

# SasCa PhD Conference

16<sup>th</sup> – 17<sup>th</sup> September 2021

*San Francesco Hotel*

Alghero (Sardinia), Italy



# 1 Conference Timetable

Day 1: Thursday 16 <sup>th</sup> September 2021	
8:30 — 8:45	<b>Registration</b>
8:45 — 9:00	<b>Welcome Speech</b>
9:00 — 10:30	<b>Session 1a:</b> <i>Migration</i>
10:30 — 11:00	Coffee break
11:00 — 12:30	<b>Session 1b:</b> <i>Migration</i>
12:30 — 14:00	Buffet Lunch
14:00 — 16:00	<b>Session 2:</b> <i>Macroeconomics, Finance and Quantitative Methods</i>
16:00 — 16:30	Break
16:30 — 17:30	<b>Guest Speaker: Roberto Casarin</b>
20:30	<b>Social Dinner</b>

Day 2: Friday 17 <sup>th</sup> September 2021	
9:00 — 10:30	<b>Session 3a:</b> <i>Microeconomics Theory and Experimental Economics</i>
10:30 — 11:00	Coffee break
11:00 — 12:30	<b>Session 3b:</b> <i>Microeconomic Theory and Experimental Economics</i>
12:30 — 14:00	Buffet Lunch
14:00 — 15:00	<b>Guest Speaker: Antonio Nicolò</b>
15:15 — 16:45	<b>Session 4a:</b> <i>Applied Microeconomics</i>
16:45 — 17:15	Break
17:15 — 18:15	<b>Session 4b:</b> <i>Applied Microeconomics</i>

The conference will take place at the conference hall of San Francesco Hotel in Alghero - Via Ambrogio Machin, 2 for the Hotel entrance; Via Carlo Alberto (next to the church gate) for the conference hall and cloister entrance. Coffee breaks and buffet lunches will be served at the cloister. The social dinner will take place at Agriturismo Le Pinnette. The organization will provide a shuttle bus to and from the restaurant. Meeting point and time will be announced during the conference.

## 2 Presenters and Discussants

Slots are organised as follows. Presenters will have 20 minutes to present their paper. After this, the assigned discussant will have 5 minutes to initiate discussion and sum up key points, assumptions, contributions, comments and critiques. A 5-minute Q&A session will follow.

<b>SESSION 1 — Migration</b>	
Session Leader: Xhiselda Demaj	
<i>Presenter</i>	<i>Discussant</i>
<b>Andrea Cinque</b> – Université Paris 1 & Leibniz Univ: <i>“Confined to stay: Natural disasters and Indonesia’s migration ban”</i>	<b>Xhiselda Demaj</b> Univeristà Ca’ Foscari Venezia
<b>Lorenzo Spadavecchia</b> – Università Bocconi: <i>“The Economic Effects of Immigration Restriction Policies. Evidence from the Italian Mass Migration to the US”</i>	<b>Andrea Cinque</b> Univ Paris 1 & Leibniz Univ
<b>Silvia Peracchi</b> – Université du Luxembourg: <i>“Genetic Diversity and Performance: Evidence from Football Data”</i>	<b>Rinaldo Naci</b> Univeristà Ca’ Foscari Venezia
Coffee Break	
<b>Marco Delogu</b> – Università degli studi di Sassari: <i>“Effects of Migration with Endogenous Labor Supply and Heterogenous Skills”</i>	<b>Christoph Deuster</b> Institute for Employment Research (IAB)
<b>Rinaldo Naci</b> – Università Ca’ Foscari Venezia: <i>“Labor Market and Immigrants naturalization”</i>	<b>Silvia Peracchi</b> Université du Luxembourg
<b>Christoph Deuster</b> – Institute for Employment Research (IAB): <i>“International migration and government policies: Immigration vs. emigration restrictions”</i>	<b>Marco Delogu</b> Università degli studi di Sassari

<b>SESSION 2 — Macroeconomics, Finance and Quantitative Methods</b>	
Session Leader: Simone Nobili	
<i>Presenter</i>	<i>Discussant</i>
<b>Ilaria Gianstefani</b> – IMT Scuola Alti Studi Lucca: <i>“The liquidity uncertainty premium puzzle”</i>	<b>Giovanni Pianon</b> Università Ca’ Foscari Venezia
<b>Giulia Carallo</b> – Università Ca’ Foscari Venezia: <i>“Score-Driven Generalized Poisson Model”</i>	<b>Antonio Peruzzi</b> Università Ca’ Foscari Venezia
<b>Alessandro Franconi</b> – LUISS Guido Carli: <i>“Government Spending Multipliers and Private Debt Overhang: New Evidence”</i>	<b>Simone Nobili</b> Università degli studi di Sassari
<b>Andrea Modena</b> – Universität Bonn: <i>“Recapitalization, Bailout, and Long-run Welfare in a Dynamic Model of Banking”</i>	<b>Giommaria Spano</b> Università degli studi di Sassari

