

José V. Rodríguez Mora

Curriculum Vitae

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1 Personal data

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Date of Birth: July 25, 1965

Sex: Male

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2 Employment

- Professor of Economics. University of Edinburgh. [02/2008 – Present]
- Professor of Economics. School of Social Science. University of Southampton. [10/2005 – 01/2008]
- Visiting Research Fellow. IIES, Stockholm University. [07/2001 – 06/2002]
- Associate Professor. Department of Economics. Universitat Pompeu Fabra. [04/2001 – Present]
- Visiting Research Fellow. IIES, Stockholm University. [11/1999 – 12/1999]
- Visiting Research Fellow. IIES, Stockholm University. [09/1998 – 06/1999]
- Assistant Professor. Department of Economics. Universitat Pompeu Fabra. [09/1995 – 04/2001]
- Research Assistant. Department of Economics. MIT. [Summer 1994]
- Teaching Assistant. Department of Economics. MIT. [01/1993 – 06/1994]
- Research Assistant. Institute of Economics Analysis. [06/1988 – 06/1990]

3 Education

- Ph.D. in Economics, Massachusetts Institute of Technology. Cambridge (MA), September 1995.
- MA in Economic Analysis, Universidad Autónoma de Barcelona. Barcelona (Spain), June 1990.
- BA in Economics, Universidad Autónoma de Barcelona. Barcelona (Spain), June 1988.

4 Honors

- Spanish National Science Foundation Grant. Project “Development and inequality: from the local approach to the international perspective”, SEJ2007-64340-CONSOLIDER, 2008–2012. (PI: José García Montalvo).
 - Fundación Ramón Areces, Research Grant. Project “Incentivos, corrupción y crecimiento económico”, 2005–2007. (PI: José V. Rodríguez Mora)
 - Spanish Ministry of Education. Research Grant SEJ2004-06877/ECON, 2004–2007. (PI: José V. Rodríguez Mora)
 - Spanish Ministry of Education. Research Grant, 2001–2004. (PI: Teresa García-Milà)
 - Spanish Ministry of Education. DGES, grant no. PB95-0978, 1996–1999. (PI: Xavier Freixas)
 - Bank of Spain Graduate Fellowship, 1994.
 - Fulbright-MEC Graduate Fellowship, 1990–93.
 - Spanish Ministry of Education Graduate Fellowship, 1989–90.
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5 Membership in Academic Organizations

Research Affiliate at CEPR, [02/2000 – Present]

Research Affiliate at CESifo, [04/2002 – Present]

Research Affiliate at IZA, [06/2004 – Present]

6 Fields of Interest

Macroeconomics.
Intergenerational Mobility and the Allocation of Talent.
Political Economy.
International Political Spillovers.
Growth.
Economics of Information.

7 Published Research

- “*Unemployment Insurance Design: inducing moving and retraining*” (with John Hassler). *European Economic Review*, 2008, vol. 52, pp. 757-791.
- “*Inequality and Mobility*” (with John Hassler and Joseph Zeira). *Journal of Economic Growth*, 2007, vol. 12 (3), pp. 235-259.
- “*The Effect of GNP Announcements on Fluctuations of GNP growth*” (with Paul Schultald). *European Economic Review*, 2007, vol. 51 (8), pp. 1922-1940.
- “*A positive theory of geographical mobility and social insurance*” (with John Hassler, Kjetil Storesletten and Fabrizio Zilibotti). *International Economic Review*, 2005, vol. 46 (1), pp. 263-303.
- “*The Survival of the Welfare State*” (with John Hassler, Kjetil Storesletten and Fabrizio Zilibotti). *The American Economic Review*, Vol. 93, No. 1, March 2003. pp. 1-26.

- “*Unemployment, Specialization, and Collective Preferences for Social Insurance*” (with John Hassler, Kjetil Storesletten and Fabrizio Zilibotti). In “*The New Economics of Inequality*”, edited by Thomas Piketty and Gilles Saint-Paul. Oxford University Press (2002).
 - “*Intelligence, Social Mobility and Growth*” (with John Hassler). *The American Economic Review*, Vol. 90, No. 4, September 2000. pp. 888-908
 - “*Labor Turnover and the Public Allocation of Unemployment Insurance*” (with John Hassler) *Journal of Public Economics* 73 (1999). pp. 55-83.
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8 Research Not Published (Yet)

