

ALLEGATO B

UNIVERSITÀ DEGLI STUDI DI MILANO

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Daniele Girardi CURRICULUM VITAE

(N.B. IL CURRICULUM NON DEVE ECCEDERE LE 30 PAGINE E DEVE CONTENERE GLI ELEMENTI CHE IL CANDIDATO RITIENE UTILI AI FINI DELLA VALUTAZIONE.

LE VOCI INSERITE NEL FACSIMILE SONO A TITOLO PURAMENTE ESEMPLIFICATIVO E POSSONO ESSERE SOSTITUITE, MODIFICATE O INTEGRATE)

INFORMAZIONI PERSONALI (NON INSERIRE INDIRIZZO PRIVATO E TELEFONO FISSO O CELLULARE)

COGNOME	GIRARDI
NOME	DANIELE
DATA DI NASCITA	10 DICEMBRE 1986



Daniele Girardi

Academic appointments

- 2016-present **Assistant Professor (tenure-track).**
Economics Department, University of Massachusetts Amherst (USA)
(On leave: Fall 2018; Fall 2020)
- 2021-present **Associate Chair.**
Economics Department, University of Massachusetts Amherst (USA)
- 2021-present **Associate Editor.**
Review of Keynesian Economics
- 2020-present **Associate Editor.**
Journal of Economic Surveys
- 2018-present **Associate Editor.**
Review of Social Economy
- Fall 2015 **Visiting Scholar.**
Department of Economics, Columbia University (New York City, USA)

Education

- June 2016 **Ph.D. in Economics, *Universities of Tuscany.***
University of Siena, University of Pisa, University of Florence (Italy)
- 2009-2011 **M.A. (*Laurea Magistrale*) in Environmental and Development Economics.**
University of Siena (Italy)
- 2005-2009 **B.A. (*Laurea*) in Economics of International Cooperation and Development.**
Università degli Studi di Roma "La Sapienza" (Italy)

Other qualifications

- 2021-2030 **Abilitazione Scientifica Nazionale, Fascia II, S.C. 13/A1: Economia Politica e 13/A2: Politica Economica.**
Ministero dell'Università e della Ricerca (Italy)

Professional experience

- 2015 **Research Assistant**, for Prof. Mariana Mazzucato (University of Sussex) and Prof. Michael Jacobs (IDDRI).
University of Sussex (UK)

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Updated Sep 2021

2010-2014 **Research Economist.**

CRESME Ricerche S.p.A., Piazza Mincio 2, 00198 Rome, Italy

Publications in refereed journals

- "Partisanship and local fiscal policy: evidence from Brazilian cities" (with Raphael R. Gouvea)
Journal of Development Economics, Vol. 150, May 2021.
doi: 10.1016/j.jdeveco.2021.102637
- "Partisan shocks and financial markets: evidence from close national elections"
American Economic Journal: Applied Economics, Vol. 12, No. 4, October 2020.
doi: 10.1257/app.20190292
- "Reverse hysteresis? Persistent effects of autonomous demand expansions" (with Walter Paternesi Meloni and Antonella Stirati)
Cambridge Journal of Economics, Volume 44, Issue 4, pp.835–869, July 2020.
doi: 10.1093/cje/beaa009
- "Autonomous Demand and the Investment Share" (with Riccardo Pariboni)
Review of Keynesian Economics, vol.8, n.3, July 2020.
doi: 10.4337/roke.2020.03.07
- "Normal utilization as the adjusting variable in Neo-Kaleckian growth models: a critique" (with Riccardo Pariboni)
Metroeconomica Vol.70, n.2, pp.341-358, May 2019.
doi: 10.1111/meca.12236
- "Institution shocks and economic outcomes: Allende's election, Pinochet's coup and the Santiago stock market" (with Samuel Bowles)
Journal of Development Economics Vol.134, pp.16-27, September 2018.
doi: 10.1016/j.jdeveco.2018.04.005
- "Long-run effective demand in the US economy" (with R. Pariboni)
Review of Political Economy Vol.28, n.4, pp.523-544, 2016.
doi: 10.1080/09538259.2016.1209893
- "Financialization of food: modelling the time-varying relation between agricultural prices and stock market dynamics"
International Review of Applied Economics, Vol.29, n.4, pp.482-505, 2015.
doi: 10.1080/02692171.2015.1016406
- "Do financial investors affect the price of wheat?"
PSL Quarterly Review, Vol. 65 No. 260, pp.79-109, 2012. doi: 10.13133/2037-3643/9936

