LUIGI IOVINO

CURRICULUM VITAE

OFFICE CONTACT INFORMATION
Bocconi University
Department of Economics and IGIER
Via Roentgen, 1
20136 Milano
Italy

E-mail : luigi.iovino@unibocconi.it
Phone: +39 02 5836 3063

Personal page: www.luigiiovino.com

CURRENT AND PAST POSITIONS

Bocconi University — 2020 – present
Department of Economics and IGIER
Associate Professor (with tenure)

Bocconi University — 2012 – present
Department of Economics and IGIER
Assistant Professor

Centre for Economic Policy Research — 2017 – present
Research Affiliate (MEF)

New York University — Sept 2015 – July 2016
Stern School of Business and Economics Department
Visiting Scholar

Federal Reserve Bank of New York — Sept 2015 – July 2016
Visiting Scholar

EDUCATION

Massachusetts Institute of Technology — 2006 – 2012
Ph.D. in Economics
DISSERTATION: "Essays in Macroeconomics: Information and Financial Markets"

London School of Economics, London, UK — 2005 – 2006
M.Res. (Track 1), Economics

Bocconi University, Milano, Italy — 2000 – 2005
Laurea in Economics, Statistics, and Social Sciences

FIELDS Macroeconomics, Financial Economics, Economic Theory

PUBLICATIONS

Social Insurance, Information Revelation, and Lack of Commitment
(with M. Golosov)
Journal of Political Economy, forthcoming, February 2021.

We study optimal provision of unemployment insurance in a model where agents privately observe arrival of job opportunities and government's ability to commit is imperfect. Imperfect commitment implies that full information revelation is generally suboptimal. Social welfare is convex in the probability with which agents reveal their private information. In the optimum each agent is either provided with incentives to fully reveal his private information or not reveal it at all. The optimal contract can be decentralized by a joint system of unemployment and disability benefits in a way that resembles how these systems are used in practice.

Liquidity Insurance with Market Information
Journal of the European Economic Association, February 2021, 19(1): 275-304.

This paper studies how market signals – such as stock prices – can help alleviate the severity of the asymmetric information problem in credit and liquidity management. Asymmetric information hinders the ability of borrowers (firms, investment banks, etc) to undertake profitable investment opportunities and to insure themselves against liquidity shocks. I show that on the equilibrium path creditors do not learn anything from market signals because they can use a menu of contracts to screen the different types of borrowers. However, by conditioning liquidity insurance on ex post price signals, creditors are able to provide the borrowers with better incentives for truth-telling. At the same time, prices depend on the liquidity that creditors offer to the borrowers. This two-way feedback impacts the design of the optimal contract and potentially generates multiple equilibria in financial markets.

Efficiency and Policy with Endogenous Learning
(with G.-M. Angeletos and J. La'O)
Journal of Economic Theory, November 2020, Volume 190.

This paper studies the policy implications of the endogeneity of information about the state of the economy. The business cycle can be made less noisy, and more efficient, by incentivizing firms to vary their pricing and production decisions more with their beliefs about the state of the economy. This calls for countercyclical taxes complemented by a monetary policy that "leans against the wind." The optimal policies trade-off allocative efficiency for informational efficiency.

Real Rigidity, Nominal Rigidity, and the Social Value of Information
(with G.-M. Angeletos and J. La'O)
American Economic Review, January 2016, 106(1): 200-227.

Does welfare improve when agents have more information regarding the state of the economy and can better coordinate their actions over the business cycle? We address this question in an elementary DSGE model that disentangles the real bite of incomplete information from nominal rigidity. We characterize the effects of information on output gaps, relative-price dispersion, and overall welfare. We show how these effects hinge primarily on the sources of the business cycle and secondarily on the conduct of monetary policy.

WORKING PAPERS

Optimal Monetary Policy and Communication with an Informationally-Constrained Central Banker
(with J. La'O and R. Mascarenhas)

We study optimal monetary policy and central bank communication when firms make nominal pricing decisions under uncertainty and when the monetary authority likewise has incomplete information about the current economic state. We find that the optimal monetary policy implements flexible-price allocations despite this multitude of measurability constraints; we explore a series of different implementations. Away from such policies, we find that public communication by the central bank is welfare-improving as long as either firm information or central bank information is sufficiently precise.

Central Bank Balance Sheet Policies Without Rational Expectations
(with D. Sergeyev)
R&R, The Review of Economic Studies.

