

## ALLEGATO B

UNIVERSITÀ DEGLI STUDI DI MILANO

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### [Nome e cognome] CURRICULUM VITAE

INFORMAZIONI PERSONALI (NON INSERIRE INDIRIZZO PRIVATO E TELEFONO FISSO O CELLULARE)

COGNOME	GALLETTA
NOME	SERGIO
DATA DI NASCITA	31/03/1985

# Sergio Galletta

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## Current position

*Postdoctoral researcher at the Center for Law and Economics ETH, Zurich*

## Research interests

Public Finance • Political Economy • Applied Microeconomics • Machine Learning

## Education

- 2010-2014 PhD in Economics, Università della Svizzera italiana
- 2014 Visiting research student, McMaster University, Hamilton
- 2013 Visiting research student, University of Toronto, Toronto
- 2011-2012 Swiss Program for Beginning Doctoral Students in Economics, Study Center Gerzensee
- 2007-2009 MSc in Economics, Catholic University of Milan
- 2004-2007 BSc in Economics, Catholic University of Milan

## Experiences

- 2018- Postdoctoral researcher, ETH, Zurich
- 2015-2017 Swiss National Science Foundation Postdoctoral fellow, Institut d'Economia de Barcelona (UB) and Institut d'Anàlisi Econòmica (CSIC), Barcelona

## Research

### PROJECTS AND GRANTS

- 2018-2019 "Citizens' preferences and direct democracy" (SNSF grant n. 177718) - Applicant
- 2016-2017 "Political scandals and spillover effects" (SNSF grant n. 167635) - Applicant
- 2015-2016 "The Incentive Effects of Formula-based Equalization Schemes" (SNSF grant n. 158603) - Applicant
- 2010-2016 "The Swiss Confederation: A Natural Laboratory for Research on Fiscal and Political Decentralization" (SNSF grants n. 130648 and n. 147668) - Collaborator
- 2010-2013 "Partial Fiscal Decentralization" (SNSF grant n. 130443) - Collaborator

- 2018 F. Cavalcanti, G. Daniele and **S. Galletta** “Popularity shocks and political selection”, *Journal of Public Economics*
- Abstract:* We observe that popularity shocks are crucial for electoral accountability beyond their effects on voters’ behaviors. By focusing on Brazilian politics, we show that the disclosure of audit reports on the (mis)use of federal funds by local administrators affects the type of candidates who stand for election. When the audit finds low levels of corruption, the parties supporting the incumbent select less-educated candidates. On the contrary, parties pick more-educated candidates when the audit reveals a high level of corruption. These effects are stronger in municipalities that have easier access to local media.
- 2017 **S. Galletta**, “Law enforcement, municipal budgets and spillover effects: Evidence from a quasi-experiment in Italy”, *Journal of Urban Economics*
- Abstract:* In this paper, I empirically investigate the presence of spillover effects resulting from the strengthening of law enforcement against corruption in local governments. Specifically, I take advantage of an Italian law that empowers the central government to replace democratically elected municipal officials who are potentially connected with the mafia with a commission of non-elected administrators. Fixed-effects model estimates that focus on a sample of municipalities from three Italian regions (Campania, Calabria and Sicilia) for the period 1998 to 2013 show that in municipalities where the city council is dismissed because of the presence of mafia-connected officials, there is a reduction in public investments in neighboring municipalities. Additional empirical evidence suggests that this reduction may be because law enforcement spillovers reduce misconduct in neighboring municipalities.
- 2017 **S. Galletta** and A. Redonda, “Corporate Flat Tax Reforms and Businesses’ Investment Decisions. Evidence from Switzerland”, *International Tax and Public Finance*
- Abstract:* This paper focuses on the effects of a corporate income flat tax reform on businesses’ investment decisions. Since 1990, several Swiss states (cantons) have been switching from a graduated to a flat tax rate scheme on profits. The paper assesses the effects of such a reform both on the number of establishments (i.e. extensive margin of investment) and on the number of employees (i.e. intensive margin) in a given jurisdiction by computing a difference-in-differences estimation. Our results suggest that the introduction of a flat tax reform on corporate income taxes has a negative and statistically significant impact on both margins of investment. Moreover, the effect is considerably larger for riskier firms, suggesting that progressive taxation acts as an insurance effect for risk-averse entrepreneurs.
- 2016 **S. Galletta**, “On the determinants of happiness: a Classification And Regression Tree (CART) approach”, *Applied Economics Letters*
- Abstract:* This article studies the determinants of the individual’s subjective well-being by applying a classification and regression tree (CART) analysis to data from the Survey on Household Income and Wealth (SHIW) provided by the Bank of Italy. The results support the primary importance of economic conditions but show that their effect is heterogeneously dependent on other individual characteristics.

