



CENTRO STUDI LUCA D'AGLIANO

Report to the Scientific Advisory Board

2013

Contents

1	LUCA D'AGLIANO AND THE CENTRO STUDI.....	1
2	RESEARCH AREAS AT CENTRO STUDI LUCA D'AGLIANO	2
2.1	Poverty and Development	4
2.1.1	Main findings	4
2.1.2	Projects	5
2.1.3	Research output	6
2.1.4	Research team, research partners and funding institutions	7
2.1.5	Work programme for 2014.....	7
2.2	Migration.....	9
2.2.1	Main findings	9
2.2.2	Projects	11
2.2.3	Research output	11
2.2.4	Conferences and other events.....	12
2.2.5	Research team, research partners and funding institutions	13
2.2.6	Work programme for 2014.....	13
2.3	Firms and the International Market	15
2.3.1	Main findings	15
2.3.2	Projects	19
2.3.3	Research output	22
2.3.4	Conferences and other events.....	23
2.3.5	Research team, research partners and funding institutions	25
2.3.6	Work programme for 2014.....	26
3	PUBLICATIONS.....	29
4	TRAINING AT LDA	32
4.1	Scholarships and prizes	32
4.2	Post and pre doctoral fellows.....	35
4.3	Summer Schools in International and Development Economics	36
4.4	Riccardo Faini Doctoral Conferences on Development Economics	38
5	LUCA D'AGLIANO LECTURES IN DEVELOPMENT ECONOMICS	39
6	LIST OF CONFERENCES AND SEMINARS.....	41
7	WHO'S WHO	43

1 Luca d'Agliano and the Centro Studi

Luca d'Agliano

Luca d'Agliano was born in Turin on July 4, 1961. At the end of the first year of classical high school at the Rosmini Institute in Turin, he decided to finish his secondary education under the provisions of the Sevenoaks International Baccalaureate Programme.

In September 1980, he went up to Churchill College, University of Cambridge, where he read philosophy and then economics under Margaret Bray and Frank Hahn. On taking his Bachelor of Arts degree in 1983, he was awarded a scholarship by the Fondazione Luigi Einaudi, Turin, and was admitted to St. Antony's College, University of Oxford. Here, under the guidance of Amartya Sen, he studied questions relating to developing countries and welfare economics, concentrating mainly on the analysis of collective agriculture systems and the conflict, typical of such systems, between the ethical value of collective production and the pragmatic need to give individuals the incentive to produce.

In Luca d'Agliano's vision: "...economics [is] to be continually carried over into practical applications. [...] For this substantially ideological reason, it becomes important to combine the [...] study of purely theoretical matters with the study of the problems afflicting the developing countries in their struggle against poverty [...]".

Luca d'Agliano lost his life in a road accident in June 1984.

Centro Studi Luca d'Agliano

Centro Studi Luca d'Agliano (LdA) was founded in Turin in 1986 and it is currently located at Fondazione Luigi Einaudi in Turin and at the Department of Economics of the University of Milan.

LdA is a non-profit research institution contributing original research in the field of international and development economics. LdA carries out its activities in collaboration with major international and Italian research institutions and it works through a network of researchers worldwide. Although LdA's main focus is academic research, it also contributes to the policy debate, working for institutions like the World Bank, the European Commission, the United Nations and the Italian Government.

LdA is especially keen in encouraging young scholars to undertake research in development and international economics. It supports Italian students in their post-graduate studies abroad by awarding scholarships, prizes and research grants. It also funds foreign post-doctoral fellows to carry out research at its premises.

LdA regularly organises conferences and seminars and it publishes one of the leading working paper series in development economics.

2 Research areas at Centro Studi Luca d'Agliano

Research at Centro Studi Luca d'Agliano is organised around three main areas: Poverty and Development, Migration, Firms and the International Market. Within each of these areas, LdA carries out a number of projects in cooperation with various research partners and funding institutions. Table 1 provides an outline of the research projects active in 2013 and the corresponding partners.

Table 1: Research areas, projects, research partners and funding institutions at LdA

POVERTY AND DEVELOPMENT		
COORDINATOR		
Mariapia Mendola		
PROJECTS		
Land Redistribution and Household Living Standards in Malawi	The Formation of Migrants' Networks	Human Capital, Labour and Intra-household Allocation
RESEARCH PARTNERS		
The World Bank; University of Milan Bicocca; CISEPS-Bicocca; University of Milan; Goethe University Frankfurt; Paris School of Economics; University of Paris 1 Panthéon-Sorbonne; Universidad del Rosario in Bogotá; ICRISAT-Kenya; Eduardo Mondlane University (Maputo) and the National Statistical Institute in Maputo.		
FUNDING INSTITUTIONS		
The World Bank; International Initiative for Impact Evaluation (3ie); Compagnia di San Paolo; European University Institute; CISEPS-Bicocca; Institutional funding.		
MIGRATION		
COORDINATOR		
Giovanni Facchini		
PROJECTS		
Temporary Migration, Integration and the Role of Policies (TEMPO)	Value Added in Motion. The Future Geography of Production, Migration and Energy (VAM)	
RESEARCH PARTNERS		
University of California, Davis; University College London; Catholic University of Louvain; CEPR; Centre pour la Recherche Economique et ses Applications (CEPREMAP); Université Libre de Bruxelles; European University Institute; The Graduate Institute of International and Development Studies (IHEID); University of Amsterdam; University of Oxford; Malmö University; Institute for Employment Research (IAB); Swansea University; Vienna Institute for International Economic Studies; University of Vienna; Trinity College Dublin; University of Helsinki; Copenhagen Business School; Hamburg Institute of International Economics (HWWI); Tilburg University.		
FUNDING INSTITUTIONS		
NORFACE Consortium; Enel Foundation.		

FIRMS AND THE INTERNATIONAL MARKET

COORDINATORS

Giorgio Barba Navaretti, Gianmarco I.P. Ottaviano

PROJECTS

Competitiveness Research
Network (CompNet)

Mapping European
Competitiveness
(MAPCOMPETE)

Value Added in Motion. The
Future Geography of
Production, Migration and
Energy (VAM)

RESEARCH PARTNERS

University of Milan; University of Turin; CEPR; Bocconi University; Centre for Economic and Regional Studies of the Hungarian Academy of Sciences (CERS-HAS); Bruegel; Institute for Applied Economic Research (IAW); Paris School of Economics (PSE); SciencesPo Paris; London School of Economics (CEP Department of Economics and SERC Department of Geography and Environment); Columbia University; University of California, San Diego; University of British Columbia; CEMFI, Madrid; Université Catholique de Louvain; University College London; Queen Mary University of London; University of Oslo - Ragnar Frisch Centre for Economic Research; Georgetown University; European Central Bank; Bank of Italy; Bank of France; National Bank of Belgium; Deutsche Bundesbank; Bank of Spain; Central Bank of Hungary; Organisation for Economic Co-operation and Development; the World Bank; the US International Trade Committee.

FUNDING INSTITUTIONS

The European Commission; Compagnia di San Paolo; Enel Foundation; the Chamber of Commerce of Turin; the European Central Bank; the Bank of Italy; Unicredit.

2.1 Poverty and Development

2.1.1 Main findings

Within this area, LdA has been working on three main themes: i) land redistribution and household well-being in Africa; ii) the economics of migration networks; iii) human capital, labour and intra-household allocation of resources.

In a recent project, the LdA team has evaluated the *welfare impact of a land redistribution initiative* implemented by the Government of Malawi with financial support from the World Bank. The Community Based Rural Land Development Project (CBRLDP) was set up so as to provide conditional cash and land transfer to land-poor families to relocate, purchase, develop and cultivate (larger) plots of farm land. The CBRLDP has been retained as one of the most significant interventions ever implemented to address the highly unequal land ownership patterns in postcolonial Malawi. By using a household panel data and a quasi-experimental approach, the researchers find that the Malawi market-based land program significantly increased land holdings, agricultural output, and crop-specific land productivity of beneficiary households. Yet, beneficiaries do not see an improvement in access to social services such as schools and health facilities. There is also evidence of heterogeneous effects by gender and inheritance systems. The findings suggest that there is scope for reducing poverty and inequality in developing countries by implementing a decentralised, community-based, and market-assisted approach to land reform through the provision of land to the landless and land-poor households.

Another LdA project aimed at studying *the formation of migrants' networks in the host society* by collecting a novel and purposely-designed survey on Sri Lankan immigrants living in Milan. It is widely acknowledged in the literature that social ties are particularly important to the migrant population, since newcomers often lack skills or knowledge specific to the receiving country. However, much of the empirical literature has relied on very indirect measures of immigrants' links mainly due to lack of detailed individual data. The LdA study fills this gap and, by taking a dyadic perspective, it investigates how migrants form the links through which they provide and get economic support to other fellow migrants, and how the formation of these links actually shapes interpersonal exchanges along three different dimensions (accommodation, credit, job finding). Findings show that proximity in the city of birth at origin plays a significant role in shaping both weak and strong ties of immigrants at destination. On the other hand, the vintage of migration has a U-shaped effect on the probability of link formation, with the turning point at about 20 years difference in the time of arrival. Once the link is formed, support is provided mainly to relatives while long-established migrants are helpful for job finding only.

Finally, LdA researchers worked on the relationship between human capital, labour supply and intra-household allocations in developing countries. A first paper investigates how *emigration-induced changes in the local labour market may have an impact on child labour in migrant-sending countries*. According to the theory, significant labour force emigration leads to a drop in the local labour supply which, by increasing adult (i.e. parental) wages, may shift child time allocation. The team generated an original cross-country survey dataset, which combines

information on international emigration flows with detailed individual-level data on child labour at age 5-15 in a wide range of developing countries. By exploiting both within and cross country variation they provide strong evidence that international out-migration may significantly reduce child labour in disadvantaged households through changes in the local labour market.

In a related paper, LdA fellows analysed the *short-run effects of parents' poor health conditions on child school enrolment* in a setting where formal social protection is weak or missing. They used household panel data from Bosnia-Herzegovina and an individual fixed effects estimator to show that it is especially maternal health that makes a difference as far as child school enrolment is concerned. Results are robust to considering alternative indicators of parental health status such as the presence of limitations in daily activities and mental health indicators. This is not in line with the common wisdom that shocks to the primary household earner should bear more negative consequences for children education. The findings support the hypothesis that maternal non-financial support to children is a key input for their school achievement. This points to the importance of improving women's access to health care and social protection services in developing and transition countries in order to reduce the intergenerational cost of low investment in human capital.

2.1.2 Projects

Land Redistribution and Household Living Standards in Malawi

This is a research project in collaboration with Italtrend S.p.a (Italy), the Government of Malawi, and the World Bank. An independent impact evaluation of the Community Based Rural Land Development Project (CBRLDP) has been carried out with the aim of assessing the economic impact of the decentralised and community-based land reform carried out in six pilot districts in Malawi. The CBRLDP initiative aims at easing land pressure and improving access to needy rural communities through voluntary land acquisition and redistribution. Its final objective is to increase the incomes of about 15,000 poor rural families through a market-based provision of land to the landless and land-poor beneficiary groups from the six districts in southern Malawi. More specifically, the project was set up so as to provide conditional cash and land transfer to poor families to relocate, purchase, develop and cultivate (larger) plots of farm land. Land reform has been viewed by many development experts as an effective mean for reducing poverty since land enriches the asset base of poor households and carries with it the potential for agricultural production and entrepreneurship. Yet, while its implementation is hindered by political constraints, there is little empirical evidence on the actual impact of land redistribution on economic well-being. This project aims at filling this gap by assessing the economic effect of the CBRLDP on households living standards and productivity by using a quasi-experimental approach.

