I.S.E.O SUMMER SCHOOL 2013
"Redrawing the map of global economy"

DAILY PROGRAM[1]

Saturday 15th June 2013

Arrival of participants

I.S.E.O brief presentation and dinner at the Iseolago hotel

Sunday 16th June 2013

Day trip to Venice

Dinner at the Iseolago hotel

Monday 17th June 2013

9.00-12.00 Lecture MICHAEL SPENCE (Nobel Laureate 2001)

"How the global economy is changing and what it means"

This lecture focuses on the growth of the emerging economies and their growing size and impact on the global economy. It will be centred on the effect of technology on employment, the effect on the structure of advanced economies, and on the increasing complexity of global supply chains. Also the middle income transitions in many developing economies, especially China, and its growing systemic importance will be analyzed. Spence will discuss issues related to sustainability that result from the growth and size of the emerging economies and the global economy. The map of the global economy is changing rapidly. The problem with the concept of redrawing is that it is static. In fact you have to redraw continuously or frequently to have an accurate picture of what is happening. It is better then to think of understanding the forces and interactions that drive the change, so that one can understand better the dynamic patterns.

14.00-17.00 Lecture DALE MORTENSEN (Nobel Laureate 2010)

" The Real Crisis: Global Unemployment".

This is the most important labor market issue we face now and in the future in the US, Europe, and the Middle East. It goes with out saying that these problems contribute considerably to international economic uncertainty. Nearly four years after the great recession there are still some 200 million unemployed in world; 12 million of

[1] The schedule might change. Changes will be communicated upon students' arrival in Iseo

them in the U.S. and 25 million in the E.U. Why has unemployment been so persistent in general and in particular why has the recovery in the U.S. been so "jobless"? In this lecture Professor Mortensen reviews the evidence for and against structural causes, the lack of adequate demand, and the role of government policies pursued. He concludes that the lack of demand, due in part to restrictive fiscal ("austerity") policy, is the major culprit. However, there is evidence that the process of "job polarization" induced by automation, trade, and outsourcing have contributed to slow recent recoveries in the U.S. and Europe.

17.15-18.15 *"Your Lecture" (1) with Prof. Dale Mortensen*

20.30 Dinner at some restaurants in Iseo

Tuesday 18th June 2013

9.30- 12.00: "New perspectives on economics generated by the crisis"
Public Conference in Bergamo with MICHAEL SPENCE, GEORGE AKERLOF and DALE MORTENSEN

12.30 Lunch in Bergamo
14.30-16.30 Guided tour to the old part of Bergamo and free time in the city

19.30: Guided tour and gala dinner with certificates delivery in Berlucchi, a prestigious Franciacorta winery

Wednesday 19th June 2013

11.30-12.30 *"Your Lecture" (2) with Prof. George Akerlof*

14.30-17.30 Lecture GEORGE AKERLOF (Nobel Laureate 2001)

"Identity economics"

The class will give an economic model that incorporates emotions that are central to how economies work. It will describe in a natural way the concept of "self" and how people's concern for "self" causes them to obey norms. These norms are the "cement of society": without them co-operation in organizations, and, more generally, will disappear. They are the basis for how governments, of both democracies and dictatorships, work. Such norms are the basis for how organizations from General Motors to local elementary schools also work.

20.00 Dinner in pizzeria in Iseo

Thursday 20th June 2013

9.00-12.00 Lecture ROBERT WESCOTT, former advisor to US President Clinton

"The Energy Revolution: How it is Redrawing the Map of the Global Economy"

Sustained $100 oil is fundamentally changing the world economy. This class will begin by examining the role of fossil fuel energy as a driver of economic growth during the past century. It then will assess oil market dynamics and examine the role of oil prices as a source of global macroeconomic instability for the past 40 years, including as a global growth retardant during the past 5 years. The energy challenge facing advanced economies and non-energy endowed emerging market countries alike will be presented as multi-dimensional, including issues related to long-lived assets and a host of microeconomic and behavioral issues. The class will then analyze how the world is slowly adapting to expensive oil today, including through boosted non-conventional energy production, higher energy efficiency, new technologies, and totally new energy sources. Finally, the class will look at policy measures to reduce instabilities stemming from volatile global energy markets, and discuss how changing energy dynamics could shift the global economic landscape and geo-political power.

