

Northwestern

Economics

Matteo Camboni

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Contact Information

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Citizenship: Italian

Fields

Research: Microeconomic Theory, Economics of Organizations, Political Economics
Teaching: Microeconomics

Education:

Ph.D., Economics, Northwestern University, 2022 (anticipated)
Dissertation: Essays in Microeconomic Theory
Committee: Jeff Ely (Co-Chair), Alessandro Pavan (Co-Chair),
Georgy Egorov, Bruno Strulovici, Asher Wolinsky

M.A.: Economics, Northwestern University	2020
M.A.: Economics, Bocconi University	2015
B.A.: Economics, Bocconi University	2013

Fellowships

Dissertation University Fellowship, Northwestern University	2021-2022
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Teaching Experience

Teaching Assistant, Northwestern University	2017-2021
Undergraduate: Microeconomics 202 and 310 (Prof. Schulz, Prof. Hernandez), Game theory 380 (Prof. Wolinsky)	
MBA: Microeconomic Analysis Mecn 430 (Prof. Antic, Prof. Egorov)	

Research Experience

Research Assistant, Jeff Ely, Northwestern University	2021
Research Assistant, Alessandro Pavan, Northwestern University	2018-2020
Research Assistant, Isaias Chaves, Northwestern University	2018-2020
Research Assistant, Marco Ottaviani, Bocconi University	2015-2016

Conferences

American Winter Meetings of the Econometric Society,	2021
Northwestern Political Mini-Conference	2020

Refereeing

American Economic Review, Journal of Economic Theory

Computer Skills

Mathematica (proficient), Matlab (proficient), Stata (experienced)

Languages

English (fluent), Italian (native), Portuguese (fluent),
French (good), Spanish (basic)

Job Market Paper

“Monitoring Team Members: Information Waste and the Self-Promotion Trap”

(with Michael Porcellacchia)

We analyze a moral hazard problem where a firm incentivizes a team of complementary workers by designing a robust incentive scheme that relies on individual and team performance measures. While using both measures minimizes information rents, team-performance bonuses expose workers to strategic uncertainty about their colleagues' effort. We show that the firm typically sacrifices statistically-relevant information to curb strategic uncertainty, compensating some workers solely based on their individual performance. We provide a complete characterization of the optimal incentive scheme, highlighting how the firm discriminates among (possibly homogeneous) workers in terms of total rents, type of contract offered, and monitoring some workers more closely than others. Finally, we use this characterization to study the workers' incentives to facilitate or hinder the firm's monitoring. We show that competition for better contracts incentivizes workers to be more transparent, triggering an unraveling result that only benefits the firm, delivering the same payoffs as the firm-preferred equilibrium. That is, the competition gives rise to a self-promotion trap.

Other Papers

“A Theory of Political Favoritism and Internal Conflicts”

(with Michael Porcellacchia)

This paper shows how favoritism in government policy naturally arises and shapes conflicts in societies where tax extraction is only constrained by the violence potential of multiple social groups. In equilibrium, the government undermines the subjects' ability to coordinate against taxation by creating a ranking that grants higher status, thus lower taxes, to stronger groups. Such divide-and-conquer strategy (favoritism), which emerges in the shadow of violence, motivates a novel class of conflicts where resource appropriation/destruction is aimed at climbing the government's ranking. Moreover, since the strongest group gains the largest support for the rulership, groups fight to become the strongest. Expanding the analysis, we study how political institutions and cross-group identities affect the political equilibrium and internal stability. Finally, we discuss how our predictions shed light on the evidence from both contemporary and historical societies.

“Intermediated Monitoring in Signaling Games”

This paper analyses a classical signaling model à la Spence where agents' efforts are not perfectly observable, and the monitoring structure is endogenous. We focus on the incentives for an intermediary (a school) to provide a finer or coarser monitoring structure. We show that a monopolistic school typically benefits from providing no information, inducing the pooling equilibrium as the unique equilibrium of the game. On the other hand, we show that when multiple schools compete to attract students, they will typically select the monitoring structure preferred by the high types. Furthermore, we show that such optimal monitoring structure frequently pools together higher levels of effort with zero effort. In this way, the intermediary is able to induce an equilibrium in which all low types exert no effort and are pooled with positive probability with the high types who, on the other hand, exert an effort lower than the one required by the classical separating equilibrium. From the agents' perspective, such equilibrium Pareto dominates the separating equilibrium without being dominated by the pooling equilibrium. Finally, we show that this equilibrium is also consistent with a natural extension of the Intuitive Criterion.

“Under Pressure: Optimal Stopping Problems with Stochastic Deadlines”

(with Theo Durandard)

We explore the effects of time pressure, in particular of (potentially stochastic) deadlines, on optimal stopping problems. We identify and exploit a general connection between stochastic deadlines and discounting to obtain comparative statics on the timing and quality of the decisions. We apply our results to the classical sequential sampling problem à la Wald. Consistent with a vast body of experimental evidence, we show that slower decision-makers make less accurate decisions when time pressure increases over time. This result extends

Fudenberg, Strack, and Strzalecki (2018) analysis to the case where all decision-makers face problems with the same perceived difficulty. On the other hand, we show that the opposite is true when time pressure decreases over time: slower decision-makers are more accurate. Finally, we discuss the possible implications of our results for the effects of competition in markets for innovations.

“International Power Rankings: Theory and Evidence from International Cooperation”

(with Michael Porcellacchia)

Throughout history, powerful countries have used their coercive resources to obtain favorable policies from other countries (geopolitical rents). This paper proposes and tests a theory of geopolitical competition, studying how geopolitical rents depend on the power of all competing countries. Our theory shows that the equilibrium geopolitical rent obtained by a country is not just determined by its power or relative power, but rather by its Weaker Powers Index (WPI), i.e., the combined share of power held by all weaker competitors. Specializing the theory, we show that when the WPI of a country increases, it should trade more, conclude more economic and military deals, have better diplomatic and political relations, and send more aid. In our empirical analysis, we confirm these predictions using bilateral data on international interactions and trade. Finally, we show that the theory can accurately predict the effect of the rise of China and the collapse of the Soviet Union on the United States and other major powers and shed light on various puzzles of international relations, including the Thucydides Trap.

Languages

English (fluent), Italian (native), Portuguese (fluent), French (good), Spanish (basic)

References

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