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LONDON SCHOOL OF ECONOMICS & POLITICAL SCIENCE **Department of Economics**

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DATE OF BIRTH: October, 24th 1977 **SEX**: M **CITIZENSHIP**: Italian

UNDERGRADUATE STUDIES:

September, 1996 - May, 2000 — Bsc. Economics and Business
University of Genoa *First Honors Class*

GRADUATE STUDIES: London School of Economics

DATES: October 2001 - present

THESIS TITLE: "Essays on the Economic Organization of Developing Countries"

EXPECTED COMPLETION DATE: June, 2006

THESIS ADVISOR AND REFERENCES:

Prof. Maitreesh Ghatak (Advisor)
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MIT
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October 2000 – September 2001:	Msc. Economics, DELTA, Paris
January 2004 – July 2004:	Visiting Student, MIT Economics Department
October 2004 – January 2004:	Visiting Student, Univ. of Toulouse

DESIRED TEACHING AND RESEARCH:

Primary Fields: Development Economics, Organizational Economics

Secondary Fields: Microeconomics, Contract Theory, Corporate Finance

TEACHING EXPERIENCE:

October 2005 - June 2006	Political Economy (Graduate Courses)
October 2005 - June 2006	Economic Policy Analysis (Graduate Courses)
January 2005 - June 2005	Current Economic Issues (Graduate Course)
July 2003 / 04 / 05	TA, Advanced Microeconomics
January 2002 - June 2002	TA, International Economics
October 2002 - June 2003	TA, Advanced Economic Analysis
October 2002 - June 2003	TA, Micro Principles II
January 2005 - June 2005	TA, Micro Principles II

RELEVANT POSITIONS HELD:

January 2005 – June 2006	Tutorial Fellow, LSE Economics Department
July 2001, Sept. 2001	Internship Program, OECD Center for Development Studies

REFEREE ACTIVITY

American Economic Review, Review of Economic Studies, Journal of the European Economic Association, Economic Journal, Economica.

LANGUAGES

Basic Spoken	Fluent Spoken
Portuguese	English, French, Spanish, Italian
Basic Written	Fluent Written
Spanish, Portuguese	English, French, Italian

HONORS, SCHOLARSHIPS AND FELLOWSHIPS:

Royal Economic Society Fellow
Ente Luigi Einaudi
Marie Curie Fellowship
Allocation de Recherche, EHESS
Tuition fees LSE Economics Department
ESRC PhD. funding
Economica Fellowship LSE (for 2 years)
Leonardo Program (European Union)
Erasmus Program (European Union)

COMPLETED PAPERS:

Rocco Macchiavello

Job Market Paper:

"Contractual Imperfections, Credit Markets and Vertical Integration: Theory and Evidence", mimeo, November 2005

Anecdotal evidence, as well as theoretical considerations, suggest the possibility of important cross-country differences in the organization of production in general, and in the degree of vertical integration in particular. This paper examines the institutional determinants of vertical integration, asking, in particular, whether contractual frictions in input and financial markets have a differential impact on the degree of vertical integration across industries and countries. I discover new patterns in cross country differences in vertical integration. First, contrary to conventional wisdom, I find some evidence of higher vertical integration in developed countries. Second, I show that industries that are more dependent on external finance tend to be relatively more vertically integrated in developed countries. These facts are not consistent with existing theories of vertical integration and suggest that contractual frictions in input and in financial markets have a radically different impact on vertical integration across industries. I develop an industry equilibrium model of vertical integration and imperfect contracting in input and financial markets. Fewer contractual imperfections in input markets unambiguously lead to less vertical integration while fewer contractual imperfections in financial markets are associated with lower degrees of vertical integration in industries that are dominated by small firms. I find empirical support for these predictions in an analysis of cross-country-industry data for the manufacturing sector.

Other Papers:

"Financing Organizations", mimeo, April 2005

What are the links between the organizational and the financial aspects of an economic relationship? I propose a simple model of an economic organization composed of two cash constrained but privately informed agents. The model allows for conflict of interest between the organization and the investor, and within the organization. I show that the optimal contract is equivalent to simple allocations of control rights and hence the allocation of control rights within an organization affects the financial constraints of the organization itself. The allocation of control rights depends on the average conflict between the organization and investors, the stability of the environment and the degree of alignment of interest within the organization. The model is related to the "adaptation" theory and the "contractual" view of the firm.

"Public Sector Motivation and Development Failures", mimeo, August 2004

This paper provides a theoretical analysis of the relationship between public sector motivation and development. In the model the public sector produces a public good. Wages in the private sector are increasing in the quality of the public good. I show that cheap labour makes more difficult to screen honest individuals. A relatively high level of social capital in the form of individuals animated by public service motivation is not sufficient to establish a well functioning public sector. The literature recognizes that a good public service can be obtained only with sufficient pecuniary incentives or personnel motivation. While empirical evidence exists casting some doubt on the first view, this paper shows that the latter one may not be sufficient.

RESEARCH IN PROGRESS:

"Investors Protection and the Boundaries of the Firm"

External investors' protection from expropriation is the single most important factor explaining large cross countries differences in the access of firms to external finance. This paper analyses the consequences of poor external investors' protection on the boundaries of the firm. I show that credit constraints are endogenous to the boundaries of the firm. The main result is that the organization of production and financial arrangements are complementary tools to overcome difficult access to external finance: vertical integrated structures tend to be financed with debt, while outsourced relationships are financed with equity. I show that an improvement in credit market leads to more outsourcing and equity finance, but does not necessarily lead to higher efficiency. The model can shed some light on the effects of quasi rents on organizational and financial decisions, the use of trade credit, and the financing of spin-offs.

"Credit Markets, Trade Liberalization, and Reallocation Effects: Theory and Evidence from India", (joint with Dave Donaldson, LSE)

This paper analyzes whether differences in financial market development explain industry differential response to episode of trade liberalization. We analyze a model of trade in which firms are heterogeneous with respect to their productivity and differ in their access to financial markets. We analyze the effects of a unilateral trade liberalization program in which import tariffs are reduced. The model predicts an ambiguous effect on average industry productivity. First, average industry intra-firm productivity goes down but less so if firms have relatively equal access to financial markets. Secondly, average inter-firm productivity in the industry increases, but less so if firms have relatively equal access to financial markets. We use establishment level data before and after an episode of trade liberalization in India to test the predictions of the model exploiting cross-industry heterogeneity in tariff's reduction and cross-state variation in financial markets development. Preliminary findings support the theoretical predictions.

"Rent Seeking and Efficiency in Internal and External Capital Markets", (joint with Emmanuel Farhi, MIT)

This paper builds a simple model of rent seeking activities in internal capital markets. The model reconciles two different views in which better external capital markets may be substitute or complement of internal ones. The model displays multiple equilibria: worse external markets may lead to higher rent seeking within firms, lower liquidation, and therefore lower supply of funds on the external markets. Multiple Pareto unranked equilibria also arise along the organizational dimension: an equilibrium with conglomerates and relatively more rent seeking and an equilibrium with lower rent seeking and stand alone firms are possible. The model sheds some light on the conglomeration waves of the 60s and on different patterns of industrial organization across countries.