The Formation of Migrants' Networks

This is a research project funded by CISEPS-Bicocca and LdA, carried out in collaboration with researchers at University of Milano Bicocca and Paris School of Economics. The aim of the project is to investigate how migrants form (weak and strong) links among them in the host country, and the extent to which this network provides them economic support along three different dimensions (accommodation, credit, job finding). For this purpose the team designed and

collected a tailored household survey on an ethnically-homogenous sample of male migrants originally from Sri Lanka and living in Milan. In particular, the researchers have collected information on all interpersonal links and episodes of economic supports among sampled individuals, along with socio-economic background, time of immigration and city of origin in the native country. Hence, the team examined the endogenous formation of interpersonal links from the dyadic perspective, as a function of proximity and incentive factors. This project contributes to the literature on both the economics of social networks and migration. As for the former, the migrant population constitutes an ideal setting where to study the factors determining the formation of new links, as immigrants are typically newcomers in a novel environment where the quality and quantity of information (about the local context and other individuals' characteristics) is particularly low, thereby affecting the economic value of interpersonal links. Moreover, the authors take for the first time, to our knowledge, in the literature on the economics of migration, a network-based dyadic approach to investigate how migrants form the links through which they provide and get economic support to other fellow migrants, and how the formation of these links actually shapes interpersonal exchanges. Such an analysis generates important insights regarding the opportunities of socio-economic integration of immigrants that are put forward by the formation of social networks.

Human Capital, Labour and Intra-Household Allocation

This is an LdA project in collaboration with the University of Milan and the World Bank. LdA fellows provide both micro and macro evidence on the role of health and emigration shocks on human capital accumulation and labour supply of different household members, in particular females and children, in developing countries. In a first paper the LdA team provides the first global assessment of the labour market effect of emigration supply shocks on child work in countries of origin. By using both cross-country and individual (child and adult) level data, they provide systematic evidence that there is a decline in child labour upon the increase of international migration, mainly driven by the positive association between labour market competition and income/wages. Moreover, in a second paper LdA fellows explore the inter-generational (negative) effects of poor levels of adults' health on school enrolment of children in Bosnia and Herzegovina, a context where social services and formal mechanisms to smooth out negative shocks are not in place or subject to major reforms. LdA's findings point to the importance of the implementation of an adequate system of social protection in developing and transition countries, in particular focusing on women's access to health care and schooling as a potential device for reducing intergenerational costs of low levels of human capital.

2.1.3 Research output

Margherita Comola and Mariapia Mendola: *The Formation of Migrant Networks*, SSRN Working Paper no. 2269096, 2013; LdA Working paper no. 353, October 2013;

Guido Friebel, Juan M. Gallego, and Mariapia Mendola: *Xenophobic Attacks, Migration and Networks: Evidence from the South of Africa*, *Journal of Population Economics*, 26 (2): 555-591, 2013;

Juan M. Gallego and Mariapia Mendola: *Labor Migration and Social Networks Participation in Southern Mozambique*, *Economica*, 80 (320): 721-759, 2013;

Giovanni Facchini, Anna Maria Mayda, and Mariapia Mendola: *What Drives Individual Attitudes towards Immigration in South Africa?*, *Review of International Economics*, 21 (2): 326-341, 2013;

Giovanni Facchini, Anna Maria Mayda, and Mariapia Mendola: *South-South Migration and the Labor Market: Evidence from South Africa*, IZA Discussion Paper no. 7362, 2013; CEPR Discussion Paper no. 9450, 2013; LdA Working Paper no. 351, October 2013;

Mariapia Mendola and Franklin Simtowe: *The Welfare Impact of Land Redistribution: Evidence from a Quasi-Experimental Initiative in Malawi*, Bicocca Working Paper no. 227, 2012;

Anna De Paoli and Mariapia Mendola: *Does International Migration Increase Child Labor?*, Bicocca Working Paper no. 224, 2012; LdA Working Paper no. 339, July 2012;

Mariapia Mendola and Gero Carletto: *International Migration and Gender Differences in the Home Labour Market: Evidence from Albania*, *Labour Economics*, 19 (6): 870–880, 2012;

Mariapia Mendola: *Rural Out-Migration and Economic Development at Origin. What Do We Know?*, *Journal of International Development*, 24 (1): 102-122, 2012;

Massimiliano Bratti and Mariapia Mendola: *Parental Health and Child Schooling*, CHILD Working Papers Series 4, Centre for Household, Income, Labour and Demographic Economics (CHILD) – CCA, 2012.

2.1.4 Research team, research partners and funding institutions

Researchers working in the area are: Massimiliano Bratti, Gero Carletto, Margherita Comola, Anna De Paoli, Guido Friebel, Juan Miguel Gallego, Valeria Groppo, Simone Lombardini, Mariapia Mendola, Giovanna Prennushi, Franklin Simtowe and Raffaele Vacca.

Research partners in this area's projects include the World Bank, the University of Milan Bicocca, CISEPS-Bicocca, the University of Milan, Goethe University Frankfurt, Paris School of Economics, University of Paris 1 Panthéon-Sorbonne, the Universidad del Rosario in Bogotá, ICRISAT-Kenya, the Eduardo Mondlane University in Maputo and the National Statistical Institute in Maputo.

Research in the area has been funded by the World Bank, the International Initiative for Impact Evaluation (3ie), the Compagnia di San Paolo, the European University Institute, CISEPS-Bicocca and by institutional funding.

2.1.5 Work programme for 2014

LdA fellows will continue working on development economics issues, in particular in the following research lines:

(i) Analysis of the linkages between land, agriculture and development in Africa.

LdA fellows have been recently awarded a Proposal Preparation Grant by the 3ie's Agricultural Innovation Thematic Window in order to evaluate IFAD's projects in Sub-Saharan Africa. Research questions to be studied are related to the improvement of information, contractual arrangements and cost-effective incentives as to foster technology adoption, agricultural productivity and food security of smallholder farmers. The impact assessments will follow a Randomised Control Trial (RCT) design.

(ii) Analysis of the linkages between parental absence (due to migration, illness, death), human capital accumulation and development.

The aim of this project is exploring the degree to which human capital is transferred across generation and the main constraints to human capital investment generating persistent forms of inter- and intra-household inequalities. In particular, the focus will be on the role of shortage of parental care or parental absence in affecting child schooling and labour in developing countries. In a current ongoing project, for example, Sonia Bhalotra, Massimiliano Bratti and Mariapia Mendola are studying in a comparative perspective the impact of parental health status and shocks on children's school achievements in a large set of low-income countries.

2.2 Migration

2.2.1 Main findings

The study of the economics of international migration is one of the main focuses of LdA research activity. In particular, in the past two years, LdA fellows have been working on three themes: i) the political economy of immigration policy; ii) illegal immigration; iii) the link between international trade, outsourcing and international migration.

To understand how migration policies are shaped, LdA work has started by analysing individual *attitudes towards immigration* in the receiving countries, and how they are influenced by labour market competition and by the presence of a redistributive welfare state. The LdA team has found that both channels matter and that, on average, individuals expect the welfare state to adjust to growing immigration through changes in the level of fiscal pressure. LdA fellows have also looked at non-economic drivers of preferences, focusing in particular on the role played by the media in shaping perceptions towards illegal immigration.

Importantly, in a modern democracy, individual attitudes should be key drivers of actual policies. As a result, the next step has been to investigate *the link between attitudes towards immigration and the actual policies implemented*. Although we find that attitudes play an important role, i.e. countries where the population is more anti-immigration tend to implement more restrictive policies, our data suggest that attitudes alone cannot explain the size and composition of the actual immigration flows.

In a third project, LdA researchers have looked at the drivers of actual policy making, by investigating how economic and non economic characteristics of a constituency have affected the voting behaviour of US representatives on immigration legislation in the post 1965 period. They have found that labour market complementarities are a key driver in explaining support to bills aimed at increasing the inflow of foreign workers, highlighting the importance of economic factors in shaping actual policy making. In a fourth, related project, the LdA research group has compared the political economy of trade and immigration liberalisation in the United States. The evidence suggests that while there is a much broader consensus for trade liberalisation than for the liberalisation of migration, the same economic forces that shape a Congressman voting behaviour on trade shape also his/her voting behaviour on migration. In a related project, the LdA team investigates directly the role of constituents' preferences in shaping the voting behaviour of elected representatives on immigration and trade policy, and the role of media in making representatives accountable on these issues. Their findings indicate that greater exposure to media coverage tends to increase a politician's accountability when it comes to migration policy making, while it has no effect for trade policy. These results thus suggest that more information on the behaviour of elected officials affects decisions only when the policy issue is perceived to be salient by the electorate.

The LdA team has thus turned its attention to the *role played by pressure groups*. In particular, they find strong evidence supporting the view that lobbies exert a significant influence in the shaping of immigration policy in the United States. Interestingly, lobbies turn out to have an

efficiency enhancing effect, i.e. broadly speaking they tend to make the actual policies closer to the efficiency enhancing outcome.

LdA fellows have also started to work on a series of papers focusing on illegal immigration. The first contribution has developed a theoretical model to understand the emergence of large numbers of illegal immigrants in destination countries. Interestingly, they have shown how illegal immigration is likely to be the result of political failure, whereby an elected government, unable to admit its most preferred number of immigrants legally, resort to illegal immigration as a second best policy tool. The paper carries out also an empirical analysis of the predictions of the model, using a panel of OECD countries and find strong evidence in favour of the mechanism they have identified. The second paper looks instead at the desirability of legalisation programmes, both through the development of a theoretical analysis, as well as through an empirical assessment of the drivers of the introduction of a legalisation programme. The empirical evidence based on a sample of all major destination countries suggests that amnesties are more likely to be introduced the larger is the improvement in the labour market matching brought about by the change in status, and the smaller is the welfare state in the destination country.

LdA is also at the forefront of the research exploring the link between *migration, FDI and offshoring*. Several papers have shown that these flows are related both at the aggregate and at the micro level.

Of course, there are several factors affecting this link, both in developing and developed economies. One is *the endowment of human capital*: both migration and FDI flows are strictly intertwined to the brain drain issue. Research at LdA finds that, although foreign capital inflows enhance the incentive for investing in domestic human capital in less developed countries by creating job opportunities for skilled individuals, this virtuous circle could be undermined by the emigration of highly educated individuals.

However, skilled migrants are found to have a long term positive feedback effect on inward FDI and capital accumulation through *network externalities*, which are indeed mainly associated to the skilled diaspora.

The link between migration and offshoring can also be observed at the *firm level*, as both are channels to internationalise production. Research finds that there is a negative and significant correlation between the decision to transfer production abroad and hiring migrants. This choice appears to be driven by firms' heterogeneity, in that, other things equal, the most productive firms move their activities to foreign countries, whereas the least productive ones hire a larger share of foreign, mostly unskilled workers.

This finding raises important policy issues as measures affecting migration flows indirectly also concern the decision to offshore and *vice-versa*. There is therefore important scope for *coordinating migration and FDI policies* and this is especially obvious if we look at the international regulation of service provisions through the mobility of people or activities. Research finds that while intra-EU and external liberalisation processes are both slow and controversial in the services field, their parallel evolution suggests that progress towards efficient integration of markets and policies is possible if synergies between internal and external legal

instruments are suitably exploited.

2.2.2 Projects

Value Added in Motion. The Future Geography of Production, Migration and Energy (VAM)

This is a large three-years project coordinated by LdA and funded by Enel Foundation. The project is also carried out under the research area of Firms in the International Market and described broadly in that section of the report. The project aims at understanding the changing geography of value added and its implications for migration and for demand and supply of energy. It is built around three separate but interconnected pillars dealing with: the location of production activities, the movements of people and the demand and supply of energy. As regards migration, the project will address questions like:

- What will the main migration trends be in the future?
- What drives these trends?
- How will migration trends influence and/or are driven by industrial activity?
- How do migration trends affect economic conditions in host/home economies (prices, labour market outcomes etc..)?
- How do population movements influence the demand for services like energy?