**SESSION 3 — Microeconomic Theory and Experimental Economics**

Session Leader: Roberto Rozzi

<i>Presenter</i>	<i>Discussant</i>
<b>Sedric Zucchiatti</b> – IMT Scuola Alti Studi Lucca: <i>“The Structure of Interaction and Modes of Reasoning Can Shape the Evolution of Conventions”</i>	<b>Roberto Rozzi</b> Università Ca’ Foscari Venezia
<b>Itzhak Rasooly</b> – University of Oxford: <i>“Going... going... wrong: a test of the level-k (and cognitive hierarchy) models of bidding behaviour”</i>	<b>Fireder Neunhoeffler</b> Università Bocconi
<b>Fireder Neunhoeffler</b> – Università Bocconi: <i>“The pigeonholing effect. On subscription traps and context-dependent preference reversals”</i>	<b>Itzhak Rasooly</b> University of Oxford
Coffee Break	
<b>Melika Liporace</b> – Università Bocconi: <i>“4 Things Nobody tells you about Online News: a Model with Social Networks and Competition”</i>	<b>Pasqualina Arca</b> Università degli studi di Sassari
<b>Rodostina Shopova</b> – Vienna Graduate School of Economics: <i>“Vertical integration with quality choice in marketplaces”</i>	<b>W. Benedikt Schmal</b> Düsseldorf Institute for Competition Economics
<b>W. Benedikt Schmal</b> – Düsseldorf Inst for Competition Economics: <i>“Collusive Maintenance in the 21st Century”</i>	<b>Rodostina Shopova</b> Vienna Graduate School of Economics

**SESSION 4 — Applied Microeconomics**

Session Leader: Ludovica Spinola

<i>Presenter</i>	<i>Discussant</i>
<b>Liliana Cuccu</b> – Universitat de Barcelona: <i>“What happens to workers displaced by robots? Evidence from Spain”</i>	<b>Giorgio Monti</b> Università Ca’ Foscari Venezia
<b>Andrea Caria</b> – Università degli studi di Cagliari: <i>“Political Selection and Monetary Incentives in Local Parliamentary Systems”</i>	<b>Elena Perra</b> Università degli studi di Firenze
<b>Giovanni Righetto</b> – Università degli studi di Bologna: <i>“Endogamy and Social Closure”</i>	<b>Marco Diamante</b> Università Ca’ Foscari Venezia
Break	
<b>Elena Perra</b> – Università degli studi di Firenze: <i>“Roads to Tigraynisation: Ethnic Favouritism”</i>	<b>Elena Renzullo</b> Università Ca’ Foscari Venezia
<b>Giorgio Monti</b> – Università Ca’ Foscari Venezia: <i>“The Italian regional divide in Education”</i>	<b>Liliana Cuccu</b> Universitat de Barcelona

### 3 Guest Speakers



The first day of the conference the **keynote lecture** will be held by **Roberto Casarin**. The title of his talk is “*Bayesian Inference on Probabilistic Surveys*” a work joint with Federico Bassetti and Marco Del Negro.

**Roberto Casarin** is Professor of Econometrics at Università Ca’ Foscari of Venice. He received a Ph.D. in Mathematics, from Université Paris Dauphine and CERE-MADE, a Ph.D. in Economics from Università Ca’ Foscari of Venice. His research interests are mainly in Bayesian analysis: Bayesian statistical inference, time series models, networks analysis.



The second day of the conference the **keynote lecture** will be held by **Antonio Nicolò**. The title of his talk is “*A Commitment Theory of Populism*” a work joint with Massimo Morelli and Paolo Roberti.

**Antonio Nicolò** is Professor of Economics at Università di Padova. He hold a PhD from Universitat Autònoma de Barcelona. He has also an affiliation at the School of Social Sciences of the University of Manchester. His research interests are mainly in Mechanism Design, Social Choice Theory, Political Economy.

## 4 List of Abstracts

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### Session 1: Migration

9.00 - 12.30 - 16th Sept.

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#### 1. **Confined to stay: Natural disasters and Indonesia's migration ban**

*Authors:* Andrea Cinque\*, L. Cisneros, L. Reiners

*Discussant:* Xhiselda Demaj

##### **Abstract**

This paper investigates the effects of international migration restrictions on individuals' capacity to absorb income shocks after natural catastrophes. We take advantage of an emigration ban to female Indonesians as a natural experiment. After an array of violent assaults against female servants in Saudi-Arabia, the Indonesian government issued a migration ban in 2011, preventing millions of female workers to migrate as domestic servants to Saudi Arabia. We exploit the exogenous timing of the ban and of natural disasters to estimate the causal effects of the absence of international migration as an adaptive strategy. Using a panel of all Indonesian villages, we compare poverty rates in the aftermath of natural disasters for villages whose main destination is Saudi Arabia against other villages, before and after the migration ban. We find that in villages with strong ex-ante propensity to migrate to Saudi-Arabia, poverty increases in face of natural disasters after the ban, further aggravating the already severe consequences of the natural shock.