Under review or revisions requested

- "The Neoclassical Theory of Aggregate Investment and its Criticisms"
Revisions requested at *Journal of Economic Surveys*
- "Does Economics Make you Selfish?" (with S. Madhurika Mamunuru, S. Halliday and S. Bowles)
Under Review

Work in Progress

- "A Local Projections Approach to Difference-in-Differences Event Studies"
with Arindrajit Dube, Òscar Jordà and Alan M. Taylor
- "The Effects of Fiscal Expansions: A Narrative Approach"
- "Did Capital Strike? Redistribution, Firm Value and Private Investment during the 1981-1983 French Socialist Experiment"
- "Measuring Exploitation: Labor-Income Ratios in the US Economy, 1975-2021"
with Roberto Veneziani, Nicolas Grau and Naoki Yoshihara
- "Market Transition as a Coordination Problem"
with Roberto Veneziani

Chapters in books

- "Effective demand and long-run growth: evidence from five major capitalist economies" (with R. Pariboni)
Imperiled Economies - An URPE Reader, Dollars & Sense (Boston), pp.31-42 , 2018.

Grants, awards and scholarships

- 2021 **Principal Investigator**, 'Did Capital Strike? Redistribution, Firm Value and Private Investment during the 1981-1983 French Socialist Experiment', University of Massachusetts Amherst, Faculty Research Grant (duration: 1 year; budget: 20,000 USD).
- 2021 **Principal Investigator**, 'The effects of fiscal stimulus', University of Massachusetts Amherst, SBS Research Support Grant (duration: 1 year; budget: 7,000 USD).
- 2017 **Co-Principal Investigator**, 'Persistent effects of autonomous demand expansions', Institute for New Economic Thinking grant (duration: 1 year; budget: Euro 30,000, Co-PI: Antonella Stirati, Roma Tre University).
- 2016 **Pierangelo Garegnani Prize 2016**, organized by the 'Piero Sraffa' Research Center, awarded for my PhD Dissertation.
- 2013 - 2015 **Fully-funded PhD scholarship**, awarded by the MIUR (Italian Education Ministry) in order to pursuit my PhD in Economics at the University of Siena (Italy).

2008 **"Europe and Youth 2008" student competition**, organized by The Regional Institute for European Studies of Friuli Venezia Giulia (IRSE), First Prize in the University Section awarded for my essay 'Non solo di Pil'('Beyond Gdp') .

Editorial service

Associate editor: *Journal of Economic Surveys* (Nov 2020 - ongoing); *Review of Keynesian Economics* (Jan 2021 - ongoing); *Review of Social Economy* (Nov 2018 - ongoing)

Referee: *American Economic Review*; *American Political Science Review*; *Journal of Economic Surveys*; *Journal of Politics*; *Explorations in Economic History*; *Metroeconomica*; *European Journal of Political Economy*; *Structural Change and Economic Dynamics*; *Quarterly Review of Economics and Finance*; *International Review of Applied Economics*; *Review of Keynesian Economics*; *Feminist Economics*; *Journal of Economic Education*; *International Review of Economics Education*; *Review of Political Economy*; *Review of Social Economy*; *European Journal of Economics and Economic Policies: Intervention; Competition & Change*; *PSL Quarterly Review*; *Economic Issues*; *Economics Bulletin*.