Temporary Migration, Integration and the Role of Politics (TEMPO)

The second project is a NORFACE sponsored initiative coordinated by CEPR in London. LdA is involved in the project through the coordinator of the migration programme. This is a large collaborative project, whose goal is to extend the frontier of knowledge on temporary and return migration, analysing:

- its causes and consequences;
- the patterns of integration of economic and non-economic migrants, and how they relate to the time dimension of the migration decision;
- the information flows within immigrant networks and their effects on the migration decision, as well as on the foreign born prospects for integration;
- the process through which immigration policies are formed, and the welfare effects of immigration policies aimed at selecting migrants on the basis of their skills and/or length of allowed stay.

2.2.3 Research output

Giovanni Facchini and Tommaso Frattini: *Mind What Your Voters Read: Media Exposure and International Economic Policy Making*, LdA Working Paper no. 358, October 2013;

Julian Emami Namini, Giovanni Facchini, and Ricardo A. López: *Export Growth and Firm Survival*, LdA Working Paper no. 350, April 2013; *Economics Letters*, vol. 120(3), pp. 481-486, 2013;

Giovanni Facchini and Anna Maria Mayda: *Individual Attitudes towards Skilled Migration: An Empirical Analysis across Countries*, *The World Economy* 35(2): 183-196, 2012;

Giovanni Facchini, Anna Maria Mayda, and Riccardo Puglisi: *Individual Attitudes Towards Immigration: Economic vs. non-Economic Determinants*, in G.P. Freeman, R. Hansen and D.L. Leal (eds.): *“Immigration and Public Opinion in Liberal Democracies”*, Routledge, 2012;

Alessandra Casarico, Giovanni Facchini, and Tommaso Frattini: *What Drives Immigration Amnesties?*, CESifo Working Paper Series 3981, October 2012;

Paola Conconi, Giovanni Facchini, Max Steinhardt, and Maurizio Zanardi: *The Political Economy of Trade and Migration: Evidence from the US Congress*, LdA Working Paper no. 346, November 2012;

Giovanni Facchini and Cecilia Testa: *The Rhetoric of Closed Borders: Quotas, Law Enforcement and Illegal Migration*, LdA Working Paper no. 303, November 2010, revised 2012;

George Deltas, Klaus Desmet, and Giovanni Facchini: *Hub and Spoke Free Trade Areas*, *Canadian Journal of Economics* 45(3): 942-977, 2012;

Paola Conconi, Giovanni Facchini, and Maurizio Zanardi: *Fast Track Authority and International Trade Negotiations*, *American Economic Journal: Economic Policy*, 4(3): 146-189, 2012.

2.2.4 Conferences and other events

The intense research activity carried out by the LdA migration team led to the organisation of workshops and seminars on migration. The complete list of seminars organised within the Research Seminar Series on “Global Challenges” under the migration area can be found in Section 6.

“Value Added in Motion” kick-off meeting, roundtable meeting and coordination meeting

The kick-off meeting for the project was held at the University of Milan on 28th May 2013. The LdA team has also taken part in a roundtable meeting organised at Enel Foundation on 12th September 2013 where the project’s aims and objectives were presented to Enel staff and stakeholders.

During the LdA coordination team meeting which took place at the London School of Economics on 30th October 2013, Giovanni Facchini and Tommaso Frattini presented the preliminary version of the background paper on migration for the “Value Added in Motion” project.

The team is now involved in organising an international conference to present the first results of the project to experts and academic scholars, representatives of institutions, policy makers, and Enel stakeholders. The conference will take place in Rome, at Enel Headquarters on 11th February 2014 (see Sections 2.3.2, 2.3.4, 2.3.6).

Fourth TEMPO Conference

In September 2013 the Fourth TEMPO Conference on International Migration took place at the University of Nottingham in the United Kingdom, and several distinguished speakers were invited, including Christian Dustmann (UCL), Gordon Hanson (UC San Diego), Giovanni Peri (UC Davis) and Yves Zenou (University of Stockholm).

2.2.5 Research team, research partners and funding institutions

Researchers who worked in the migration area in 2013 are Alessandra Casarico, Giovanni Facchini, Tommaso Frattini, Joachim Jarreau, Elisabetta Lodigiani, Anna Maria Mayda, Mariapia Mendola, Gianmarco Ottaviano, Giovanni Peri, Riccardo Puglisi, Cora Signorotto, Max Steinhardt and Cecilia Testa.

Research partners in the area include University of California, Davis; University College London; Catholic University of Louvain; CEPR; Centre pour la Recherche Economique et ses Applications (CEPREMAP); Université Libre de Bruxelles; European University Institute; The Graduate Institute of International and Development Studies (IHEID); University of Amsterdam; University of Oxford; Malmö University; Institute for Employment Research (IAB); Swansea University; Vienna Institute for International Economic Studies; University of Vienna; Trinity College Dublin; University of Helsinki; Copenhagen Business School; Hamburg Institute of International Economics (HWWI); Tilburg University.

Research in this area is funded by the NORFACE Consortium and Enel Foundation.

2.2.6 Work programme for 2014

LdA will continue to be actively engaged in migration research next year. The team has several ongoing projects, ranging from assessment of the labour market implications of international migration, to the role of migration on the international transfer of norms, to the determinants of immigration policy. In particular, *Tommaso Frattini* is working together with *Christian Dustmann* and *Anna Rosso* (both at University College, London) on a paper on the impact of emigration on wages in Poland, in a project that uses the Polish labour force survey to carry out a spatial correlation analysis. *Tommaso Frattini* and *Christian Dustmann* are also working on a paper on the labour market performance of immigrants in Europe, for a volume edited by David Card and Steve Raphael for the Russell Sage foundation. The focus of this study will be the process of integration of successive cohorts of immigrants in Europe, and will be based on the European Labor Force Survey. *Elisabetta Lodigiani* is studying the effect of immigration on the sending country institutions. In a paper with *Frederic Docquier* (UC Louvain), *Hillel Rapoport* (Bar Ilan University) and *Maurice Schiff* (World Bank), she looks at the broad question of how immigration affects the quality of democratic and economic institutions in the source country. In a related paper, with *Sara Salomone* (UC Louvain), she investigates the effect of international migration on female political empowerment, measured as female parliamentary seats in the lower chamber, in migrants' origin countries. *Giovanni Facchini* and *Alessandra Casarico* have started to work on a theoretical model to explain the flow of skilled migrants among advanced countries. *Giovanni*

Facchini, Tim Hatton and Max Steinhardt will be studying the political economy of the US 1965 Immigration Act, using a large dataset on policy makers characteristics. *Giovanni Facchini, Tommaso Frattini and Cora Signorotto* will continue working on their empirical project looking at the disciplining effect of media exposure on the voting behaviour of US Representatives on trade and migration liberalisation. Finally, *Giovanni Facchini, Tommaso Frattini and Elisabetta Lodigiani* are working on an empirical project to assess the effects of emigration on the price level in a major source country, namely Mexico.

Several conferences will also be organised within this research area.

2.3 Firms and the International Market

2.3.1 Main findings

LdA fellows have worked extensively on internationalisation patterns at the firm level both in developing and developed economies.

The current global integration of real and financial markets makes a country's overall performance more reliant than in the past on its trade competitiveness and on its ability to operate on a global scale. The recent crisis has shown that heterogeneity in trade imbalances is a cause of macroeconomic instability. A deeper understanding of the determinants and the effects of a country's global involvement is called for.

The recent developments in the theory of international trade with heterogeneous firms suggest that it is necessary to move beyond the idea that sectoral specialisation is the only determinant of the export competitiveness of countries. Indeed empirical analysis, that was initially carried out in developing countries, suggests that export performance can vary enormously within sectors and that it is explained by factors like firms' size and efficiency. LdA has been at the forefront among European research institutes in exploring empirically in industrialised economies the relevance of firms' characteristics with respect to global activities and the determinants of their cross country variation. Research shows that standard factors, like efficiency and size, matter in easing the entry costs into international activities. But the 'internationalised firm' is an altogether different object than its less open, more domestic counterparts. Even controlling for size and productivity it uses different technologies, employs a different management structure, hires more skilled workers, and uses different sources of financing. From a policy perspective, the interesting finding is that policy should focus on favouring those characteristics that are conducive to internationalisation, this highlighting the centrality of structural reforms to facilitate the growth and development of companies throughout Europe, the increase of the human capital of the workforce, the removal of barriers to technology adoption and competition.

Micro and macro: How do firms' features relate to aggregate trade performance and policy?

It is not obvious how a deep understanding of the micro features of exporting firms translates into policy prescriptions, especially related to trade balances. In light of this LdA is carrying out an in depth empirical assessment within the framework of the MAPCOMPETE and CompNet projects trying to relate characteristics of populations of European firms observed at the industry/country/year level to aggregate trade performance. Preliminary results show clearly that indicators of dispersion of productivity distributions across firms within an industry and the level of the higher percentiles of these distributions significantly relate to such aggregate performances. These two results again confirm that observing firms heterogeneity is an essential step into designing effective policies aimed at evening trade imbalances and at boosting export performance.

More specifically, the role of different moments of the firms' productivity distribution in affecting the aggregate performance is analysed by Barba Navaretti, Bugamelli, Castellani and Forlani (2013). This study exploits the CompNet dataset on indicators of productivity aggregated at the 2-digit NACE rev. 2 level from firm-level data, combined it with data on export, import and value added at the same sectoral disaggregation, for 11 EU countries (Belgium, Czech Republic, Estonia, France, Germany, Hungary, Italy, Romania, Slovakia, Slovenia, Spain). As argued a key finding is that the export performance of a country (in a given sector) is related not only to the average productivity of firms, but also to the dispersion of productivity. For a given mean, a higher dispersion suggests a larger number of very productive firms, which are thus more likely to be able to overcome the sunk costs of operating abroad. This has important implications for policy. In particular, it hints that policy could focus on shifting the upper tail of the productivity distribution within a sector, as a way to increase both the average productivity and the export performance of an industry.

In light of this, with several team of researchers within the MAPCOMPETE and the CompNet projects, LdA's researchers are working at devising a new range of micro-grounded competitiveness indicators and in assessing their computability given data availability in Europe. Several central banks and national statistical institutes are contributing to this effort.

In another recent paper Giorgio Barba Navaretti and Anthony Venables explore whether and how industrial policy has been and can be used to attract investments from mobile national and foreign firms. They find that there is scope for promoting inward investment inflows, but that the risk of causing distortions and mismanaging policies is frequently higher than the benefits. Policies should be accurately designed at the international level, so as to avoid wasteful races to the bottom and misallocation of resources. In essence it is much easier to attract investments where deep comparative advantages induced by other factors than tax incentives or subsidies pre-exist. And also that it is very costly to attract them in backward areas.

What firms' characteristics influence trade performance?

Among firm's characteristics favouring internationalisation, size emerges as the more relevant, being positively associated with firms' sophistication and performance along several dimensions. Thus, a large part of cross-country differences in performance are explained by the industrial structure (i.e. firm size composition) (Cerisola et al., 2012). Given the high fixed costs of conducting international activities, larger firms are more likely to carry out a larger number of international activities, in a larger number of markets, located at larger distances.

Given the role played by size, a deeper understanding of the main potential determinants of a firm's growth is called for. Research at LdA has therefore developed along different lines in order to investigate what may potentially affect a firm's ability to grow.

A first line of research (Barba Navaretti, Castellani, Pieri, 2011, 2013) has analysed the relationship between a firm's age and growth, by focusing on two aspects: 1- the downsizing process, which many firms in each year start or continue to experience, and which in the last decade in Europe has been at least as likely as upsizing; 2- the existence of subjective drivers of growth (i.e., the existence of a growth attitude by some firms and not others) related with age. By using the merged data of Bureau Van Dijk's Amadeus with the EFIGE survey, for France, Italy

and Spain, it emerges that older firms are less likely to grow fast, but they experience the same probability of shrinking a lot than younger counterparts. Secondly, several qualitative characteristics of the firm linked to its growth attitude, like the age of the CEO, the qualification of the labour-force and its degree of involvement in R&D activities, the innovation attitude of the firm are also significantly related to the process of growth. Overall, a mixture of “learning” and willingness to growth characterises the process of growth of firms.