#### 2. **The Economic Effects of Immigration Restriction Policies. Evidence from the Italian Mass Migration to the US**

*Authors:* D. M. Coluccia, Lorenzo Spadavecchia\*

*Discussant:* Andrea Cinque

##### **Abstract**

This paper studies how immigration restriction policies influence economic development of emigration countries in the context of the early XX-century Italian mass emigration to the US. We assemble a unique dataset spanning the 1890-1930 period to link Italian emigrants to their district of origin and complement it with newly digitized historical Italian census data. To identify the effects of the 1921-1924 Immigration Acts we compare districts with similar emigration rates but different destination countries. We find that in exposed districts investment in capital goods by manufacturing firms sharply decreases. In addition, we show that districts that were more exposed to the policy shock display a sizable increase in population. We provide evidence that "missing migrants" whose migration was

inhibited by the Acts drive this result. Moreover, industrial employment in those districts increases. We interpret this as evidence of directed technical adoption: more abundant labor dampened the incentive for firms to adopt productivity-enhancing technologies thereby potentially hampering long-run growth.

### 3. Genetic Diversity and Performance: Evidence from Football Data

*Authors:* M. Beine, Silvia Peracchi\*, S. Zana

*Discussant:* Rinaldo Naci

#### Abstract

The theoretical impact of genetic diversity is ambiguous since it leads to costs and benefits at the collective level. In this paper, we assess empirically the connection between genetic diversity and the performance of sport teams. Focusing on football (soccer), we built a novel dataset of national teams of European countries that have participated in the European and the World Championships since 1970. Determining the genetic diversity of national teams is based on the distance between the genetic scores of every players' origins in the team. Genetic endowments for each player are recovered using a matching algorithm based on family names. Performance is measured at both the unilateral and bilateral level. Identification of the causal link relies on an instrumental variable strategy that is based on past immigration at the country level about one generation before. Our findings indicate a positive causal link between genetic diversity and teams' performance. We find a substantial effect, a one-standard increase in diversity leading to ranking changes of two to three positions after each stage of a championship.

### 4. Effects of Migration with Endogenous Labor Supply and Heterogenous Skills

*Authors:* G. Atzeni, L. G. Deidda, Marco Delogu\*, D. Paolini

*Discussant:* Christoph Deuster

#### Abstract

We analyze the effects of migration allowing for endogenous labor supply in a standard two-region model with monopolistically competitive producers and love for variety. We find that the welfare effects of migration depend on firms' market power in the final good markets. If market power is sufficiently high, migration of either low or high-skill individuals negatively affects the welfare of native individuals, irrespective of their skills, in the destination region, while natives of the origin region are always better off, irrespective of their skills. Differently, if market power is intermediate, both high and low-skill migration makes individuals native

of the destination region better off, irrespective of their skills, while natives of the country of origin are worse off. If market power is sufficiently low, high-skill migration makes high-skill individuals native of the destination region worse off, while high-skill and low-skill natives of the origin region are respectively better off and worse off. The effect of low-skill migration are the same as in the case of intermediate market power. A preliminary numerical analysis suggests that such results are robust to international trade of final goods, which is in general welfare enhancing.

## 5. Labor Market and Immigrants naturalization

*Authors:* Rinaldo Naci\*, A. Brugiavini, G. Pasini

*Discussant:* Silvia Peracchi

### Abstract

To analyze the labor market consequences of citizenship eligibility requirements, we use variation in residency requirements induced by citizenship reforms in Germany and Austria. We can rely on exogenous variation in eligibility rules from national immigration reforms by the two countries with two opposite directions a more liberal approach in Germany and a stricter one in Austria. The evidence shows that naturalization is associated with higher employment rates in both countries, moreover this association increases in the German case after reducing the years of residence required for the naturalization.

## 6. International migration and government policies: Immigration vs. emigration restrictions

*Author:* Christoph Deuster

*Discussant:* Marco Delogu

### Abstract

This paper studies the relationship between migration policies and migration flows. The analysis collects information on immigration and emigration policies from the World Population Policies database in order to obtain a measure on migration restrictions of 41 destination and 195 origin countries. It codes government policies on migration according to their restrictiveness and combines this information with biennial data on migration flows between 41 destination and 228 origin territories for the period 2001-2012. It then uses a gravity framework in order to determine the potential impact of immigration and emigration policies on bilateral migration flows. The paper finds that immigration restrictions have a statistically significant impact on bilateral migration flows. Emigration restrictions, however,

do not seem to be of similar importance. This suggests that policies targeting immigrants rather than emigrants have a stronger impact on the shape and size of international migration flows.

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## Session 2: Macroeconomics, Finance and Quantitative Methods

14.00 - 16.00 - 16th Sept.