Dissertation Committee Service

- Sai Madhurika Mamunuru, University of Massachusetts Amherst, 2020: Committee Member.
- Raphael Rocha Gouvea, University of Massachusetts Amherst, 2021: Committee Member.
- Amal Ahmad, University of Massachusetts Amherst, 2021: Committee Member.
- Mateo Hoyos López, University of Massachusetts Amherst, Current: Committee Member.
- Anamika Sen, University of Massachusetts Amherst, Current: Committee Member.
- Diogo Martins, University of Massachusetts Amherst, Current: Pre-Dissertation Advisor.

Other Academic Service

- Associate Chair, Economics Department, University of Massachusetts Amherst, 2021-2022
- PhD thesis external reviewer, Università degli Studi Roma Tre (Italy), 2018-2021
- Graduate Program Committee Member, Economics Department, University of Massachusetts Amherst, 2019-2020
- Editor, UMass Amherst Economics Working Paper Series, University of Massachusetts Amherst, 2016-2021
- Reviewer for research grant proposals, Free University of Bozen-Bolzano (Italy), 2021
- Reviewer for research grant proposals, 'Rita Levi Montalcini' Program, Ministero dell'Università e della Ricerca (Italy), 2021

Teaching

- Instructor **Macroeconomic Theory (PhD course)**, University of Massachusetts Amherst.
Spring 2019, Spring 2020, Spring 2021
- Instructor **Dissertation Workshop (PhD course)**, University of Massachusetts Amherst.
Spring 2018
- Instructor **Intermediate Macroeconomics (Undergraduate)**, University of Massachusetts Amherst.
Fall 2016, Fall 2019
- Instructor **Intermediate Microeconomics (Undergraduate)**, University of Massachusetts Amherst.
Spring 2017, Fall 2017, Spring 2018, Spring 2019, Fall 2019, Spring 2021
- Instructor **Econometrics (Undergraduate)**, University of Massachusetts Amherst.
Fall 2021

Non-academic publications

- "Domanda autonoma, crescita ed investimenti" ("Autonomous demand, growth and investment") with Riccardo Pariboni, *Economia e Politica*, Feb 2016.
- "Il banchiere dei ricchi" ("The banker of the rich") *Gli Stati Generali*, Jan 2015.
- "Perchè è crollato il prezzo del petrolio?" ("Why did the oil price fall?") *Gli Stati Generali*, Dec 2014.
- "Perchè i Governi sbagliano le previsioni?" ("Why are Governments getting their economic forecasts so wrong?") *Sbilanciamoci*, Nov 2014.
- "Usa, nuovo boom (e nuova bolla?)" ("US real estate market: a new boom (and a new bubble?)" *Formiche*, n.90, anno X, Mar 2014
- "A new phase of growth in the USA, UK and Germany" *TILE International*, 1/2014, pp.36-39, Jan 2014.
- "Sull'IMU ha vinto il blocco edilizio" ("The 'real estate block' won IMU's battle") *Sbilanciamoci e Eddyburg*, Sep 2013.
- "Barili di carta: le materie prime in balia del casinò" ("Paper barrels: commodities at the mercy of casino finance") *Sbilanciamoci*, Mar 2013.
- "Il secondo boom edilizio italiano" ("The second housing boom in Italy") *Edilbox*, Jul 2012.
- "Le costruzioni in Italia tra crisi e trasformazione" ("The construction sector in Italy, between crisis and transformation") *Edilbox*, Jun 2012.
- "Buttando via il Pil. Ma solo in teoria." (Throwing GDP away. But just in theory") *Terranauta*, Sep 2009.

Invited seminars and conference presentations

- 2020 Renmin University of China; Leeds University (UK); University of Massachusetts Boston (USA); 46th Eastern Economic Association Annual Conference (Boston, USA); University of Siena (Italy).
- 2019 Columbia University (New York City, USA); Federal University of Rio De Janeiro (Brazil); University of Massachusetts Amherst (USA).