- “*Intergenerational Mobility and the Informative Content of Surnames*” (with Maia Güell and Chris Telmer), CEPR Working Paper 6316, 2007.
 - “*Political Commitment and Loss Aversion*” (with John Hassler).
 - “*It is Hobbes, not Rousseau: An Experiment on Social Insurance*” (with Antonio Cabrales and Rosemarie Nagel).
 - “*Who is Afraid of a Globalized World? Foreign Direct Investments, Local Knowledge and Allocation of Talents*” (with Giovanni Pica), 2007, CSEF WP 184, 2007. *Under revision for the Journal of International Economics*.
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9 Projects and Ongoing Research

- “*Correlating Social Mobility and Economic Outcomes.*” with Maia Güell, Michele Pellizzari and Giovanni Pica.
 - “*Comparing Mobility across Countries.*” with Maia Güell and Luojia Hu.
 - “*Trade and Policies.*” with Giovanni Pica.
 - “*Entrepreneurs, Incentives and the Allocation of Talent.*”
 - “*Measuring Economic Inheritance*”, with Maia Güell.
 - “*Measuring any Inheritance*”, with Maia Güell.
 - “*Policy-Behavior Complementarity and Complementarities Between Policies: Multiple Steady States and Endogenous Heterogeneity.*” with Giovanni Pica.
 - “*Choosing Moving Targets: Coordinating Technological Adoptions.*”
 - “*Sticky Fingers: Micro foundations for Sticky Prices.*”
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10 Research with very Low Probability of Being Ever Published

- “*Equilibrium Unemployment Insurance*”¹ (with John Hassler, Kjetil Storesletten and Fabrizio Zilibotti) 1999.
- “*Misperceptions, Heterogeneity and Shared Knowledge*” UPF Working Paper. 1997.
- “*Spirits, but not so Animal*”. 1996.

¹This is an old version of “*A Positive Theory of Geographic Mobility and Social Insurance*”. They have substantial differences, but apparently the newer version makes it obsolete, at least for publication.

- “On how to bring Sunspots down to Earth” 1996.
 - “Misperceptions”. Thesis Dissertation. MIT, 1995.
 - “Patent Systems and the Industrial Revolution”. 1994.
 - “Desregulación en Mercados financieros: Una modelización de los efectos de los coeficientes de caja y de la desaparición de barreras institucionales a la entrada”. Master thesis. Mimeo, UAB, 1990.
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11 Other Academic Publications

- “The Misallocation of Talent”. “Els Opuscles del CREI”, num. 22, May 2009.
 - “What’s in a name? Information on intergenerational mobility”, with Maia Güell and Chris Telmer, CentrePiece, vol. 12(3), pp. 24-26, 2008.
 - “El tamaño sí importa: naciones pequeñas, naciones mezquinas”. Revista de Libros n° 121, Enero 2007.
 - “La determinación del seguro de desempleo” en Rosario Gómez García Ed. “Jóvenes economistas en Andalucía”. Universidad de Málaga y Junta de Andalucía. 2000.
 - “Comentario de Andrés, Doménech y Taguas ‘Desempleo y Ciclo Económico en España’ Moneda y Crédito no. 202, 1996.
 - “Desempleo masculino: probabilidades y diferencias regionales”, with A.J. Avila Cano, C. Pages Serra and M.C. Cuerel Baeza. Revista de estudios regionales, ISSN 0213-7585, No. 30, 1991, pp. 95-118.
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12 Invited Seminars

Aberdeen University, Bologna University, Boston University, CEMFI, CERGE, City University (London), Durham University, Dundee University, ECARE (Brussels), EUI (Florence), Federal Reserve Bank Chicago, Glasgow University, IAE (Barcelona), ITAM (Mexico), IZA (Bonn), Koç University (Istanbul), London School of Economics, Stockholm University, Stockholm School of Economics, Tilburg University, Toulouse University, Universidad Autonoma de Barcelona, Universidad Carlos III de Madrid, Universidad de Murcia, University College London, Università degli Studi di Milano, Università di Salerno, University of Aberdeen, University of Amsterdam, University of Bristol, University of Edinburgh, University of Southampton, Warwick University.