We study the effects of central bank balance sheet policies—namely, quantitative easing and foreign exchange interventions—in a model where people form expectations through the level-k thinking process, consistent with experimental evidence on the behavior of people in strategic environments. We emphasize two main theoretical results. First, under a broad set of conditions, central bank interventions are effective under level-k thinking, while they are neutral in the rational expectations equilibrium. Second, while these interventions have a first-order effect on asset prices, they have only a second-order effect on aggregate output. Finally, we empirically show that forecast errors about future asset prices are predictable by balance sheet interventions, a property that differentiates our channel from the alternatives, such as portfolio-balance and signaling channels.

Hedging and Aggregate Volatility

I consider an economy where investors delegate investment decisions to financial institutions that choose across multiple investment opportunities, featuring different levels of idiosyncratic risk and a different correlation with the aggregate state. Investors design the optimal contract to incentivize financial institutions. I study how financial securities, which allow agents to hedge risk, affect the design of incentives and investment decisions. I show that hedging idiosyncratic risks ameliorates the agency problem and reduces aggregate volatility. On the contrary, when aggregate risk can be hedged the agency problem worsens and aggregate volatility increases. Finally, I study the potential role for financial regulation.

WORK IN PROGRESS

Dirty Taxes: Carbon Emissions and Corporate Taxation
(joint with T. Martin and J. Sauvagnat)

We study the role of corporate profit taxation for curbing carbon emissions in the US. Counter to optimal taxation of negative externalities, we find that dirty firms pay lower profit taxes. This relationship is driven by dirty firms benefitting from higher tax shields of debt, due to higher leverage. Consistent with this mechanism, we document that the negative relation between carbon emissions and taxes weakens considerably after the corporate tax reform of 2018, which lowered the federal statutory corporate tax rate and associated tax shields of debt. Higher leverage among dirty firms in turn is explained by higher asset tangibility. We then embed our estimates into a general equilibrium framework and show that eliminating the tax-advantage of debt reduces carbon emissions while leaving real output largely unaffected.

MAIN RECENT CONFERENCES AND WORKSHOPS

2020

First New York University Abu Dhabi Macroeconomics Workshop (Abu Dhabi), Econometric Society World Congress (Milan), Monetary Policy Tools and Their Impact on the Macroeconomy (Helsinki), workshop at PSE.

2019

AEA/ASSA Winter Meetings (Atlanta), CRETA/Warwick Macroeconomic Dynamics and Policy, European Summer Symposium (ESSIM), New Issues in Macroeconomics (Ischia), Minnesota Workshop in Macroeconomic Theory, Monetary Economics and Reality (Helsinki).

2018

Hydra Workshop on Dynamic Macroeconomics (Crete), Seventh BI-CEPR Conference on Money, Banking and Finance (Rome), Asset Prices and the Macro Economy (Mannheim), Salento Macro Meetings (Galatina), CEBRA Annual Meeting (Frankfurt), New Issues in Macroeconomics (Ischia), Macro Finance Society 11th Workshop (London), T2M (Paris), CISEI (Anacapri), FIRS (Barcelona), NBER IFM meeting (Boston), workshops at University of Bristol, University of Cambridge, Paris-Dauphine University, Banque de France, PSE, EIEF, Bank of Italy, University of Oxford, Università Cattolica, TSE.

2017

SED (Edinburgh), T2M (Lisbon), Macroeconomic Issues after the Crisis (Monopoli), CISEI (Anacapri), The new macroeconomics of aggregate fluctuations and stabilisation policy (UCL), New Directions in Macroeconomics (Milano), GSE Summer Forum (Barcelona), ADEMU-Rethinking Fiscal Policy (Lisbon), macro workshop at UCL, Catolica Lisbon.

2016

CISEI (Anacapri), SED (Toulouse), workshops at Minneapolis Fed IEM, Philadelphia Fed, Columbia Business School, Chicago Fed, UCLA, Stockholm School of Economics, University of Zurich, University of Naples, CREI, Stockholm School of Economics.

TEACHING	Macroeconomics (undergraduate), Advanced Macroeconomics (undergraduate), Financial Macroeconomics (undergraduate), Monetary Theory (undergraduate), Macroeconomics (master), Financial Macroeconomics (Ph.D.), General Equilibrium Theory (Ph.D.).	
FELLOWSHIPS, HONORS, AND AWARDS	Unicredit Group, "G. Crivelli" full scholarship	2006 – 2008
	Economic & Social Research Council (ESRC) Scholarship	2005 – 2006
LANGUAGES	Italian, English	