

IGIER

Innocenzo Gasparini Institute for Economic Research

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General overview

IGIER, the Innocenzo Gasparini Institute for Economic Research, set up in 1990, is a joint initiative of the National Bureau of Economic Research (NBER), based in Cambridge (Mass.), the Centre for Economic Policy Research (CEPR), based in London, and Bocconi University, based in Milan, where the institute is located; it was created from an idea of Richard Portes, Mario Monti, and Francesco Giavazzi. IGIER was set up with the aim of "reversing the European brain drain in economics", namely of attracting back to Europe some among the young European economists who, after completing a PhD in the U.S., typically start an academic career in that country and never return to Europe.

Governance

The institute is directed by three Bocconi professors, Carlo Favero (director), Massimiliano Marcellino (vice director) and Guido Tabellini (president), and it is administered by a Management Council that includes representatives for CEPR, NBER and Bocconi University.

Staff and research

Over the years, IGIER has developed, along with the fellowship program, a more stable research group now consisting of approximately 30 researchers. In spite of its small size and its short life IGIER comes out clearly on top of the best Italian universities and compares quite favourably with

some among the best European institutes on the basis of the publication record . (More detailed information on these publications, and more generally on IGIER's research output, is reported in the document "IGIER: 10 Years of Research" at <http://www.igier.uni-bocconi.it>.) The main research topics of IGIER fellows' include the analysis of economic institutions; product, labour, and financial markets; monetary and fiscal policy; econometric modelling and forecasting; microeconomic theory (see below and <http://www.igier.uni-bocconi.it> for more detailed information)

Publications and Seminars

IGIER fellows publish regularly in the IGIER working paper series, that includes by now more than 290 titles. IGIER also manages regular seminar series in macroeconomics, microeconomics and econometrics, with top speakers from around the world; IGIER organizes around 70 seminars a year. It also organizes special workshops and conferences, mostly related to economic policy.

No. of Professors and Publications of IGIER researchers

Timescale	1999	2000	2001	2002	2003	2004	2005		1999-01	2002-05
N. of Researchers	13	14	14	15	17	26	28		18	29
Italian Researchers with PhD abroad	11	11	11	11	13	17	19		14	19
Immigrant Researchers	-	1	1	2	1	3	3		4	7
Recruitment of Italian Researchers from "job market"	-	-	-	1	1	2	1		1	4
Recruitment of Immigrant Researchers from "job market"	-	1	-	2	-	2	-		3	2
Published pages in the top 30 international Journals	18,52	36,193	15,165	51,158	54,04	43,392	-		69,878	148,59
Visiting Professors (Long Term)	-	1	2	3	5	2	-		6	7
Visiting Professors (Short Term)	-	-	-	-	-	2	-		-	2

International links and Participation in networks

IGIER, through NBER and CEPR, entertains stable relationships with some among the best European and U.S.-based researchers, and with the best research institutes in Europe and in the U.S.

For ten years now IGIER has been taking part in various Research Networks supported by the European Commission. IGIER has been part of 8 completed Network:

- 1) **“Spes reverses the European brain drain”** (1990-92); scientist in charge: Prof. Mario Monti
- 2) **“Spes reverses the European brain drain in Economics”** (1992-94); scientist in charge: Prof. Mario Monti
- 3) **Human Capital and Mobility Fellowship** (1992-95): *“European Postdoctoral Fellowship in Economics”* scientist in charge: Prof. Francesco Giavazzi
- 4) **Human Capital and Mobility Network 1** (1993-96) *“Frontiers in Institutional Economies Part 1”*
- 5) **Human Capital and Mobility Fellowship** (1994-98): *“European Postdoctoral Fellowship in Economics”*; scientist in charge: Prof. Francesco Giavazzi
- 6) **Human Capital and Mobility Network 2** (1995-98) *“Frontiers in Institutional Economies Part 2”*
- 7) **Training and Mobility of Researchers** (1996-2001) *“The Economic Analysis of Political Institution: Coalition Building and Constitutional Design”* a research project coordinated by Guido Tabellini
- 8) **Tender No.: V/049/97** (1997-2000) *“Study on the impact of the EU Enlargement on Employment and Labour Markets in the Member States”*; scientist in charge: Prof. Tito Boeri
- 9) **"European Forecasting Network"** (2001-2004) a research project coordinated by Massimiliano Marcellino
- 10) **Research Training Network** (2000-2004) *"The Economic Geography of Europe: Measurement, Testing and Policy Simulation"* a research project coordinated at IGIER by Laura Bottazzi

