

ELSA ARTADI

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CURRENT POSITIONS

Assistant Professor, Department of Economics, Bocconi University, Milan, Italy
Visiting Professor, Department of Economics, Universitat Pompeu Fabra
Affiliate, Innocenzo Gasparini Institute for Economic Research (IGIER), Milan, Italy
Research Affiliate, Centre for Economic Policy and Research (CEPR), London, UK
Associate, European Development Research Network (EUDN), Namur, Belgium

EDUCATION

2002 – 2006 **PhD in Economics**, Harvard University, Cambridge, MA, USA
2000 – 2002 **Master of Science in Economics**, Harvard University, Cambridge, MA, USA
1998 – 2000 **Master of Science in Economics**, Universitat Pompeu Fabra, Barcelona, Spain
1994 – 1998 **BA in Economics**, Universitat Pompeu Fabra, Barcelona, Spain

HONORS, SCHOLARSHIPS, AND FELLOWSHIPS

2008 – 2010 Italian Ministry for Universities and Research (PRIN)
2007 Research Grant, NBER, Cambridge, MA, USA
2005 – 2006 National Security Fellow, NBER, Cambridge, MA, USA
2005 – 2006 Real Colegio Complutense Fellowship, Cambridge, MA, USA
2005 – 2006 Institute for Humane Studies Fellow, George Mason University, Arlington, VA, USA
2005 Summer Fellowship, NBER, Cambridge, MA, USA
2000 – 2002 Summer Fellowship, Harvard University, Cambridge, MA, USA
2000 – 2002 “la Caixa” Fellowship, Barcelona, USA

OTHER EXPERIENCE

2008 **Scientific Committee**, Third World Bank-IZA on “Employment and Development”, Rabat, Morocco
2007 **Exchange Program**, “Economics of Globalization”, Fudan University, Shanghai, China
2003 – 2004 World Economic Forum, **Economic Advisor** to the Global Competitiveness Team, Geneva, Switzerland
2001 **Research Assistant** for Professor Michael Kremer at the World Bank, Washington DC, USA

1998 – 1999 **Translation** and correction of second edition of the book “Lecture Notes on Economic Growth” by Professor Xavier Sala-i-Martin from English to Spanish

Referee for B.E. Journal of Economic Analysis & Policy, Economic Development and Cultural Change, Economic Journal, Economic Studies, Economica, Journal of African Economies, Journal of European Economic Association, Journal of Human Resources, Journal of Political Economy, Quarterly Journal of Economics, and Review of Economic Studies.

TEACHING EXPERIENCE

2006 – present **Professor** for “Macroeconomics”, Dept. of Economics, Bocconi University, Milan, Italy

2006 – present **Professor** for “Economics of Globalization”, Dept. of Economics, Bocconi University, Milan, Italy

2006 – present **Professor** for “Empirical Methods & Development”, Dept. of Economics, Bocconi University, Milan, Italy

2005 **Teaching Assistant** for “American Economic Policy” (Prof. Martin Feldstein), Dept. of Economics, Harvard University, Cambridge, MA, USA

2004 **Teaching Assistant** for “Econometrics” (Prof. James Stock), Dept. of Economics, Harvard University, Cambridge, MA, USA

2003 **Teaching Assistant** for “Macroeconomics and Politics” (Prof. Robert Barro), Dept. of Economics, Harvard University, Cambridge, MA, USA

2002 **Teaching Assistant** for “Econometrics” (Prof. Michael Murray), Dept. of Economics, Harvard University, Cambridge, MA, USA

2000 **Teaching Assistant** for “Macroeconomics II” (Prof. Jordi Gali), Dept. of Economics, Universitat Pompeu Fabra, Barcelona, Spain

1999 **Teaching Assistant** for “Economic Theory IV” (Prof. Xavier Sala-i-Martin), Dept. of Economics, Universitat Pompeu Fabra, Barcelona, Spain

RESEARCH PAPERS

Fewer Wars, Worse Institutions: The Role of Foreign Aid in Africa, Work in Progress, 2008