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### 1. The liquidity uncertainty premium puzzle

*Authors:* Ilaria Gianstefani\*, M. Flora, R. Renò

*Discussant:* Giovanni Pianon

#### Abstract

The puzzling negative relation between liquidity uncertainty and asset returns, originally put forward by Chordia, Subrahmanyam, and Anshuman (2001) and confirmed by the subsequent empirical literature up to date, is neither robust to the aggregation period, nor to the observation frequency used to compute the volatility of trading volume. When using one-minute trading data over the most recent months, the relation is positive, in line with investors' aversion to liquidity uncertainty. However, portfolio strategies based on liquidity uncertainty do not appear to be profitable.

### 2. Score-Driven Generalized Poisson Model

*Authors:* Giulia Carallo\*, R. Casarin, D. Palumbo

*Discussant:* Antonio Peruzzi

#### Abstract

This paper introduces a new score driven where the series has Generalised Poisson conditional distribution. We provide a Bayesian inference framework and an efficient posterior approximation procedure based on Markov Chain Monte Carlo. The applications to fires show that the proposed model is well suited for capturing the over-dispersion feature of the data.

### 3. **Government Spending Multipliers and Private Debt Overhang: New Evidence**

*Author:* Alessandro Franconi

*Discussant:* Simone Nobili

#### **Abstract**

This paper investigates whether U.S. government spending multipliers are larger during periods of private debt overhang. Using historical data and instrumenting government purchases with two standard measures of spending shocks, I find that multipliers can be above unity in periods of high private debt and are systematically lower in periods of low private debt. I identify tax progressivity as a mechanism that contributes to the state-dependent results. The results are robust when controlling for financial conditions, business cycle, and macroeconomic policy regimes as alternative potential states.

### 4. **Recapitalization, Bailout, and Long-run Welfare in a Dynamic Model of Banking**

*Author:* Andrea Modena

*Discussant:* Giommara Spano

#### **Abstract**

We study the dynamic trade-off between the short-run costs and the long-run benefits of bank bailouts. In the model, banks leverage, thanks to their cost advantage at monitoring firms, but maintain capital buffers to avoid costly equity issuance. Individual recapitalization is sub-optimal because banks do not internalize the externalities of their aggregate capitalization on their leverage capacity and firms' investments. Systematic bailouts can improve the allocation efficiency in bad states, in which banks' leverage is persistently constrained and investments are low. Bailouts accelerate the economy's recovery, thereby reducing endogenous risk in the long run.

**Bayesian Inference on Probabilistic Surveys***joint with Federico Bassetti and Marco Del Negro***Abstract**

We propose a non-parametric Bayesian approach to the estimation of forecast densities in probabilistic surveys. We use it to study the evolution of the subjective forecast distribution for inflation from the U.S. Survey of Professional Forecasters over the past forty years.

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**Session 3: Microeconomic Theory and Experimental Economics**

9.00 - 12.30 - 17th Sept.

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**1. The Structure of Interaction and Modes of Reasoning Can Shape the Evolution of Conventions***Authors:* E. Bilancini, L. Boncinelli, Sédric Zucchiatti\**Discussant:* Roberto Rozzi**Abstract**

In this paper, we study the evolution of conventions in a location model where: (i) agents choose a location in which they locally interact, (ii) interactions may be global or local, and (iii) agents can be either coarse or fine reasoners where only the latter can distinguish between global and local interactions. We show that the structure of interactions and modes of reasoning affect the selection of social conventions. In particular, three cases are possible: (1) if interactions are mostly local and the proportion of fine reasoners is sufficiently small, selection favors a payoff dominant convention; (2) if interactions are mostly local and the proportion of fine reasoners is sufficiently high, selection favors a semi-payoff dominant convention in which all agents play the payoff dominant convention except fine reasoners in global interactions; finally, (3) if interactions are mostly global, regardless of the population composition selection favors a semi-risk dominant convention in which agents are separated according to type and play the risk dominant convention except fine reasoners in local interactions. This implies that the co-existence of coarse and fine reasoning may be beneficial or detrimental to the diffusion of the payoff dominant convention depending on the structure of interactions.

## 2. **Going... going... wrong: a test of the level-k (and cognitive hierarchy) models of bidding behaviour**

*Author:* Itzhak Rasooly

*Discussant:* Frieder Neunhoeffler

### **Abstract**

In this paper, we design and implement an experiment aimed at testing the level-k model of auctions. We begin by asking which (simple) environments can best disentangle the level-k model from its leading rival, Bayes Nash equilibrium. We find two environments that are particularly suited to this purpose: an all-pay auction with uniformly distributed values, and a first-price auction with the possibility of cancelled bids. We then implement both of these environments in a (virtual) laboratory in order to see which theory can best explain observed bidding behaviour. We find that, when plausibly calibrated, the level-k model substantially under-predicts the observed bids and is clearly out-performed by equilibrium. Moreover, attempting to fit the level-k model to the observed data results in implausibly high estimated levels, which in turn bear no relation to the levels inferred from a game known to trigger level-k reasoning. Finally, subjects almost never appeal to iterated reasoning when asked to explain how they bid. Overall, these findings suggest that, despite its notable success in predicting behaviour in other strategic settings, the level-k model (and its close cousin cognitive hierarchy) cannot explain behaviour in auctions.