Two projects are on-going:

- **Marie Curie Host Fellowship-Training Site** (2002-2006), fellowships for PhD Students, project coordinated by Carlo Favero
- **Specific Targeted Research** (2004-2008) *“Polarization and Conflict”*, a research project coordinated at IGIER by Eliana La Ferrara

Core areas of research and sample of recent publications

1) Econometric Modelling and Forecasting

Most of the research in this area focuses on three topics:

- empirical analyses using state of the art techniques, e.g. modelling the behaviour of the central bank or the fiscal authority and evaluating the effects of their policy.
- the analysis and modelling of large sets of macroeconomic variables using factor models, e.g. the analysis of the monetary transmission mechanism taking into account the whole economy.
- forecasting, with a focus on the evaluation and development of methods for macroeconomic and financial variables.

Publications:

Marcellino, Massimiliano (with Anindya Banerjee and Chiara Osbat) "Some cautions on the use of panel methods for integrated series of macro-economic", *Econometrics Journal*, 2004

Luca Sala (with Domenico Giannone and Lucrezia Reichlin), "VARs, Common Factors and the Empirical Validation of Equilibrium Business Cycle Models", *Journal of Econometrics*, forthcoming

2) Political Institutions

This research projects includes an analysis of the following topics.

- Comparative politics: the economic effects of alternative political institutions
- Welfare State: what are the economic and political determinants of the main features of the European welfare state
- Institutions and economic development:
- Voting in alternative institutional settings

Publications:

Galasso, Vincezo (with P. Profeta), "Lessons for an Ageing Society: the political sustainability of social security systems" , *Economic Policy* , 2004

La Ferrara, Eliana, "Kin Groups and Reciprocity: A Model of Credit Transactions in Ghana", *American Economic Review*, 2003

Tabellini, Guido (with Torsten Persson) "Constitutional Rules and Policy Outcomes", *American Economic Review*, 2004

Perotti, Roberto (with A. Alesina), "The European Union: a Politically Incorrect View", *Journal of Economics Perspectives*, forthcoming

3) Institutions and Labour Markets

Most of the research in this area focuses on three topics

First, unemployment theory and labour market institutions

Second, labour force participation

Third, empirical analysis of labour market institutions

Publications:

Boeri, Tito (with J.Jimeno), "The Effects of Employment Protection: Learning from Variable Enforcement", *European Economic Review*, 2004

Garibaldi, Pietro (with Etienne Wasmer), "Raising Female Employment: Reflections and Policy Tools", *Journal of the European Economic Association*, 2004

4) Monetary and Fiscal Policy Institutions

This particular project comprises research work in the following main areas:

- Empirical analysis of monetary–fiscal policy behavior (including their interaction)
- Empirical and theoretical analysis of the economic effects of different constitutions and electoral systems
- Analysis of optimal monetary policy and exchange regimes in open economies

Publications:

Monacelli, Tommaso (with J.Gali), "Monetary Policy and Exchange Rate Volatility in a Small Open Economy", *Review of Economic Studies*, forthcoming

Monacelli, Tommaso, "Monetary Policy in a Low Pass-Through Environment", *Journal of Money Credit and Banking*, forthcoming

Soderstrom, Ulf (with Kai Leitemo), "Simple monetary policy rules and exchange rate uncertainty", *Journal of International Money and Finance*, 2005

5) Technology, Knowledge Spillovers and Growth

Most of the research in this area focuses on three topics.