Would the Big Push bring prosperity and peace to Africa? The controversy on how to alleviate mass poverty continues after decades of foreign aid delivery. The difficulties in the empirical estimation fuel this debate. Aid is likely to respond to economic, social, and political conditions of the countries (Alesina and Dollar, 2000). I propose a new instrumental variable to solve the endogeneity problem of foreign aid flows. Developing countries compete for donor resources. I show that natural disasters in aid-competing countries crowd-out bilateral aid and reduce the amount received by unaffected countries. I exploit the inter-temporal variation of calamities in *other* countries to instrument for bilateral aid. The validity of the instrument relies on the fact that international relief plays a key role in mitigating the effect of disasters (Stromberg, 2007). Moreover, year-to-year variation is large and exogenous. I find that, within countries, higher aid reduces the incidence and onset of civil conflict. At the same time, children’s welfare improves: infant mortality is lower and vaccination rates are higher. However, these benefits come to the expense of worse institutions. A larger pool of resources available to the government provides stronger incentives to hold in power. Governments become more autocratic (Polity IV), and grant fewer civil liberties and political rights to their citizens (Freedom House), which is consistent with the “Voracity Effect” described by Svensson (1998, 2000). As a result, foreign aid might stop wars and improve

life in the short run. But perverse medium-run effects might emerge as institutions deteriorate; potentially explaining why aid has been ineffective in enhancing economic growth (Easterly, 2003).

Media Exposure and International Capital Flows, (joint with Emir Kamenica, Chicago GSB) Work in Progress, 2008

Does Michael Essien make Ghana a more popular country in England? The goal of this paper is to understand the role media exposure in shaping the knowledge and views towards foreign countries. We measure to what extent a higher presence in news media affect the decisions of national firms regarding FDI in developing countries. News content is endogenous to national interests and events in foreign countries. We propose an instrumental variable approach to get around this estimation problem. We use sports success to instrument for the number of times a poor country is mentioned in the national media.

Are US Borders Safer after 9/11?, (joint with Jeffrey Miron, Harvard University) Work in Progress, 2008

After the 2001 attacks on US soil a sequence of actions were approved by the Federal government to increase border security. Testing national safety is intrinsically difficult and so the debate over their effectiveness continues. We propose the use of prices of foreign-produced drugs to measure changes in the difficulty to enter illegal substances into the US. We have obtained detailed data from every cocaine and heroine operation that the Drug Enforcement Administration (DEA) has performed since 1970. Everything else equal, better borders control should boost the prices as the cost of entering the drugs increases. Moreover, we hypothesis that changes in prices should be smaller in places further away from entry points as a larger percent of the trip is unaffected by the new laws.

We aim to complement the study with data on “coyote’s fee” to traverse the Mexico-US border across the river or the Arizona desert. This second part would provide information on the challenge to enter illegal aliens into the US.

The Effects of Poverty and Information on Human Trafficking, (joint with Martina Bjorkman and Eliana La Ferrara, Bocconi University) Work in Progress, 2007

Trafficking in persons is estimated to be the third largest source of illegal revenue worldwide after drugs and illegal arms trade. In this project we focus on young girls trafficked for prostitution in the Philippines, a phenomenon that contributes to maintain a vicious circle of poverty and gender inequality. The child labor literature highlights poverty and lack of access to insurance and credit markets as the major causes for trafficking. However, while sending a child to work can be a temporary choice, “selling” a child to traffickers is an irreversible one. We investigate the determinants of trafficking as a separate phenomenon where quantitative economics literature is basically silent. We work on three fronts. First, we systematically collect retrospective data on former victims to better understand the causes of the phenomenon. Second, we experiment with different methods to estimate the size and composition of human trafficking flows. Using of original household survey data we can calculate sex ratios in different age brackets and estimate the number of “missing girls”. Third, we design an intervention to assess the impact of a policy for preventing trafficking. Contrary to traditional approaches that stress enforcement and legal sanctions, this policy would act on the “supply” side (i.e. parents’ propensity to sell children), and would rely on bottom-up involvement (i.e. local-level empowerment and awareness). Moreover, an information campaign can be implemented with moderate costs and be effective even in countries with weak legal systems.