- 2018 2018 Silvaplana Political Economy Workshop (Switzerland); University of Massachusetts Lowell (USA)
- 2017 Queen Mary University (London, UK); Università Cattolica del Sacro Cuore (Piacenza, Italy); University of Siena (Italy); 2017 INET Annual Plenary Conference (Edinburgh, Scotland); 21st FMM Annual Conference (Berlin, Germany); University of Massachusetts Amherst (USA).
- 2016 Annual IAAE Conference (Milan, Italy); University of Massachusetts Amherst (USA).
- 2015 University of Coimbra (Portugal); Roma Tre University (Italy); University of Massachusetts Amherst (USA).
- 2014 Legacoop (Rome, Italy).
- 2012 Forum PA 2012 (Rome, Italy); Bext in the city– L'energia che cambia Bologna (Bologna, Italy); SAIE - Salone Internazionale dell'Industrializzazione Edilizia (Bologna, Italy).

ALLEGATO 1 - Documentazione dei periodi di allontanamento non volontario dall'attività di ricerca

Il seguente documento attesta i due semestri di congedo di paternità (Fall 2018 e Fall 2020) durante i quali ho dovuto interrompere la mia attività scientifica per adempire a funzioni genitoriali. Lo allego perché possiate tenerne conto nel valutare la consistenza, intensità e continuità temporale della mia produzione scientifica, come previsto dall'articolo 13.3 del bando di selezione.



UNIVERSITY OF MASSACHUSETTS
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Economics Department
Crotty Hall
412 N. Pleasant St.
Amherst, MA 01002

October 21, 2020

To whom it may concern:

Daniele Girardi, born in Rome (Italy) on Dec 10 1986, is an Assistant Professor (tenure-track) of Economics at the University of Massachusetts Amherst since September 2016. He has been on parental leave during the Fall 2018 semester, and is currently on parental leave during the Fall 2020 semester.

So far, Daniele Girardi has taught the following courses at the University of Massachusetts Amherst:

- Macroeconomic Theory (Graduate course) in Spring 2019 and Spring 2020.
- Dissertation Workshop (Graduate course) in Spring 2018.
- Intermediate Macroeconomics (Undergraduate course) in Fall 2016 and Fall 2019.
- Intermediate Microeconomics (Undergraduate course) in Spring 2017, Fall 2017, Spring 2018, Spring 2019, Fall 2019.

If you have any questions or concerns, please don't hesitate to contact me.

Sincerely,

Sheila Gilroy

Sheila Gilroy
Director of Administration & Research
Economics Department
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ALLEGATO 2: Research Statement

September 22, 2021

Hiring Committee
Dipartimento di Economia, Management e Metodi Quantitativi
Università degli Studi di Milano La Statale

Research Statement
Daniele Girardi

Overview

I am an applied economist. My research covers a range of topics in political economy, macroeconomics and, more recently, behavioral economics. It has been published in leading economics journals such as *American Economic Journal: Applied Economics*, *Journal of Development Economics* and *Cambridge Journal of Economics*, among others.

Most of my work during my PhD and in my five years as an Assistant Professor at UMass Amherst can be traced back to two main research projects. The first is concerned with the interaction between politics and markets. To contribute to our understanding of the effect of political and institutional factors on the economy, I have studied the reaction of financial markets to electoral and institutional shocks. Collecting new data and applying state-of-the-art methods, I have provided new evidence on this topic, using both large samples of elections and detailed case studies of electoral and institutional change. My recent research on this topic has also studied the role of partisanship in shaping local fiscal policy in Brazilian cities, providing novel insights on the role of parties at the local level in newly democratized developing economies.

