

Michael Fabian Barczay

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RESEARCH INTERESTS

Primary Fields: (Quantitative) Macroeconomics, Public Finance

Interests: Heterogeneous Agents, Optimal Taxation, Consumption, Green Transition

CURRENT POSITIONS

PhD Candidate, European University Institute (Department of Economics), Italy

Supervisors: Alexander Monge-Naranjo, Russell Cooper

Research Associate, Study Center Gerzensee, Switzerland

EDUCATION

PhD in Economics , European University Institute	2020 - 2025
MRes in Economics , European University Institute	2020 - 2021
MA Specialized Economic Analysis , Barcelona School of Economics	2018 - 2019
MA International Affairs , Geneva Graduate Institute	2016 - 2018
BA Business and Economics (Major in Economics), University of Basel	2013 - 2016

EXPERIENCE

Fund Intern , International Monetary Fund (Fiscal Affairs Department)	06/2024 - 08/2024
Visiting PhD Student , Banco Central de Chile (Research Department)	08/2023 - 10/2023
Statistical Assistant , European University Institute	04/2023 - 09/2024
Research Assistant to Russell Cooper, European University Institute	03/2023 - 05/2023
Teaching Assistant & Lecturer , European University Institute	09/2021 - 03/2024
Intern , Swiss National Bank (Inflation Forecasting Unit)	08/2019 - 07/2020
Research Assistant to David Sylvan, Geneva Graduate Institute	01/2018-07/2018

TEACHING

Tax Systems	Fall 2024
SC Gerzensee, PhD Level – Teaching Assistant to Joel Slemrod (U. Michigan)	
Life-Cycle Heterogeneous Agents Models: Solution and Estimation	Fall 2022 & Spring 2024
EUI, PhD Level – Teaching Assistant to Jesús Bueren	
Matlab Programming Bootcamp	Fall 2021, 2022 & 2023
EUI, PhD Level – Lecturer	
Macroeconomics I (Dynamic Fiscal and Monetary Policy)	Fall 2021
EUI, PhD Level – Teaching Assistant to Russell Cooper	

WORK IN PROGRESS

“On the Optimal Design of Consumption Taxes” (*EUI Best Second Year Paper Award*)

Abstract: How should differentiated consumption taxes be designed in the presence of capital income taxes and progressive labor income taxes? I study this question using a quantitative model featuring heterogeneous households with non-homothetic preferences, uninsurable idiosyncratic risk, and a government that uses various tax instruments to raise revenue. I estimate the parameters governing households' demand using data from the US Consumption Expenditure Survey, and show that my model matches the heterogeneous consumption behavior across the income distribution. Allowing the benevolent government to jointly optimize consumption taxes on 11 different consumption categories and labor income taxes, I find that necessities should be heavily subsidized (-52%) and that luxuries are optimally taxed at a positive rate of 7%. This increase in the rate differential is optimally compensated by a significant decrease in the progressivity of the labor income tax. Three main mechanisms explain why such differentiated tax rates are welfare maximizing: they provide consumption insurance by subsidizing essential goods of low-income households, imply a targeted taxation of the initial wealth of high-wealth households, and induce highly productive households to increase their labor supply.

“How to Finance the Green Transition: the Political Economy of Investment Tax Credits” (with *Russell Cooper*)

Abstract: We study the aggregate and distributional consequences of green investment tax credits (ITCs) and ask under which financing structures such environmental policies would be adopted by a majority of voters and sustained in the long run. We develop an overlapping generations model with heterogeneous households, multiple sectors, and a government that wants to introduce a green ITC to reduce pollution. Our model highlights both an intratemporal (across the income distribution) and an intertemporal (across generations) disagreement about the desirability of green ITCs arising from the unequal distribution of the costs and benefits. Together, they can lead to voting outcomes in which the ITC would never be adopted, even though it would be welfare improving for a majority of the population in the long run. We show that allowing for some debt financing of the ITC can overcome this political gridlock. Moreover, this debt can be fully repaid in the long run while maintaining high approval rates for the ITC. Changes in asset market participation rates and factor prices induced by the ITC explain why fully tax-financed ITCs are approved only in the long run, but not at the time of introduction of the ITC.

“Taxing Mobile Money: Theory and Evidence” (with *Shafik Hebous, Fayçal Sawadogo, Jean-Francois Wen*)

Abstract: This paper explores the effects of mobile money taxes on mobile money usage and financial inclusion. We present a stylized model of cash management and show that the introduction of a tax on mobile money incentivizes users to switch to alternative payment systems. The model implies that the welfare costs of the tax are unevenly distributed across the population, with individuals with less access to banks being more adversely affected. Taking advantage of the staggered introduction of mobile money taxes in Sub-Saharan Africa, we test the model's predictions using several surveys on financial access. We provide evidence that mobile money taxes do indeed reduce mobile money usage along the extensive and intensive margins by reducing the number of mobile money users and the frequency and value of transactions. Moreover, more financially included individuals respond more strongly to the introduction of the tax, suggesting that rural and unbanked segments of the population pay a disproportionate share of the tax.

“The Regional Incidence of VAT Tax Cuts: Evidence from Germany” (with *Shafik Hebous, Tom Zimmermann*)

“Heterogeneity in the Bank Lending Channel: Evidence from the Euro Area” (with *Sylvia Kaufmann*)

CONFERENCES & SEMINARS

Econometric Society Winter Meeting, *The University of the Balearic Islands*, 16. - 18.12.2024 (scheduled)

SED Winter Meeting, *Universidad Torcuato di Tella*, 12. - 14.12.2024 (scheduled)

Doctoral Workshop on Quantitative Dynamic Economics, *University of Aix-Marseille*, 14.10.2024

MMF Annual Conference '24, *University of Manchester*, 06.09.2024

Tax Policy Brown Bag, *IMF*, 28.08.2024

Paris School of Economics, 25.04.2024

Study Center Gerzensee, 25.04.2024

Simposio of the Spanish Economic Association (SAEe) *University of Salamanca*, 16.12.23

Banco Central de Chile, 17.10.23

17th End-of-Year Conference of Swiss Economists Abroad, *University of Basel*, 22.12.22

SHORT COURSES

Bayesian Methods for Empirical Macroeconomics, Gary Koop, *Studycenter Gerzensee*, July 2022
Tools for Macroeconomists (Advanced), Wouter den Haan & Pontus Rendahl, *Oxford*, August 2021
Inference in Structural Macro Models, Domenico Giannone & Girogio Primiceri, *Swiss National Bank*, January 2020

SCHOLARSHIPS & AWARDS

SAEe PhD Student Grant, Fundacion Ramon Areces	2023
EUI Best Second Year Paper Award	2022
EUI Scholarship Swiss State Secretariat for Education, Research and Innovation	since 2020
Dr. Max Huusmann Foundation, Zurich, Scholarship for the Graduate Institute	2016-2018

SKILLS

Computational

Julia, Matlab, Stata, R

Languages

German (native), English (fluent), French (proficient), Italian (proficient), Spanish (basic), Arabic (beginner)

PROFESSIONAL ACTIVITIES & VOLUNTEERING

Matlab Tutor, European University Institute	2022-2023
Co-Organizer, Macro Working Group, European University Institute	2021-2022
Researchers Representative Economics Department, European University Institute	2021
Treasurer & Board Member, Pro Centro Educativo Yampuc	since 2016