

**The Research Centre of the School of Economics and Business in coordination with the Bank
of Slovenia**

cordially invites you to a research seminar
on **Tuesday, 6 May 2025, at 13:00 CET** in room **P-119**
at the School of Economics and Business

Alessandro Melcarne
(Université Paris – Nanterre)

will present the article

Judicial performance and relational public contracts: evidence from Italian data

Does weak judicial enforcement cause relational contracting in public procurement? This paper empirically investigates the effect of judicial effectiveness – in its timing dimension – on the use of discretionary adjudication procedures in public procurement. Indeed, although formally denied relational contracts, public authorities can use more discretionary award procedures, such as regulated negotiations, to partially replicate the mechanism and ensure contractual fulfillment. The study uses data from the procurement of works by Italian municipalities for the period 2009–2012 and for a monetary range where the choice is available. It exploits a spatial discontinuity design using contracts issued by municipalities at jurisdictions' borders, following Mattera et al. (2023), refined by coarsened exact matching. Results showcase a negative causal relationship between judicial delay and the likelihood of using discretionary procedures. It is conjectured that the negative effect is a consequence of the legal tools, such as penalties, that regulation allows public contractors to self-enforce a contract. In this case, an ineffective judiciary acts as a further defense against suppliers' legal challenges. This hypothesis is discussed against an explanation based on third-parties opportunism (Spiller, 2008) and the formalization of contractual relationships.

We look forward to welcoming you at the seminar.