

Michela Giorelli

Titolo:

“The Effects of Fiscal Decentralization on Publicly Provided Services and Labor Markets”

*Abstract: This paper studies how fiscal decentralization affects local services. It exploits a 1993 reform that increased the fiscal autonomy of Italian municipalities by introducing a local property tax. The identification leverages cross-municipal variation in the degree of decentralization stemming from Allied bombings during WWII. Decentralization reduced overall spending, but expanded municipal services, such as nursery schools. These effects are larger in areas with higher political competition. The paper also investigates how these changes in local services affected the labor markets. Decentralization, likely through expanded nursery schools, increased female labor supply, reducing the gender gap in employment.*