13 Participation and Presentations in Congresses

Moneda y Crédito, CEPR Economic Theory Meetings (1996), XIV Latin American Meeting of the Econometric Society, CEPR Economic Theory Meetings (1997), European Economic Association Meetings (1997), CEPR Conference on Income Inequality (La Coruña, 1998), CREI Conference on Technology and Unemployment (1998), NBER Summer Institute (1998), European Economic Association Meetings (1998), Fundación BBV conference on the effects of the Euro on the Spanish Economy (1998), The Hebrew University Conference on Income Distribution and Growth(1999), CREI Conference on Heterogeneous Agents (1999), NBER Summer Institute (1999), First Toulouse Conference in Macroeconomics (1999), CEPR conference on “The Political Economy of Economic Policy”(2000), CEPR European Symposium in Macroeconomics(2000), Second Toulouse Conference in Macroeconomics (2000), CEPR conference on Economic Geography (2001), CES-ifo Public Economics meeting (2002), CEPR conference on Entrepreneurship, Financial Markets and Innovation (2003), Understanding Productivity Differences (CEPR and University of Sassari) (2004), Wage Inequality, Technology and Institutions (IZA, 2004), Economic Symposium (Capri, 2005), NBER Summer Institute (2005), CEPR Public Economics Meetings (2005), CEPR ESSLE (2005), Simposio Analisis Economico (Murcia, 2005), Minerva-DEGIT XI Conference on Economic Growth

(Jerusalem, 2006), Third CSEF-IGIER Symposium (Capri, 2007), The SIRE Launch Event (Edinburgh, 2007), Fourth Annual Vienna Macroeconomic Workshop on Current Topics in Macroeconomic Theory and Policy (2007), Simposio Analisis Economico (Granada, 2007), Third Annual Workshop on Global Interdependence, CREI-CEPR (2008), Intergenerational Mobility Conference (CLS and CEE) (London, 2008), Recent Developments in Research on Intergenerational Economic Mobility (Edinburgh, 2008), NBER Summer Institute (2008), Fifth Annual Vienna Macroeconomic Workshop on Current Topics in Macroeconomic Theory and Policy (2008), Seventh Macroeconomic Policy Research Workshop on Productivity, Trade and Development (Budapest, 2008).

14 Courses Taught

- Introduction to Economics. First year Undergraduate.
 - International Trade I. Second year Undergraduate.
 - Teoría Económica III. Second year Undergraduate.
 - Macroeconomics II. Fourth year Undergraduate.
 - Macroeconomic Policy. Fourth year Undergraduate.
 - Topics in Macroeconomics. Fourth year Undergraduate.
 - Macroeconomics I. Ph.D. Program.
 - Macroeconomics II. Ph.D. Program.
 - Topics in Macroeconomics. Ph.D. Program.
 - Advanced Labor Economics. Ph.D. Program.
 - Political Economy. Ph.D. Program.
 - International Finance. Third year Undergraduate.
 - Labour Economics. Third Year Undergraduate.
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15 Supervisor of Ph.D. thesis

- Ana Hidalgo (Universitat Autònoma de Barcelona), October 2003. First Job at Universidad Carlos III de Madrid.
 - Giovanni Pica (Universitat Pompeu Fabra), January 2004. First Job at University of Southampton.
 - Hernando Zuleta (Universitat Pompeu Fabra), November 2003. First Job at ITAM (México DF).
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16 Other Activities for the Academic Community

- Conference Organization: “Recent Developments in Research on Intergenerational Economic Mobility” (with Roland Bénabou, Maia Güell and Gary Solon), Edinburgh, June 27-29, 2008.
 - Referee for *American Economic Review*, *Review of Economic Studies*, *Macroeconomic Dynamics*, *Moneda y Crédito*, *European Economic Review*, *Spanish Economic Review*, *Economía Aplicada*, *Scandinavian Economic Review*, *Journal of Political Economy*, *Journal of Public Economics*, *Scottish Journal of Political Economy*, *Journal of Institutional and Theoretical Economics*, *Journal of Developmental Economics*, *Journal of the European Economic Association*.
 - Program Committee Member: European Economic Association Annual Congress (2006).
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17 Other (perhaps relevant) Non-Academic Activities

- Co-writer of the “Manifiesto”: “Por un nuevo partido político en Cataluña” (7 de junio de 2005).
 - Co-writer of the “Segundo Manifiesto de Ciutadans de Catalunya” (4 de marzo de 2006).
 - Co-Founder of the Association “Ciutadans de Catalunya”.
 - Co-Founder of the Political Party “Ciutadans – Partido de la Ciudadanía”.
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18 References

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19 Short Essay on Present Interests and Plans of Research.

