PAWEŁ DOLIGALSKI

CONTACT

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

WORKING PAPERS

Optimal Taxation with Permanent Employment Contracts (JMP #1) 2015
Optimal Redistribution with a Shadow Economy (with Luis Rojas, JMP #2) 2015
Hedging with Human Capital in Venture Capital Contracts 2014

OPEN PROJECTS

Labor Market Institutions and Unemployment Decomposition (with P. Borys and P. Kopiec)

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

Macroeconomics, taxation, dynamic contract theory

REFERENCES

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ABSTRACTS

Optimal Taxation with Permanent Employment Contracts (job market paper #1)

New Dynamic Public Finance describes the optimal income tax in an environment where private insurance is absent. I extend this framework by introducing permanent employment contracts which 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 ones enjoy the full insurance provided by permanent employment. I provide empirical evidence consistent with the theory and characterize the constrained efficient allocations for Italy.

Optimal Redistribution with a Shadow Economy (with Luis Rojas, job market paper #2)

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

This paper identifies a new role for the provision of insurance in a 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 the 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.