My second main line of research has explored the effect of aggregate demand dynamics on the economy, with special emphasis on medium and long-run impacts. Macroeconomic theory has traditionally rested on the assumption that aggregate demand fluctuations can only exert short-run effects on economic activity, while in the medium/long-run the economy reverts to a supply-determined trend. A recent literature, however, has provided evidence of ‘hysteresis’: aggregate demand can influence the path of potential output, and thus affect the economy in the medium and even long-run. Previous studies on hysteresis have emphasized the potential for negative economic shocks – financial crises and generally recessions – to persist beyond the short-run. My research has provided novel evidence suggesting that positive shocks too may exert long lasting positive effects, and that the influence of demand dynamics on capital accumulation is an important channel of hysteresis.

Recently, I have also conducted research on endogenous preferences. Using experiments and surveys, I have studied the effect (or lack thereof) of economics education on students’ social preferences, beliefs and policy opinions.

I currently have seven ongoing projects in the pipeline, one of which is already under review, while another received a R&R decision at the *Journal of Economic Surveys*. My new projects build upon my previous work in political economy and macroeconomics, but also explore further important topics. These include the work mentioned above on the impact of economics education on preferences, the challenges of transition from planned to market economy, the measurement of inequality in well-being, and a methodological contribution about the estimation of ‘difference-in-differences’ event studies in applied econometrics. My CV provides a complete list of my ongoing new projects (in the ‘Under review or revisions requested’ and ‘Work in progress’ sections); I briefly describe them in the ‘New projects’ section of this statement.

Since completing my PhD, my research has gradually steered away from my earlier interests, which were mainly inspired by structural Keynesian models, towards more applied topics such as partisan effects, endogenous preferences and empirical estimates of hysteresis effects. However, I have remained committed to a pluralist and interdisciplinary perspective, which values insights from different approaches within economics as well as from different disciplines such as history, sociology and political science.

Published articles by research area

Politics and markets The core goal in my research on politics and markets is to better understand the complex relationship between democratic and capitalist institutions.

Whether different political parties make different economic policy choices, how these choices map to electoral and socioeconomic cleavages, and what are the consequences for economic outcomes, are central questions in political economy. However, assessing empirically the effect of partisanship is challenging because of endogeneity (economic conditions affect political developments) and anticipation effects. My research has taken this challenge seriously, in order to provide credible evidence. To this end, I have employed a range of methods and collected new data on different contexts.

In “Institution shocks and economic outcomes: Allende’s election, Pinochet’s coup and the Santiago stock market” (*Journal of Development Economics*, 2018; coauthored with Samuel Bowles of the Santa Fe Institute) we document the dramatic reaction of the Santiago stock market first to the election and then to the overthrow of Salvador Allende’s socialist government in 1970s Chile. Using newly-digitized daily firm-level data, we demonstrate massive effects of these events – of a size unprecedented in the literature on the impact of political developments. We then show that these massive price changes were not due to changed expectations about growth or wage share dynamics. Rather, they reflected a generalized weakening – and the subsequent sudden re-affirmation – of private property rights. This interpretation is supported by a number of firm- and sector-level empirical tests, combining our novel firm-level data with input-output tables and historical national accounts.

Our work on 1970s Chile is one of the few well-identified case studies in the literature on the reaction of financial markets to electoral outcomes and institutional change. More systematic cross-country evidence has been even scarcer so far, due to the difficulty of isolating causal effects.

“Partisan shocks and financial markets: evidence from close national elections” (*AEJ: Applied*, October 2020) contributes to filling this gap. Using newly-collected electoral data and a careful research design based on close elections, I assess the reaction of stock and bond markets to partisan electoral victories. I find that left-wing electoral victories tend to cause significant and substantial short-term decreases in stock market valuations, while the response of sovereign bond markets is mostly muted. Importantly, stock market effects are stronger and more persistent in elections in which the Left’s proposed economic policy is more radical and in developing economies.

