

# Research@theTreasury

Economic Research and Debate at the Italian Treasury  
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Dipartimento  
del Tesoro

## LATEST PUBLICATIONS

### Il processo di riforma della governance UE: alcune considerazioni

Author: Alessandra Caretta

NT n.2/2018

I lasciti della crisi economico-finanziaria del 2007 e della successiva crisi del debito sovrano sono stati pesanti in termini di indebitamento, maggiori disuguaglianze di reddito ed elevata disoccupazione giovanile, seppure in misura eterogenea tra i Paesi UE. A ciò vanno sommate nuove difficoltà per il progetto europeo, quali la crisi migratoria e l'esito del referendum sulla Brexit. Si tratta di un climax pericoloso per le prospettive dell'Unione intera.

Di fronte a tali accadimenti, le istituzioni europee avevano inizialmente reagito avviando il rafforzamento della stabilità finanziaria dell'area euro. Tuttavia, il mantenimento del consenso sul progetto europeo non può prescindere da una maggiore attenzione ai temi sociali e da un'accelerazione del processo di convergenza, non solo economica ma anche politica, tra i Paesi membri dell'area euro e in generale dell'intera Unione.

Questa nota fornisce una ricostruzione delle principali tappe del processo di riforma della governance europea, dalla sua ideazione in tempi di crisi fino ad oggi, alla luce delle diverse elaborazioni da parte della Commissione con particolare riferimento alle politiche strutturali. Ne emergerà un quadro complesso di accelerazioni e frenate in cui è chiaro che le riforme più profonde alla governance economica siano state attuate solo nella fase più acuta della crisi e che l'attuazione delle riforme strutturali per accrescere la resilienza dei Paesi membri sia ancora prioritaria per il rafforzamento dell'eurozona e dell'intero progetto europeo.

[Read the Economic Focus \(Italian version\):](#)

### New to download

#### [Credit Reallocation, Deleveraging, and Financial Crises](#)

by Junghwan Hyun (Hiroshima University)

Raoul Minetti (Michigan State University)

February 7, 2019 - Rome MEF BBLM

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## **Inequality in EMU: is there a core periphery dualism?**

Authors: Tatiana Cesaroni, Enrico D'Elia, Roberta De Santis  
**WP n.6/2018**

Income inequality has had a minor role in the European integration process' institutional framework. This is particularly unfitting given that reducing disparities has been one of the most explicit and firm goals of the EU, which has consequently devoted an increasing share of its budget to regional policy. This issue has potentially relevant policy implications (as often underlined by the OECD reports) because if the European integration has a role in increasing inequalities within member countries it is harmful for social cohesion. This paper intends to assess inequality determinants in EMU countries and whether the European integration process has been itself among them. It performs an empirical investigation on a panel of 12 EMU member States in the period 1980 and 2015. The contribution of this paper to the existing literature is twofold: first, it focuses on the effects of European integration on inequality in EMU countries over the last 25 years, on which the evidence is still scarce. Second, it tries to disentangle the European integration impact on inequality in core and periphery EMU members countries in order to investigate the so called "core periphery dualism" determinants.

[Read the paper:](#)

## **Growth divergence and income inequality in OECD countries: the role of trade and financial openness**

Authors: Enrico D'Elia, Roberta De Santis  
**WP n.5/2018**

This paper analyzes trade and financial openness effects on growth and income inequality in 35 OECD countries. Our model takes into account both short run and long run effects of factors explaining income divergence between and within the countries. We estimate, for the period 1995-2016, an error correction model in which per capita GDP and inequality are driven by changes over time of selected factors and by the deviation from a long run relationship. Stylised facts suggest that trade and financial openness reduce the growth gaps across the countries but not income inequality, and the effects of finance are stronger in high income countries. Nevertheless, low and middle income countries benefit more from international trade. Our contribution to the existing

literature is threefold: i) we study the short and long run effects of trade and financial openness on income level and distribution, ii) we focus on developed countries (OECD) rather than on developing and iii) we provide a sensitivity analysis including in our baseline equation an institutional indicator, a trade agreement proxy and a dummy of global financial crisis. Estimates results indicate that trade openness significantly improved the conditions of OECD low income countries both in short and long run mostly, consistently with the catching up theory. It also decreased inequality, but only in low and middle income countries. Differently financial openness had a positive and significant impact only in the short run on middle income countries and increased income disparities within countries in the short term in low income countries and in the long term in high income countries.

[Read the paper:](#)

### **MPC heterogeneity and household balance sheets**

Authors: Andreas Fagereng, Martin B. Holm, Gisle J. Natvik

**WP n.4/2018**

We use sizeable lottery prizes in Norwegian administrative panel data to characterize households' marginal propensities to consume (MPCs). Our main contribution is to document how MPCs vary with household characteristics and prize size, and how lottery prizes are spent and saved over time. We find that spending spikes in the year of winning, and reverts to normal within 5 years. Controlling for all items on households' balance sheets and characteristics such as education and income, it is the amount won, age and liquid assets that vary systematically with MPCs. Low-liquidity winners of the smallest prizes (around USD 1,500) are estimated to spend all within the year of winning. The same estimate for high-liquidity winners of large prizes (USD 8,300 - 150,000) is slightly below one half. While the consumption responses we find are high, their systematic relations with observables point toward well-understood mechanisms from existing theory and should be useful to quantify structural models.

[Read the paper:](#)

## **On productivity measurement and interpretation. Some insights on Italy**

Authors: Roberta De Santis, Valeria Ferroni

NT n.1/2018

Over the period 1995-2016, the Italian performance in terms of productivity was poor in historical terms and in comparison with its main international partners. This issue goes beyond Italy, with declining productivity growth being observed in other advanced economies. Possible explanations for the slowdown include factors such as lower capital investment by firms, decreased competition, excessive regulation, capital misallocation. The slowing rates of measured productivity growth has also raised questions on the adequacy of current compilation methods (i.e. the mis-measurement hypothesis). The “ICT revolution” has created new ways of exchanging and providing goods and services as a result of increased connectivity. These developments challenge the way economic activity is “traditionally” measured. There are also a number of measurement problems associated with estimating output and input volumes especially related to the quality of prices indexes for some products and services. These problems have an impact on productivity estimates and might impair international comparability. In this paper we intend to investigate, after having surveyed the main empirical and theoretical advancements in productivity measurement, what the core problems in productivity measurement and interpretation are, with a specific focus for Italy.

[Read the Economic Focus:](#)

## **UNDER REVIEW FOR PUBLICATION**

### **La competitività del sistema Italia secondo gli indicatori più seguiti di business climate**

Authors: Silvia D'Andrea, Maria Rita Ebano

### **Labour and capital remuneration in the OECD countries: the role of self-employment income**

Authors: Enrico D'Elia, Stefania Gabriele

This is the new edition of the Italian Treasury newsletter presenting papers, presentations and seminars on economic and financial issues. If you have any comments or suggestions feel free to write us at [dt.segreteria.direzione1@tesoro.it](mailto:dt.segreteria.direzione1@tesoro.it).

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