## 3. **The pigeonholing effect. On subscription traps and context-dependent preference reversals**

*Author:* Frieder Neunhoeffler

*Discussant:* Itzhak Rasooly

### **Abstract**

This paper explores a novel menu effect in the context of subscriptions that violates the transitivity principle of rational choice theory. Providers typically capitalize on arranging offers such that a longer but costlier option is chosen over the cheaper but shorter alternative. We find that sizing the shorter subscription down to single-use raises its attraction. This suggests that the presence of a single-use option prompts rational evaluation based on a realistic estimate to use the subscription again. Instead, when both alternatives represent time spans, an irrational mind may discern them along the same category - referred to as pigeonholing - with the consequence that other comparative criteria come to the fore. Two-dimensional models, present in most behavioral theories, fail to explain

this type of preference reversal. Inspired by the intuition of transaction utility and the availability heuristic, we propose a generalization of salience theory to capture the effect of pigeonholing.

#### 4. **Things Nobody tells you about Online News: a Model with Social Networks and Competition**

*Author:* Melika Liporace

*Discussant:* Pasqualina Arca

##### **Abstract**

Social media create a new type of incentives for news producers. Consumers share content, influence the visibility of articles and determine the advertisement revenues ensuing. I study the new incentives created by sharing and evaluate the potential quality of ad-funded online news. Producers rely on a subset of rational and unbiased consumers to spread news articles. The resulting news has low precision and ambiguous welfare effects. Producers' incentive to invest in news quality increases with the private knowledge of the topic; hence, when information is most needed, the generated news tends to be of lesser quality. Competition does not necessarily improve news quality – it does so only if the sharing network is sufficiently dense. While ad-funded online news occasionally helps consumers take better decisions, it creates welfare mostly through entertainment. Some interventions, such as flagging wrong articles, substantially improve the outcome; other approaches, such as quality certification, do not.

#### 5. **Vertical integration with quality choice in marketplaces**

*Author:* Radostina Shopova

*Discussant:* W. Benedikt Schmal

##### **Abstract**

This paper investigates the implications of vertical integration in marketplaces. Differently from classic retailers, in a marketplace firms set end-consumer prices and the intermediary collects fees. When introducing a lower quality version of a product, a marketplace owner does not have an incentive to increase the fee of the outside seller and foreclose him. In order to protect revenues from the seller channel, a marketplace owner overprices and optimally chooses a lower quality for his product than both retailer and seller. This harms the seller less, but also improves the consumer surplus less compared to a retailer. Finally, a policy aiming at disintegrating the marketplace will benefit the outside seller at the expense of both marketplace and consumers, resulting in lower overall welfare.

## 6. Collusive Maintenance in the 21st Century

*Authors:* S. Martin, W. Benedikt Schmal\*

*Discussant:* Radostina Shopova

### Abstract

Sophisticated collusive maintenance schemes such as assigning future market shares or direct transfers are frequently observed in detected cartels. We show formally why these schemes are useful for dampening deviation incentives when colluding firms are temporary asymmetric. Relating to the vibrant research on algorithmic collusion, we show how the relative attractiveness of each of these schemes is shaped by firms' ability to predict future market conditions. In industries with low entry costs, direct transfers are most attractive when the prediction ability is low. This brings new fields of action for competition authorities as cartels shifting towards tacit schemes due to predictive algorithms require new detection strategies.

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## Keynote Lecture 2: Antonio Nicolò

14.00 - 15.00 - 17th Sept.

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### A Commitment Theory of Populism

*joint with* Massimo Morelli and Paolo Roberti

### Abstract

We propose a theory of populist “supply” as unconditional commitment. We show that reduced trust in the ability and reliability of politicians and lower interest for the common good is responsible for the demand of simple credible policies. Disenchanted citizens prefer politicians who stick with their easy to check promises (committed delegates) to politicians who insist in their competence to optimally address future problems (trustees). In a two-party competition, an asymmetric equilibrium may exist where voters with lower interest for the common good select a committed delegate, while those with higher interest for the common good appoint a trustee. In this asymmetric equilibrium the commitment component of populism is conducive to anti-elite rhetoric and fake news production incentives. Nationalism, closed border policies and protectionism are examples of commitment that reflect reduced moral universalism. When the desire for simple commitments increases, voters' endogenous political information can drastically drop.

**1. What happens to workers displaced by robots? Evidence from Spain***Authors:* Liliana Cuccu\*, V. Royuela*Discussant:* Giorgio Monti**Abstract**

Concerns over widespread technological unemployment are often dismissed with the argument that human labour is not destroyed by automation but rather reallocated to other tasks, occupations or sectors. When just focusing on pure employment levels, the idea that workers are not permanently excluded from the production process but “just” reallocated somewhere else might strike as reassuring. However, while quite some attention has been devoted to the impact of automation on employment levels, little has been said about the quality of the new match for displaced workers. Using an administrative longitudinal panel covering a large sample of Spanish workers for the period 2001-2016, this study investigates the short and medium term re-employment prospects of workers displaced from sectors with an increasing density of industrial robots. The role of relocation to other sectors and/or local labour markets as an adjustment mechanism is also examined. Exposed middle- and low-skilled workers are more likely than non-exposed ones to be still unemployed 6 months after displacement. Among those who find a new occupation, an additional robot per 1000 workers increases the probability of being re-employed in a lower-paying job by about 2 percentage points for middle- and low-skilled workers, with the penalty being significantly higher for those who relocate to a different sector. The pay differential might be explained by the fact that these workers tend to face a qualification-downgrading in the new job and are more likely to be re-employed in temporary-employment agencies. High-skilled workers are less negatively affected by exposure, although they sometimes also incur a penalty when changing sector.