In “Partisanship and local fiscal policy: evidence from Brazilian cities” (*Journal of Development Economics*, May 2021), my student Raphael Gouvea and I study the role of parties in shaping local fiscal policy in Brazilian cities. Using a regression-discontinuity design, we show that left-wing mayors in Brazil do not expand the size of the city government, but do modestly increase the share of social spending. A key contribution of the paper is the study of the mechanisms that determine the extent of policy divergence/convergence between parties and coalitions. We find that partisan effects are larger when the mayor is a lame-duck and in cities receiving oil windfalls. This suggests that Brazilian parties attempt to shape the allocation of municipal resources in order to favor their electoral constituencies, but face strong institutional and electoral constraints. These findings are relevant for the literature on partisan effects at the city-level, but also for the ongoing debate on the forces driving local politics in newly democratized developing countries.

Hysteresis A recently revived ‘hysteresis’ literature points to remarkably persistent effects of negative demand shocks on the economy. This casts doubts on the prevailing wisdom that, despite temporary business cycle fluctuations, economies return relatively quickly to an underlying growth trajectory dictated by technology and population and unaffected by aggregate demand.

In “Reverse hysteresis? Persistent effects of autonomous demand expansions” (*Cambridge Journal of Economics*, 2020, coauthored with Walter Paternesi Meloni and Antonella Stirati of Roma Tre University) we ask whether the effects of *positive* demand shocks too tend to persist beyond the short-run. This work was made possible by a 30,000 Euros research grant from the Institute for New Economic Thinking,

Studying 126 episodes of demand expansion in a panel of 34 OECD countries between 1960 and 2015, we find that demand expansions exert positive persistent effects on GDP, employment and capital

stock. This paper is a first attempt to investigate whether hysteresis applies to long-lasting positive effects as well as the more widely studied negative impacts. Our results are encouraging for this research program. I see the identification of truly exogenous expansion episodes as the main challenge to be tackled in my future research on this topic, as reflected in my ongoing new projects described below.

In “Autonomous demand and the investment share” (*Review of Keynesian Economics*, 2020, coauthored with Riccardo Pariboni of the University of Siena), we present robust evidence that demand shocks have persistent positive effects on the business investment share of the economy. We employ an instrumental variables design in order to isolate exogenous variation in aggregate demand. Our results support the view that the influence of demand on capital accumulation can be a major source of hysteresis. In addition, we use these empirical findings as “identified moments”, to help assess alternative macro models, including both New-Keynesian and Structural-Keynesian ones.

Given that the collaboration with Pariboni has produced several contributions (three published papers, including the one just described), I wish to clarify that ours is a co-authorship between equals, and not a junior-senior or mentoring relationship. Our collaboration started when we were both PhD students in Siena (we obtained our graduate degree in the same academic year); he is currently an Assistant Professor at the University of Siena.

Completed working papers

Economics education and students’ preferences In a recent research project, coauthored with my student Sai Mamunuru and with Sam Bowles (Santa Fe Institute) and Simon Halliday (Bristol University), we study the effect of different types of microeconomics courses on students’ social preferences, beliefs about other people’s social preferences, and policy opinions.

This work has been inspired by my experience as a teacher of Intermediate Microeconomics, implementing a new innovative curriculum that I helped develop at UMass Amherst. This new curriculum brings in the classroom recent advances in the discipline, drawing in particular on behavioral economics and asymmetric information theory. This led me and my coauthors to ask whether the way we teach economics has unintended consequences on students’ generosity, willingness to cooperate, and policy opinions.

Specifically, our working paper (“Does economics make you selfish?”, currently under review), tests the widely held hypothesis that studying economics makes people more selfish and politically conservative, and asks whether different curricula have different impacts. We use a difference-in-differences strategy to disentangle causal effects from selection bias, and run online experiments and surveys to measure students’ social preferences, beliefs about others, and policy opinions. Contrary to a widespread view and to the results of previous cross-sectional studies, we find that studying economics has no discernible effect on students’ social preferences and on their beliefs about other people’s social preferences. Results on policy preferences also point to little effect, except that economics may make students somewhat more likely to support restrictive immigration policies. Strikingly, effects are very similar across different Microeconomics curricula.