15.00-18.00 Lecture WILLIAM SHARPE (Nobel Laureate 1990)

"Financing Retirement in Aging Societies"

Around the world societies are aging, with higher and higher percentages of populations older than the traditional age for retirement. In this class we will discuss a number of issues facing both such societies and individuals as they choose policies for financing the non-earning years of their citizens. Clear thinking about the economic issues involved is often lacking in the public sector and in the private sector. We will discuss some of the economic concepts and tools that can improve both public policy and private decision-making.

18.15-19.15 "*Your Lecture" (3) with Prof. William Sharpe*

20.00 Dinner at the hotel

Friday 21st June 2013

9.30-12.30 Free time

15.00-18.00 Lecture ERIC MASKIN (Nobel Laureate 2007)

"Why Have Global Markets Failed to Reduce Inequality?"

The theory of comparative advantage predicts that, with expanding global markets, income inequality in poorer countries should decrease. To date, however, the international record on inequality is at best mixed in the face of recent globalization. In this talk I outline an alternative theory that seems more consistent with what has actually happened.

20.00 Dinner at "I Nidrì" restaurant

Saturday 22nd June 2013

Departure of participants

SPEAKER BIOGRAPHIES

GEORGE AKERLOF

George Arthur Akerlof (born June 17, 1940) is an American economist and Koshland Professor of Economics at the University of California, Berkeley. He won the Nobel Prize in Economics in 2001, together with Michael Spence and Joseph E. Stiglitz. They were awarded for their contributions to the analyses of markets with asymmetric information.

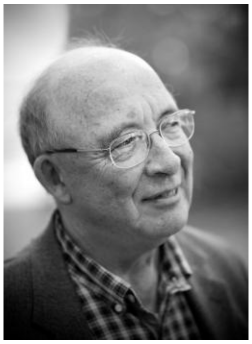
Akerlof graduated from the Lawrenceville School and received his Bachelor's degree from Yale University in 1962. He got his Ph.D. from MIT in 1966 and has taught at the London School of Economics. He is a trustee of the Economists for Peace and Security and co-director of the Social Interactions, Identity and Well-Being program at CIFAR (Canadian Institute for Advanced Research).

Akerlof is perhaps best known for his article, ‘The Market for Lemons: Quality Uncertainty and the Market Mechanism’, published in Quarterly Journal of Economics in 1970. In the article in question he identified certain severe problems that afflict markets characterized by asymmetrical information. His research, far from being in line with established economic theory, illustrated how markets malfunction when buyers and sellers — as seen in used car markets — operate under different information. Diverse areas, reaching from health insurance to employment contracts, have been affected by his work.

In ‘Efficiency Wage Models of the Labor Market’ (1987), Akerlof and co-author Janet Yellen proposed rationales for the efficiency wage hypothesis. According to this hypothesis, the employees’ productivity depends solely on their wages and therefore the employers pay them above the market-clearing wage, in contradiction to the conclusions of neoclassical economics.

In his Presidential Address to the American Economic Association, delivered on January 6, 2007, Akerlof proposed natural norms that decision makers have for how they should behave. During this lecture Akerlof proposed a new agenda for macroeconomics with inclusion of those norms.

DALE MORTENSEN



Professor Dale Mortensen, born in 1939 in Enterprise, Oregon, received his B.A. in Economics from Willamette University in 1961. He earned his Ph.D. in Economics from Carnegie-Mellon University in 1967. Mortensen is a fellow in many societies and associations, amongst them the Econometrica Society, the American Academy of Arts and Sciences and the European Economic Association.

In 2005, he was awarded the IZA Labor Economics Prize. Two years later he received the Society of Labor Economics Mincer Prize. In 2008 he was elected an American Economic Association Distinguished Fellow. He was awarded the Nobel Prize in Economic Sciences together with Christopher Pissarides and Peter Diamond in 2010 for their contributions to the analysis to 'Markets with Search Friction'.

Mortensen pioneered the theory of job search and search unemployment. He extended it to study labor turnover, research and development, personal relationships, and labor reallocation. He helped develop a model that has become the leading technique for the analysis of labor market fluctuations and the effects of labor market policy. The development of equilibrium dynamic models designed to account for wage dispersion, the time series behavior of job and worker flows, and the role of reallocation in the determination of aggregate growth and productivity found in Danish micro data are the principal topics of his current research.

Mortensen has published over fifty scientific articles. His book, 'Wage Dispersion: Why Are Similar Workers Paid Differently?', was published by MIT Press in 2003. 'Job Matching, Unemployment, and Wage Dispersion', a book written in co-operation with Pissarides, was published by Oxford University Press in 2011.