A second line of research has assessed the relative role of demand and productivity in determining firm growth by using INVIND data (collected by the Bank of Italy since 1984) on Italian manufacturing firms (Pozzi and Schivardi, 2012). Several dimensions of heterogeneity may matter for firm’s growth and there is no reason to believe that demand factors are less important than productive efficiency in shaping a firm’s success and its growth. In many sectors marketing and advertising budgets are larger than research and development ones. LdA research shows that heterogeneity in demand is at least as important for firm growth than productivity.

LdA research shows also that the ability to export to distant countries is related to firms’ ownership and management features. Family ownership (86 per cent of European firms) does indeed lower firms’ export propensity but the ownership effect is strictly related to the way in which management is organised. In fact, managers can still be independent, can be non-family-member professionals, the decision process can be decentralised even with family owners, managers with expertise in international business can be hired. LdA results, based on the EFIGE data, indicates that what actually matters is not family ownership *per se*, but the degree of involvement of the family in the management of the firm. It is worth noting that the differences between exporters to distant markets and other exporters are at least as large as the ones between exporters and non-exporters. Thus, not only do exporters constitute a peculiar group of firms, but firms entering emergent countries represent a still more peculiar sub-group (Barba Navaretti, Bugamelli, Cristadoro, Maggioni, 2012).

Other works developed at LdA in the last year is focussed on the interplay between firms’ organisational modes in the international markets and firms’ innovation activities, on the one side, and firms’ international activities and skill-employment composition, on the other side.

Several contributions emphasise the two-way relationship between firms’ innovation and internationalisation strategies. More innovative firms are more likely to enter the international markets; firms choose to invest in developing new products and new techniques in order to enter the international markets and face foreign competition; firms improve their products and techniques after entering the international markets by learning through several channels.

A first stream of research looks at the effects of importing and exporting activities on firms’ innovation output. Product level evidence for 25 EU countries over 1995-2007 shows that new imported inputs substantially boost the introduction of new domestic products (Crinò and Colantone, 2013). This effect is directly proportional to the quality of new imported inputs and inversely related to their price (conditional on quality). New products are characterised by higher prices and higher quality relative to existing goods, and such premia are larger the greater is the use of new imported inputs in production.

On the other side, foreign markets represent a source of innovation at the firm level by providing incentives to exporting firms to improve or diversify their products and, to a lesser extent, their processes (Bratti and Felice, 2012). In highly differentiated markets, firms compete not only on price, but also on product characteristics and quality. In these markets, informational barriers are high, and the direct interactions between buyers and users induced by firms' international activities are fundamental in conveying the flow of information required to innovate products and face the competition. Some further analysis carried out on EFIGE data in order to explore potential innovation pathways shows that vertical linkages in the international markets generate knowledge flows and innovation more than domestic linkages. LdA analysis has focussed in particular on the role of production to order (i.e., subcontracting) with respect to innovation. LdA results show that firms exporting under a production to order regime for foreign firms are indeed more likely to introduce product innovations than firms producing to order for domestic buyers. Moreover, new exporters are less likely to introduce product innovations than firms having already an established presence in foreign markets, thus the experience gained by firms in the foreign markets seems to be positively associated with their product innovativeness (Bratti and Felice, 2013).

It also emerges from LdA analysis that tougher competition in export markets induces multiproduct firms to skew their export sales towards their best performing products this way endogenously increasing firms' productivity. A strong link emerges between destination markets characteristics and firms' product mix.

A second stream of research in this area investigates the link between firms' international activities, importing and exporting, and both skill-employment composition and skill premia. In particular, evidence from transition countries shows that importing inputs induces skill upgrading; importing may lead firms to engage in skill-intensive activities, such as production of new goods, improvements in product quality and, to a lesser extent, R&D and technology adoption (Crinò, 2012, b). As for exporting activities, there is a wide evidence, confirmed by LdA results (Macis and Schivardi, 2012) that exporting firms pay higher wages. Previous studies show that this may be due to two different mechanisms: exporting firms might employ workers with higher skills (i.e., the "skill composition effect"); exporting activities generate rents that exporting firms share with employees in presence of labour market frictions, that is exporting firms pay higher wages than non-exporting firms for identical workers (i.e., "rent sharing" effect). Results of LdA analysis, carried out on Bank of Italy's INVIND survey of manufacturing firms, indicate that the export wage premium is due to both a "skill composition effect" and a "rent sharing" effect. Beyond that it emerges that the export wage premium is larger for workers with more export related experience.

Are there regional or country specific patterns?

As for the performance at the regional/country level, the analysis shows that in an integrated economic area, such as the EU, national boundaries tend to become more blurred and regions, more than countries, appear as a key unit of economic analysis and in particular the link between internationalisation of regions and productivity seems to be a very important aspect of economic performance. LdA research suggests that off-shoring regions experiment higher productivity

growth, although this positive effect fades down when the extent of off-shoring is too large. Conversely, incoming MNCs contribute to boost a region's productivity, but only when the number of investments is large enough. As for the type of activity carried out by MNCs abroad, the higher the extent of R&D off-shoring by EU MNCs the higher the regional productivity growth (Castellani and Pieri, 2013).

The role of the international fragmentation of production is a fundamental factor which could asymmetrically affect a country's performance, depending on its location and involvement in the global value chain (Felice and Tajoli, 2013, b). By using the World Input-Output Database (WIOD) on international production linkages recently released within a project funded by the Seventh Framework Programme of the European Commission, the LDA researchers have started carrying out some analyses on countries' involvement in the global value chain and on its consequences on the aggregate performance by focussing on European Countries (Felice and Tajoli, 2013, a). By computing the off-shoring index for imported inputs only from high wage countries and only from low-wage countries, it appears that for the EU countries, intermediate inputs are imported mainly from high wage countries, but the relative importance of the two groups also varies across EU countries. The expansion of the IFP and the creation of production linkages among European countries could be partly responsible for the persistent current account imbalances registered within the European Union (EU) area in the past decade. The LDA team has carried out some preliminary analysis looking at the existing relationship between the International Fragmentation of Production and trade imbalances, controlling for other factors that have affected international trade flows. First results show that the International Fragmentation of Production is a relevant component of a country's Current Account and, in particular, the off-shoring index is positively associated with the Current Account, supporting a pro-competitiveness effect of organising production internationally (Felice and Tajoli, 2013, a).

2.3.2 Projects

Competitiveness Research Network (CompNet)

LdA contributes to the ECB's research network "Competitiveness Research Network" (CompNet) established at the end of 2011 and approved by The General Council of the European System of Central Banks on March 2012. The network draws its participants from all ESCB national central banks, as well as from international organisations such as the OECD, the World Bank and the US International Trade Committee, with an interest in competitiveness issues. The network will analyse competitiveness with a broad-based and better grounded in contemporary trade theory approach, with the main aim of fostering interaction between micro and macro analysis and deeply investigate competitiveness determinants and outcome. The work is organised into three workstreams: 1) Aggregate measures of competitiveness; 2) Firm Level; 3) Global Value Chains. LdA is involved mainly in the workstream 2 (see Section 2.3.6. below).

Mapping European Competitiveness (MAPCOMPETE)

MAPCOMETE is a two-years Coordination and Support Action project funded by the 7th Framework Programme of the European Commission which started in February 2013. Partners of the project are Brussels based think tank Bruegel, Budapest based research centre CERS-HAS

(coordinator), Paris School of Economics and Sciences–Po in Paris, and Tübingen research institute IAW. Associate partners are the OECD, the ECB and several central banks in Europe.

The project aims at identifying gaps in available data sets and key data requirements for constructing better competitiveness indicators at different levels. A key aim is to analyse the combined use of three types of resource: census type quantitative (e.g. national tax authority) data, quantitative survey (e.g. EFIGE survey) data and qualitative (interview based) information. Integrating these approaches may allow a deeper understanding of a wide range of topics related to competitiveness. Indeed, in terms of competitiveness analysis, our primary focus is firm performance. However, we approach this from a wide angle. Hence, data analysed should cover not only traditional balance sheet figures but include areas such as: i) trade statistics, internationalisation (outsourcing, direct investment, etc.), ii) labour statistics (skill composition, remuneration, on the job training, flexibility), iii) R&D, innovation, iv) non-tangible assets, v) regional and local dimensions, vi) creation of new firms (entrepreneurship) and attraction of foreign investment (FDI), vii) stakeholders (entrepreneur/owner characteristic, social capital, state/local government), viii) customers/suppliers, position in value chains.

Naturally, the mapping and matching of data cannot be carried out abstractly, i.e. without having clearly in mind (i) the type of research questions that should be addressed by using the data and (ii) the policy indicators that should be constructed by using the data. One of the work packages of the project will be precisely devoted to laying down this conceptual ground, so as to build an analytical framework within which to address all the data issues. The project also aims at creating a more systematic connection between research results and the developments of indicators to be used for policy purposes.

The framework for data assessment will have to be derived from a broader analysis of competitiveness and its measures. Proposals will cover three areas: first, how to better manage existing data (regarding data collections of the past), with special attention to linking and matching datasets. Second, how to better collect data, improve on collection methodology and extend the coverage in terms of new variables. Third, what sort of new types of data shall be collected in the future and what pilot project may be initiated – based on lessons from previous programs such as EFIGE, Innovation surveys, and global value chain projects. Topics are the following:

1. Mapping existing datasets: screen national sector and micro-level datasets regarding geographical coverage, time span, representativeness with a special focus on areas where no standard set of variables exists, such as non-tangible assets and innovation.
2. Consistency issues of different datasets: benchmark on existing research to understand the extent to which some country and year-specific competitiveness-related indicators can be derived from data contained within available dataset or from a cross-reference use of available datasets at different levels of aggregation.
3. Conditions and requirements to match different data sets: on the basis of the pilot indicators identify the extent to which datasets relevant for competitiveness can be matched within country and across countries and map data gaps.

4. Research directions towards better competitiveness indicators: investigate how novel data or combination of datasets can be used to introduce novel research areas and design new research directions leading towards better competitiveness indicators.
5. Benchmarking: identify steps to enhance quality and availability of existing data and suggest new methods and sources of data collections.

Value Added in Motion. The Future Geography of Production, Migration and Energy (VAM)

LdA, together with the Department of Economics, Management and Quantitative Methods of the University of Milan, are the leading institutions of this 3 years research project funded by the Enel Foundation.

The overarching aim of this large project, is understanding the geography of value added and its implications for migration and for demand and supply of energy; enhancing our capacity of predicting future economic patterns; and developing policy tools to strengthen the competitiveness of regions or countries as 'creators of value added'. This project also covers work in the migration research area of LdA and opens LdA research to the new field of energy and the environment.

The project will provide useful insights and an analytical framework for outlining future trends and scenarios for an intermediate period up to 2030 in the areas analysed. Even though no time specific forecasts will be carried out, the project will provide useful insights and tools to understand future global trends. These scenarios will be developed under different assumptions concerning environmental constraints, i.e. trends in global warming and environmental regulations. This work will pursue three different objectives/tasks that will also constitute three sub projects in themselves.

The first one is to **map the geography of value added and to assess its main triggers**. A large literature has been focusing on the unbundling of production, using different sources of data and theoretical approaches. Other contributions have looked at the competitiveness of countries at the macro and micro level. Others, finally, have studied the factors driving the geography of economic activities. All these approaches contribute vitally to the understanding of the mapping of value added and its triggers; nevertheless each of them provides only a partial explanation. Thus, the goal of this task is (i) to carefully analyse the link between those different approaches, and (ii) to investigate the issues left unexplored by the literature, such as, for example, the link between the micro and macro determinants of competitiveness. From a policy perspective, the identification of the factors that drive the competitiveness of countries is important to design measures that can be used to make them more efficient and attractive. Among these factors, the provision and the cost of energy is of course of paramount importance.