Investment Theory My work in macroeconomics includes the working paper “The Neoclassical Theory of Aggregate Investment and its Criticisms” (review & resubmit at the *Journal of Economic Surveys*). In this systematic literature survey, I identify four main strands in neoclassical investment theory: (i) the traditional Wicksellian model; (ii) the Fisherian ‘array-of-opportunities’ approach; (iii) the Jorgensonian model; (iv) the now prevailing adjustment cost models. I summarize each approach, discuss the main conceptual issues, and highlight similarities and differences between them. I also provide a systematic summary and discussion of the main criticisms that have been leveled at each of these models and highlight some unresolved theoretical issues.

This study is motivated by the idea that a systematic perspective on the neoclassical theory of investment – a theory which implicitly or explicitly underlies many economic models, much heuristic thinking, and several policy discussions – can be helpful in clarifying important contemporary issues and

debates. Indeed, investment theory bears implications for topics of first-order importance like short-run fluctuations, growth, the effects of fiscal and monetary policy, and the elasticity of substitution between capital and labor.

This survey is original in adopting a historical perspective on neoclassical investment theory, starting from the model of investment adopted by Wicksell and other early marginalist economists, and in providing a systematic summary and discussion of the main criticisms that have been leveled at these models.

New projects

In addition to the two working papers mentioned above, I have five further ongoing projects which are at an advanced stage, with submission expected within the next two academic years.

A Local Projections approach to Difference-in-Differences Event Studies This project is coauthored with Arindrajit Dube (UMass Amherst and NBER), Òscar Jordà (UC Davis and Federal Reserve Bank of San Francisco) and Alan M. Taylor (UC Davis and NBER). We explore the properties of the Local Projections (LP) estimator, which has been originally developed for macroeconomic applications, in a microeconomic context. Specifically, we use simulations and observational data applications to study the performance of an appropriately adjusted LP estimator for the estimation of Difference-in-Differences (DiD) event studies. We focus on settings in which treatment effects can be heterogeneous, different units receive treatment at different points in time, and treatment assignment can depend on pre-treatment dynamics of the outcome of interest. Our preliminary results suggest that a LP estimator can be fruitfully used in these settings. Compared with other recently developed DiD techniques, our LP estimator is less computationally demanding and especially robust to failures of the identifying assumptions traditionally made in DiD designs.

Did Capital strike? “Did Capital strike? Redistribution, firm value and private investment during the 1981-1983 French Socialist experiment” represents a natural continuation – and a significant stepping-up – of my research agenda on the interaction between private markets and democratic-electoral institutions. Having studied in previous work the impact of partisan politics on economic outcomes, in this work I will provide a new important case study on this topic, to uncover mechanisms and study impacts on a wider range of outcomes.

Collecting a new dataset from multiple archival sources (an effort that is currently underway), this project will document the reaction of the French corporate sector to the large-scale redistributive attempt of Mitterrand’s democratic socialist government in 1981-1983. According to a widespread narrative, the egalitarian and pro-labor stance of the Mitterrand government caused a crisis of confidence which resulted in weak investment, contributing to an economic downturn that eventually forced the French Left to abandon any transformative ambition. The French Socialist Experiment – this narrative goes – pushed too far against the structural constraints of capitalism, provoking an inevitable ‘capital strike’ that undermined its economic and political sustainability.

Using newly-digitized stock market data and exploiting the fact that the 1981 Socialist victory constituted a surprise, I will document the distribution of the negative shock to expected profitability caused by the Socialist experiment across firms and sectors. I will then estimate its effect on private business investment, across firms and on aggregate.

This project will thus provide the first evidence-based assessment of the influential narrative according to which the French Socialist experiment depressed private investment. More generally, it will constitute a rare quantitative case study on the effect of egalitarian redistribution on private investment.

This project was recently awarded a competitively allocated \$ 20,000 Faculty Research Grant from the University of Massachusetts Amherst.

