

**ELISA RUBBO**

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**HARVARD UNIVERSITY**

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**Personal Information:**

Date of birth: October 17, 1991  
Citizenship: Italy

**Undergraduate Studies:**

MA in Mathematics, University of Torino, Summa cum laude, 2015  
Master in Economics, Allievi Program, Collegio Carlo Alberto, With distinction, 2015  
BA in Mathematics for Finance and Insurance, University of Torino, Summa cum laude, 2013

**Graduate Studies:**

Harvard University, 2015 to present

Ph.D. Candidate in Economics

Thesis Title: Essays on Networks in Macroeconomics

Expected Completion Date: May 2020

**References:**

Professor Emmanuel Farhi  
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Professor Elhanan Helpman  
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**Teaching and Research Fields:**

Primary fields: Macroeconomics, International Trade

Secondary fields: Monetary economics, International Finance

**Teaching Experience:**

Fall/Spring 2019 Senior Thesis Advisor, Harvard University. Topics: Macroeconomics, International Economics, Finance, and Theory

Spring 2018 Sophomore Tutorial Instructor, Harvard University. Topic: From Micro to Macro - Firm-level variables and aggregate outcomes

**Research Experience:**

2017 Harvard University, Research Assistant for Professor Elhanan Helpman

**Professional Activities**

Referee for the Quarterly Journal of Economics

**Job Market Paper:**

“Networks, Phillips Curves and Monetary Policy”

This paper revisits the positive and normative implications of the benchmark New Keynesian model—which assumes only one sector of production—in a disaggregated multi-sector economy with a general input-output structure. In this setting I derive a general Phillips curve that holds for any sectoral weighted-average inflation rate, and an expression for welfare as a function of the output gap and sectoral inflation rates. With multiple sectors productivity fluctuations generate endogenous cost-push shocks in the consumer-price Phillips curve, pointing at a trade-off between inflation and output stabilization. I construct a novel inflation index that yields a "divine coincidence" Phillips curve with no endogenous cost-push shocks. Targeting this index fully stabilizes the output gap, but is not constrained optimal, because it ignores the negative consequence of sector-level inflation for allocative efficiency. I show that the constrained optimal policy can be implemented by stabilizing an alternative inflation index, which incorporates this trade-off. I calibrate the model using U.S. input-output data and sectoral price adjustment frequencies. The baseline strategy of targeting consumer inflation leads to a welfare loss of 1.12% of per-period GDP. Switching to the optimal policy reduces this loss to 0.28%, but cannot fully eliminate it. Targeting the output gap almost replicates the optimal policy. I validate my framework by showing that the divine coincidence inflation rate provides a better fit for Phillips curve regressions than conventional consumer price specifications. The model also predicts a 30% decline in the slope of the consumer price Phillips curve over the past 70 years, arising from increased intermediate input flows in production.

### **Research Papers in Progress**

#### “Aggregate vs Cross-section: a Network Approach”

I model a currency union, with segmented labor markets and a fully general production network. I study local versus aggregate Phillips curves and transfer/spending multipliers. I derive the full matrix of elasticities of regional prices to regional output gaps and transfers as a function of primitives. I argue that cross-sectional regressions which estimate “local” consumer-price Phillips curves are misspecified, because they ignore heterogeneity in the own effect and cross-regional spillovers. In addition, the relative response of aggregate inflation and output gap depends on the underlying shock, and even conditional on a shock (for example a money supply shock), it cannot be inferred from cross-sectional regressions. I propose an alternative specification for the Phillips curve (based on a price index that weights sectors according to their value added in local consumption) which depends on two parameters only: one governs the response to own output gaps, and the other governs the spillover from foreign output gaps, weighted by net trade flows between the corresponding regions. With this inflation measure the coefficient on the own output gap is the same as the slope of the aggregate Phillips curve. I derive moment conditions that generalize the standard assumptions in cross-sectional studies, whereby aggregate monetary policy is orthogonal to local business cycles.

#### “A General Equilibrium model of Outsourcing and Wage Inequality”

A growing literature documents that outsourcing puts downwards pressure on the wage of low-skill workers in instances where it entails a change in the employment relationship (it excludes workers from earning firm premia) without affecting the organization of production. I consider a complementary question: I define outsourcing as a shift from producing “in house” to buying components “on the market”, with the resulting increase in intermediate input flows across industries. I model the incentives behind it as coming from a tradeoff between demand volatility and specialization on one side, and coordination frictions on the other. With respect to standard models based on attention vs coordination costs or property rights theory my setup allows to rationalize the formation of a full network with cross-industry linkages (not just a vertical chain) and the fact that producers serve multiple customers, without the counterfactual implication of decreasing firm size. The model is tractable enough to derive general equilibrium implications, and I focus on the wage distribution. A fall in outsourcing costs for a set of tasks is equivalent to a factor-biased increase in the productivity of the worker type performing those tasks. The effect on relative wages across types then depends on whether they are complements or substitutes. I assume that workers cannot learn the tasks that are not specific to their type, while in principle they can be employed on any of the tasks that their group performs. This introduces an inherent substitutability between workers belonging to the same group. If skilled workers have a comparative advantage on products with volatile demand, which are more likely to be outsourced, a fall in outsourcing costs reduces inequality at the bottom end of the distribution and increases inequality at the top end.

#### “Monetary Policy in the Global Economy”

I consider a global production network, where every country has multiple sectors that trade in intermediate inputs both domestically and internationally. Producers in each country-sector pair can price different shares of their output in different currencies, also conditioning on the destination. I derive the response of local inflation and output to local and foreign shocks to sector-level productivity, monetary policy and exchange rates. I plan on using this framework to revisit traditional questions, such as the effect of competitive devaluations and monetary policy spillovers, and to evaluate the extent to which an increase in import shares (both in production and final consumption) can reduce the sensitivity of inflation to local employment.