The second task is to **assess the relationship between the location of activities and the production of value added and population movements**. The unbundling of production is driven by the fact that new technologies allow for a better match between tasks (what individuals actually do at work) and skills (individuals' educational attainments) in a global market place. It is quite unlikely that best matches involve tasks demanded by firms and skills supplied by workers located in the same place. Hence, either firms relocate tasks to where the right workers are, or

workers bring their skills to where the right tasks are. Moreover, even when the geographical matching between tasks and skills is not always easy, in general migration flows seek high returns from labour and thus move to high value added countries. At the same time, by affecting labour market equilibria migration flows also influence the competitiveness of production locations, while the relationship between population flows and economic activities influences demand and use of energy in given locations.

The third one is to ***assess how energy demand and the availability of energy sources relate to the creation, composition, and location of economic activities and to population movements.***

The availability of energy sources – both their abundance and their scarcity – is an important determinant of the creation, expansion, composition, and location of production activities. Changes in these aspects may entail the creation of new employment opportunities, possibly triggering migration flows. At the same time, the cost of primary energy sources as well as of electricity represents a critical ingredient for energy-intensive industries, while it is much less important for other production activities – like various branches of manufacturing and services – where labour costs are quantitatively more relevant. As a consequence, changes in the cost of energy may induce changes in the location of firms and in the composition of value added. Besides cost, or price of energy, other aspects are crucial for shaping the structure of energy systems and energy demand, chiefly the role of new technologies and those energy-environmental policies that aim at reducing greenhouse gas emissions via changes in energy mixes and overall reductions of energy consumption.

The scientific coordinator is Giorgio Barba Navaretti and the task scientists in charge are Gianmarco Ottaviano (Geography of value added), Giovanni Facchini (Migration), and Marzio Galeotti (Energy). Partner institutions are: London School of Economics (CEP Department of Economics and SERC Department of Geography and Environment); Columbia University; University of California, San Diego; University of British Columbia; SciencesPo Paris; CEMFI Madrid; Université Catholique de Louvain; University College London; Queen Mary University of London; University of Oslo - Ragnar Frisch Centre for Economic Research; Georgetown University; plus institutions yet to be identified (especially in China and/or India and Brazil).

2.3.3 Research output

Papers

Giorgio Barba Navaretti, Davide Castellani, and Fabio Pieri: *The Role of Age in Shaping Firms' Size Dynamics: "learning" Effects or Willingness to Grow?*, Small Business Economics, forthcoming, 2013;

Giorgio Barba Navaretti and Anthony J. Venables: *Multinationals and Industrial Policy*, LdA Working Paper no. 352, April 2013; Oxford Review of Economic Policy, forthcoming, 2013;

Davide Castellani and Fabio Pieri: *R&D Offshoring and the Productivity Growth of European Regions*, Working Papers in Applied Economics, Research Policy, DOI:

10.1016/j.respol.2013.05.009, 2013;

Giulia Felice and Lucia Tajoli: *Il Commercio Internazionale* in: "Valore Aggiunto nell'Unione Europea", Rapporto ICE "L'Italia nell'Economia Internazionale", 2013;

Giulia Felice and Lucia Tajoli: *External Imbalances in the European Union and International Fragmentation of Production. Is there a link?*, mimeo, 2013;

Massimiliano Bratti and Giulia Felice (b): *Buyer Supplier Relationship, Firms' Internationalization and Product Innovation*, EFIGE Working Paper no. 54, August 2012; LdA Working Paper no. 327, March 2012; new version, September 2013;

Rosario Crinò and Italo Colantone: *New Imported Inputs, New Domestic Products*, LdA Working Paper no. 312, September 2011; new version, 2013;

Massimiliano Bratti and Giulia Felice (a): *Are Exporters More Likely to Introduce Product Innovations?*, *The World Economy*, 35(11): 1559-1598, November 2012;

Rosario Crinò (a): *Imported Inputs and Skill Upgrading*, *Labour Economics*, 19(6): 957-969, 2012;

Rosario Crinò (b): *Service Offshoring and Labor Demand in Europe*, in Ashok Bardhan, Cynthia Kroll and Dwight Jaffee eds., "Oxford Handbook of Global Employment and Offshoring", Oxford University Press, 2012;

Andrea Pozzi and Fabiano Schivardi: *Demand or Productivity: What Determines Firms Growth?* EFIGE Working Paper no. 58, August 2012; LdA Working Paper no. 344, November 2012;

Mario Macis and Fabiano Schivardi: *Exports and Wages: Rent Sharing, Workforce Composition or Returns to Skills?*, LdA Working Paper no. 333, July 2012;

Giorgio Barba Navaretti, Matteo Bugamelli, Riccardo Cristadoro, and Daniela Maggioni: *Are Firms Exporting to China and India different from other Exporters?*, EFIGE Working Paper no. 44, May 2012.

Case Studies and Policy Reports

Silvia Cerisola, Elena D'Alfonso, Giulia Felice, Silvia Giannangeli, and Daniela Maggioni: *Italy Country Report. Investment in Intangible Assets and Level of Sophistication: the Role of Italian Firms' Financial Structure*, EFIGE Country Report, Bruegel, February 2012.

2.3.4 Conferences and other events

In 2013, the LdA team in this area organised and participated in several conferences and workshops.

Competitività e il futuro dell'industria europea

This workshop was held on 24th January 2013 at the Unione Industriale Torino. Giorgio Barba Navaretti, Carlo Altomonte (Bocconi University and Centro Studi Luca d'Agliano) and Fabiano Schivardi (Luiss University and Centro Studi Luca d'Agliano) presented their works on European competitiveness.

Twelfth Summer School in International and Development Economics

The Twelfth Summer School in International and Development Economics on "Gravity Rules in the Modern World Economy" took place from September 11th to September 14th 2013 at the University of Milan, Palazzo Feltrinelli, Gargnano, Italy. It was organised by the Centro Studi Luca d'Agliano, the Paolo Baffi Centre on Central Banking and Financial Regulation (Bocconi University), the Centre for Economic Policy Research (CEPR), The Lombardy Advanced School of Economic Research (LASER), Vilfredo Pareto Doctoral Program in Economics of the University of Turin, and Enel Foundation within the activities on "Global Challenges".

Keith Head (Sauder School of Business, University of British Columbia and CEPR) and Thierry Mayer (SciencesPo, CEPR and CEPR) were this year's lecturers and 30 students from all over the world attended the Summer School. It focussed on the new theory and empirics of gravity models. The two instructors covered the empirical relevance, theoretical foundations, and proper estimation methods for the gravity equation, one of the most robust and reliable examples of law-like behaviour in the social sciences.

CompNet Workshops

The LdA team attended several workshops organised within the activities of the Competitiveness Research Network.

The joint event CompNet - Peterson Institute for International Economics - World Bank on "National Competitiveness, Scalability of International Value Chains, and Location of Production" took place in Washington on 16-17th April 2013. Giorgio Barba Navaretti participated in the general discussion of session I.

On 24-25th June 2013 Matteo Bugamelli and Giorgio Barba Navaretti presented the "DO.file result: link between firms' characteristics and trade" at the CompNet workshop which was held at the European Central Bank in Frankfurt.

Giorgio Barba Navaretti attended also the CompNet workshop which took place at the Joint Vienna Institute on 19-20th September 2013.

MAPCOMPETE kick-off meeting, first workshop and Milan meeting

The MAPCOMPETE kick-off meeting was attended by all project's partners and took place in Budapest on 1st March 2013.

The first MAPCOMPETE workshop on "Measuring Competitiveness – Indicators, Data and Methodology" took place on 27-28th June 2013 at the Institute for Applied Economic Research (IAW), in Tübingen. For the LdA team, Giorgio Barba Navaretti, Davide Castellani, Giulia Felice, Emanuele Forlani, Veronica Lupi and Chiara Angeloni organised the Roundtable II on "Micro-level data across Europe – taking inventory" and the Session II on "CompNet and its relevance for

MAPCOMPETE”.

On 26th September 2013, the LdA team organised a meeting in Milan on “Progress towards the mapping of macro and bottom-up indicators”. Giorgio Barba Navaretti, Davide Castellani, Giulia Felice, Emanuele Forlani, Veronica Lupi, Silvia Cerisola and Chiara Angeloni participated in this meeting.

“Value Added in Motion” kick-off meeting, roundtable meeting and coordination meeting

The “Value Added in Motion” kick-off meeting took place at the University of Milan on 28th May 2013. Giorgio Barba Navaretti introduced the project; Giovanni Pica (University of Salerno and Centro Studi Luca d’Agliano) presented the “The geography of value added”; Giovanni Facchini (University of Nottingham, University of Milan and Centro Studi Luca d’Agliano) and Tommaso Frattini (University of Milan and Centro Studi Luca d’Agliano) presented the “Migration and population flows” and Marzio Galeotti (University of Milan and Centro Studi Luca d’Agliano) the “Demand and supply of energy”. Mariano Morazzo, Head of the Socio-Economic Research Area of the Enel Foundation, attended the meeting.

The “Value Added in Motion” roundtable meeting, which took place on 12th September 2013 at the Enel Foundation in Rome, was opened and closed by Alessandro Costa, director of the Enel Foundation. During this roundtable meeting, the projects’ aims and objectives were presented by the LdA team to Enel staff and stakeholders.

During the coordination meeting which was held on 30th October 2013 at the London School of Economics, the preliminary versions of the background papers of the “Value Added in Motion” project were presented and discussed by the LdA coordination team.

2.3.5 Research team, research partners and funding institutions

Researchers who worked in the firms and international market area in 2013 are: Carlo Altomonte, Chiara Angeloni, Giorgio Barba Navaretti, Matteo Bugamelli, Massimiliano Bratti, Giacomo Calzolari, Davide Castellani, Silvia Cerisola, Giulia Felice, Emanuele Forlani, Paolo Garella, Veronica Lupi, Gianmarco Ottaviano, Giovanni Pica, Alberto Pozzolo, Fabiano Schivardi, Maria Teresa Trentinaglia.

Research partners for the firms and international market area include the University of Milan; University of Turin; CEPR; Bocconi University; Centre for Economic and Regional Studies of the Hungarian Academy of Sciences (CERS-HAS); Bruegel; Institute for Applied Economic Research (IAW); Paris School of Economics (PSE); SciencesPo Paris; London School of Economics (CEP Department of Economics and SERC Department of Geography and Environment); Columbia University; University of California San Diego; University of British Columbia; CEMFI; Madrid; Université Catholique de Louvain; University College London; Queen Mary University of London; University of Oslo - Ragnar Frisch Centre for Economic Research; Georgetown University; the European Central Bank; the Bank of Italy; Bank of France; the National Bank of Belgium; Deutsche Bundesbank; Bank of Spain; Central Bank of Hungary; Organisation for Economic Co-operation and Development; the World Bank; the US International Trade Committee.

Funding institutions for this area are the European Commission, Compagnia di San Paolo, Enel Foundation, the Chamber of Commerce of Turin, the European Central Bank, the Bank of Italy, Unicredit.

2.3.6 Work programme for 2014

Competitiveness and sustainable growth. How firm-level data can help.

During 2013, as part of the “Competitiveness Research Network” (CompNet), mentioned in Section 2.3.2, LdA has been working on the relationship between competitiveness at the firm and country-sector level. In 2014 we expect to further refine our analysis of the links between export performance and within-industry productivity dispersion, by collecting additional information at the country-sector level, and by exploiting the availability of new data produced within CompNet on the extensive and intensive margins of trade.

In the past four years LdA has been involved in the EFIGE project. At the core of the EFIGE project is the very large cross-European firm level survey carried out in 7 EU countries and providing comparable information on firms’ international activities and on several other firms’ characteristics and strategies. The richness of the results emerging from the analysis carried out in particular, but not only, on the EFIGE firm level data, covering a large range of research questions and topics, has been summarized in Section 2.3.1.

The main message emerging from the research carried out on firm level data by the international network of researchers involved in the EFIGE project is that aggregate industrial performance depends strongly on firm-level factors, such as size, organisation, technological capacity and international activities. In general, what emerges is that a country’s performance strongly depends on firm level characteristics and its industrial composition in terms of firm distribution.