My present research interests are diversified. I can divide them in two main lines (well, two and a half). I am actively working in all of them. First, inheritance and the allocation of talent. Second, the dynamic aspects of the political economy of the welfare state. And the half are issues of trade that are only slightly related to inheritance.

19.1 Inheritance and the Allocation of Talent

The allocation of talent in a society does not need to be optimal. If there were **(1)** complete markets, **(2)** freedom to choose the line of business of our liking and **(3)** no market imperfections, then everybody would choose the trade for which it would have a comparative advantage (in the same manner than in a Ricardian trade model) and a Pareto Optimal allocation would be achieved. If any of the three conditions above fails to apply, then the allocation is inefficient.

There are many different reasons for this mis-allocation to happen. Some are obvious, like sexism or racism; other less so, like the fact that the differences in ability may be derived from inheritance not of talent but of advantage. In general, many of the causes of the mis-allocation of talent are related to inheritance. The more inheritance of “economically valuable” traits *that are not related to inherent ability*, the worse it is the allocation of talent and the less social mobility there is.

Thus, the study of inheritance (broadly understood) and of the determination of the allocation of people to jobs (in a general equilibrium setting) are closely interlinked issues. On this respect I am working on several fronts.

19.1.1 Empirical Study of Inheritance: the Informative Content of Surnames

The empirical study of inheritance of economic traits is a difficult task. The traditional strategy is to regress the value of the variable in parents with the value in their children using panels of micro data. This is nevertheless

a very difficult task, because the scarce availability of the data (very often these panels do not exist; in occasions, like when referring to historical data, they can not be created) and difficulties in its treatment; even when the data is available it is very difficult to compare the results across time and societies. Thus, for issues relating to social mobility and the inheritance of advantage we do not have an encompassing view.

On this respect, I am involved in a new research line which tries to study inheritance exploiting data that in principle is (easily) available and does not require to have a panel structure. All this work is coauthored with Maia Güell, and some of the papers with additional coauthors. The general idea is to exploit the informative content of surnames to study questions related inheritance. Surnames are an amazing source of information: they are completely exogenous to the individual but they relate him with his past as they are inherited from her parents.

We make a methodological point because in a cross-section the fact that surnames provide a link between the present and the past allows to study many longitudinal questions without panel data. The informative content of surnames is a proxy of inheritance because surnames are inherited together with other variables. Surnames do not have a direct incidence on the determination of outcomes but these other variables may do. The typical research question we want to answer is how important are these other inheritable traits in order to determine outcomes. Observing the informative value of surnames on outcomes is informative of the incidence of the other inheritable variables on the determination of the outcomes.

There is some recent work on first given names. It is typically found that first names contain information. However, this is not directly related with inheritance (at least not in any obvious manner) as first names are chosen by parents and thus are not exogenous. Surnames were used in biology before DNA data were available. In economics, as far as we are

aware, we are the first ones to work with an extensive microdata base with surnames and to study inheritance. The only other paper we know that uses surnames from the Spanish phone book is Collado et al. (2005) to study consumption preferences.

More specifically in “Intergenerational Mobility and the Informative Content of Surnames” (joint with Maia Güell and C. Telmer, mimeo 2005) we aim at providing an empirical measure of intergenerational mobility by analyzing individual’s surnames. As it was said above, and in spite of the large and important theoretical literature on intergenerational mobility, the existing measures of mobility are scarce due to the difficulty in getting panel data. Moreover these are difficult to compare across countries and across time (see Solon, 1992, 2002 and 2003). Our main intuition is that the less inheritance there is (i.e. the more mobility), the less informative surnames should be on an individual’s income. We propose a model in which the joint distribution of income and surnames is endogenous, and show that there exists a monotonous relationship between mobility and the informative content of surnames. We infer that our approach could be useful for measuring intergenerational mobility across countries and across time. We use census data of the whole population of large region in Spain to measure directly the amount of information carried by the surname. We show that the distribution of surnames is extremely skewed and that surnames do contain a large amount of relevant economic information.

We show also that this is the case even when we control for ethnicity and emigrant origin (which we infer from the surname).

We also show that over the last 30 years there has been an increase in the informative content of surnames, that we interpret as suggestive of a fall in intergenerational mobility.

In order to get internationally comparable values we intend to calibrate the model and thus obtain parameters comparable with the traditional measurements of mobility.

The paper has been well received during 2005 in several seminars, the NBER Summer Institute and the annual CEPR’s labor and

public finance meetings.

