

Mehmet T. Demir

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Placement Director: Natalia Kovrijnykh	natalia.kovrijnykh@asu.edu	(480) 965-7158
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EDUCATION

PhD in Economics, Arizona State University, *2019-present*
Thesis Title: *Essays on Taxation and the Macroeconomy*
Expected Completion Date: *May 2024*
References:

Gustavo Ventura (Chair)
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Rajnish Mehra
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MS in Economics, Arizona State University, *2021*
MA in Economics, Sabanci University, Turkey, *2019*
BS in Economics, Middle East Technical University, Turkey, *2017*
Minor in Operations Research, Middle East Technical University, Turkey, *2017*

RESEARCH FIELDS

Primary Fields
Macroeconomics, Firm Dynamics, Taxation
Secondary Fields
Family Economics, Inequality

TEACHING EXPERIENCE

Instructor at Arizona State University	
<i>Undergraduate</i> , Intermediate Macroeconomic Theory	Summer 2022

Teaching Assistant at Arizona State University	
<i>Undergraduate</i> , Intermediate Macroeconomic Theory	Spring 2023
<i>Undergraduate</i> , Applied Regression Analysis	Fall 2021, Fall 2022
<i>Undergraduate</i> , Financial Economics	Spring 2022
<i>Undergraduate</i> , Macroeconomic Principles	Spring 2022
<i>Undergraduate</i> , Microeconomic Principles	Fall 2020, Spring 2021

Teaching Assistant at Sabanci University	
<i>Graduate</i> , Macroeconomics II	Spring 2019
<i>Graduate</i> , Macroeconomics I	Fall 2018
<i>Undergraduate</i> , Macroeconomics	Fall 2017 & Spring-Summer 2018

RESEARCH EXPERIENCE	Research Assistant to Gustavo Ventura, Arizona State University, <i>Summer 2022-2023</i>
HONORS & FELLOWSHIPS	Arizona State University, Nominated as Outstanding Student for SEA Meeting, <i>2023</i> Arizona State University, CASEE Fellowship, <i>2019-2020</i> Sabanci University Full Merit Scholarship, <i>2017-2019</i> Middle East Technical University, High Honor Graduate, <i>2017</i> Erasmus Grant for Eberhard Karls Universität Tübingen, <i>2016</i>
SEMINARS & CONFERENCES	Texas Tech University, Midwest Macroeconomics Meeting (Scheduled), <i>2023</i> Southern Economic Association, 93 rd Annual Meeting (Scheduled), <i>2023</i> Arizona State University, Macroeconomics Workshop, <i>2023</i> Southern Methodist University, Midwest Macroeconomics Meeting <i>2022</i> Arizona State University, Macroeconomics Workshop, <i>2022</i>
COMPUTER SKILLS	<i>MATLAB, Python, R, Stata, GAMS</i>
LANGUAGES	Turkish (Native), English (Fluent), German (Basic)
RESEARCH PAPERS	<i>Taxes, Regulations and Business Structure in the US, Working Paper</i>

Abstract: The United States has experienced a dramatic shift in the distribution of output across different business structures in the US since the 1980s. The share of output of pass-through entities (S-corporations, LLCs, partnerships, sole proprietorships) almost doubled, while that of C-corporations declined by one-fourth. During this period, there have been notable changes in the tax structure and tax avoidance within these entities. Using a dynamic growth model with endogenous tax avoidance, occupation choice, and uninsurable entrepreneurial risk, I study the extent to which changes in taxation can account for the observed reallocation of output. My quantitative results indicate that changes in tax rates account for 14 percent of the reallocation of output share observed in the US. I also find that taking into account changes in the borrowing ability and changes in tax avoidance, the tax changes account for about 26 percent of the reallocation of output. Moreover, other regulatory changes, reflected by overhead costs, can lead to a substantial output reallocation toward pass-through entities. A policy experiment of imposing a tax on top wealth holders leads to significant increases in the net-tax gap and resources allocated to tax avoidance activities, and a decline in government revenue.

Marriage, Entrepreneurship and Female Labor Force Participation in the US, Working Paper

Abstract: The United States has experienced a remarkable decline in the rate of firm entry and the share of entrepreneurs since the 1980s. I document that entrepreneurship is more prevalent in married households and among men, and that these groups went through a greater decline in entrepreneurship. I document that changes in the number of married households and the increase in female labor force participation account for over 40 percent of the overall fall in entrepreneurship since 1980s. To understand the relationship between demographic composition factors and

entrepreneurship, I develop a model with an occupation choice for individuals of different marital status, college skills, and gender. The model takes into account important features of the data, including the extent of marital sorting, the skill premium, the gender wage gap, and the gender business income gap. My results indicate that changes in the demographic composition (share of married households, fraction of skilled individuals, marital sorting) account for 76% of the decline in entrepreneurship, 68.4% of the fall in married entrepreneurs, and 70.5% of the decrease in male entrepreneurs. Moreover, considering all changes account for 82.8% of the observed fall in entrepreneurship.

Entrepreneurship, Inequality and Redistribution, joint with Hakki Yazici, **Work in Progress**

Abstract: We study optimal taxation in a model of entrepreneurship in which the mismatch between entrepreneurial ability and wealth creates productive inefficiency in the presence of financial frictions. Redistribution can be helpful in bringing the economy to its production possibilities frontier by reducing wealth inequality but is costly as taxation distorts wealth creation. We derive optimal capital tax formulas that reflect this trade-off. The formulas reveal that optimal redistribution is increasing in the degree of ability-wealth mismatch and decreasing in the tax elasticity of aggregate wealth.