ERIC MASKIN

Eric Maskin, born December 12, 1950 in New York City, is an Adams University Professor at Harvard. He received the 2007 Nobel Memorial Prize in Economics (with L. Hurwicz and R. Myerson) for laying the foundations of mechanism design theory. He also has made contributions to game theory, contract theory, social choice theory, political economy, and other areas of economics.

Maskin graduated from Tenafly High School in Tenafly, New Jersey in 1968, and attended Harvard University where he earned A.B. He continued to earn a Ph.D. in applied mathematics at the same institution. In 1976, after earning his doctorate, Maskin become a research fellow at Jesus College, Cambridge. In the following year, he joined the faculty at Massachusetts Institute of Technology. He first joined the Harvard faculty as a professor of Economics in 1985 and was named the Louis Berkman Professor of Economics in 1997, where in remained until 2000. That year, he moved to the Institute for Advanced Study in Princeton, New Jersey. After spending more than 10 years at the Institute for Advanced Study in Princeton, Prof. Maskin returned to his alma mater Harvard in 2012.

Maskin has worked in diverse areas of economic theory: such as game theory, economics of incentives, and contract theory. He is particularly well known for his research on mechanism design/implementation theory and dynamic games. His current research projects include comparing different electoral rules, examining the causes of inequality and studying coalition formation. Maskin is active in numerous associations and academies. He is for example a Fellow of the American Academy of Arts and Sciences, Econometric Society, and the European Economic Association, and a Corresponding Fellow of the British Academy. He was president of the Econometric Society in 2003.

Maskin has suggested that software patents, instead of stimulating progress in fact might inhibit innovation. He argued that Software, semiconductor, and computer industries have been innovative despite historically weak patent protection. Innovation in those industries has been sequential and complementary, so competition can increase firms' future profits. De facto in such an industry, "patent protection may reduce overall innovation and social welfare." To support his claim, Maskin referred to a natural experiment occurred in the 1980s when patent protection was extended to software. "Standard arguments would predict that R&D intensity and productivity should have increased among patenting firms. Consistent with our model, however, these increases did not occur." Other evidence supporting this model includes a distinctive pattern of cross licensing and a positive relationship between rates of innovation and firm entry.

WILLIAM F. SHARPE

William Forsyth Sharpe (born June 16, 1934) is the STANCO 25 Professor of Finance, Emeritus, at Stanford University's Graduate School of Business. He joined the Stanford faculty in 1970, having previously taught at the University of Washington and the University of California at Irvine. In 1996, he co-founded Financial Engines, a firm that provides online investment advice and management for individuals, and currently serves on its board.

Sharpe was one of the originators of the Capital Asset Pricing Model. In addition he developed the Sharpe Ratio for investment performance analysis, the binomial method for the valuation of options, the gradient method for asset allocation optimization, and returns-based style analysis for evaluating the style and performance of investment funds.

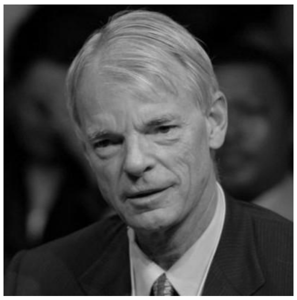
Sharpe has published articles in a number of professional journals, including Management Science, The Journal of Business, The Journal of Finance, The Journal of Financial Economics, The Journal of Financial and Quantitative Analysis, The Journal of Portfolio Management, and The Financial Analysts' Journal.

He has also written several books, including 'Portfolio Theory and Capital Markets' (McGraw-Hill, 1970 and 2000), 'Asset Allocation Tools' (Scientific Press, 1987), 'Fundamentals of Investments' (with Gordon J. Alexander and Jeffrey Bailey, Prentice-Hall, 2000), and 'Investments' (with Gordon J. Alexander and Jeffrey Bailey, Prentice-Hall, 1999).

Sharpe is a past president of the American Finance Association. In 1990 he received the Nobel Prize in Economic Sciences for his pioneering work in the theory of financial economics.

He received his PhD, MA and BA in Economics from the University of California at Los Angeles. He is also the recipient of a Doctor of Humane Letters, Honoris Causa from DePaul University, a Doctor Honoris Causa from the University of Alicante (Spain), a Doctor Honoris Causa from the University of Vienna (Austria), and the UCLA Medal; UCLA's highest honor.

