

# Luís P. Matos

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## Areas of Interest

Public Economics, Political Economy, Economic Growth, Fiscal Policy

## Current Position

*Post-Doctoral Fellow*

2018 -

Department of Economics and Business - Universitat Pompeu Fabra  
Barcelona Graduate School of Economics

## Education

### **PhD in Economics**

2013 - 2018

Economics Section - Cardiff Business School - Cardiff University

Thesis: Essays on Fiscal Federalism

Supervision: James Foreman-Peck (Cardiff University) and Ákos Valentinyi (University of Manchester)  
(including: *MRes in Economics* from 2013 to 2015)

### **Pre-doctoral education**

*MSc in International Economics, Banking and Finance*

2012 - 2013

Economics Section - Cardiff Business School - Cardiff University

Dissertation: "Fiscal Reaction Function of 25 OECD Countries from 1995 to 2011: Fiscal Devolution, Debt Service, Debt Limits, and Fiscal Rules" (*Grade: Distinction*)

Supervision: James Foreman-Peck (Cardiff University)

*MSc in International Economics and European Studies*

2010 - 2012

ISEG School of Economics and Management - University of Lisbon

Dissertation: "Fiscal Federalism, Institutions and Social Capital: lessons from the Italian Mezzogiorno" (*Grade: 17 out of 20*)

Supervision: João Carlos Lopes (University of Lisbon)

*BSc in Economics*

2006 - 2010

Faculty of Economics - University of Porto

*European Baccalaureate*

1994 - 2006

European School of Brussels II

## Research

### **Job Market Paper**

Title: "On the Design of a Common European Fiscal Harmonization Agreement"

Abstract: Fiscal competition imply significant shifts in tax and spending structures and bring significant welfare losses to developed economies. Some form of fiscal coordination is thus commonly advocated in order to prevent such type of non-cooperative Nash equilibria. But how should policymakers design a fiscal harmonization agreement within the European Union? Recent tax harmonization proposals have focused on corporate income tax harmonization. This paper proposes a different approach. Several policy scenarios are examined within an endogenous growth model with flexible labour supply calibrated for the EU economy. Two main messages emerge from the policy simulations. Firstly, capital income tax harmonization is no panacea. Indirect taxes, such as VAT, should become priority targets of fiscal reforms proposals. Secondly, expenditure side reforms are also needed. Even limited EU budget increases, such as the introduction of common European welfare programs, like a European-wide unemployment insurance system, can go a long way in preventing significant welfare losses from fiscal competition.

## Other Research

### Working Papers:

Title: "Fiscal Federalism and Tax Competition: a Double-Edged Sword?"

(Updated version - presented at 25<sup>th</sup> Meeting on Public Economics, Valencia 2018 - Alexandre Pedrós Prize for best young author's paper on Fiscal Federalism, Public Finance, Taxation and Public Choice)

Abstract: Fiscal devolution, federalism or decentralization creates the possibility for tax competition between jurisdictions. In an endogenous growth model with capital and labour taxation where governments provide both productive goods and merit goods, we show that tax competition brings growth-maximizing policies. Yet, this translates into a 'race to bottom' for the taxation of the mobile factor, capital, together with a 'race to the top' for the taxation of immobile factor, labour. Hence, fiscal devolution limits the scope for redistribution and brings potentially large regional asymmetric effects. Against this background, we examine several possible tax harmonization scenarios that may be considered in the EU context where member states are decentralised jurisdictions. Capital tax harmonization avoids a race to the bottom in capital taxation but implies a race to the top in labour taxation. Only labour income tax harmonization can avoid the latter, while leaving room for a positive capital tax.

Title: "Fiscal Responses of 25 OECD countries from 1995 to 2016: local autonomy, fiscal rules and debt service"

Abstract: This paper addresses the influence of fiscal devolution, electoral budget cycles, fiscal rules and indebtedness conditions on the fiscal stance. We find three main policy patterns: the fiscal stance responds positively to increases in the debt service, shows a pro-cyclical behaviour and is negatively affected in years of parliamentary elections. Furthermore, a negative impact of expenditure decentralization on the fiscal stance is found, however more complex mechanisms may be at work behind this apparent relationship. We also find signs of fiscal sluggishness in responses to rising debt levels, before certain ratios of debt service to GDP are attained, as well as a positive impact of debt rules.