- empirical analysis of the *IT Revolution* aimed at understanding the effect of IT on productivity and growth using aggregate and macro data sets.
- analysis and modelling of the relation between R&D expenditure and the production of innovation and knowledge and its ultimate effect on productivity.
- empirical and theoretical analysis of the relation between financing innovation and growth in Europe and US. The empirical analysis is developed using unique micro datasets on balance sheets and

investments decisions of more than 500 highly innovative firms in Europe as well as on European Venture Capitalists. The data sets have been gathered at IGIER in the last three years.

Publications:

Bottazzi, Laura (with G.Peri), "The Dynamics of R&D and Innovation in the Short Run and in the Long Run", *Economic Journal*, forthcoming

Daveri, Francesco (with Olmo Silva), "Not Only Nokia", *Economic Policy*, 2004

6) Institutions and Product Markets

Most of the research agenda in this area focuses on the following topics:

- The reorganization and relocations of firms in troubled industries
- Antitrust policies with respect to mergers and concentration projects
- The liberalization process of energy markets in Europe and in the member Countries

Publications:

Polo, Michele (with M. Motta), "Leniency Programs and Cartel Prosecution", *International Journal of Industrial Organization*, 2003

Vasconcelos, Helder, "Tacit collusion, Cost Asymmetries and Mergers", *RAND Journal of Economics*, forthcoming

7) Institutions and Financial markets

Most of the research in this area focuses on three topics.

- measuring and modelling term premia using macroeconomic and financial variables
- understanding the determinants of bond-yield spreads both for "low yielders" and "high yielders"
- financial forecasting, with a focus on forecast combination

Publications:

Favero, Carlo A. , "Taylor Rules and the Term Structure" , *Journal of Monetary Economics* , forthcoming

Favero, Carlo A. (with A. Bonfiglioli) , "Explaining Co-movements Between Stock Markets: The Case of US and Germany" , *Journal of International Money and Finance* , forthcoming

8) Microeconomic Theory

This research area comprises research work in the following subfields:

- Decision Theory
- Game Theory
- Incomplete Contracts and Markets

Publications:

Battigalli, Pierpaolo (with G. Maggi), "Rigidity, Discretion and the Cost of Writing Contracts", *American Economic Review*, 2002

Messner, Matthias (with Mattias Polborn), "Cooperation in Stochastic OLG Games", *Journal of Economic Theory*, 2003

9) Open Economy Macroeconomics

Most of the research in this area focuses on the following topics:

- Analysis of the international transmission mechanisms of monetary, financial, and fiscal policy shocks in dynamic models.
- Analysis of the optimal monetary policy and the Central Bank monetary rule in a currency union.
- Analysis of the relation between firms' decision to locate production, trade and growth.
- Analysis of the development of European Financial Markets and the financing of firms.
- Analysis of the relationship between international trade and macroeconomic performance in a multi-country DSGE Heckscher-Ohlin framework, focusing on the effects of trade on growth and business cycles, and symmetrically on the effects of macroeconomic dynamics on specialization patterns and trade flows.
- Analysis of optimal monetary policy and exchange rate regime arrangements in DSGE models of the open economy, with a focus on interest rate rules in open economies and the relationship between financial frictions and exchange rate regimes.
- Analysis of several aspects of the firm-level decision to undertake a foreign direct investment and/or to relocate production.

Publications:

Giavazzi, Francesco (with O. Blanchard), Macroeconomic effects of regulation and deregulation in goods and labor markets, *Quarterly Journal of Economics*, 2003

Bottazzi, Laura (with Paolo Manasse), "Asymmetric Information and Monetary Policy in Common Currency Areas", *Journal of Money Credit and Banking*, forthcoming

Maffezzoli, Marco (with A.Cunat), "Neoclassical Growth and Commodity Trade" *Review of Economic Dynamics*, 2004