**2. Political Selection and Monetary Incentives in Local Parliamentary Systems***Authors:* Andrea Caria\*, F. Cerina, M. Nieddu*Discussant:* Elena Perra**Abstract**

Using a rich database on local politicians in Italian municipalities between 1985 and 1992, we implement a regression-discontinuity analysis to evaluate the causal effect of monetary incentives on the characteristics of politicians in local

parliamentary systems. We find that higher expected wages result in more educated member of the local council (+0.8 years of schooling), but not in more educated mayors. While low-wage councils tend to elect mayors who are on average 1.5 years more educated than the mean councillor, this difference vanishes in high-wage councils. This finding is not solely explained by a ceiling effect, as council-elected mayors turn up being less educated in high-wage than in low-wage councils (-0.9 years). Our results highlight that the positive impacts of monetary incentives can be undone or even reversed in the parliamentary stage of the election process. More generally, they suggest that the effects of monetary incentives are not invariant across different institutional setting.

### 3. Endogamy and Social Closure

*Author:* Giovanni Righetto

*Discussant:* Marco Diamante

#### **Abstract**

The Italian rate of gender participation gap, defined as differential between female and male rates of labor force participation, was 18.2% in 2020, the second highest among EU countries. In this paper, we present evidence highlighting a new possible determinant of this unbalance in the labor force: endogamy intensity. We define endogamy as “marriage within the community”, and we argue that it helps preserving and reinforcing social norms stigmatizing working women, along with reducing the probability of divorce, which in turns disincentivizes women’s participation to the labor force. We proxy the endogamy rate of a community by the degree of concentration of its surnames’ distribution, and we provide evidence that a more intense custom of endogamy is linked to larger gender participation gaps across Italian municipalities in 2001. In order to deal with endogeneity issues, we make use of an instrumental variable strategy, by instrumenting the endogamy measure of a municipality by the degree of ruggedness of its territory: the surface’sasperity of a municipality indeed contributes to its geographical isolation, thus incentivizing in-marriage. In our main 2SLS result, a standard deviation-increase in our proxy of endogamy is linked to roughly a 0.3 standard deviation-increase in the gender participation gap in 2001. In addition, we provide evidence supporting our main hypothesis, documenting how higher rates of in-marriage are linked to the preservation of social norms and to a greater marriage stability, with lower probability of divorce.

#### 4. **Roads to Tigraynisation: Ethnic Favouritism**

*Author:* Elena Perra

*Discussant:* Elena Renzullo

##### **Abstract**

Ethnic favouritism has long been considered by scholars as intrinsic in explaining sub-optimal economic growth in African countries. Our case study, Ethiopia, represents an unicum in the African political context, as ethnicity has been institutionalised as the key element of the post-authoritarian state order, yielding a system that has been labelled “ethnic federalism”. This paper aims to analyse whether this particular institutional setting has proven to be a deterrent to logics of ethnic favouritism in the allocation of public goods. In order to do so, the study exploits a national scale road investment project spanning almost twenty years, the Ethiopian Road Sector Development Programme. We seek to assess whether the politically dominant ethnicity, Tigrays, have benefited disproportionately from the project with respect to other ethnically identified Ethiopian regions. By exploiting a novel dataset containing spatially explicit information on the location of new road constructions and road surface improvements, we leverage quasi-experimental econometric methods in order to identify a causal effect of coethnicity with the Tigray People’s Liberation Front, the dominant component of the Ethiopian People’s Revolutionary Democratic Front, in the reception of new road construction and road improvements. The main contribution of this paper resides in the quantification of the disproportional allocation of road investments. We find that ethnic Tigrays obtain on average 5-7% more roads with respect to other ethnic groups, once pre-treatment characteristics are balanced across treatment and control units. Moreover, the result is consistent when expressed in terms of road improvements, with road speed on Tigray territories increasing by an additional 10 km/h with respect to non-Tigray observations. These results may be considered as evidence of ethnically unbalanced economic growth inside the Ethiopian territory.