- 2015 **S. Galletta** and M. Jametti, “How to Tame Two Leviathans? Revisiting the effect of direct democracy on local public expenditure in a federation”, *European Journal of Political Economy*

*Abstract:* We explore how the presence of direct democracy across hierarchical levels of government in a federation affects the level of public expenditure. In so doing we revisit the effect of direct democratic institutions on public policies. Particularly, we are interested whether the effect of upper-level (state) direct democratic institutions on lower-level expenditure varies with lower-level direct democracy. Empirically, we exploit the large institutional variation in the degree of direct democracy both for state (cantons) and local governments (municipalities) in Switzerland. Considering 119 municipalities belonging to 22 cantons for the period 1993–2007, we find that the cantonal fiscal referendum increases local spending for those municipalities without fiscal referenda, while this effect is significantly reduced for municipalities that also avail of referenda. This suggests that upper-level fiscal restraint can be undone by lower-level profligacy if direct-democratic control is limited to the upper level.

- 2015 **S. Galletta**, M. Jametti and A. Redonda, “Highway to Economic growth? Competition in public works tenders in the Democratic Republic of Congo”, *South African Journal of Economics*

*Abstract:* The Democratic Republic of Congo (DRC) is one of the poorest countries in the world. The construction sector will play an essential part to bring the country on the path of economic growth, and competition within the sector is crucial to achieve this goal. In this paper, we analyse the effect of competition in public works tenders in the DRC, using a unique and newly assembled database on public works contracts. We find that the number of participating bidders significantly reduces contract prices, confirming our prior hypothesis that competitive pressure can enhance the overall performance of the sector. Further, we account for the possibility of heterogeneous tender participants, finding that the competition effect can vary with the degree of bidders’ heterogeneity.

#### CURRENT WORKING PAPERS

G. Daniele, **S. Galletta** and B. Geys “Abandon Ship? Party Brands and Politicians’ Responses to a Political Scandal” *revise & resubmit: Journal of Public Economics*

*Abstract:* In this article, we study politicians’ – rather than voters’ – responses to the main political scandal in Italian recent history (Tangentopoli), and overcome endogeneity concerns by analysing the local implications of this national corruption scandal. We find that local politicians withdraw support for incumbents in parties hit by Tangentopoli – inducing increased political instability in such municipalities. Moreover, politicians in parties hit by the scandal exhibit higher rates of party switching and lower re-running rates. Scandals thus appear to decrease the value of the party “brand”, and become transmitted across politicians and levels of government via partisan cues.

**S. Galletta** and E. Ash “How Cable News Reshaped Local Government” *under review: American Economic Review*

*Abstract:* Partisan cable news broadcasts have a causal effect on the size and composition of budgets in U.S. localities. Utilizing channel positioning as an instrument for viewership, we show that exposure to the conservative Fox News Channel shrinks local government budgets,

while liberal MSNBC enlarges them. Revenue changes are driven by shifts in property taxes, a key tool for local redistributive policy. Expenditure changes are driven by public hospital expenditures, an important discretionary public good provided by local governments. We also find evidence that Fox exposure increased privatization (while MSNBC decreased it). An analysis of mechanisms suggests that the results are driven by changes in voter preferences, but not by changes in partisan control of city governments.

**S. Galletta** “Decision-Making Institutions and Voters’ Preferences for Fiscal Policies” *under review: Journal of Urban Economics*

*Abstract:* This paper examines the effect of local political decision-making institutions (i.e., direct democracy vs. representative democracy) on citizens’ preferences toward public spending. Exogenous variation in institutions comes from a regression discontinuity design, which exploits a discrete change in the probability that a municipality has representative democracy based on a legally stipulated population threshold in the Swiss canton (state) of Vaud. Fiscal policy preferences by municipality are measured by vote shares on Swiss national referendums and initiatives that, if approved, would have increased public spending. Relative to direct democracy, representative democracy reduces vote shares in favor of spending by around 5 percentage points. The effect is not due to sorting on other observables or to feedback from changes in local policies. These findings demonstrate the importance of preferences as a channel through which political decision-making institutions can affect public policies.

