

TOMMASO SONNO

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GENDER: Male

CITIZENSHIP: Italian

PRE-DOCTORAL STUDIES:

2013	MSs Joint Degree Program Economics and Social Sciences Economic Theory and Research	Bocconi University (<i>Summa cum Laude</i>) Université catholique de Louvain (<i>Grande Distinction</i>)
2010	Exchange student	University of California San Diego
2010	BSs Economics	Bocconi University

DOCTORAL STUDIES:

Université catholique de Louvain, London School of Economic (affiliate)
European Doctoral Program in Quantitative Economics

DATES: September 2013 - present

THESIS TITLE: "Essays on globalisation and conflicts, populism and firm heterogeneity"

EXPECTED COMPLETION DATE: Spring 2018

THESIS ADVISOR AND REFERENCES:

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DESIRED TEACHING AND RESEARCH:

Primary Fields: International trade, political economy

Secondary Fields: Applied microeconometrics

TEACHING EXPERIENCE:

2016 International Economics (summer school, LSE)
2015 Economics of the European Union (summer school, Bocconi University)
2015 Economic Prospects (graduate, Bocconi University)
2013-2015 Economics of European Integration (graduate, Bocconi University)
2013-2015 Macroeconomics (undergraduate, Bocconi University)
2013-2015 Microeconomics (undergraduate, Bocconi University)
2013-2015 European Economic Policy (undergraduate, Bocconi University)

RELEVANT POSITIONS HELD:

2016-present Research Fellow, Fonds de la Recherche Scientifique, Belgium
2015-2017 President, Board of Appeals of the European Youth Parliament Italy
2015-2016 Research Assistant for Gianmarco Ottaviano
2013-2015 President, European Youth Parliament Italy
(former: Vice-President, Fundraising, Institutional Relations)
2013-2015 Non-academic lecturer, Bocconi University
2013-2015 Research Assistant for Carlo Altomonte and Massimo Morelli
2008-2009 Part-time Teacher (Physics, Mathematics, Economics), Bloomsbury School, Milan
2003-present Responsible for fundraising - Project Manager, Nasara for Burkina NGO, Ouagadougou

LANGUAGES

Italian Native
English Fluent
French Basic

HONORS, SCHOLARSHIPS AND FELLOWSHIPS:

2017 *European Central Bank*, selected worldwide among the 10 Ph.D. students for the “ECB Young Economists’ Competition”, Sintra, Portugal
2016 *University College London*, offered Full-Time Lectureship (AY 2016/2017), refused for F.R.S.-FNRS Research Fellowship
2016 *Fonds de la Recherche Scientifique*, fully funded Research Fellow (2016-2018), Belgium

JOB MARKET PAPER:

“Globalization and conflicts: the good, the bad and the ugly of corporations in Africa”

Abstract: Using georeferenced data on the affiliates and headquarters of multinational enterprises together with georeferenced conflict data, this work is the first to establish a causal link between the activities of multinational enterprises and violence. The results indicate that activities which increase local human capital decrease the probability of civil conflict, while the activity of exploitative sectors, in particular in the agriculture and forestry sectors, increases conflict. The increase in the likelihood of conflict is amplified in areas with politically unrepresented ethnic groups, and/or groups targeted for large-scale land acquisition.

PUBLICATIONS:

“On Economic Interdependence and War”, *Journal of Economic Literature* (2017), 55(3), 1084-1097
(with Massimo Morelli)

Abstract: In this article, we review the book *Economic Interdependence and War* by Dale C. Copeland, and take this opportunity to describe and discuss the current debate on the topic from an interdisciplinary perspective. We also provide novel insights on the measurability of dependence expectations' effects on conflict, using the interaction with geography and endowment asymmetries.

CHAPTERS IN BOOKS:

“Global value networks”, in J. Amador and F. di Mauro ed., *The Age of Global Value Chains: Maps and Policy Issues*, *Centre for Economic Policy Research Press, London* (2015), 85-106
(with Carlo Altomonte, Italo Colantone and Armando Rungi)

We study, at the industry level, the patterns of correlation between value added trade flows and the presence of multinational business groups (MBGs) across countries and industries. Value added trade flows are computed from WIOD data through the methodology developed by Wang et al. (2013). Data on the presence of MBGs are obtained as in Altomonte and Rungi (2013), using data from ORBIS and the Ownership Database by Bureau van Dijk. We run gravity estimations augmented with measures of MBGs presence across “triplets”, defined as “home country - home industry - partner country”. We employ as dependent variables both gross exports and the four main value added components of exports (e.g. domestic and foreign value added). We find evidence of a rich pattern of positive correlations between value added trade and the presence of MBGs.

“Firm-Level Productivity and Exporting. Diagnosing the role of Financial Constraints”, in *Product Market Review 2013*, DG Economic and Financial Affairs, *European Commission Publication* (2013), 30-48
(with Carlo Altomonte, and Hylke Vandenbussche)

In this chapter, we explore how and why financial indicators affect firm-level total factor productivity and the exporting status of a firm. We address three relevant policy questions: Do financial indicators affect firms' productivity levels? Do financial indicators affect firms' ability to enter international markets and export? Have financial supply conditions and domestic aggregate demand during the crisis affected firms' ability to become exporters?