When dealing with European countries competitiveness, however, the policy debate in Europe focusses on macro factors, such as current account imbalances or aggregate investment and saving behaviour, or aggregate labour costs. This approach results in focusing on a set of macro indicators (see, for instance, the Scoreboard for the Surveillance of Macroeconomic Imbalances prepared by the European Commission) in order to assess countries’ stability and competitiveness.

As a results of the EFIGE research, LdA claims that assessing country competitiveness should result from the aggregation of firm-level information. Given the large heterogeneity of firms emerging from our analysis, with many “bad” firms performing below the mean and a certain number of particularly good firms, it is fundamental for policy purposes to consider not only the average outcomes, but also their distribution around the mean, since the same averages synthesise very different distributions in the characteristics of the underlying populations.

Therefore, a natural follow up of the work carried out within the EFIGE project goes in the direction of providing definitions of competitiveness together with a number of firm level indicators which could be added to the set of macro indicators commonly used. To this aim, the LdA team will also attempt to support the case for better and more complete data collection at the firm level, in order not to leave the EFIGE experience an isolated event.

To do so, LdA needs to provide a scientifically founded assessment of data opportunities and requirements for the analysis of competitiveness in a comparative perspective across European countries. LdA team will start by mapping datasets with a focus on what is needed to harmonise and match different data sources and improve indicators of competitiveness. As a first step, LdA researchers have already carried out an extensive work of mapping firm level data in several European countries; this work will be extended to industry and macro data. Furthermore, LdA will review recent advances in policy oriented theoretical and empirical economic research to guide the investigation of competitiveness indicators, to frame the data analysis conceptually and identify data requirements. Finally, LdA team will discuss and define best practice benchmarks for data collection. Summing up, on the one side, LdA researchers will assess indicators of competitiveness at different aggregation levels; on the other side, they will assess data availability, requirements and needs.

In 2014, LdA will produce two major reports for the MAPCOMPETE projects on “State-of-the-art on indicators at the micro-level” as well as at “the industry, regional and aggregate level”. At the same time, LdA will contribute to design a web tool which will help researchers, practitioners and policy makers, in their search for meta-information on competitiveness indicators.

Value Added in Motion

As reported above, in 2013 LdA has been involved in the “Value Added in Motion. The Future Geography of Production, Migration and Energy” project. Over the next couple of years, LdA researchers will develop it along several lines.

First, LdA team will carry out a macro analysis that will enable us to map the current global patterns of manufacturing specialisation and identify their likely future dynamics and broad trends. LdA will also assess the gains and losses that the ongoing changes in the geography of production will bring about to different countries.

We expect two additional papers to deal with the micro-economic underpinnings (sectoral composition, firm characteristics, etc..) of competitiveness and industrial development. One will be focussed on advanced countries/regions, most likely the European Union and/or the US and one on emerging economies, possibly in South-East Asia and /or Latin America. These studies will investigate the relations between the macroeconomic indicators of country competitiveness that are currently widely used for policy making and some new micro-founded indicators based on firm-level performance, a question that so far has received limited attention, even though it is clear to everybody that it is not countries that actually compete in the global marketplace but rather their firms. This novel micro-founded approach to competitiveness will highlight the key role played by large companies and global value chains in shaping the geography of production (see, e.g., Mayer and Ottaviano, 2007). These papers will investigate the extent to which unbundling and offshoring allow these firms to gain competitiveness by focusing on core competencies and high value added stages of production and instead emerging markets to move up the value added ladder. We will therefore launch a large scale analytical effort to map the global operations of these players, fathoming for the first time the strategies not only of large corporations from advanced economies but also of the galaxy of rising global companies from emerging economies.

Finally, LdA researchers will also investigate the interaction between manufacturing activities and demand and supply of non-tradable services, including energy. It has been increasingly shown that the provision of these services is of paramount importance for the competitiveness of manufacturing (Gaulier et al. 2012) and for the location of industry. These services contribute to a large share of production costs. Therefore regulatory factors, conditions of supply and technology may change drastically the competitive framework in which producers of tradable products operate.

The methodology applied to all papers will be solidly quantitative. It will be mostly based on applied econometrics informed by frontier economic theory spanning industrial, international and urban economics. An important part of the task will consist in the gathering of a rich data base covering both macro and micro information. Collecting and systematising the data base should therefore be considered as an important deliverable in itself. When necessary, econometrics may also be supplemented with the numerical simulation of calibrated models that will come handy for the analysis of future or counterfactual scenarios. Finally, policy implications will be drawn following the current trend towards fact-based policy analysis that increasingly characterises the international policy debate.

Conferences and workshops will be organised within this research area.

The LdA team is now involved in organising an international conference to present the first results of this projects to experts and academic scholars, representatives of institutions, policy makers, and Enel stakeholders. The conference will take place in Rome, at Enel Headquarters on 11th February 2014.

3 Publications

Centro Studi Luca d'Agliano Development Studies Working Papers

The Centro Studi Luca d'Agliano publishes a series of working papers in Development Economics. Their publication is funded by the Bank of Italy. The Centro Studi Luca d'Agliano Development Studies Working Papers can be downloaded from the LdA website, www.dagliano.unimi.it, and are also available on the SSRN (Social Science Research Network) eLibrary. *Giovanni Facchini* is the editor of the series.

Since 1997, 155 of the manuscripts that have appeared in the Centro Studi Luca d'Agliano Development Working Papers series have been published, i.e. an average of 9.1 papers per year (see Table 2). Of these, 131 have appeared in refereed journals, while 24 have been published as chapters of edited volumes. To give an idea of the quality of the research output, in Table 2 we have reported information on the main outlets, and the number of articles which have been published in each journal.

To measure the impact of the different publications, we have used two well known rankings. The first one has been assembled by the Tinbergen Institute in the Netherlands, and assigns three possible grades to each journal. The top five, general interest journals (*American Economic Review*, *Econometrica*, *Journal of Political Economy*, *Quarterly Journal of Economics*, *Review of Economic Studies*) together with the *Journal of Finance*, have received a "AA" ranking. Top field journals and very good general interest journals appear under the "A" category, while second tier general interest journals and field journals appear in the "B" category. Overall, about 130 journals in economics, finance and business are ranked by the institute. The second ranking is the one proposed by Kalaitzidakis et al (2003)¹ in an article that appeared in the *Journal of the European Economic Association*. This study is based on a recursive impact factor methodology (see column 5, Table 1 page 1349). As shown by the table, the ranking proposed by the Tinbergen institute and the one by Kalaitzidakis et al (2003) are highly correlated.

Of the 131 papers which have appeared in refereed journals, 90 have been published in journals with rank B or above. While only 5 papers have been published in a top-five journal, 10 articles have appeared in leading general interest journals like the *Review of Economics and Statistics*, the *Journal of the European Economic Association* and the *European Economic Review*. 25 have been published in top field journals like the *Journal of Public Economics*, the *Journal of International Economics* and the *Journal of Development Economics*. This research output easily positions LdA as the leading research centre in Italy focusing on international trade and development economics, and as one of the leading centres in Europe specialising in this area.

Besides carrying out cutting edge academic research, LdA has been involved in the active dissemination of research output in the policy arena. Several papers have been published in leading policy outlets like *Economic Policy*, the *World Bank Economic Review* and *World Development*.

¹ Kalaitzidakis P., T. P. Mamuneas and T. Stengos (2003) "Rankings of Academic Journals and Institutions in Economics" *Journal of the European Economic Association* 1, 1346-1366.

Table 2: LdA publications in refereed outlets: 1997- today

Journal	Tinbergen Ranking	JEEA Ranking	Publications number
American Economic Review	AA	1	3
Quarterly Journal of Economics	AA	5	1
Review of Economic Studies	AA	8	1
Review of Economics and Statistics	A	13	4
European Economic Review	A	14	2
Economic Journal	A	18	1
Journal of Public Economics	A	19	3
Journal of Economic Literature	A	20	1
Journal of International Economics	A	30	15
World Bank Economic Review	A	37	2
Journal of Urban Economics	A	46	1
Journal of the European Economic Association	A		4
Economic Theory	B	16	1
Scandinavian Journal of Economics	B	27	1
Journal of Financial Economics		28	1
Journal of Development Economics	B	39	7
Canadian Journal of Economics	B	42	4
International Journal of Industrial Organization	B	47	1
Journal of Law and Economics	B	49	1
Oxford Economic Papers	B	53	2
World Development	B	55	3
Journal of Population Economics	B	61	1
Applied Economics	B	64	2
Scottish Journal of Political Economy	B	65	1
Regional Science and Urban Economics	B	72	2
World Economy	B	74	6
Small Business Economy	B	75	1
Review of World Economics (Weltwirtschaftliches Archiv)	B	80	4
Economic History Review	B		1
Economic Policy	B		3
Journal of Regional Science	B		1
Labour Economics	B		8
Journal of Economic Growth	B		1
Open Economies Review		110	1
Food Policy		119	1
Other Refereed Journals			39
Other Miscellaneous			24
Total			155

List of LdA working papers published in 2013

358 – *Mind What Your Voters Read: Media Exposure and International Economic Policy Making*

Giovanni Facchini, Tommaso Frattini and Cora Signorotto

357 – *Does it Take Two to Tango? Improving Cooperation between the IMF and the World Bank: Theory and Empirical Evidence*

Silvia Marchesi and Laura Sabani

356 – *Information Transmission and Ownership Consolidation in Aid Programs*

Axel Dreher and Silvia Marchesi

355 – *Information Transmission with Federal Fiscal Architectures: Theory and Evidence*

Axel Dreher, Kai Gehring, Christos Kotsogiannis, and Silvia Marchesi

354 – *Employment Protection Legislation, Capital Investment and Access to Credit: Evidence from Italy*

Federico Cingano, Marco Leonardi, Julián Messina, and Giovanni Pica

353 – *The Formation of Migrant Networks*

Margherita Comola and Mariapia Mendola

352 – *Multinationals and Industrial Policy*

Giorgio Barba Navaretti and Anthony J. Venables

351 – *South-South migration and the labor market: Evidence from South Africa*

Giovanni Facchini, Anna Maria Mayda, and Mariapia Mendola

350 – *Export Growth and Firm Survival*

Julian Emami Namini, Giovanni Facchini, and Ricardo A. López

349 – *Internationalization choices: an ordered probit analysis at industry-level*

Filomena Pietrovito, Alberto Franco Pozzolo, and Luca Salvatici

348 – *Potential Pareto-improving Move towards Most Favored Nation Tariffs*

Lahiri Sajal and Peri Silva

4 Training at LdA

Many different training activities are offered at LdA. Scholarships and prizes are provided for prospective graduate students; a summer school is organised annually to offer Ph.D. students intensive courses and a venue to present and discuss their work with senior researchers. Finally, pre and post-doctoral fellows are hired to work at LdA, actively contributing to its funded projects.

4.1 Scholarships and prizes

LdA devotes particular attention to training young students to acquire the background necessary for a professional career in development research, by providing them with financial assistance in the form of scholarships or by including them in research projects.

Scholarships

A yearly scholarship of 10.000 Euros, offered by Luca's family, is awarded through the Fondazione Luigi Einaudi in Turin to young Italian graduates who wish to advance their studies in development economics. From 2006, thanks to the generous support of one of Luca's close friends, the scholarship now covers two annuities.

The scholarship for 2013 was awarded to *Viviana Perego* for her research project entitled "Impact of Trade Liberalization on the Well-Being in Rural Area Workers: Micro-level Evidence from DR-CAFTA Implementation in a Central American Country" (University of Oxford).

Table 3 provides a complete list of the scholarships awarded in the past.