I have 5 other projects joint with Maia Güell using surnames. These include: (1) the measurement of assortative mating using the fact that Spaniards hold two surnames. Thus in a cross-section we know who marries with whom. We already have some empirical results that indicate indeed the presence of assortative mating in several dimensions. We want to know which dimensions are more important and which ones are less so. (2) Our goal is also to study the distribution of surnames per income groups and see how it differs from the distribution for the whole population. We are in the process of collecting data of managers of top firms in different countries. (3) We also want to analyze migration patterns and the assimilation of immigrants. The motivation of this project comes from the fact that surnames contain information on ethnic background. (4) We also want to analyze discrimination using an experimental approach (with A. Bosch and A. Ichino). More specifically, we want to investigate if the ethnic origin matters for cooperation. (5) Finally, we intend to link the surname data with health data in order to compare the degree of inheritance of different illnesses.

19.1.2 Inheritance and the Allocation of Talent

The degree of social mobility is likely to have considerable effects on the allocation of talent. I would like to study to which degree policy can affect this, in particular this can be important to understand the role of inequality and its effects of efficiency, as inequality and mobility need to be intimately related. It is not obvious which are the effects of redistribution on the incentives of agents to incur on risky entrepreneurial activity: in a general equilibrium framework redistribution has incentive effects (that would decrease mobility and efficiency) and distance effects (that would increase mobility and efficiency).

On this respect in my previous work with John Hassler and Joseph Zeira we have (1) dealt with the relationship between incentives and distance effects, and (2) we have mod-

eled the inheritance of information and its effects.

I am working on a model where inheritance is of assets and information about the workings of the world and where there are capital market imperfections. In this context the degree of mobility will be positively related to GDP. There are three policies that affect outcomes (1) the degree of redistribution, (2) the degree of provision of public education and (3) the degree of inheritance tax. We would like to calibrate the model and observe the differential effect of the 3 policies. This work is still at a very preliminary stage.

19.1.3 Competition, Trade and the Allocation of Talent

The allocation of talent is known to be worse in an environment where competition is scarce, as inheritance that is not related to talent (either money or information) becomes more determinant of people's outcomes. It is less intuitive that even without inheritance in the presence of market imperfections the allocation of talent is inefficient.

In a paper with Giovanni Pica we present a model where differences in regulation across countries dampen FDI. They generate differences between the markets (at least from the point of view of the entrepreneurs) and induce entrepreneurs to be less prone to introduce their companies in foreign countries. This translates into worse outcomes as measured by GDP and behind the veil of ignorance welfare. Nevertheless this does not mean that small differences in regulation are Pareto superior, because individuals with average levels of talent would rather be entrepreneurs, but they can be so only if differences are large enough. Differences in regulation (more generally speaking: differences in economic environment) protect the mediocre entrepreneurs and harm economic performance for the aggregate.

We present a large body of evidence showing that differences in regulation affect critically FDI flows across countries. We do this by estimating "gravity equations" that in addition to the standard right hand side variables (including of course the *level* of educa-

tion), the *distance* between the regulation of two countries reduces the FDI flows between them. We have observed that the same pattern happens with trade.

We intend to extend the model in two directions.

First of all we want to introduce trade (not only investment), for that we need to model the (imperfectly) competitive environment and how it relates to the amount of information that agents have about the market. In standard Dixit-Stiglitz monopolistic competition models the mark-up is determined by the (exogenous) elasticity of demand, and not by the degree of competition that the entrepreneur faces. We model the competitive environment in such a manner as to induce that the presence of better suited competitors deters agents from becoming entrepreneurs.

The second difference that we want to introduce is the existence of inheritance. In such a way that we can interpret intergenerational mobility and efficient allocations in the presence of imperfect competition.

19.2 Political Economy, Redistribution and the Welfare State

The dynamics of collective decisions are complicated, and important to understand modern societies. To start with, they may show path dependence. In previous work with John Hassler (1999) and with Hassler, Storesleten and Zilibotti (2005) I have studied how policies affect the value of state variables crucial for the determination of the political process: the distribution of types of agents determines the policies that are taken, but these policies feed back to determine which is the distribution of agents. There is an even more complicated dynamic component consequence of the fact that (under the impossibility to commit to policies) agents vote not only for the policy of their liking (given their circumstances) but also in order to change the future distribution of agents and the future policies themselves. This I have studied in another paper with Hassler, Storesleten and Zilibotti (2003).

