

RoME

Market, Law, and Regulation

2025 - March-May

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1 Course Description

The purpose of the second part of the course is to focus on different topics related to how law and regulations affect economic outcomes by shaping the incentives of economic agents.

Most lectures and background readings will be based on papers that I will assign during the course. Depending on time availability and interests of the students, the specific topics will cover most of the themes listed in the program below.

2 Assessment

1. One written exam. (50%).
 - Final exam: TBD.
2. Research Proposal (40%). You will have to develop an individual research proposal for the course. The idea is that you will write a proposal of a research question based on the topics covered in the course. The proposal should include: i) a very clear and defined question to study, ii) a literature review that situates your question in the recent literature in the field, iii) a clear contribution for why studying this question would improve our understanding of the topic, iv) a discussion on how you would implement it, with very detailed discussion on the data you will use and the empirical strategy you would implement (actual equations and assumptions).
 - Milestone 1 (10%): April 27th. It should cover point (i) and a brief discussion of (ii) and (iii). No more than 2 pages.
 - Milestone 2 (20%): May 11th. This includes a research proposal with points (i) to (iv) with no more than 5 pages.
 - Presentation (10%): May 14 and 16. A 10-minute presentation.
3. Class participation (10%).

3 Contents and Reading List

Note: Students have to read at least the readings marked with *.

3.1 Applied econometrics

3.1.1 Difference-in-differences

1. *Cunningham (2021), "Causal Inference The Mixtape", chapter 9
2. Angrist and Pischke (2008), "Mostly Harmless Econometrics", chapter 5
3. Roth, Jonathan, Pedro H.C. Sant'Anna, Alyssa Bilinski, and John Poe, "What's trending in difference-in-differences? A synthesis of the recent econometrics literature", Journal of Econometrics, 2023.
4. Freyaldenhoven, Simon, Christian Hansen, Jorge Pérez Pérez, and Jesse M. Shapiro, "Visualization, Identification, and Estimation in the Linear Panel Event-Study Design", 2021. [Not mandatory but every empirical economist should read, memorize, and employ the techniques described in this paper]

3.1.2 Instrumental variables

1. *Cunningham (2021), "Causal Inference The Mixtape", chapter 7
2. Angrist and Pischke (2008), "Mostly Harmless Econometrics", chapter 4

3.2 Institutions and Legal Systems

1. *Acemoglu, Daron, Simon Johnson, and James A. Robinson. "The colonial origins of comparative development: An empirical investigation." American Economic Review 91.5 (2001): 1369-1401.
2. Acemoglu, Daron, and Simon Johnson. "Unbundling institutions." Journal of Political Economy 113.5 (2005): 949-995.
3. Acemoglu, Daron, Simon Johnson, James A. Robinson, and Pierre Yared. "Income and democracy." American Economic Review 98.3 (2008): 808-842.
4. Acemoglu, Daron, Suresh Naidu, Pascual Restrepo, and James A. Robinson. "Democracy does cause growth." Journal of Political Economy 127, no. 1 (2019): 47-100.
5. *Miller, Max, "Who values democracy?", 2024.
6. La Porta, Rafael, Florencio Lopez-de-Silanes, Andrei Shleifer, and Robert W. Vishny. "Legal determinants of external finance." The Journal of Finance 52, no. 3 (1997): 1131-1150.
7. Porta, Rafael La, Florencio Lopez-de-Silanes, Andrei Shleifer, and Robert W. Vishny. "Law and finance." Journal of Political Economy 106, no. 6 (1998): 1113-1155.
8. *La Porta, Rafael, Florencio Lopez-de-Silanes, Andrei Shleifer, and Robert Vishny. "Investor protection and corporate valuation." The Journal of Finance 57, no. 3 (2002): 1147-1170.
9. *Djankov, Simeon, Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer. "The regulation of entry." The Quarterly Journal of Economics 117, no. 1 (2002): 1-37.