Table 3. LdA scholarships

Year	Recipient	Research Project	Hosting institution	Present affiliation
2013	Viviana Perego	Impact of Trade Liberalization on the Well-Being in Rural Area Workers: Micro-level Evidence from DR-CAFTA Implementation in a Central American Country	University of Oxford	University of Oxford, Probationer Research Student - DPhil in Economics
2012	Federico Tagliati	Schooling and Health Investments in Developing Countries	University College London	University College London, Ph.D. student
2011	Paolo Falco	Occupational Choices and Income Generation in African Labour Markets	University of Oxford	ESRC Postdoctoral Fellow at Oxford University
2010	Marta Serena Marzi	The Multidimensional Measuring of Economic Development in Developing Countries	University of Oxford	Oxford Policy Management
2009	Antonio Miscio	Infrastructure Investment in Developing Countries: Bridging New Economic Geography and Political Economy	London School of Economics	Columbia University, Ph.D. student

2008	Lea Cassar	The Aid System under Asymmetric Information: Analysis and Policy Recommendation	University of Oxford	University of Zurich, Ph.D. student
2008	Lucia Rizzica	Brain Drain and Development	University College London	Bank of Italy and University College London, Ph.D. student
2007	Antonio Andreoni	Institutional Economic Analysis, Social Capital and Economics of Social Networks	University of Cambridge	University of Cambridge, Engineering Department
2006	Federica Liberini	Infrastructural Gap and Fiscal Policy	University of Warwick	University of Warwick, Ph.D. student
2005	Laura Anselmi	Socio-economic Causes of Child Labour	University of Oxford	London School of Hygiene and Tropical Medicine, Ph.D. student
2004	Giulia Pietrangeli	Theory of collective action in International Trade Negotiations	London School of Economics	European Commission
2003	Luciano Ciravegna	Automotive Sector Modernization in Developing Countries: Global and Regional Trends	University of Oxford	University of London
2001	Francesco Rampa	Technological Innovation and Partners of Trade: The Case of Developing Countries	University of Oxford	European Centre for Development Policy Management
2000	Mattia Romani	Poverty Dynamics and its Determinants in Cote d'Ivoire	University of Oxford	Global Green Growth Institute and London School of Economics
1999	Diego Angemi	Child Labour and Technological Advances	University of Oxford	Centro Studi Luca d'Agliano
1998	Ilaria Caetani	The Problems of Development in Rural Sub-Saharan Africa	London School of Economics	Asian Development Bank
1997	Andrea Finicelli	An Analysis of International Capital Markets	University of Oxford	Bank of Italy
1995	Renato Grelle	Investment Under Uncertainty and Irreversibility of Capital Adjustment Policies in Chile in the 1980s	University of Oxford	European Centre for Development Policy Management
1994	Sabina Di Addario	Estimating the Economic Costs of Conflict: An Examination of the Two-gap Estimation Model for the Case of Nicaragua	University of Oxford	Bank of Italy
1993	Gabriella Giacometti	Outward Oriented Developing Countries and Growth	University of Warwick	
1992	Paolo Craviolatti	The Impact of the Green Revolution in Sub-Saharan Africa	University of Oxford	UK Department for International Development
1990	Marina Moretti	The Behaviour of the Financial System under Hyperinflation and Structural Adjustment	University of Oxford	International Monetary Fund
1988	Francesco Daveri	Time Inconsistency and Trade Liberalization Policies in LDCs	University of Oxford	University of Parma
1987	Roberta Rabellotti	Problems Associated with the Transfer and the Development of Advanced Technologies in Developing Countries	University of Oxford	University of Pavia
1986	Chiara Tufarelli	Foreign Debt and Investment Evaluation in Developing Countries	University of Cambridge	Studio Legale Ristuccia & Tufarelli
1985	Giorgio Barba Navaretti	Control Sharing Foreign Investments in Developing Countries	University of Oxford	University of Milan and Centro Studi Luca d'Agliano

Prizes

The Centro Studi's annual prizes are awarded through Churchill College, University of Cambridge, and St. Antony's College, University of Oxford, to students displaying "ability in their studies, particular interest in the problems of developing countries, humanity and altruism".

Prize-winners are listed by institution. A similar prize, assigned to a student from Sevenoaks School (Kent), was discontinued in 1994.

Cambridge (£. 500)

In 2013 the award was assigned to Ivanka Mamic, PhD student at the Centre of Development Studies, Queen's College, for a research on "Corporate Social Responsibility (CSR) in the Management of Global Supply Chains".

Past prizes were assigned to: C.M. Bramall and X.H. Zhang (1986), S.V. De S. Gunaratne and L.Wang (1987), A. Basu, H. L. Khong and M. Marcel (1988), Luis A. V. Catao, Lucia Hammer and Sue Szabo (1989), He Dong, R. M. Rimmer and A. P. Woods (1990), Pingyao Lai, Xiao-Feng Liu and Asad Sayeed (1991), Giancarlo Spagnolo (1992), Anu Satyal (1993), Gangzhan Fu (1994), Samantha Gibson (1995), Reehana Rifat Raza (1996), Khwima Lawrence Nthara (1997), Grace P.C. Mugadza (1998), Martin Ruhs (1999), Sara Silvestri (2000), Rozana Salih (2001), Xutian Ma (2002), Yuantao Guo (2003), Dominic Rohner (2004), Hui Wang (2005), Carmen L. Lacambra Segura (2006), Nazia Habib-Mintz (2007) and Osvaldo Gonzalez (2008-2009), Manasa Patnam (2010), 2011 not assigned, Igor Lopes Rocha (2012), Kim Wagenaar (2012).

Oxford (£. 500)

The prize for 2013 was awarded to Matthew William Butler-Adam (Degree of Master of Science in Economics for Development at the University of Oxford) for a research project on "Children at Heart: Reconsidering the Role of Children in the Intrahousehold Allocation of Resources".

Past prizes were assigned to: J.R. Scott (1985), J. Hoddinot (1986), Solomon Soquar (1987), Jerome Booth (1988), Mamta Murthi (1989), Stephen Grant Devereux (1990), Nomaan Majid (1991), Lucia da Corta (1992), Roberto Tibana (1993), Riccardo Maggi (1994), Sabina Alkire (1995), Caterina Ruggeri Laderchi (1996), Nancy Collins (1997), Mark Wu (1998), Diego Angemi (1999), Sebastian Silva-Leander (2000), Maria Lugo and Jesse Kharbanda (2001), César Calvo (2002), (2003, not awarded), Raphael Espinoza (2004); Neha Kumra (2005), Sofya Krutikova (2006), Bet Caeyers (2007), Abhijeet Singh (2008) and Aidan Coville (2009), Miguel Sarzosa Castillo (2010), Rachel Cassidy (2011), Rossa O'Keefe-O'Donovan (2012).

4.2 Post and pre doctoral fellows

Within the several funded projects in which it participates, LdA has undertaken an intense training activity. Since 2000, a number of experienced researchers, post-doctoral and doctoral fellows have been hired and actively contribute to its projects, for a total of 178 men/months (see Table 4).

Training has also taken place in the summer schools and doctoral conferences organised by LdA. 366 students have participated in LdA summer schools since 2003, with 114 of them coming from developing countries. The two editions of the Riccardo Faini conference were attended by 62 doctoral students, 12 coming from developing countries.

Table 4. LdA training activity – Funded projects

Name of Researcher	Type	Country of Origin	Man/ Month	Start Date	End Date
Globalisation, Investment and Services Trade (GIST)					
Markus Kelle	Experienced	Germany	9	01/07/2011	31/03/2012
Sophie Hatte	Early Stage	France	12	01/04/2011	31/03/2012
Daniel Horgos	Experienced	Germany	9	01/10/2009	30/06/2010
Transnationality of Migrants (TOM)					
Anna Maria Mayda	Experienced	Italy (US)	12	01/09/2007	31/08/2008
Juan Gallego	Early Stage	Colombia	16	01/05/2008	31/08/2009
Max Steinhardt	Early Stage	Germany	24	01/05/2008 01/02/2009	31/10/2008 31/07/2010
Raluca Prelipceanu	Early Stage	Romania	12	01/09/2008	31/08/2009
Trade preferences and the role of institutional quality in economic integration (TRARIQ)					
Miriam Manchin	Post-doc	Hungary	12	01/11/2007	31/10/2008
Trade, Industrialisation and Development (TID)					
Natalie Chen	Post-doc	UK	3	01/07/2006	30/09/2006
Klaus Desmet	Post-doc	Germany	3	01/07/2006	30/09/2006
Miriam Manchin	Post-doc	Hungary	12	15/09/2005	14/09/2006
Anne Celia Disdier	Post-doc	France	15	01/07/2004	31/10/2005
Foreign Direct Investment and the Multinational Corporation: New Theories and Evidence (TMR)					
Dieter Urban		Germany	33	01/06/1999	01/03/2002
Henrik Braconier		Sweden	3	01/09/2001	31/11/2001
George Siotis		Greece	3	26/06/2000	25/09/2000
Total	15 Researchers		178		

4.3 Summer Schools in International and Development Economics

A series of yearly Summer Schools was first established in 2003 by the Centro Studi Luca d'Agliano, jointly with Centre for Economic Policy Research (CEPR) and the Department of Economics of the Universities of Milan and Turin. The Schools aim at providing an intensive training course for Ph.D. students and young researchers interested in the major analytical and empirical approaches concerning the issue of international economics and development. They are open to 40 doctorate and post-doctorate students in economics and related disciplines from all countries, who are selected from a pool of 90-120 applicants by an international selection committee. 396 students have participated in LdA Summer Schools since 2003, with 128 of them coming from developing countries.

They are funded by the European Commission and they are also supported by the Compagnia di San Paolo. From 2003 to 2006, the Schools were organised within the activities of the Research Training Network on "Trade, Industrialisation and Development (TID)". From 2007 to 2010, they were organised as part of the Marie Curie Research Training Network on "Transnationality of Migrants (TOM)", and in 2011 within the Marie Curie Initial Training Network on "Globalisation, Investment and Services Trade (GIST)". From 2012, the summer schools were jointly organised with the Paolo Baffi Centre on Central Banking and Financial Regulation (Bocconi University).

Table 5 provides a complete list of LdA Summer Schools past editions.

Table 5. LdA training activity – Summer schools

Title	Professor	Affiliation	Dates	Participants	
					from developing countries
Gravity Rules in the Modern World Economy					
	Keith Head	Sauder School of Business, University of British Columbia and CEPR	11-14 Sept. 2013	30	14
	Thierry Mayer	SciencesPo, CEPR and CEPR			
Cities, Productivity and Migration					
	Gianmarco Ottaviano	London School of Economics, Bocconi University, CEPR, and LdA	27-30 June 2012	29	7
	Diego Puga	Madrid Institute for Advanced Studies (IMDEA) and CEPR			
The Political Economy of Trade in Services					
	Kishore S. Gawande	Bush School of Government, Texas A&M University	18-21 Sept. 2011	35	11
	Emanuel Ornelas	London School of Economics and CEPR			
Spatial and temporal patterns in international migration. Temporary and return migration. Ghettos and ethnic enclaves					
	Christian Dustmann	University College London	5-8 Sept. 2010	30	7

Outsourcing and Migration					
Giovanni Peri	University of California, Davis	30 Aug.-2 Sept. 2009	39	14	
James E. Rauch	University of California, San Diego				
International Migration and the Sending Country					
Gordon Hanson	University of California, San Diego and NBER	24-27 Aug. 2008	43	12	
Frédéric Docquier	Catholic University of Louvain and NFSR				
International Migration and the Host Country					
Barry Chiswick	University of Florence				
Massimo Livi Bacci	University of Illinois at Chicago	9-12 Sept. 2007	39	12	
Giovanni Facchini	University of Milano and LdA				
Outsourcing and International Fragmentation of Production: Implications for Developing Countries					
Kei-Mu Yi	Federal Reserve Bank of Philadelphia	11-14 June 2006	36	15	
Giorgo Barba Navaretti	University of Milano and LdA				
Trade, Innovation and Technology Diffusion: Implications for Developing Countries					
Jonathan Eaton	New York University and NBER	4-8 Sept. 2005	37	13	
Francesco Caselli	London School of Economics, NBER and CEPR				
The Microeconomic Effects of Trade and Trade Policy: The Perspective of Developing Countries					
Alan Winters	The World Bank and CEPR	5-8 Sept. 2004	39	12	
James Tybout	Pennsylvania State University and NBER				
Political Economy of Trade Policy and Development: Theories and Institutions					
Bernard Hoekman	The World Bank and CEPR	27-31 Aug. 2003	39	11	
Thierry Verdier	Paris-Jourdan Sciences Economiques and CEPR				
Total			396	128	

4.4 Riccardo Faini Doctoral Conferences on Development Economics

The Riccardo Faini Doctoral Conferences were held with the aim of giving Ph.D. students working on Development Economics topics an opportunity to present their work, to discuss it with senior researchers and to meet colleagues. They intended to honour the memory of Riccardo Faini, who always strived to provide graduate students with opportunities to broaden their views by interacting among each other and engaging with more established international researchers.