There are nevertheless crucial issues that we still do not understand. We do not know how policies affect each other. We do not

know how policies in one country affect policies in others. We do not know the extent to which the lack of commitment is binding in the political process. We do not know either if agents act rationally when dealing with a dynamic voting problem. We do not know the way in which actual human beings confront voting situations, the psychological processes that determine their behavior. There are other interesting issues, but these are the ones that I am dealing with at the moment.

19.2.1 On How Policies Determine the Political Demand of other Policies

We know that policies tend to create their own support (which tends to generate multiple steady states in politico economic models), but this is always studied in a single policy context. It should be interesting to understand not only how a policy generates its own support, but also how it can affect the support for another policy, possibly in another dimension. The question is both empirical and theoretical to see which policies take place together, and which others occur together only seldomly (for instance: is unemployment insurance protection positively related to product market regulation?). The question is important, in particular when dealing with reforms: in the measure that policies reinforce each other it is going to be difficult to realize non-comprehensive reforms.

I have worked on this with Giovanni Pica, using a framework where policies affect the state variables of the economy, which themselves affect the political demand for policies. This work is quite preliminary, but we intend to work on it in the next few years.

Also with Giovanni, and as a direct consequence of our papers on trade and the allocation of talent, I have been thinking in the way in which policies in certain countries affect the policies taken abroad. There are two issues here. One due to “social dumping” and fiscal competition (by which if some factors can move across political borders the existence of competition between the governments produces inefficient outcomes), the other (and more novel) is that the state variables that determine the political demands of

the citizens may have to do with how many interactions do they have with the citizens of the other countries. In this manner, multiple causalities (and multiple steady states) may appear. We have a model, still unsatisfactory, pointing in this direction. We plan to continue with this work.

19.2.2 Dynamics of Voting and Rationality

A determinant of rational voting is the access (or lack of it) to commitment. If people believe that the policy that they are voting is going to be very difficult to change, their voting is likely to be very different than if they think that they can manipulate the composition of society and in the future generate a different policy. Loss aversion is a natural “commitment”: if agents who loose from the status quo value their losses more than the gains of the ones who win with the change rational agents are going to find unlikely that future policies are going to change. Consequently their voting pattern is going to be quite different, it seems likely that rational individuals with loss aversion will vote much like myopic individuals without it. Given the overwhelming evidence in the psychological literature indicating the existence of loss aversion, this is an scenario that it is interesting to explore, as could help to explain the persistence of redistributive policies.

In “*Political commitment and loss-aversion*” (with John Hassler) we take a first step in these directions. Agents show loss aversion and confront a standard capital taxation - time inconsistency problem. We allow loss aversion to be either backward looking (i.e., the reference point is determined by pass outcomes) or forward looking (i.e., the reference point is determined by the rational expectations of the workers once filtered by the expectations on the actions of the policy maker). We show first **(a)** that under backward looking reference dynamics **(a.1)** the existence of loss aversion is not a commitment device: governments procrastinate on implementing the low tax policy, and they do so forever. **(a.2)** Nevertheless there exists a unique mixed strategy equilibrium that has as unique steady state the implementation

of a policy that greatly diminish the extend of the time inconsistency problem. Secondly **(B)** that under forward looking reference dynamics there exists an unique equilibrium whose steady state is the same that the one that appears under backward looking dynamics: the problem of time inconsistency being greatly diminished.

In any case the questions end up being empirical, and we do not know yet how people cast their votes. That is why I am involved in an experimental study of the dynamics of voting and redistribution (joint with Antonio Cabrales and Rose Mari Nagel). On an first paper we empirically test if it is possible to sustain an equilibrium of high effort and high redistribution. This equilibria would mimic an economy where the right set of “social norms” induce the agents to exert effort even when their income is insured. We show that

the rich vote against redistribution independently of the reasons why the poor become poor. They do not care if the poor are poor because they were unlucky or if the poor were just lazy. This rules out the existence of “social contracts”, only payoff relevant things matter.

Our second paper on this issue tries to test the extent to which people vote rationally when dealing with dynamic issues. Specifically we want to test whether people use the votes not only to determine the policy today, but also to alter the composition of the population in the future, and thus, to alter the future policies. We do that by setting up an experimental society where the degree of redistribution alters the future state of agents. We have run a first set of experiments and we are now studying its outcome.