

STEFANIA GARETTO

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EDUCATION

UNIVERSITY OF CHICAGO, Department of Economics, Ph.D. Fields of Specialization: Macroeconomics, Economic Growth	2002-2008
UNIVERSITY OF CHICAGO, Department of Economics, M.A.	2002-2003
BOCCONI UNIVERSITY, Milan, Italy Laurea Summa cum Laude in Economics and Social Sciences Major in Quantitative Sciences	1996-2001
ECOLE DES HAUTES ETUDES COMMERCIALES (HEC), Paris, France Visiting Student	2000

RESEARCH FIELDS

International Trade, Macroeconomics, Economic Growth.

JOB MARKET PAPER

“Input Sourcing and Multinational Production” (2007)

Advisor: Robert E. Lucas, Jr.

Abstract. A large portion of world trade happens within firms' boundaries. This paper proposes a new general equilibrium framework where firms decide whether to outsource to unaffiliated suppliers or to integrate input manufacturing. Multinational corporations and intrafirm trade arise endogenously when firms integrate production in foreign countries. Outsourcing allows to benefit of suppliers' good technologies, but entails the cost of a mark-up price. Intrafirm sourcing allows to save on mark-ups and to match a firm's productivity with possibly lower foreign wages. The pricing implications of the theory unveil a positive relationship between the intrafirm share of imports and the degree of differentiation across inputs in a sector, for which I find strong support in the data. Moreover, imperfect competition establishes a link between FDI liberalization and optimal pricing: suppliers find optimal to reduce their prices in response to the possibility of insourced production (the “pro-competition effect” of multinationals). As a result, there is complementarity between trade and foreign investment. The model is calibrated to match aggregate U.S. trade data, and used to quantify the gains arising from vertical multinational production and intrafirm trade. The computed gains are small (about 1% of consumption per capita) but the model shows that further liberalization can increase them substantially.

WORKING PAPERS

- “Multinational Production and Industry Reallocation” (work in progress)
 - “Firms’ Trade Options and Incomplete Pass-Through” (2007)
 - “Heterogeneous Barriers to Technology Adoption: How They May Arise and their Effects on Growth” (2005)
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PRESENTATIONS

- “Input Sourcing and Multinational Production”, presented at:
Federal Reserve Bank of Chicago, International Economics Seminar (November 2007)
University of Chicago, Money and Banking Workshop (May 2006, November 2007)
Midwest Economics Association Annual Meeting, Minneapolis (March 2007)
University of Chicago, Capital Theory Working Group (April 2006)
- “Firms’ Trade Options and Incomplete Pass-Through”, presented at:
University of Chicago, Capital Theory Working Group (March 2007)
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PROFESSIONAL AFFILIATIONS

Referee for the Journal of Political Economy and for the International Journal of Industrial Organization

Member of the American Economic Association and of the Midwest Economic Association

AWARDS

Esther and T.W. Schultz Endowment Fund Dissertation Fellowship University of Chicago, Department of Economics	2007-2008
F.W. Immasche Endowment Fund Dissertation Fellowship University of Chicago, Department of Economics	2006-2007
Division of Social Sciences Unendowed Fellowship, University of Chicago	2002-2006

WORK EXPERIENCE

UNCTAD, Geneva, Switzerland
Intern at the Italian Mission at the United Nations
Economic advisory and reporting to the Italian Ministry of Foreign Affairs on UNCTAD projects (2001)

TEACHING EXPERIENCE

PhD Courses

-International Trade (Teaching Assistant for T.Chaney)
University of Chicago, Department of Economics (2006)

MBA Courses

-Macroeconomics (Teaching Assistant for S.Davis)
University of Chicago, Graduate School of Business
Executive MBA Program – Singapore and London Campuses (2005-2006)

College Courses

-Intermediate Microeconomics (Lecturer)
University of Chicago, Department of Economics (2006-2007)

-Intermediate Macroeconomics (Teaching Assistant for R. Lucas and for C.Syverson)
University of Chicago, Department of Economics (2005)

-Introduction to Microeconomics and Macroeconomics (Teaching Assistant for A.Sanderson)
University of Chicago, Department of Economics (2004-2007)

LANGUAGES AND COMPUTER SKILLS

Matlab, Stata, LaTeX programming, Microsoft Office.

Italian (native), English (fluent), French (fluent), Spanish (intermediate).

REFERENCES

Robert E. Lucas, Jr. (chair)	773-702-8191	relucas@uchicago.edu
Fernando Alvarez	773-702-4412	f-alvarez1@uchicago.edu
Christian Broda	773- 834-1990	Christian.Broda@chicagogsb.edu
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