Time for Terror (joint with Andreas Madestam) Work in Progress, 2007

In this project we analyze the consequences of increased international news coverage on different forms of violence around the world. Mass media has become an influential force affecting the political agenda of developed countries, including their foreign policy. Our aim is to better understand how external actors can take advantage of media’s role in shaping policy. Specifically, we argue that terrorist attacks on international interests in less developed countries might serve as a tool to draw attention to their conflicts. Our preliminary results show that an increase of coverage in western media reduces the likelihood of a terror act in conflict-prone

countries, as measured by their ethnic or language diversity. The dataset used contains international terror attacks, such as kidnapping of foreign workers and bombing of embassies, occurring in Sub-Saharan African countries between 1970 and 2000. We plan to extend our analysis using variables to instrument the extent to which countries appear in international media prior to the attack occurring. The findings rationalize international terrorism as a way of drawing attention to less well-known conflicts.

Going into Labor: Earnings vs. Infant Survival in Rural Africa, 2006

In Sub-Saharan Africa, variation in weather and nutrition causes children born in certain months to be up to three percentage points more likely to die. This seasonal variation is large relative to the annual average of eleven percent infant mortality. Parents do not always time births for low-mortality months. Agricultural cycles may help explain why: in some areas, low-mortality months coincide with high demand for women's labor. Thus, parents are faced with a stark trade-off between their newborn's health and family income. I show that families who live in areas with a larger trade-off tend to choose birth months that are worse for infant survival. Families who face less of a trade-off – those less dependent on female wages or subject to less seasonal labor demand – choose lower mortality months. Access to family planning exacerbates these effects by helping families target a specific birth-month more accurately. The results suggest that policies that smooth seasonality in labor demand and consumption could substantially improve infant survival.

Social at Old Age: Peer Effects in Residential Choices, 1910, 2005

The estimation of social effects, primarily focused on choices of young people, ignores major population groups. This paper is the first to evaluate peer effects among elder men. I study their living arrangements, which have important implications over savings, health and retirement strategies. I use an exogenous policy change to instrument for the behavior of the social group and overcome the usual estimation problems in this literature. The generous Civil War pensions allowed elder veterans to live more independently from their families (Costa, 1997). I examine if pensions also affected coresidency of old men who did not receive them through the changes in the behavior of their peers. Regression results suggest that actions of others still influence individual choices late in life. The main findings are robust to tests for omitted variables and endogenous group behavior.

The Economic Tragedy of the XXth Century: Growth in Africa (joint with Xavier Sala-i-Martin, Columbia University) NBER Working Paper 9865, July 2003, *African Competitiveness Report of the World Economic Forum*

The dismal growth performance of Africa is the worst economic tragedy of the XXth century. We document the evolution of per capita GDP for the continent as a whole and for subset of countries south of the Sahara desert. We document the worsening of various income inequality indexes and we estimate poverty rates and headcounts. We then analyze some of the central robust determinants of economic growth reported by Sala-i-Martin, Doppelhofer and Miller (2003) and project the annual growth rates Africa would have enjoyed if these key determinants had taken OECD rather than African values. Expensive investment goods, low levels of education, poor health, adverse geography, closed economies, too much public expenditure and too many military conflicts are seen as key explanations of the economic tragedy.

Economic Growth and Investment in the Arab World (joint with Xavier Sala-i-Martin, Columbia University), *Arab Competitiveness Report of the World Economic Forum*, 2002

This paper analyses the economic growth performance in the Arab world over the last forty years. The Arab world has managed to reduce poverty performance despite its relatively disappointing growth performance. We relate this poor performance of both oil and non-oil producers to investment. Contrary to widespread belief, we do not find evidence that low *quantity* of investment is the main of low growth. The decline in the investment rate followed rather than preceded the reduction in the aggregate growth rate. We conclude that the low *quality* of investment projects is the key determinant of growth. The excessive reliance on public investment, the low quality of financial institutions, the bad business environment (due to political and social instability and to excessive public intervention and overregulation) and the low quality of human capital are important determinants of systematically unproductive investment decisions and, thus, low economic growth.