ENRICO DI GREGORIO

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- Fall 2021 –

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Citizenship: Italian	1050 Massachusetts Avenue
Born July 12, 1990	Cambridge, MA 02138, USA
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2021-22 Position: National Bureau of Economic Research, Post-Doc Fellow in Long-Term Fiscal Policy

Graduate Studies:
    Harvard University, 2015 to 2021
    Ph.D. in Political Economy and Government (Economics track)
    Thesis Title: "*Essays in Public Finance and Political Economy*"

References:
Professor Stefanie Stantcheva (Chair)	Professor Nathaniel Hendren	Professor Anders Jensen
Harvard University	Harvard University	Harvard Kennedy School
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Prior Studies:
    M.Sc. in Economic and Social Sciences, Bocconi University, *summa cum laude*, 2014.
    B.A. in International Economics, Management and Finance (Economics major), Bocconi University, *summa cum laude*, 2012.
    Exchange Semester at UC Berkeley, January-May 2012. Campus Abroad at Chulalongkorn University (Bangkok, Thailand) and Foreign Trade University (Hanoi, Vietnam), July 2011.

Research and Teaching Fields:
    Primary field: Public Finance
    Secondary fields: Political Economy, Cultural Economics

Teaching Experience:

Spring 2019, 2020	API202: Empirical Methods II, TF for Professor Michela Carlana
	Econ1425: Political Economics, TF for Professor Andrei Shleifer
Fall 2019	Econ2412A: Graduate Political Economy, TF for Professor Alberto Alesina
Fall 2018, 2019	Econ1018: Cultural Economics, TF for Professor Alberto Alesina
Fall 2017	Econ1420: American Economic Policy, TF for Professors Martin Feldstein, Lawrence Summers, Jeffrey Liebman, and Amitabh Chandra
Fall 2017	Econ980PP: Understanding Cooperation: Trust, Morality and Religion Across Societies, TF for Professor Benjamin Enke
Spring 2015	Empirical Research Methods (Bocconi undergraduate): TA for Professors Tommaso Nannicini and Paolo Pinotti. Econometrics II (Bocconi PhD), course notes drafting with Professor Tommaso Nannicini
Fall 2014- Spring 2015	Institutions, Government and Society (Bocconi graduate): TA for Professors Paolo Pinotti, Piero Stanig, Valentina Mele and Nadia Urbinati

Refereeing Activity:
Referee for the Quarterly Journal of Economics, the Journal of the European Economics Association, Oxford Economic Papers, Economics & Politics.

Research Experience:

Jun 2017 - Dec 2017   Harvard Kennedy School and International Growth Center (LSE)
Research Assistant to Professors Anders Jensen and Jonas Hjort
Sept 2014 - Jun 2015   Bocconi University
Research Assistant to Professor Tommaso Nannicini
Sept 2013 - Jul 2014   IGIER – Bocconi University
Research Assistant to Professor Guido Tabellini
IGIER Visiting Student, Mentor: Professor Tommaso Nannicini
Feb 2014 - Jul 2014   Policy Analysis Dept. and Centro Paolo Baffi - Bocconi University
Research Assistant to Professor Paolo Pinotti

Honors, Fellowships, Affiliations:

Spring 2021 - present   Molly and Domenic Ferrante Economics Research Fund (Harvard)
2015-2021   Ph.D. Fellowship and Dissertation Completion Fellowship (Harvard GSAS);
C. and S. Pascucci Graduate Student Dissertation Fellowship Fund (Harvard)
Spring 2020   Harvard College Special Teaching Commendation
Feb 2020 - present   Ph.D. affiliate at Evidence for Policy Design (Harvard Kennedy School)
Feb 2020 - present   Graduate affiliate at the Institute for Quantitative Social Sciences (Harvard)
2017-2019   Bok Center's Distinction in Teaching (Fall 2017, Fall and Spring 2019)
Fall 2018   Lab for Economic Applications and Policy (LEAP) research grant (Harvard)

Language Knowledge:
Italian (native), English (fluent), Spanish (intermediate, 2021 Harvard Spanish 20 course), German (2009 Sprachdiplom EU C1 level).

IT Software Knowledge:
Stata, MatLab, Latex, Lyx, Microsoft Office suite (advanced); RStudio, Python (basic).

Research:

PUBLIC FINANCE WORK WITH CONFIDENTIAL ADMINISTRATIVE DATA:

"Audit Rule Disclosure and Tax Compliance" (**job market paper**), with M. Paradisi.
Presented at the APPAM 42nd Annual Fall 2020 Research Conference (Panel: "Tax Administration and Lessons for Policy") and the NTA 114th Annual Conference on Taxation (Session: "Shaping Tax Compliance around the World").

Abstract: We show that tax authorities can stimulate tax compliance by strategically releasing audit-relevant information. We rely on the Sector Studies, an Italian policy disclosing to small firms and the self-employed that audit risk drops above file-specific revenue thresholds. This allows us to pursue two empirical strategies, leveraging more than 26 million Sector Study files submitted between 2007 and 2016. First, we estimate a structural model to match the heterogeneous bunching we observe on the low-risk side of the disclosed thresholds. Relative to scenarios where these thresholds are secret, we determine that disclosure results on average in 6.3-7.7% higher declared revenues, but modest welfare costs. Second, we exploit a staggered Sector Studies reform that widens the initial audit risk discontinuity. In line with our theory, taxpayers who benefit from greater audit exemptions above the threshold tend to reduce their relative compliance, while those originally below the threshold improve it. However, mean reported profits increase by 16.2% in treated sectors over six years.

