Michael Fabian Barczay

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RESEARCH INTERESTS

(Quantitative) Macroeconomics, Public Finance, Environmental Economics

EDUCATION

PhD in Economics, European University Institute	2020-2025
Supervisors: Alexander Monge-Naranjo, Russell Cooper	
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

Visiting PhD Student, Banco Central de Chile	2023
3 months spent working in the Research Department	
Research Assistant, European University Institute	2023
RA to Russell Cooper	
Research Assistant, European University Institute	2022
RA to Alexander Monge-Naranjo	
Intern, Swiss National Bank	2019 - 2020
Inflation Forecasting Unit	
Research Assistant, Graduate Institute Geneva	2018
RA to David Sylvan	

TEACHING

Life-Cycle Heterogeneous Agents Models: Solution and Estimation	Fall 2022
EUI, PhD Level – Teaching Assistant to Jesús Bueren	
Matlab Programming Bootcamp	Fall 2021, 2022 & 2023
EUI, PhD Level – Instructor	
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 (-50%), that luxuries are optimally taxed at a positive rate (12%), and that the level of the labor income tax is increased while its progressivity remains largely unchanged from the status quo. Three main mechanisms explain why such differentiated tax rates are welfare maximizing: they reduce consumption inequality 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: Many governments impose green investment tax credits to incentivize green capital investment and mitigate the effects of climate change. This paper studies the political feasibility and fiscal consequences of such tax credits. We study the implementation of green investment tax credits in an overlapping generations model where today's generation votes on the introduction of such policies. We show that financing such tax credits by issuing new debt is needed to guarantee public approval by the present generation but too much debt issuance crowds out investment, thereby offsetting the effects of the tax credit.

"Heterogeneity in the Bank Lending Channel: Evidence from the Euro Area" (with *Matthias Gubler* and *Sylvia Kaufmann*)

Abstract: In this paper we develop a novel Bayesian framework to estimate heterogeneous and time-varying responses of agents to monetary policy shocks. Monte Carlo simulations illustrate the performance of the method. We then apply the framework to euro area data to study the heterogeneous transmission of the ECBs monetary policy across euro area countries. Our results suggest that the bank lending has been operating heterogeneously across euro area countries and with substantial heterogeneity across the last 25 years.

"The Anatomy of the MPC" (with *Lucciano Villacorta, waiting for data*)

Abstract: In this project, we aim to make use of administrative data from Chile to better understand how income shocks translate into consumption responses. Specifically, we ask whether households respond to unexpected income changes by adjusting the level of consumption, the composition of the consumption basket in terms of quality composition and expenditure categories, or by searching for lower prices. For this project, we plan to extract income shocks from income tax data and combine it with detailed transaction level data.

SHORT COURSES & SUMMER SCHOOLS

"Bayesian Methods for Empirical Macroeconomics," Gary Koop, Studycenter Gerzensee, 2022

"Tools for Macroeconomists (Advanced)," Wouter den Haan & Pontus Rendahl, Oxford, 2021

"Inference in Structural Macro Models," Domenico Giannone & Girogio Primiceri, Swiss National Bank, 2020

"Barcelona GSE Data Science Winter School (Machine Learning with Python)," Omiros Papaspiliopoulos, Barcelona, 2019

"Zaeslin & Maag Summer School at the University of Basel (Negotiation)," Catherine Tinsley, Basel, 2017

CONFERENCES & SEMINARS

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

Seminar at the *Banco Central de Chile*, 17.10.23

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

SCHOLARSHIPS & AWARDS

SAEe Ph.D. 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 (fluent), Italian (fluent), Spanish (basic)

PROFESSIONAL ACTIVITIES

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

REFERENCES

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