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Contact Information

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EDUCATION

PhD in economics	2021
Paris School of Economics, EHESS	Paris, France
Master in Analysis and Policy in Economics	2016
Paris School of Economics, EHESS	Paris, France
Master in Economics	2012
Universidad del Rosario	Bogota, Colombia
Bachelor in Economics	2009
Universidad de Antioquia	Medellin, Colombia

RESEARCH FIELDS

Macroeconomics, Economics of Informality, Monetary and Fiscal Policy.

JOB MARKET PAPER

- **Optimal monetary policy in developing Countries: the role of informality ([Download](#))**

In this paper, I analyze optimal monetary policy in developing countries whose labor markets are characterized by the presence of a large informal sector. I develop a closed economy model with nominal price and wage rigidity, search and matching frictions, and a dual labor market: a formal one characterized by matching frictions and nominal wage rigidity, and an informal one where wages are fully flexible. Under this framework, a trade-off between price and wage inflation emerges. I find that informality increases the response of price and wage inflation to aggregate productivity shocks. As a result, the presence of an informal sector increases the inefficient fluctuations of labor market variables, such as unemployment, labor market tightness, and formal hiring rate. I find that optimal policy with informality features significant deviations from price stability in response to aggregate productivity shocks.

WORKING PAPERS

- **Tax evasion, informality, and optimal monetary policy:** With Jean Olivier Hairault ([Download](#))

Our paper aims to unveil how much monetary policy shall deviate from the flexible-price allocation in an economy with a large informal sector. First of all, the presence of variable taxes in the formal sector generates an inflation bias under a discretionary policy, which increases with the size of the informal sector. Secondly, we find that only the formal sector is responsible for the cost-push shocks that are amplified in a more informal economy. The trade-off between inflation and the formal output gap is then dependent on the elasticity of the former variable with respect to the formal output gap. However, the optimal management of inflation also depends on the elasticity of the informal output gap with respect to the formal output gap. As this elasticity is decreasing with the size of the informal sector, whether inflation volatility (in terms of the aggregate output gap) is lower or higher in a more informal economy is ambiguous. By simulation, we show that economies with a larger informal sector should stabilize less inflation relative to the total output gap.

- **Job polarization and the informal labor market** ([Download](#))

This paper analyses the incidence of job polarization in developing and emerging countries, where a substantial fraction of the urban labor force works in the informal sector. I build a general equilibrium model with informality and endogenous occupational choice. Workers in the informal sector do not pay taxes, are less productive, and have the same ability to perform manual tasks. The analytical solution of the model shows that job polarization, driven by a Routine-Biased Technological Change (RBTC), increases the size of the informal sector. Additionally, I find that the share of informal employment in the service sector and the wage inequality at the bottom of the skill distribution decrease with technological progress.

PRE-DOCTORAL PUBLICATIONS

- **Economic costs of extreme weather-associated events (in Spanish).** En: Impactos Económicos del Cambio Climático en Colombia (2015). Capítulo 5. CEPAL, Inter-American Development Bank and DNP. ISBN 978-958-8340-78-4 (Co-author: Jaramillo, F)
- **Business cycle analysis in an economy with a large informal sector (in Spanish)** (2013). Ensayos sobre Política Económica, vol 31, No. 72. pp 51-66
- **Formal labor demand in Colombia: determinant factors and policy implications (in Spanish).** (2010). En: Jalil, M. y Mahadeva, L. (Eds.) Mecanismos de transmisión de la política monetaria en Colombia (1ra ed., pp. 607-642). Capítulo 12. Bogotá, Col: Banco de la República de Colombia and Universidad Externado. ISBN: 9789587106367 (Co-authors: Arango, L. and Posada, C)

RESEARCH AND TEACHING EXPERIENCE

Teaching assistant (Sep 2019 - Aug 2021)

Université Paris 1 Panthéon-Sorbonne, Paris, France

- International Monetary Economics, undergraduate level, 2019-2021.
- Linear Algebra and Optimization, undergraduate level, 2019-2021
- Microeconomics, Master level, 2019-2020.

Adjunct Professor (Sep 2013 - Aug 2014)

Universidad del Rosario, Bogota, Colombia

- Macroeconomics, undergraduate level.

Researcher (Aug 2012 – Aug 2013)

Universidad del Rosario, Bogota, Colombia

Junior Researcher (Jul 2009 – Aug 2012)

Universidad del Rosario, Bogota, Colombia

Research Assistant (Jul 2008 – Jun 2009)

Central Bank of Colombia, Bogota, Colombia

SEMINARS AND CONFERENCES

13th ECEE Conference: Evolving Challenges in European Economies, (2021), Tallin, Estonia.

PSIPSE Seminar, Paris School of economics, (2021), Paris, France.

PSE PhD Macro workshop, Paris School of economics, (2019), Paris, France.

Axel Leijonhufvud Trento Summer School XX Edition: Macroeconomic Topics: Inefficiencies and coordination failures, (2019), Trento, Italy.

13th International Conference: Challenges of Europe: Growth, Competitiveness, Innovation and Well-being, (2019) Bol, Croatia.

The Economics of Informality Conference, (2018), Bogota, Colombia.

AWARDS AND SCHOLARSHIPS

PSE mobility grant (2019), Paris, France.

COLCIENCIAS Institute. Full scholarship for PhD studies abroad. (2015), Bogota, Colombia.

COLFUTURO Institute. Scholarship for master studies abroad. (2014), Bogota, Colombia.

Master thesis awarded with a laureate mention. (2012), Universidad del Rosario, Bogota, Colombia

Best GPA in the undergraduate Program in Economics. (2009), Universidad de Antioquia, Medellin, Colombia.

COMPUTER AND LANGUAGE SKILLS

Languages: Spanish (Native), English (Fluent), French (Intermediate), Dutch (Beginner).

Programming: Advanced level in MATLAB, STATA, Excel, EViews, and Mathematica.

REFERENCES

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Fernando Jaramillo. E-mail: fernando.jaramillo@urosario.edu.co

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Research Economist at Banque de France.