#### 5. **The Italian regional divide in Education**

*Author:* Giorgio Monti

*Discussant:* Liliana Cuccu

##### **Abstract**

Italian regional divide is among the widest in western democracies. Northern regions perform better in almost every economic outcomes: GDP per capita, employment rate, health. In this study, I will concentrate on another significant gap

between North and South Italy: educational achievement and cognitive skill formation. Students from the North perform systematically better than those from the South, and the gap increases with age. I will study this difference from an unexplored point of view: difference in school starting age. Italian enrollment system allows parents to enroll children one year earlier to primary school if the pupil was born between the 1st of January and the 30th of April. However, the percentage of parents who enroll their child earlier is much lower in the North than in the South. This generates a significant difference in the average age of students: the average student in the North is 1.5 months older than the average student in the same grade in the South. Using a large dataset from Standardized test scores (INVALSI) I estimate that the 60% and 100% of the difference in average test scores in Italian and Mathematics in II grade between the two macro-regions is due to difference in age. The same percentages decrease to 20% in V grade. Moreover, I will use the reform of the enrollment system introduced in 2003, to estimate how much the gap in scores increased because of the reform. Early enrollment is not exogenous: parents choose when to enroll the child to primary school basing on their beliefs on her skills, on their background, and on social norms. I provide some robustness checks to control for selection and I study one possible determinant of the choice: parenting style. I found that the choice of early enrollment is correlated with the involvement of the parents in the child's school life and with a lower diffusion of permissive parenting style. Moreover, the percentage of early entrants is correlated with higher inequality and returns to education and lower social mobility. The same correlations can be found between the diffusion of more authoritative parenting style and the same economic outcomes. This is consistent with the hypothesis that early enrollment is more chosen among authoritative parents.

## 5 Organizing and Scientific Committee

- **Pasqualina Arca** – Università degli studi di Sassari – *parca1@uniss.it*

She is a Junior Assistant Professor in Economics at the Law Department of the University of Sassari. She earned her Ph.D. in Economics at the University of Leicester. Her main research is on applied microeconomics with focus in the economics of information and financial economics.

- **Ovielt Baltodano** – Univeristà Ca' Foscari Venezia – *ovielt.baltodano@unive.it*

He is a fourth year Ph.D. student at Ca' Foscari University of Venice. His research interests focus on Network Econometrics, International trade and Macroeconomics.

- **Gianni Carboni** – Università degli studi di Sassari – *g.carboni21@studenti.uniss.it*

He is a first year Ph.D. student in Economics at the University of Sassari, and he is currently a visiting PhD student at the Ca' Foscari University of Venice. His main research interests concern Social Interactions and Behavioural Economics. He is also interested in Education with a particular focus on early school leaving.

- **Petru Crudu** – Univeristà Ca' Foscari Venezia – *petru.crudu@unive.it*

He is a third year Ph.D student at Ca' Foscari University of Venice. His main research interests concern Public Economics, Policy Evaluation and Machine Learning.

- **Marco Delogu** – Università degli studi di Sassari – *mdelogu@uniss.it*

He is Junior Assistant Professor in Economics at University of Sassari. He is affiliated with CRENoS (Centro Ricerche Nord Sud) and DEM (Department of Economics and Management, University of Luxembourg). He earned his Ph.D. in Economics at Université catholique de Louvain and Université of Luxembourg. His main research interests concern Development Economics, Economics of Migration, Education and Sport Economics.

- **Xhiselda Demaj** – Univeristà Ca' Foscari Venezia – *xhiselda.demaj@unive.it*

She is a third year Ph.D Candidate in Economics at Ca' Foscari University of Venice. Her main research interests concern Development Economics, Economics of Migration, and Inequalities. She employs microeconomic techniques to investigate the process of migrants' integration in the host countries.

- **Marco Diamante** – Univeristà Ca' Foscari Venezia – *marco.diamante@unive.it*

He is a third year Ph.D. student at Ca' Foscari University of Venice. His main research interests are related to Behavioral and Experimental Economics, with a particular focus on narratives, but he is also interested in Public and Political Economics.

- **Simone Nobili** – Università degli studi di Sassari – *s.nobili@studenti.uniss.it*

He is a first year Ph.D. Candidate in Economics. His main research interests concern Macroeconomics, Public Policy, Fiscal Policy and Environmental Economics.

- **Antonio Peruzzi** – Univeristà Ca' Foscari Venezia – *antonio.peruzzi@unive.it*

He is a third year Ph.D. student at Ca' Foscari University of Venice. His research interests concern the economic impact of news and the mechanics of news diffusion. He is fond of quantitative finance, econometrics, complex networks and online social networks.

- **Giovanni Pianon** – Univeristà Ca' Foscari Venezia – *giovanni.pianon@unive.it*

He is a third year Ph.D. student in Economics at Ca' Foscari University of Venice. His main research interests are linked to Financial Econometrics, Bayesian Inference and Quantitative Finance, with particular application to the re-calibration of Option-Implied probability distributions and to the analysis of the relation between sustainability measures and financial risk.

- **Elena Renzullo** – Univeristà Ca' Foscari Venezia – *elena.renzullo@unive.it*

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- **Giulia Romani** – Univeristà Ca' Foscari Venezia – *giulia.romani@unive.it*

She is a fourth year Ph.D. student in Economics at Ca' Foscari University of Venice. Her research interests lie at the intersection of Economic Geography and Public Economics. In the applied work, she employs tools from policy evaluation and spatial analysis to investigate the effects of public intervention on regional disparities.

