

# Valerio ERCOLANI

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Date of birth: March 6, 1977

Citizenship: Italian

## OFFICE

c/o PhD School

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## PERMANENT ADDRESS

Via Sant'Angelo 31

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## EDUCATION

Sep. 2004 - present	PhD in Economics, Bocconi University, Milano (Italy)
Sep. 2003 - Aug. 2004	Master in Economics, Tilburg University (Center Graduate School), Tilburg (Holland) Final mark: <b>passed with distinction</b>
Jan. 2002 - Aug. 2002	Master in Economics and Finance (MEBS), University of Siena, Siena (Italy)
Sep. 2001	Degree in Economics, University of Siena "Richard M. Goodwin", Siena (Italy) Final mark: <b>110/110 cum laude</b>

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## VISITING EXPERIENCE

July 2008 – Sep. 2008	European Central Bank (Fiscal Policy Division), Frankfurt (Germany) Working at the fiscal extension of the New Area-Wide DSGE model developed by ECB, to be estimated with euro data
Feb. 2008 – May 2008	University College London, Department of Economics, London (UK)

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## TEACHING AND WORK EXPERIENCE

Jan. 2007 - April 2008	Bocconi University, Milano (Italy) Research Assistant to Prof. Roberto Perotti
Sep. 2005 – April 2008	Bocconi University, Milano (Italy) Teaching Assistant for "Macroeconomics", undergraduate Level (Prof. Roberto Perotti)
Feb. 2007 - April 2008	Bocconi University, Milano (Italy) Tutor for "Principles of Economics", undergraduate Level (Prof. Vincenzo Galasso)
Sep. 2001 - Aug. 2002	University of Siena, Siena (Italy) Research Assistant to Prof. Fabrizio Coricelli

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## RESEARCH INTERESTS

Empirical Macroeconomics, Fiscal Policy, Empirical Microeconomics

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PUBLICATIONS AND WORKING PAPERS

Coricelli F. and V. Ercolani (2005), "Fiscal Rules on the Road to an Enlarged European Union" in G. Kopits (ed.) *Rules-Based Fiscal Policy in Emerging Markets: Background, Analysis, and Prospects*, Palgrave-Macmillan.

Coricelli F. and V. Ercolani (2002), "Cyclical and Structural Deficits on the Road to Accession: Fiscal Rules for an Enlarged European Union" CEPR Discussion Paper no. 3672. London, Centre for Economic Policy Research

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NEWSPAPER ARTICLES

"Quali Modifiche al Patto di Stabilità e Crescita", *La Voce*, 03-09-2002, with Fabrizio Coricelli, available on-line at <http://www.lavoce.info>

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HONORS, SCHOLARSHIPS, AND FELLOWSHIPS

Sep. 2007 - present "Candidate Ph.D" fellowship from Bocconi University

2004 – 2007 Ph.D fellowship from Bocconi University

2003 – 2004 Award for graduate studies abroad from Bank of Italy

2002 Scholarship from Monte dei Paschi for attending MEBS

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CONFERENCES

EEA (European Economic Association) meeting, August 27-31 (2008), Bocconi University, Milano (Italy)

Microeconomics Seminar, March 21 (2008), University College London, London (UK)

Macroeconomics Seminar, April 4 (2008), EIEF (Einaudi Institute for Economic and Finance), Rome (Italy)

Macroeconomics Seminar, March 21 (2008), University of Oslo, Oslo (Norway)

EDGE Jamboree, Sept 8-9 (2007), University of Cambridge, Cambridge (UK)

3<sup>rd</sup> year PhD workshop, June 10-11 (2007), Bocconi University, Milano (Italy)

2<sup>nd</sup> year PhD workshop, Sept. 6-7 (2006), Bocconi University, Milano (Italy)

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LANGUAGE SKILLS

Italian	mother tongue
English	fluent
French	basic

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COMPUTER SKILLS AND OTHER INFORMATION

Office Package, Scientific WorkPlace, Eviews, Matlab, Stata

Knowledge of ESA 95 (European System of National Accounts), and COFOG classification for government consumption

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## REFERENCES

Prof. Roberto Perotti

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Prof. Tommaso Monacelli

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## RESEARCH PAPERS

The effect of Government Consumption on Private consumption: Macro Evidence from Micro Data (2008), joint with Nicola Pavoni, job market paper.

We estimate the effect of different government consumption shocks on private consumption. First, we build a unique panel dataset which links household's private consumption to the government consumption of the region where the household lives, for Italy. Then, we use regional variability of government consumption and measure its direct effect on individual consumption for different categories of government expenditures. We find that individual's consumption expenditure increases as government consumption increases in the region. This positive relation is driven by publicly provided private goods (e.g. education, health). Health care government consumption has the strongest impact on households' consumption. The results can be interpreted in the light of complementarity between goods. Finally, we use our estimates from micro data to calibrate an otherwise standard RBC model. We find that government consumption shocks are able to generate a positive response for private consumption, even considering wealth and general equilibrium effects in a dynamic framework with fully flexible prices.

The Relation between Private Consumption and Government Spending: Evidence from an Estimated New Keynesian Model for US (2008)

We address the issue concerning the response of private consumption to government spending shocks. In particular, we aim at investigating how the externalities produced by public expenditures on the private sector affect this response. To this end, we build a New Keynesian dynamic stochastic general equilibrium model which takes into account two important features. First, it allows government consumption to directly affect the welfare of agents. Second, it allows public capital to influence the productivity of private factors. Results, carried out using bayesian inference on US data, indicate that government and private consumption are unrelated in preferences. On the other hand, our estimates show that public capital enhances the productivity of private factors. As a consequence, a government investment shock generates a positive response of private consumption. Interestingly, the latter shock generates a mild decrease in inflation and a tiny increase in private investment.

Government Expenditures, Precautionary Savings and Private Consumption (2008), joint with Nicola Pavoni, work in progress

We study how the precautionary saving motive affects the response of private consumption to government consumption shocks. We build a permanent income model where government shocks affect also the variability of private consumption. Within this model, we specify three processes: a permanent income equation, a stochastic process for the variance of private consumption, and one that governs the distribution of negative health shocks that hit households. We use a dataset linking household's private consumption to the government consumption of the region where the household lives, for Italy. Our preliminary results may suggest that there is a positive relation between government and private consumption. Moreover, the process for public health care shows a high degree of persistence over time. We measure what part of this effect is induced by precautionary motives. As public spending for health increases, and the process for government expenditure happens to be persistent, individuals have to save less today to insure themselves for future negative health shocks. This may create an increase in private consumption. Some of our empirical results suggest that the effect of health expenditure on the variance of private consumption is particularly strong as the number of elderly people increase within the family. We interpret it as if public health care expenditures/quality acts as a form of consumption insurance for these households.

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