UNDER REVIEW:

“Global Crisis and Populism: the Role of the Euro Zone Institutions”
(with Luigi Guiso, Helios Herrera, and Massimo Morelli)

Submission requested by *Economic Policy*, special issue on Populism

Abstract: Populist parties are likely to gain consensus when mainstream parties fail to manage satisfactorily the shocks faced by their economies. Constraints to act in the face of shocks result in poorer performance and frustration among voters which, disappointed with mainstream parties, may turn consensus to populist movements. We rely on this logic to explain the differential spread of populist parties among European countries in response to globalization shocks and to the 2008-2011 financial and sovereign debt crisis. We predicts a greater success of populist parties in response to these shocks in Euro area nations. Consistent with this prediction we document a positive effect on populist voting of globalization and financial crisis shocks. But we also document that all the effect can be traced to the voting response in Euro area countries. This is consistent with voters' frustration for the greater inability of the Euro zone governments to react to difficult-to-manage globalization shocks and financial crises. Our evidence has implications for the speed of construction of political unions. A slow, staged process of political unification can expose to a risk of political backlash if hard to manage shocks hit the economies during the integration process.

WORKING PAPERS:

“Populism: Demand and Supply”, *CEPR Discussion Paper 11871*, submitted
(with Luigi Guiso, Helios Herrera, and Massimo Morelli)

Abstract: We define as populist a party that champions short-term protection policies while hiding their long-term costs by using anti-elite rhetoric to manipulate beliefs. We provide a framework that rationalizes this definition and generates sharp implications for people support to populist platforms (the demand side), for the timing of appearance of populist parties and their chosen orientation (the supply side) as well as for non-populist parties response to populist success (an equilibrium market reaction). Using individual data on voting in European countries we document that key features of the demand for populism as well as the supply heavily depend on turnout incentives, previously neglected in the populism literature. Once turnout effects are properly taken into account, economic insecurity drives consensus to populist policies directly as well as through indirect negative effects on trust and attitudes towards migrants. On the supply side, populist parties are more likely to emerge and prosper when countries deal with systemic economic insecurity crisis that both left-oriented incumbent parties (relying on government-based policies) and right-oriented (relying on markets) find hard to address, disappointing voters who lose faith in them and abstain. Relative entry space determines the orientation choice of populist parties, i.e., whether they enter on left or right of the political spectrum. The typical non-populist party policy response is to reduce the distance of their platform from that of new populist entrants, thereby magnifying the aggregate supply of populist policies.

“Markups, Productivity and the Financial Capability of Firms”, *Baffi Carefin Working Paper*, submitted
(with Carlo Altomonte and Domenico Favoino)

Abstract: We incorporate the presence of financial frictions in a framework of monopolistically competitive firms with endogenous markups. Before producing, firms need to obtain a loan necessary to cover part of production costs, for which they have to pledge col-lateral in the form of tangible assets. Firms are heterogeneous in both productivity and access to finance: some firms have access to collateral at lower costs. As a result, financial capability and collateral requirements enter together with productivity in the expression of the equilibrium firm-level markup. At the aggregate level, our framework shows that financial

frictions in the form of higher collateral requirements mitigate the pro-competitive effects of economic liberalization via the effects they have on the pass-through of shocks to prices. We validate our theoretical results capitalizing on a representative sample of manufacturing firms surveyed across a subset of European countries during the financial crisis. Guided by theory, we estimate for each firm financial capability, TFP and markups. We then employ those estimates to structurally retrieve from the model a measure of the (ex-ante unobservable) collateral requirements faced by each firm, and test our main propositions.

“Firms Financial Conditions and the R&D-Export trade-off”,
(with Carlo Altomonte, and Hylke Vandenbussche)

Abstract: This paper adds new empirical evidence on the relationships between financial constraints, exports and innovation at the firm level through an instrumental variable approach. The empirical analysis capitalizes on a representative and cross-country comparable sample of manufacturing firms (EFIGE) stemming across seven European countries (Austria, France, Germany, Hungary, Italy, Spain and UK). Results show a positive correlation between the financial health of a firm and its export activities, with this result however not robust to the inclusion of total factor productivity (TFP) once endogeneity is controlled for. Financial constraints do not affect innovation activities, which tend to be internally financed by the firm. The complex relations between productivity, R&D and financial conditions, and their joint impact on the exporting activity of a firm, point at a trade-off between the internationalization vs. innovation activities of firms. Specifically, exploiting the large supply shock to external credit that took place in some EU countries during the most recent financial crisis, we find that exporting firms, when faced with a credit crunch, tend to channel the internal resources previously used to finance their R&D activities towards the financing of their exporting activities. Thus, in times of external credit scarcity, firms appear to prioritize their internationalization activities over their innovation activities.