PAWEŁ DOLIGALSKI

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EDUCATION

European University Institute, Department of Economics, Florence

Doctoral Programme in Economics	2011 – 2016
M.Res.	2012

University of Pennsylvania, The Economics Department, Philadelphia

Visiting scholar	I-IV 2014

Warsaw School of Economics

B.A. + M.A. in Quantitative Methods in Economics and Information Systems	2006-2011

Universidade Católica Portuguesa, Faculty of Economics and Management, Lisbon

Erasmus scholarship	2010 – 2011

LANGUAGES

Polish: native   **English**: fluent   **Italian**: basic   **German**: basic

WORK EXPERIENCE

Visiting researcher, National Bank of Poland	VII-IX	2015
Visiting researcher, Hungarian National Bank	VII-IX	2014
Junior analyst, Institute for Structural Research	II – IV	2011

TEACHING ASSISTANCE

European University Institute, PhD programme

Macroeconomics 1, prof. Árpád Ábrahám	2012
Microeconomics 1, prof. Tito Pietra	2013
Optimal Taxation and Private Information, prof. Árpád Ábrahám	2015

WORKING PAPERS

Optimal Taxation with Permanent Employment Contracts (job market paper)	2015
Optimal Redistribution with a Shadow Economy (with Luis E. Rojas)	2015
Hedging with Human Capital in Venture Capital Contracts	2014

PRESENTATIONS

Forthcoming: SAEe, Econometric Society European Winter Meeting

2015: Royal Economic Society Annual Conference, National Bank of Poland, World Congress of the Econometric Society, Warsaw Economic Seminar

2014: Hungarian National Bank, Warsaw International Economic Meeting

2013: Macroeconomics and Financial Frictions Workshop (a comment)

RESEARCH INTERESTS

Taxation, dynamic contract theory

REFERENCES

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ABSTRACTS

Optimal Taxation with Permanent Employment Contracts (job market paper)

New Dynamic Public Finance finds the optimal income tax in an environment where private insurance is absent. I extend this framework by introducing permanent employment contracts that facilitate insurance provision within firms. The optimal tax system becomes remarkably simple, as the government outsources most of the insurance provision to employers and focuses mainly on redistribution. When the government wants to redistribute to the poor, a dual labor market could be optimal. Less productive workers are hired on a fixed-term basis and are partially insured by the government, while the more productive types enjoy full insurance of permanent employment.

Optimal Redistribution with a Shadow Economy (with Luis E. Rojas)

We examine the constrained efficient allocations in the Mirrlees (1971) model with a shadow economy. There are two labor markets: formal and informal. The income from the formal market is observed by the planner, while the income from the informal market is not. There is a distribution of workers that differ with respect to the formal and the informal productivity. We show that when the planner does not observe individual productivities some workers may optimally work in the shadow economy. Moreover, the social welfare of the model with the shadow economy can be higher than the welfare of the model without the informal sector. These results hold even when each agent is more productive formally than in the shadow economy. In order to apply our theory, we propose a novel way of estimating workers' productivities in the two sectors from micro data. Calibrating the model to Colombia, where 58% of workers are employed informally, we find that the optimal shadow economy is half that size. The optimal income tax schedule is very different then the one implied by the Mirrlees (1971) model without the informal sector.

Hedging with Human Capital in Venture Capital Contracts

The aim of this paper is to identify a new role for the provision of insurance in the principal-agent framework, when the principal wants the agent to engage in some risky, yet potentially profitable, activity. When the agent's preferences exhibit decreasing absolute risk aversion, the principal may provide some risk-free income in order to decrease risk aversion of the agent and reduce the cost of incentives. In other words, more insurance makes it easier to persuade the agent to perform a risky action. This idea is applied to the case of an entrepreneur obtaining financing from a venture capital fund.