- **Roberto Rozzi** – Univeristà Ca' Foscari Venezia – *roberto.rozzi@unive.it*

He is a fourth year PhD Student in Economics at Ca Foscari University of Venice. His research interests concern behavioral and social economics: to investigate them he mainly uses Evolutionary Game Theory Techniques and Experiments. He is interested

in social aspects of economics and in the intersections between psychology, sociology and economics.

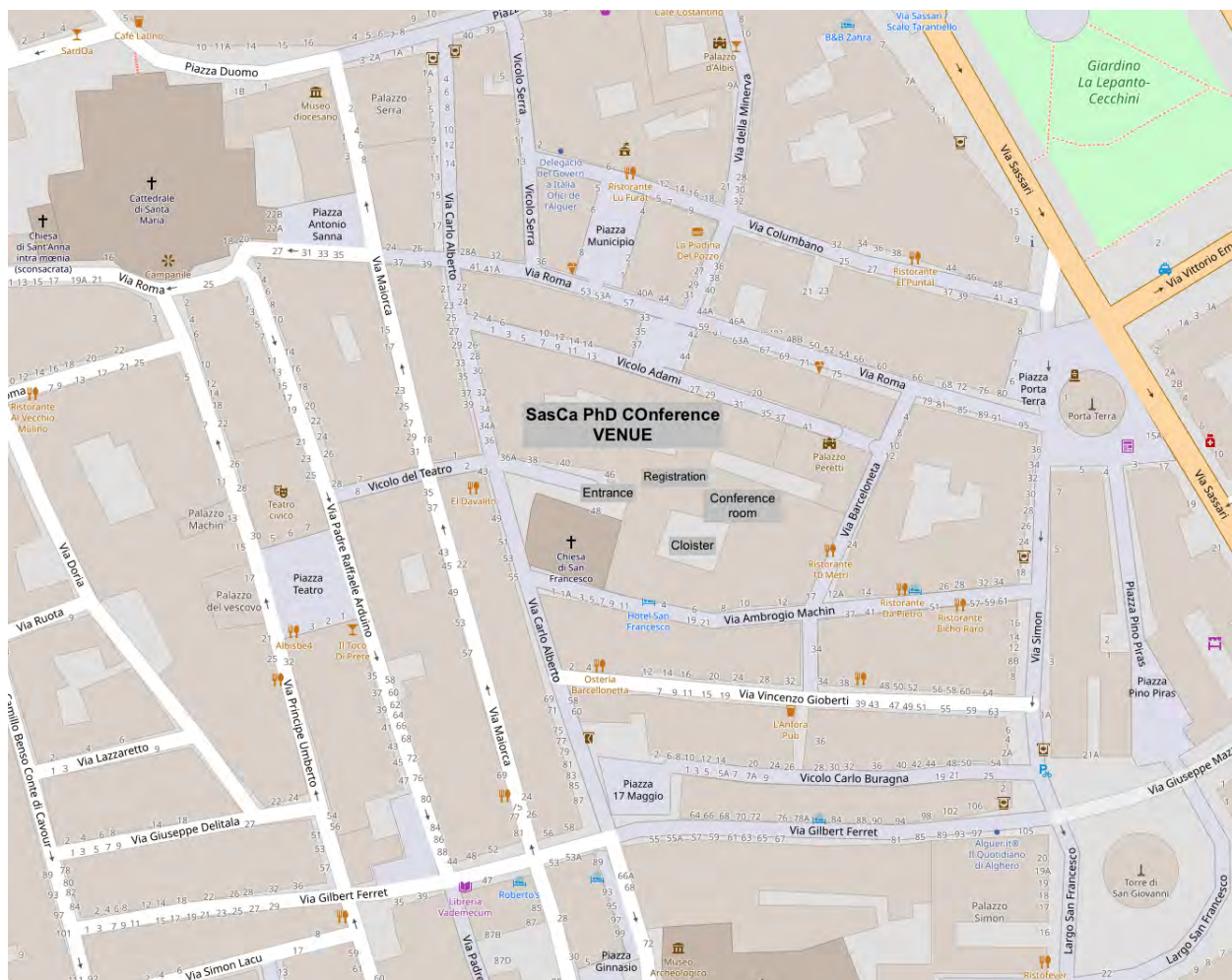
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She is a fourth year Ph.D student in Economics at Ca' Foscari University of Venice. Her research interests concern Behavioural and Experimental Economics. She applies the experimental approach to study the impact of information on individuals' behaviours and to investigate the evolution and the reinforcement of social norms.

## 6 Conference Venue Maps





**IMPORTANT** All participants should be aware that they must have a valid **Green Pass** to attend the conference event. The organizers will check the validity of the Green Pass at the registration desk. Participants unable to provide a valid Green Pass will not be allowed to participate to the conference.