### Research in Progress:

"Robots, Taxes and Cycles" (with R. Forster)

"A Fiscal Union for the EU: from Tax Harmonization to European Universal Basic Income"

"Merit Good Provision and US Regional Divergence: the Role of Education"

## Teaching Experience

### Visiting Assistant Professor

2018 -

Department of Economics and Business - Universitat Pompeu Fabra

2018-19: Principles of Public Economics and Public Policy Analysis (3<sup>rd</sup>-4<sup>th</sup> year BSc)\*

### Teaching Fellow

2017 - 2018

Department of Economics - University of Bath

2017-18: Financial Investment Management (MSc Economics and Finance)\*

### Teaching Assistant

2013 - 2018

Economics Section - Cardiff Business School - Cardiff University

2017-18: Economics of the E.U. (2<sup>nd</sup> year BSc) [average SFQ score: N/A]\*\*

2016-17: Statistics (MSc brush-up course), International Trade (3<sup>rd</sup> year BSc) [SFQ: 4.4/5], International Finance (3<sup>rd</sup> year BSc) [SFQ: 4.3/5]

2015-16: Statistics, International Trade [SFQ: 4/5], Economics of the E.U. [SFQ: 4.6/5], Quantitative Methods (MSc) [SFQ: 4.5/5]

2014-15: Statistics, Economics of the E.U. [SFQ: 4.15/5]

2013-14: Quantitative Methods [SFQ: 4.3/5], Principles of Money and Banking (MSc) [SFQ: N/A]

(\* detailed student-course evaluations available upon request - \*\* SFQ - Student Feedback Questionnaires)

## Summer Schools

CREI Macroeconomics Summer School - Barcelona Graduate School of Economics (BGSE)

June 2017

Economic Growth and Inequality

with Gino Gancia (CEPR, CREI, Queen Mary)

Government Inefficiency and Reform

with Giacomo Ponzetto (BGSE, CREI, UPF)

*Macroeconometrics Summer School - BGSE*  
*Bayesian Methods for DSGE Models*  
with Kristoffer Nimark (CEPR, Cornell)

July 2015

*Lisbon School of Economics and Management (ISEG) Summer School*  
*Quantitative Methods for Public Policy Evaluation*  
with Stephan Litschig (GRIPS) and Gabrielle Fack (CEPR, CESifo, PSE)

July 2014

### **Seminars and Conferences**

2018: 17<sup>th</sup> Journées Louis-André Gérard-Varet (Aix-en-Provence, presentation), Barcelona GSE Summer Forum (presentation), QED conference (Alicante, presentation), Cardiff University (job market seminar), University of Namur (presentation), 1<sup>st</sup> CESifo EconPol workshop: Economic and Fiscal Policy in Europe (Munich, presentation), CEFER - Central Bank of Lithuania (Vilnius, presentation), 25<sup>th</sup> Meeting on Public Economics (Valencia, presentation)

2017: 32<sup>nd</sup> Annual Congress of the European Economic Association (Lisbon, presentation), 11<sup>th</sup> Annual Meeting of the Portuguese Economic Journal (Vila Real, presentation), Bristol Macroeconomics Workshop (University of Bristol, attending), Review of Economic Studies May Meetings (Southampton, attending), Augustin Cournot Doctoral Days (University of Strasbourg, presentation), Cardiff University (PhD workshop presentation), Money, Macro and Finance PhD workshop (University of Portsmouth, poster)

2016: Research Forum on Macro-Finance (Bank of England, attending), Review of Economic Studies May Meetings (University College London, attending), Cardiff University (PhD workshop presentation)

2012: I2FC - Interdisciplinary Insights on Fraud and Corruption (University of Porto, presentation), UECE Conference on Economic and Financial Adjustments in Europe (University of Lisbon, attending), 18<sup>th</sup> APDR Congress - Innovation and Regional Dynamics (University of Algarve, presentation)

### **Awards and Memberships**

Alexandre Pedrós Prize for "Fiscal Federalism and Tax Competition: a Double-Edged Sword?" attributed at 25<sup>th</sup> Meeting on Public Economics  
Economic and Social Research Council (ESRC) 4-year full Award in Economics (2013-2017)  
Royal Economic Society (RES) Conference Grant (2017)  
Cardiff Business School Ph.D. "Summer School Competition" (2015)  
Sir Julian Hodge Prize: 1<sup>st</sup> Runner-up for Best M.Sc. Student (2013)  
Erasmus Program Scholarship: Faculty of Economics and Business, Universidad de Granada (2009 - 2010)  
Member of the Royal Economic Society (2015-)  
Member of the European Economic Association (2017-)

### **Language Skills**

Portuguese (native), English (fluent), French (fluent), Spanish (intermediate), Italian (basic)

### **Computing Skills**

*Statistical Packages:* MatLab, Stata, Eviews, R  
*Databases:* Datastream, Bankskope, Bloomberg, Eurostat, IMF and OECD  
*Others:* L<sup>A</sup>T<sub>E</sub>X

### **Other Information**

Ph.D. students representative on the Research Committee - Cardiff Business School  
Ph.D. (Econ) students representative on the Economics Section Student-Staff Panel - Cardiff Business School

## References

**Prof. Ákos Valentinyi**  
**The University of Manchester**  
School of Social Sciences  
3<sup>rd</sup> Floor, Arthur Lewis Building, Oxford Road,  
Manchester, M13 9PL, United Kingdom  
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**Prof. David Collie**  
**Cardiff University**  
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**Prof. James Foreman-Peck**  
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