2013 FEEM Awards

The FEEM committee consisting of Maristella Botticini (Università Bocconi), Jan Eeckout (Universitat Pompeu Fabra and University College London), and Matteo Manera (FEEM and University of Milano) has awarded the 2013 FEEM awards to the following three papers:

Jonathan Colmer (London School of Economics)

"Climate Variability, Child Labor, and Schooling: The Intensive and Extensive Margin of Time Allocation in Rural Ethiopia"

Motivation for the award

The idea of investigating the impact of climate change on child activities in developing countries is original in the literature and particularly interesting for policy makers. The count data nature of the dependent variable motivates the econometric approach followed in the paper, which is relatively more sophisticated than what the current empirical literature generally does with this sort of data. The empirical strategy is carefully executed and it brings novel insights on an important topic.

Michele Piffer (London School of Economics)

"Monetary Policy, Leverage Premium, and Loan Default Probability"

Motivation for the award

The paper provides a novel contribution on a topic of current interest at the intersection of macroeconomics and finance. It analyzes a micro mechanism for the variation of risk taking over the business cycle (the "risk taking channel of monetary policy"). The model is insightful and incorporates original distinguishing features with respect to the existing literature. The numerical analysis uses state of the art techniques to quantify the results. This is an excellent theoretical work that helps make sense of empirical findings about monetary policy transmission. The results obtained represent a significant addition to the literature.

Rosen Valchev (Duke University)

"Endogenous Information Asymmetry and Portfolio Bias"

Motivation for the award

This paper uses information theory to address portfolio bias puzzles. For example, under the home-equity bias puzzle, agents hold too many assets that are correlated with their labor income. In the paper's set-up, people have asymmetric information sets (as in Merton (1987)) and the key contribution is to endogenize the asymmetry in the information structure using the Rational Inattention framework due to Sims (2003). The theoretical analysis is both novel and sophisticated and helps understand several puzzling features of portfolio choices.