

NEWSLETTER No. 20

CompNet The Competitiveness Research Network



Newly published working papers

A panel VAR analysis of macro-financial imbalances in the EU (Comunale) applies a Bayesian Panel VAR to 27 EU countries over the period 1994-2012 and uncovers heterogeneity in the effect of REERs misalignments between core and periphery Countries.

The drivers of revenue productivity: a new decomposition analysis with firm level data (di Mauro, Mion, Stöhlker) decomposes TFP changes into four components and compares the development of each of them between stressed and non-stressed EU countries over the period 2006-2012.

Banks credit and productivity growth (Hassan, di Mauro, Ottaviano) develops a model of credit allocation under complete and incomplete markets and then tests its theoretical predictions using CompNet data.

CompNet in ECB's Economic Bulletin

The CompNet firm-level based dataset has been the backbone of the latest ECB's Economic Bulletin article, "[*Firm Heterogeneity and competitiveness in the European Union*](#)", written by Paloma Lopez-Garcia, Claire Giordano and Elisa Gamberoni, covering the main developments in the analysis of productivity and competitiveness.

The article shows the existence of a two-way link between productivity and trade for a set of European Union countries and discusses the implications of export concentration and the productivity distribution for the assessment of competitiveness.

ECB President Draghi's Speech 'Moving to the Frontier: Promoting the Diffusion of Innovation'

On March 13 Mr. Draghi opened the joint ECB-MIT conference '[*Fostering Innovation and Entrepreneurship in the Euro area*](#)'. The speech, drawing from the inputs provided by Paloma Lopez-Garcia and Claire Giordano, covered the state of innovation in Europe and focused on technology creation and diffusion and their relation with the productivity slowdown observed in the Euro area.

Both the Amadeus dataset and the CompNet micro-aggregated dataset provided empirical evidence on technology creation and diffusion in Europe and showed that that technology diffusion in the Euro area is slower than in the average of the OECD countries, particularly in services.

The speech received substantial press coverage across major European newspapers and provided yet another signal of the need for more micro-founded, supply-side focused analysis in order to spur growth in the Euro area.

Results show a strong variation in the degree of completeness of financial markets in the EU countries considered (with Italy displaying signs of incomplete financial markets).

CompNet paper presented at Izmir

CompNet researchers will contribute to the 'Productivity workshop' organized by the Central Bank of Turkey at the end of March with the paper '*Wage bargaining regimes and firms' adjustments to the Great Recession*' (di Mauro and Ronchi, forthcoming). The paper investigates the relation between job market features and firms' reactions to adverse economic shocks, merging the CompNet database to the one developed by the Wage Dynamics Network at the ECB.

CompNet Conference: Approaching Deadline for Papers Submission

The 13th CompNet conference "**Innovation, firm size, productivity and imbalances in the age of de-globalization**" will take place in Brussels on the 29-30th of June 2017.

We are in particular looking forward to receiving papers dealing with:

- ▶ Productivity measurement and its determinants
- ▶ Spreading innovation across firms and globalization
- ▶ External imbalances, adjustment to shocks and globalization
- ▶ Productivity, income inequality and trade
- ▶ Firm growth and internationalization
- ▶ Trade and resource reallocation
- ▶ Linkages across firms, sectors and countries

Please submit the papers or extended abstracts in PDF format to secretariat@comp-net.org by **31 March 2017**.

Keynote speakers include: Professor **Mark Melitz** (Harvard University), Professor **Chad Syverson** (Chicago Booth School of Business), **Ufuk Akcigit** (University of Chicago).

Mr. **Marco Buti**, European Commission Director-General for Economic and Financial Affairs, has confirmed his participation in the concluding policy panel.