"The Business Cost of Tax Audits: Evidence from Italy"

Abstract: How disruptive is tax auditing for small firms and the self-employed? How willing are taxpayers to avoid the costs associated with fiscal inspections? Even when audits detect no evasion, they can place undue burden on the day-to-day activity of small taxpayers. With micro-level administrative data over the 2007-2016 period, I study the revenue response of Italian firms and the self-employed across two types of auditing policies. On one hand, I explore the effect of a reduction in the length of on-site audits mandated since 2011. On the other, I assess the extent of bunching below the exemption threshold of Sector Studies as it evolves across sectors and years. Observed responses can inform us on the relative costs that firms associate to tax audits, and guide policy choices for the optimal design of modern tax enforcement systems.

"Optimal Audit Rule Design and Effective Audit Targeting", with L. Maini, M. Paradisi, and E. Sartori (in progress).
Awarded the Molly and Domenic Ferrante Research Fund for 2021-2022.

"Rewarding Compliance: Effects of the 2011 Reward Regime on Italian Small Businesses", with M. Paradisi. Report prepared for the Italian Revenue Agency, and presented to the Italian Revenue Agency, Sose, and Sogei on June 17, 2020.

Abstract: We study the effects of a unique Italian reform incentivizing voluntary tax compliance among the self-employed and small businesses. Starting in 2011, taxpayers in a growing number of sectors were promised an increase in audit exemptions upon achieving a set of desirable conditions defined by the Revenue Agency. While policy rewards might induce a tax base rise among previously non-compliant filers, curbing audit risks for broad categories of the taxpaying population might prove revenue reducing. Over the first six years of implementation, our event-study analysis of more than 9 million anonymized records reveals a substantial expansion of average declared revenues, total costs, and gross profits, with little heterogeneity across macro-regions. Although aggregate compliance does not seem to improve by policy metrics, our distributional analysis shows that large gains obtain among taxpayers appearing non-compliant in the year before their sector's reform. We also provide a dynamic perspective on bunching at salient, audit-relevant revenue thresholds generated by the system. Relative revenue reshuffling from above and below these thresholds provide evidence that bunching in our context may emerge from both desirable and adversarial updating in compliance behavior.

POLITICAL ECONOMICS:

"The Diversity We Breath: Community Diversity and Gas Leaks Management" (2019), with F. Jordan.

Abstract: In this paper, we develop and test a conceptual framework to link diversity in small-scale communities and local resource management, intended as the ability of a community to protect common resources. Diversity could reduce this ability by its adverse impact on the potential for collective action and the extent of individual attachment to the community. Using geocoded data on 1,600 Grade-3 gas leaks in 2016 across Boston and Cambridge, we show that block groups displaying higher degrees of ethno-racial and linguistic fractionalization in the most recent Census and American Community Survey enjoy a lower share of reparations of the local pool of leaks. In particular, the more robust and conservative estimates imply that moving from the 10th to the 90th percentile of the linguistic fractionalization distribution is associated with a decrease in the reparation share by 6.3 percentage points, compared to the baseline average of 3.7%. We address a number of empirical challenges inherent to the spatial nature of our data by estimating models at the leak level and accounting for spatial autocorrelation. Although we are able to confirm, through quantitative and qualitative evidence, that more fractionalized communities appear to be less endowed with social capital and individual attachment, measures of these concepts do not explain away the baseline results. We conclude by discussing possible reasons for this puzzle in the form of alternative mechanisms and other challenges to our approach.

"Ethnic Business Cycles: A First Survey for Africa" (2017)

Abstract: Is there a link between ethnic favoritism and political business cycles? I test this hypothesis with micro-level data from 20 Sub-Saharan African countries over the 1999-2013 period. Preliminary results show that a set of individual economic well-being indicators from the Afrobarometer vary over the electoral cycle depending on the ethnic distance between survey respondents and their national leader, as proxied by a novel measure of linguistic proximity. The relationship is nonlinear for some consumption goods during election years and more generally in their immediate aftermath, suggesting the need for the ethnic favoritism literature to move beyond the use of binary

indicators of individual-leader coethnicity. The presence of an "ethnic business cycle" in the data calls for further exploration of the political roots of Africa's underdevelopment.

<u>"Manipulate to Survive: Political Budget Cycles in Hybrid Regimes"</u> (2014)

Abstract: Do political budget cycles (PBCs) exist across starkly different regimes? The bulk of the empirical literature on electoral manipulation focuses on democratic settings and motives, but competitive elections are set up in a wide variety of political contexts, albeit with different meanings. I exploit a large panel of 94 developing countries over the 1989-2004 period to assess the intensity of budget deficit manipulation over the full range of an aggregate regime measure (the POLITY index). PBCs behave nonlinearly and peak among hybrid systems, that is, those regimes that mix autocratic and democratic features in the structure of central authority. Given that competition in these settings is often real but unfair, I explore the possibility that such cycles are induced by the risk of political instability and the threat of unrest faced by the incumbents. Probit and Poisson analyses reveal that electoral time is an especially volatile moment in these already fragile systems. Budget manipulation thus emerges as part of a set of instability management tools ensuring incumbent survival.