian government spending multipliers and spillovers in the euro area: discussion", *Economic Policy,* v. 26, 67, pp. 538-544.

Cova P., A. Matsumoto, **M. Pisani** and A. Rebucci, "News shocks and asset price volatility in general equilibrium", *Journal of Economic Dynamics and Control*, v. 35, 12, pp. 2132-2149.

Cuciniello V., "The welfare effect of foreign monetary conservatism with non-atomistic wage setters", *Journal of Money, Credit and Banking,* v. 43, 8, pp. 1719-1734. (WP No. 810)

Di Cesare A. and **G. Guazzarotti**, "An analysis of the determinants of Credit Default Swap changes before and during the subprime financial turmoil", in B. L. Campos and J. P. Wilkins (eds.), *The financial crisis: issues in business, finance and global economics,* New York, Nova Science Publishers, Inc. (WP No. 749)

Federico S. and **A. Felettigh**, "Measuring the price elasticity of import demand in the destination markets of Italian exports", in L. Codogno and L. Paganetto (eds.), *Measuring Italy's external competitiveness,* Ed. Rubbettino, Soveria Mannelli. (WP No. 776)

Forni L., **A. Gerali** and **M. Pisani**, "The macroeconomics of fiscal consolidation in a monetary union: the case of Italy", in L. Paganetto (ed.), *Recovery after the crisis. Perspectives and policies,* VDM Verlag Dr. Muller. (WP No. 747)

Giordano R. and **P. Tommasino**, "What determines debt intolerance? The role of political and monetary institutions", *European Journal of Political Economy,* v. 27, 3, pp. 471-484. (WP No. 700)

Gola C. and **F. Spadafora**, "Financial sector surveillance and the IMF", in *The Impact of the Global Financial Crisis on Emerging Financial Markets,* Contemporary Studies in Economic and Financial Analysis, v. 93, pp. 255-310.

Monteagudo J. and **F. Montaruli**, "Analysing non-price competitiveness in euro area countries", in L. Codogno and L. Paganetto (eds.), *Measuring Italy's external competitiveness,* Ed. Rubbettino, Soveria Mannelli.

Monteforte L., "The macroeconomics of the global financial and economic crisis", in J. J. Kirton, C. Oldani, and P. Savona (eds.), *Global financial crisis: global impact and solutions*, Burlington (VT), Ashgate.

Schivardi F. and **E. Viviano**, "Entry barriers in retail trade", *The Economic Journal,* v. 121, 551, pp. 145-170. (WP No. 616)

Sestito P. and **E. Viviano**, "Reservation Wages: Explaining some Puzzling Regional Patterns", *Labour*, v. 25, 1, pp. 63-88. (WP No. 696)

Sette E., "Competition and optimistic advice of financial analysts: evidence from IPOs", *Journal of Financial Intermediation,* v. 20, 3, pp. 441-457.

Siviero S. and **G. Veronese**, "A policy-sensible benchmark core inflation measure", *Oxford Economic Papers*, v. 63, 4, pp. 648-672.

Wilhelmsen B. R. and **A. Zaghini**, "Monetary policy predictability in the euro area: an international comparison", *Applied Economics,* v. 43, 20, pp. 2533-2544.

Useful links

WORKING PAPERS OF THE OTHER EURO-AREA CENTRAL BANKS:

European Central Bank

Banco de España

Banco de Portugal

Bank of Estonia

Bank of Finland

Bank of Greece

Bank of Slovenia

Banque Centrale du Luxembourg

Banque de France

Banque Nationale de Belgique

Central Bank of Cyprus

Central Bank of Ireland

Central Bank of Malta

Croatian National Bank

De Nederlandsche Bank

Deutsche Bundesbank

Národná banka Slovenska

Latvijas Banka

Oesterreichische Nationalbank

OTHER

BIS Central Bank Research Hub

Einaudi Institute for Economics and Finance

OECD working papers series

Research at the IMF

Research at the World Bank

Directorate General for Economics, Statistics and Research
Via Nazionale, 91
00184 Roma - Italia
Tel. +390647921
E-mail: temidiscussione@bancaditalia.it

www.bancaditalia.it

Youtube.com/bancaditalia Google.com/+BancaditaliaEurosistema @UfficioStampaBI