3.3 Bankruptcy, Collateral, and Debt

1. Dobbie, Will, and Jae Song. "Debt relief and debtor outcomes: Measuring the effects of consumer bankruptcy protection." *American Economic Review* 105, no. 3 (2015): 1272-1311.
2. Cerqueiro, Geraldo, and María Fabiana Penas. "How does personal bankruptcy law affect startups?." *The Review of Financial Studies* 30, no. 7 (2017): 2523-2554.
3. Pal, Avantika, "Time on your side: Labor Market Effects of Foreclosure Delays", 2023
4. Hampole, Menaka V., "Financial Frictions and Human Capital Investments", 2024
5. Hampole, Menaka V., Adam Jörning, and Joao Monteiro, "Does Distance Still Matter? Evidence from 30 Years of Mortgage Lending", 2025.
6. Bris, Arturo, Ivo Welch, and Ning Zhu. "The costs of bankruptcy: Chapter 7 liquidation versus Chapter 11 reorganization." *The Journal of Finance* 61, no. 3 (2006): 1253-1303.
7. Baghai, Ramin P., Rui C. Silva, Viktor Thell, and Vikrant Vig. "Talent in distressed firms: Investigating the labor costs of financial distress." *The Journal of Finance* 76, no. 6 (2021): 2907-2961.
8. Hart, Oliver, and John Moore. "Property Rights and the Nature of the Firm." *Journal of Political Economy* 98, no. 6 (1990): 1119-1158.
9. Hart, Oliver, and John Moore. "Incomplete contracts and ownership: Some new thoughts." *American Economic Review* 97, no. 2 (2007): 182-186.
10. *Benmelech, Efraim, and Nittai K. Bergman. "Bankruptcy and the collateral channel." *The Journal of Finance* 66, no. 2 (2011): 337-378.
11. Benmelech, Efraim. "Asset salability and debt maturity: Evidence from nineteenth-century American railroads." *The Review of Financial Studies* 22, no. 4 (2009): 1545-1584.
12. *Lian, Chen, and Yueran Ma. "Anatomy of corporate borrowing constraints." *The Quarterly Journal of Economics* 136, no. 1 (2021): 229-291.
13. Chodorow-Reich, Gabriel, and Antonio Falato. "The loan covenant channel: How bank health transmits to the real economy." *The Journal of Finance* 77, no. 1 (2022): 85-128.
14. Mian, Atif and Amir Sufi, "Finance and Business Cycles: The Credit-Driven Household Demand Channel", 2018.
15. *Verner, Emil and Gyöngyösi, Győző, "Household debt revaluation and the real economy: Evidence from a foreign currency debt crisis", *American Economic Review* 110, no. 9 (2020): 2667-2702.
16. *Mian, Atif, and Amir Sufi. "What explains the 2007–2009 drop in employment?." *Econometrica* 82.6 (2014): 2197-2223.

3.4 Taxes and Government Policy

1. House, Christopher L., and Matthew D. Shapiro. "Temporary investment tax incentives: Theory with evidence from bonus depreciation." *American Economic Review* 98, no. 3 (2008): 737-768.
2. Yagan, Danny. "Capital tax reform and the real economy: The effects of the 2003 dividend tax cut." *American Economic Review* 105, no. 12 (2015): 3531-3563.
3. Zwick, Eric, and James Mahon. "Tax policy and heterogeneous investment behavior." *American Economic Review* 107, no. 1 (2017): 217-248.
4. Xu, Qiping, and Eric Zwick. Tax policy and abnormal investment behavior. No. w27363. National Bureau of Economic Research, 2020.
5. Zwick, Eric. "The costs of corporate tax complexity." *American Economic Journal: Economic Policy* 13, no. 2 (2021): 467-500.
6. Aghion, Philippe, Antonin Bergeaud, and John Van Reenen. "The impact of regulation on innovation." *American Economic Review* 113.11 (2023): 2894-2936.
7. *Akcigit, Ufuk, John Grigsby, Tom Nicholas, and Stefanie Stantcheva. "Taxation and innovation in the twentieth century." *The Quarterly Journal of Economics* 137, no. 1 (2022): 329-385.
8. Babina, Tania, Simcha Barkai, Jessica Jeffers, Ezra Karger, and Ekaterina Volkova, "Antitrust Enforcement Increases Economic Activity", 2023.
9. *Criscuolo, Chiara, Ralf Martin, Henry G. Overman, and John Van Reenen. "Some causal effects of an industrial policy." *American Economic Review* 109, no. 1 (2019): 48-85.
10. Benmelech, Efraim, and Joao Monteiro, "Who Benefits from the Export Import Bank Aid", 2023.
11. Hanks, Fergal, and Joao Monteiro, "Capital, Intangibles, and Financial Frictions", 2025.
12. Kabir, Poorya, Adrien Matray, Karsten Müller, and Chenzi Xu. EXIM's Exit: The Real Effects of Trade Financing by Export Credit Agencies. No. w32019. National Bureau of Economic Research, 2024.

3.5 Banking Regulation

1. Kelly, Morgan, and Cormac Ó. Gráda. "Market Contagion: Evidence from the Panics of 1854 and 1857." *American Economic Review* 90, no. 5 (2000): 1110-1124.
2. Iyer, Rajkamal, and Manju Puri. "Understanding bank runs: The importance of depositor-bank relationships and networks." *American Economic Review* 102, no. 4 (2012): 1414-1445.
3. *Beck, Thorsten, Ross Levine, and Alexey Levkov. "Big bad banks? The winners and losers from bank deregulation in the United States." *The journal of finance* 65, no. 5 (2010): 1637-1667.
4. *Hanson, Samuel G., Anil K. Kashyap, and Jeremy C. Stein. "A macroprudential approach to financial regulation." *Journal of Economic Perspectives* 25, no. 1 (2011): 3-28.