The effects of fiscal expansion The project "The effects of fiscal expansion: A narrative approach" aims to provide a credible and comprehensive empirical assessment of the effect of fiscal stimulus on inequality, labor market outcomes and economic activity. Its main innovation over previous work on this topic is to employ a narrative approach. Analysing policy documents, I will build a new dataset of fiscal expansion episodes for industrialized OECD countries in the post-1970 period. The dataset will identify stimulus episodes that did not represent a reaction to cyclical macroeconomic conditions, and will quantify their size and composition (tax-based versus spending-based). Panel data methods will be employed to estimate the average effect of these expansionary episodes, and assess how effects vary based on country characteristics, macroeconomic conditions and stimulus composition.

The requirement that included expansionary measures must not represent a reaction to cyclical conditions makes them suitable to identify causal effects. Increases in the public deficit that arise (either mechanically or by choice) as a result of current and prospective cyclical conditions are the main source of reverse causality in this context. Excluding them, and focusing instead on 'exogenous' fiscal expansions, is therefore a major contribution of this approach relative to the previous literature.

This project was recently awarded a competitively allocated \$ 7,000 UMass Amherst SBS Research Support Grant, which will allow me to accelerate the dataset construction. I am currently preparing grant applications to external funding sources as well.

My two other ongoing projects study further important topics in political economy.

Measuring exploitation "Measuring exploitation: labor-income ratios in the US economy, 1975-2021" (coauthored with Nicolas Veloso of the University of Chile, Roberto Veneziani of Queen Mary University in London and Naoki Yoshihara of UMass Amherst) proposes a new measure of welfare inequality, well grounded in the theory of labor exploitation and intuitively appealing. This new measure, which is based on individual labor-income ratios, can usefully complement existing measures of well-being distribution. We present estimates of this new index for the US economy in 1975-2021, using nationally representative survey data.

Intuitively, our measure takes into account what an individual receives in relation to their contribution to production. Theoretically, we formally derive our index from exploitation theory. Our index therefore has its conceptual roots in Marx's and, even earlier, Aristotle's thinking.

Our 'exploitation index' provides new insights on the distribution of economic well-being in the US economy and its recent evolution. For example, it fully takes into account income and time trends for individuals at the margin of the labor market, such as part-time workers, working students and the "working retired", which existing survey-based measures of inequality have trouble incorporating. Fully taking into account the experience of these categories might affect the magnitude of the recent rise in inequality. We also aim to study the association between our measure of exploitation and available measures of subjective well-being and voting behavior, and to provide a new empirical perspective on the effects of the COVID-19 pandemic on inequality based on the theoretical notion of exploitation.

Market transition as a coordination problem In "Market transition as a coordination problem" (coauthored with Roberto Veneziani) we interpret the process of transition from central planning to a market economy as a coordination problem, characterized by strategic complementarities in production and law enforcement, and giving rise to multiple equilibria. In particular, our model studies the problem of an existing centrally-planned regime which kick-starts a liberalization process. With respect to the existing literature, we place less emphasis on the government's choice of the speed of transition. Instead, our approach puts the capacity of the state to coordinate expectations and steer individual behavior front and center. We thus provide a new perspective on why transition has been an economic success in some countries (most notably China), and a long-lasting disaster in others (like Russia). The focus on state capacity, moreover, allows us to account for the correlation between success of reforms and stability of the political regime.

Over the next few years, I look forward to consolidating my record as an emerging leading empirical economist in the fields of political economy and macroeconomics. I believe that the Economics Department of the University of Milan would represent an ideal intellectual environment for achieving these goals. I would eagerly look forward to an opportunity to contribute – as a researcher, teacher and citizen of the department – to its thriving intellectual community.

Yours sincerely,

Daniele Girardi
Assistant Professor
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dgirardi@umass.edu
<https://danielegirardi.github.io/>

Data

22 Settembre 2021

Luogo

Northampton (MA), United States