**S. Galletta, E. Ash and D. L. Chen** “Do Judicial Sentiments affect Social Attitudes?” *under review: Political Analysis*

*Abstract:* This paper provides an empirical analysis of how the sentiments expressed in judicial rulings affect social attitudes. We apply natural language processing tools to the text of U.S. appellate court opinions to extrapolate judges’ sentiments toward a number of specific target groups. Exogenous variation in those sentiments comes from an instrumental variables approach, which exploits the random assignment of judges to cases (and the fact that judge characteristics provide good cross-validated predictors of expressed sentiments). Our estimates are consistent with a backlash effect from judge sentiments to social attitudes. This effect does not persist over time and is heterogeneous depending on the target group considered.

**S. Galletta**, “Direct Democracy, Partial Decentralization and Voter Information: Evidence from Swiss Municipalities”

*Abstract:* In this paper, I investigate whether changes in the availability of direct democratic institutions in local jurisdictions affect expenditure decentralization. I collect institutional and public budget information for a panel of 406 Swiss municipalities over the period 1990-2009 and identify 45 of them that either abolished or introduced a mandatory fiscal referendum. Using a difference in differences estimation I find a statistically significant reduction of decentralization when local jurisdictions introduce the mandatory fiscal referendum. To explain this result, I propose a model where citizens benefit from direct democracy because it increases their awareness of governments’ behavior. Under a condition of partial decentralization (i.e., officials from different levels of government share the responsibility for the provision of public goods) direct legislation affects politicians’ electoral incentives which relocate expenditure where citizens have the lowest control over government actions.

#### CONFERENCES AND SEMINARS

- 2019 Workshop on the Causes and Consequences of Populism Bocconi-Milan, Swiss Workshop on Local Public Finance and Regional Economics USI-Lugano, Workshop on Political Economy IEB-Barcelona, Seminar at IAE-CSIC Barcelona, Petralia Workshop
- 2018-2012 SIEP Padova, Seminar at Uni Ferrara, ASSA Chicago, SSES Lausanne, Workshop on Political Economy Fiscal Federalism Barcelona, Petralia Workshop Siracusa, Seminar EU Commission Joint Research Centre Ispra, ZEW Public Finance Conference Mannheim, Workshop on the Economics of Organized Crime Bergamo, IIPF Lake Tahoe, SSES Lugano, Seminar at IAE-CSIC Barcelona, Seminar at KOF-ETH Zürich, YSEM Zürich, EPCS Groningen, SIEP Ferrara, CESifo Dresden, Seminar at IEB Barcelona, IIPF Lugano, CPEG Ottawa CIRANO Fiscal Rules Montreal, CAE Montreal, PCS New Orleans, Seminar at McMaster University Hamilton, SIEP Pavia

### **Others**

#### SUPERVISION OF GRADUATE STUDENTS

- 2017 Jannick Blaschke (co-sup), MSc Economics (Uni. Barcelona)

#### TEACHING

- 2018 Guest lecturer, ETH, Zurich  
- Fiscal Policy and Inequality (MSc) - 1 semester
- 2010-2014 Teaching assistant, University of Lugano, Lugano  
- Industrial Organization (MMgt) - 4 semesters  
- Public Economics and Policy (MPM) - 3 semesters  
- Microeconomics (MMgt/MPM/PhD) - 2 semesters

#### REFeree SERVICES

Empirical Economics, European Economic Review, European Political Science Review, Journal of Happiness Studies, Italian Economic Journal, Regional Science and Urban Economics

#### LANGUAGE SKILLS

Italian (native), English (fluent), Spanish (fluent)

#### COMPUTER SKILLS

Languages - VBA, Python | Stat & Math - Stata, SPSS, R | Others - LaTeX, QGIS

Data

25/07/2019

Luogo

Zurigo

A handwritten signature in black ink, appearing to read "Giovanni Sella", written in a cursive style.