5. Gropp, Reint, Thomas Mosk, Steven Ongena, and Carlo Wix. "Banks response to higher capital requirements: Evidence from a quasi-natural experiment." *The Review of Financial Studies* 32, no. 1 (2019): 266-299.
6. *Peek, Joe, and Eric S. Rosengren. "Unnatural selection: Perverse incentives and the misallocation of credit in Japan." *American Economic Review* 95, no. 4 (2005): 1144-1166.
7. Blattner, Laura, Luisa Farinha, and Francisca Rebelo. "When losses turn into loans: The cost of weak banks." *American Economic Review* 113, no. 6 (2023): 1600-1641.
8. Monteiro, Joao, and Pedro Moreira, "The Impact of a Higher Cost of Credit on Exporters: Evidence from a Change in Banking Regulation", 2023.

3.6 Labor share, markups, and concentration

1. Piketty, Thomas, "Capital in the 21st century", 2014
2. Piketty, Thomas, and Gabriel Zucman. "Capital is back: Wealth-income ratios in rich countries 1700–2010." *Quarterly Journal of Economics* 129.3 (2014): 1255-1310.
3. *Karabarbounis, Loukas, and Brent Neiman. "The global decline of the labor share." *Quarterly Journal of Economics* 129.1 (2014): 61-103.
4. Rognlie, Matthew. "Deciphering the fall and rise in the net capital share: accumulation or scarcity?." *Brookings Papers on Economic Activity* 2015.1 (2016): 1-69.
5. Barkai, Simcha. "Declining labor and capital shares." *The Journal of Finance* 75.5 (2020): 2421-2463.
6. Karabarbounis, Loukas, and Brent Neiman. "Accounting for factorless income." *NBER Macroeconomics Annual* 33.1 (2019): 167-228.
7. *De Loecker, Jan, Jan Eeckhout, and Gabriel Unger. "The rise of market power and the macroeconomic implications." *The Quarterly Journal of Economics* 135.2 (2020): 561-644.
8. Foster, Lucia S., John C. Haltiwanger, and Cody Tuttle. *Rising markups or changing technology?*. No. w30491. National Bureau of Economic Research, 2022.
9. Rossi-Hansberg, Esteban, Pierre-Daniel Sarte, and Nicholas Trachter. "Diverging trends in national and local concentration." *NBER Macroeconomics Annual* 35.1 (2021): 115-150.

3.7 Intangibles

1. Gutiérrez, Germán, and Thomas Philippon. *Declining Competition and Investment in the US*. No. w23583. National Bureau of Economic Research, 2017.
2. Eisfeldt, Andrea L., and Dimitris Papanikolaou. "Organization capital and the cross-section of expected returns." *The Journal of Finance* 68.4 (2013): 1365-1406.
3. *Kogan, Leonid, Dimitris Papanikolaou, Amit Seru, and Noah Stoffman. "Technological innovation, resource allocation, and growth." *Quarterly Journal of Economics* 132, no. 2 (2017): 665-712.

4. Crouzet, Nicolas, and Janice Eberly. "Intangibles, markups, and the measurement of productivity growth." *Journal of Monetary Economics* 124 (2021): S92-S109.
5. *Crouzet, Nicolas, Janice C. Eberly, Andrea L. Eisfeldt, and Dimitris Papanikolaou. "The economics of intangible capital." *Journal of Economic Perspectives* 36, no. 3 (2022): 29-52.

3.8 Immigration

1. *Borjas, George J. "The economic benefits from immigration." *Journal of economic perspectives* 9.2 (1995): 3-22.
2. Guerreiro, Joao, Sergio Rebelo, and Pedro Teles. "What is the optimal immigration policy? Migration, jobs, and welfare." *Journal of Monetary Economics* 113 (2020): 61-87.
3. *Card, David. "Immigration and inequality." *American Economic Review* 99.2 (2009): 1-21.
4. Burchardi, Konrad B., Thomas Chaney, Tarek Alexander Hassan, Lisa Tarquinio, and Stephen J. Terry. Immigration, innovation, and growth. No. w27075. National Bureau of Economic Research, 2020.
5. Bursztyn, Leonardo, Thomas Chaney, Tarek A. Hassan, and Aakaash Rao. "The immigrant next door." *American Economic Review* 114, no. 2 (2024): 348-384.

3.9 Automation and AI

1. *Acemoglu, Daron, and Pascual Restrepo. "Tasks, automation, and the rise in US wage inequality." *Econometrica* 90, no. 5 (2022): 1973-2016.
2. *Beraja, Martin, Andrew Kao, David Y. Yang, and Noam Yuchtman. "AI-tocracy." *The Quarterly Journal of Economics* 138, no. 3 (2023): 1349-1402.
3. Beraja, Martin, Andrew Kao, David Y. Yang, and Noam Yuchtman. Exporting the surveillance state via trade in AI. No. w31676. National Bureau of Economic Research, 2023.
4. Beraja, Martin, and Nathan Zorzi. "Inefficient automation." *Review of Economic Studies* 92, no. 1 (2025): 69-96.
5. Beraja, Martin, David Y. Yang, and Noam Yuchtman. "Data-intensive innovation and the State: evidence from AI firms in China." *The Review of Economic Studies* 90, no. 4 (2023): 1701-1723.