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DOCTORAL STUDIES: Massachusetts Institute of Technology (MIT)
PhD, Economics, Expected completion June 2008
DISSERTATION: Essays on Macroeconomics
DISSERTATION COMMITTEE AND REFERENCES

ADVISORS Professor George-Marios Angeletos
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PRIOR EDUCATION	M.A., highest honors	Economics	Athens University of Economics and Business	2002
	S.B., magna cum laude	Economics	Athens University of Economics and Business	1997

CITIZENSHIP	Greek	GENDER: Female	DATE OF BIRTH	1979
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LANGUAGES Greek, English, German

RESEARCH & TEACHING FIELDS Primary Field: Macroeconomics
Secondary Fields: Public Economics, Financial Economics

TEACHING EXPERIENCE	Macroeconomics (undergraduate)	2006-2008
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RELEVANT POSITIONS	Research Assistant to Professor George-Marios Angeletos	2003-2008
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FELLOWSHIPS, MIT RA Award 2006, 2007
HONORS, AND MIT George and Maria Vergotis Fellowship 2005
AWARDS MIT Presidential Fellowship 2002-2004
Onasis Foundation, Greece: Graduate Scholarship 2002-2005
AUEB and G. Chalkiopoulos Foundation Scholarship and Prize 1997-2001
Hellenic State Scholarships Foundation 1997-2001
National Essay Writing Competition Awards 1990, 1994, 2000

RESEARCH “**Capital Taxation with Entrepreneurial Risk**” (Job Market Paper)
PAPERS:

This paper studies the effects of capital taxation in a dynamic heterogeneous-agent economy with uninsurable entrepreneurial risk. Although it allows for rich general-equilibrium effects and a stationary distribution of wealth, the model is highly tractable. This permits a clear analysis, not only of the steady state, but also of the entire transitional dynamics following any change in tax policies. Unlike either the complete-markets paradigm or Bewley-type models, where idiosyncratic risk impacts only labor income, here it is shown that capital taxation may actually stimulate capital accumulation. This possibility emerges because of the general-equilibrium effects of the insurance aspect of capital taxation. In particular, for the preferred calibrated version of the model, when the tax on capital is 25%, aggregate output is 2.5% higher than what it would have been had the tax rate been zero. Turning to the welfare effects of a reform in capital taxation, it is shown how these effects depend on whether one focuses on the steady state or also takes into account transitional dynamics, as well as how they vary in the cross-section of the population (rich vs poor, entrepreneurs vs non-entrepreneurs).

“**Revisiting the Supply-Side Effects of Government Spending Under Incomplete Markets**” (with George-Marios Angeletos)

This paper revisits the macroeconomic effects of government consumption in the neoclassical growth model augmented with idiosyncratic investment (or entrepreneurial) risk. Under complete markets, a permanent increase in government consumption has no long-run effect on the interest rate, the capital-labor ratio, and productivity, while it increases work hours due to the familiar negative wealth effect. These results are upset once we allow for incomplete markets. The very same negative wealth effect now implies a reduction in risk taking and investment. This in turn leads to a lower risk-free rate and, under certain conditions, also to a lower capital-labor ratio, lower productivity and lower wages.

“Consumption Behavior in Greece: Alternative Explanations, Identification and Interpretation”

This paper uses annual Greek data to test the permanent income hypothesis (PIH) versus the view that consumption responds to current income. The PIH is rejected by all tests, and so is the simple Keynesian hypothesis with a constant marginal propensity to consume. Possible reasons for the failure of the PIH are then examined, and in particular liquidity constraints, as proxied by unemployment, the amount of new loans, and private interest rate spreads. Finally, the paper examines the relevance of a more sophisticated consumption function, with a time-varying marginal propensity to consume. It is shown that liquidity constraints, in the form of the spread between private interest rates on loans and deposits, negatively affect the marginal propensity to consume out of current disposable labor income. However this result disappears when total disposable income is considered instead. A possible interpretation is that consumers are able to self-insure and to buffer the shocks to their labor income by investing in non-human assets.

RESEARCH IN PROGRESS: “Globalization, Entrepreneurship, and Investment” (with George-Marios Angeletos)

This paper examines how cross-country differences in within-country risk-sharing affect the cross-country differences in capital, productivity, wealth, and current account deficits. When a less financially developed economy opens up to the rest of the world, capital outflows lead to a short-run reduction in investment. At the same time, however, the safe rate, which had been kept low due to precautionary saving pressures, increases. The resulting increase in the return to saving makes agents wealthier, and therefore more willing to undertake risky investment in the domestic economy. Hence investment may end up increasing at the long-run steady state, compared to its original level when the economy was closed.

“Idiosyncratic Return Volatility and Public Firm Investment”

The data indicates that publicly traded firms worldwide do not have a perfectly diversified shareholder base. This paper examines how uninsurable risk affects investment behavior for publicly traded firms in the United States. Using weekly data from CRSP for every year and every firm, different measures of volatility of stock returns are constructed for all firms in COMPUSTAT. Subsequently, public firm investment is regressed on past volatility of returns, and a number of controls, including Tobin's Q, cashflows, capital, firm-fixed effects, and time fixed effects. The volatility coefficient is always negative and statistically significant. This result demonstrates that investment is sensitive to idiosyncratic risk even for publicly traded firms.

“Idiosyncratic Investment Risk and Optimal Capital Taxation”

“Business Cycle Implications of Private and Public Firm Investment Behavior”