In the two editions, 25 papers by doctoral candidates were selected out of a pool of more than 100 students, many from top US and EU universities. The two editions of the Riccardo Faini conference were attended by 62 doctoral students, 12 coming from developing countries.

Table 6. LdA training activity – Doctoral conferences

Title	Lecturer	Affiliation	Dates	Participants	
					from developing countries
Second Riccardo Faini Doctoral Conference					
	Dean Karlan	Yale University	7-9 Sept. 2008	30	7
First Riccardo Faini Doctoral Conference					
	Jaime de Melo	University of Geneva	13-15 Sept. 2007	32	5
Total				62	12

5 Luca d'Agliano Lectures in Development Economics

The Luca d'Agliano Lectures are organised each year also thanks to the generous support of the Compagnia di San Paolo of Turin. The aim of these Lectures, which have always been very successful, is to favour the diffusion of the ideas of some of the most important scholars in the field to a non specialised audience. They also represent an important opportunity for bringing together members of the Scientific Committee of the Centro Studi and many of its former scholars. Past editions of the Luca d'Agliano lectures were all conceived and introduced by Riccardo Faini. In 2007 the Fifth Lecture on "Does Outsourcing Change Everything?" by *Paul R. Krugman* (Nobel Prize in Economics, 2008) was, in his memory, opened by Jaime de Melo.

The Eleventh Lecture on "Globalization and Industrialization in the Long Run", by Kevin H. O'Rourke (All Souls College, University of Oxford) is scheduled for November 6th 2013 and it will explore how industrialization has been the key to economic growth since the British Industrial Revolution of the late 18th and early 19th century. The lecture will describe the gradual spread of modern industry across the globe, and discuss the forces which both helped and hindered the spread. Coal was an important factor determining the location of industry early on, but over time, as transport costs fell, access to local coal deposits became less of a constraint. The lecture will look at the role of trade policy and globalization in fostering or preventing industrialization since 1870, and briefly discuss the way in which this relationship has been transformed in recent years. Developing countries are now gambling on globalization: the lecture will conclude with some historical lessons regarding the challenges that have to be overcome if globalization is to be sustained into the future.

Table 7. Luca d'Agliano Lectures in Development Economics

Title	Speaker	Affiliation	Date
Eleventh Luca d'Agliano Lecture: "Globalization and Industrialization in the Long Run"	Kevin H. O'Rourke	All Souls College, University of Oxford	6 November 2013
Tenth Luca d'Agliano Lecture: "State Effectiveness and Economic Development"	Timothy Besley	London School of Economics and Political Science	22 November 2012
Ninth Luca d'Agliano Lecture: "The Role of Cultural Diversity in Growth and Development: What do Economists Have to Say about This?"	Thierry Verdier	Paris School of Economics	28 November 2011
Eighth Luca d'Agliano Lecture: "The Future of Aid"	Nemat (Minouche) Shafik	Permanent Secretary, Department for International Development	7 December 2010
Seventh Luca d'Agliano Lecture: "The Dollar in Doubt"	Barry Eichengreen	George C. Pardee and Helen N. Pardee Professor of Economics and Professor of Political Science, University of	4 December 2009
Sixth Luca d'Agliano Lecture: "Accelerating Economic Growth in Africa"	Anthony J. Venables	Professor, Oxford University; Director, Oxford Centre for the Analysis of Resource Rich Economies	17 October 2008
Fifth Luca d'Agliano Lecture: "Does outsourcing change everything?"	Paul R. Krugman	Professor of Economic and International Affairs, Woodrow Wilson School of Public and International Affairs, Princeton University, Nobel Prize in Economics, 2008	11 June 2007
Fourth Luca d'Agliano Lecture: "Employment and Development"	François Bourguignon	Chief Economist and Senior Vice President, World Bank; Professor of Economics, École des Hautes Études en Sciences	22 May 2006
Third Luca d'Agliano Lecture: "Globalization and Underdevelopment in the Pre-Modern Third World"	Jeffrey G. Williamson	Laird Belle Professor of Economics, Harvard University	31 March 2006
Second Luca d'Agliano Lecture: "Rethinking Economic Growth in Developing Countries"	Dani Rodrik	John F. Kennedy School of Government, Harvard University	8 October 2004
First Luca d'Agliano Lecture: "Globalisation and the Poor"	Pranab Bardhan	University of California, Berkeley	10 June 2003

6 List of conferences and seminars

The Centro Studi Luca d'Agliano organises its conferences and seminars with the aim of encouraging exchange amongst Italian researchers in development and international economics and of inviting distinguished international scholars. Several conferences and seminars have been organised in collaboration with other Italian and international institutions.

The complete list of conferences and seminars organised in 2013 is set out below; details on the events can be found under the research programmes and in the remainder of the Report.

[6th November 2013, Fondazione Luigi Einaudi, Turin](#)

Eleventh Luca d'Agliano Lecture in Development Economics: "Globalization and Industrialization in the Long Run" by Kevin H. O'Rourke

[30th October 2013, London School of Economics](#)

"Value Added in Motion" coordination meeting

[26th September 2013, University of Milan](#)

MAPCOMPETE meeting on "Progress towards the mapping of macro and bottom-up indicators"

[19-20th September 2013, Joint Vienna Institute](#)

CompNet workshop

[11-14th September 2013, University of Milan, Palazzo Feltrinelli, Gargnano, Italy](#)

Twelfth Summer School: "Gravity Rules in the Modern World Economy"

[12th September 2013, ENEL Foundation, Rome](#)

"Value Added in Motion", roundtable meeting

[27-28th June 2013, Institute for Applied Economic Research \(IAW\), Tübingen](#)

1st MAPCOMPETE Workshop: "Measuring Competitiveness - Indicators, Data and Methodology"

[24-25th June 2013, European Central Bank](#)

CompNet workshop

[28th May 2013, University of Milan](#)

"Value Added in Motion", kick-off meeting

[16-17th April 2013, Washington](#)

CompNet - Peterson Institute for International Economics - World Bank joint event on "National Competitiveness, Scalability of International Value Chains, and Location of Production"

[1st March 2013, Centre for Economic and Regional Studies of the Hungarian Academy of Sciences \(CERS-HAS\), Budapest](#)

MAPCOMPETE kick-off meeting

[24th January 2013, Unione Industriale Torino](#)

Competitività e il futuro dell'industria europea

Research Seminar Series on “Global Challenges”

Since September 2011, LdA has been organising a new research seminar series on “Global Challenges” jointly with the Paolo Baffi Centre on Central Banking and Financial Regulation (Bocconi University) and the Laboratorio di Analisi Monetaria (Università Cattolica).

27th June 2013, University of Milan

Remittances and Gender Discrimination by Sara Salomone (IRES, Université Catholique de Louvain)

20th June 2013, University of Milan

Birthplace diversity and economic prosperity, by Hillel Rapoport (Bar Ilan University and EQUIPPE, University of Lille)

13th June 2013, University of Milan

Innovation and trade. Evidence from Italian manufacturing firms by Matteo Bugamelli (Bank of Italy)

30th May 2013, Bocconi University

Immigration, Population Diversity and Innovation of Italian regions by Massimiliano Bratti (DEMM, University of Milan and Centro Studi Luca d’Agliano)

16th May 2013, University of Milan

Trade Imbalances and Wage Inequality by Paolo Epifani (Bocconi University, IGER, Paolo Baffi Centre, KITeS and Centro Studi Luca d’Agliano)

21st March 2013, University of Milan

Exporting under financial constraints: the effect on prices by Chiara Tomasi (University of Trento and LEM, Scuola Superiore Sant’Anna)

7th March 2013, Bocconi University

Heterogeneous Firms Trading In Ideas: An Application to Energy Technologies by Elena Verdolini (Fondazione ENI Enrico Mattei)

21st February 2013, University of Milan

Quality, Distance and Trade: A Strategic Approach by Emanuele Bacchiega (University of Bologna)

7th February 2013, Bocconi University

Oligopoly and trade: relating production rigidity and quantity pre-commitment by Maria Teresa Trentinaglia (University of Milan and Centro Studi Luca d’Agliano)

17th January 2013, Bocconi University

Global Sourcing of Family Firms, by Davide Castellani (University of Perugia and Centro Studi Luca d’Agliano)

7 Who's Who

Boards of Directors

Luigi Galleani d'Agliano (President), Lucia Bruguier Pacini d'Agliano, Andreina Galleani d'Agliano (Vice President), Gianluca Ambrosio, Giorgio Barba Navaretti, Francesco Cosmelli (Treasurer), Emanuele Tournon.

Scientific Advisory Board

François Bourguignon (Chairman), Giuseppe Bertola, Jaime de Melo, Eliana La Ferrara, Gianmarco I.P. Ottaviano, André Sapir, Anthony J. Venables.

Scientific Committee

François Bourguignon (Chairman), Giorgio Basevi, Luigi Donato, Frank Hahn, Fabrizio Onida, Amartya Sen, Nicholas Stern, Frances Stewart, Gianni Vaggi, Vittorio Valli, Terenzio Cozzi (as Chairman of the Scientific Committee of Fondazione Luigi Einaudi, Turin).

Coordination Committee

Giorgio Barba Navaretti (Scientific Director), Giovanni Facchini (Migration), Mariapia Mendola (Poverty and Development), Gianmarco I.P. Ottaviano (Firms and the International Market).

Resident Researchers

Silvia Cerisola, Giulia Felice, Emanuele Forlani, Tommaso Frattini, Elisabetta Lodigiani, Veronica Lupi, Giovanni Pica, Maria Teresa Trentinaglia De Daverio.

Fellows

Carlo Altomonte, Maarten Bosker, Massimiliano Bratti, Holger Breinlich, Matteo Bugamelli, Giacomo Calzolari, Alessandra Casarico, Davide Castellani, Nancy Chau, Daniele Checchi, Natalie Chen, Paola Conconi, Rosario Crinò, Francesco Daveri, Klaus Desmet, Gianfranco De Simone, Anne-Célia Disdier, Julian Emami Namini, Paolo Epifani, Gil S. Epstein, Anna Maria Falzoni, Francesco Fasani, Giulia Felice, Massimo Florio, Tommaso Frattini, Marzio Galeotti, Paolo Garella, Giorgia Giovannetti, Timothy Hatton, Daniel Horgos, Marco Leonardi, Sergio Lugaresi, Miriam Manchin, Silvia Marchesi, Anna Maria Mayda, Alessandro Missale, Giovanni Peri, Giovanni Pica, Alberto Franco Pozzolo, Riccardo Puglisi, Angelica Salvi Del Pero, Fabiano Schivardi, Alessandro Sembenelli, Peri da Silva, Heiwai Tang, Cecilia Testa, Alessandra Tucci, Alessandro Turrini, Silke Uebelmesser.

Affiliates

Juan Miguel Gallego, Micol Levi, Elisabetta Lodigiani, Max Steinhardt.

Secretariat

Chiara Elli, Simona Orlando.

Founder Members

Francesco Ballero, Giorgio Barba Navaretti, Lucia Bruguier Pacini d'Agliano, Emilio Corelli, Luigi Galleani d'Agliano, Mario Einaudi, Fabio Ranchetti, Giovanni Zanalda.