MICHAEL SPENCE



Michael Spence, born November 7, 1943, is an American-born and Canadian-raised world-renowned economist. Spence earned his undergraduate degree summa cum laude in philosophy at Princeton University in 1966 and was selected for a Rhodes scholarship. Two years later he was awarded a B.S. - M.A. in mathematics from Oxford and in 1972 he earned his Ph.D. in economics at Harvard University.

From 1973 to 1975, he was an Associate Professor of Economics at Stanford. At Harvard, he served as professor of Economics and Business Administration from 1975 to 1990. There he also held a joint appointment in the Business School and the Faculty of Arts and Sciences. He was appointed both chairman of the Economics Department and George Gund Professor of Economics and Business Administration in 1983. From 1984 to 1990 Spence served as the Dean of the Faculty of Arts and Sciences at Harvard and from 1990 to 1999 he served as dean of the Stanford Business School. In addition, Spence has also for example been Chairman of an Independent Commission on Growth in Developing Countries and Professor of Economics at the Stern School of Business at New York University. He has been Professor Emeritus at Stanford since 2000.

In 2001, Spence received, along with George A. Akerlof and Joseph E. Stiglitz, the Nobel Prize in Economic Sciences. It was awarded to them for their work on the dynamics of information flows and market development. Spence has furthermore been awarded the John Kenneth Galbraith Prize for excellence in teaching and the John Bates Clark medal for "significant contribution to economic thought and knowledge." The Clark Medal, awarded every two years to an economist under the age of 40, is one of the most prestigious awards in the field of economics.

Amongst his other achievements, Spence is the author of the book, ‘The Next Convergence: The Future of Economic Growth in a Multispeed World,’ (Ferrar, Straus and Giroux, May 2011). Spence writes monthly columns for Project Syndicate, a prestigious forum that publishes commentaries by thinkers and world leaders. In addition, he also writes occasional op-ed pieces in the Financial Times and other major newspapers and forums. The governments of China and India rely on Spence as an advisor on matters related to growth, development and structural change. He is a known lecturer on the developing countries, their evolving structure and prospects for the global economy. Furthermore, Spence serves on the boards of Genpact and Mercadolibre and a number of private companies.

Taking into consideration all of his achievements, Michael Spence is most probably best known for his job-market signaling model. In ‘Job Market Signaling’, originally published in The Quarterly Journal of Economics in 1973, Spence demonstrated how a college degree signals a job seeker's intelligence and ability to a prospective employer. In other words, employers will pay higher wages to employees with a higher education. Spence’s work in the field essentially triggered the enormous amount of literature in the branch of contract theory.

ROBERT F. WESCOTT

Robert F. Wescott is the President of Keybridge Research LLC, an economic and financial consulting practice in Washington, DC. This renowned practice offers consultations to G-8 governments and major financial institutions and companies. Research of global political economy and financial risk analysis are amongst the main interest of Dr. Wescott. He is on several global asset allocation committees of well-known financial institutions. Wescott is also a popular lecturer amongst business and financial audiences. Dr. Wescott is without a doubt well connected in the field of economics: For example the White House, the National Security Council and International Monetary Fund officials are amongst his high-profile supporters.

Wescott served as chief economist at the Council of Economic Advisers at the White House during 1993–1994. There he was responsible for developing the Administration's U.S. macroeconomic forecasts and performed policy analysis. He helped write and edit the economic Report of the President, and served as Acting Member of the Council for six months in 1994. From 1999 until 2001, Wescott served as Special Assistant to the President of the United States. His field of expertise was international economics and finance. As President’s international economic adviser, he helped to develop policies in an interagency setting on a wide range of issues: including policies toward G- 7 countries, Russia and China.

Wescott was Senior Vice President and Chief Economist at WEFA Group, a Philadelphia-based economic forecasting and consulting firm, from 1982 to 1993. There he oversaw forecasting, data analysis, economic modeling, consulting, and research activities. In 1989-1990, Wescott lived in Japan where he helped the University of Pennsylvania establish the International Center for the Study of East Asia Development (ICSEAD) in Kitakyushu. From 1994 to 1999, Wescott was Deputy Division Chief at the International Monetary Fund. In the IMF’s Research Department he produced the World Economic Outlook, the Fund’s semi- annual review. In the European Department he was responsible for the Eastern European Countries in transition.

Wescott holds a Ph.D. in Economics from the University of Pennsylvania and he has done research in the areas of fiscal policy, global saving patterns, exchange rate determinants, money and banking, the credit crunch in Japan, inflation targeting and economic development. He has a special interest for issues related to globalization.