

PABLO SÁNCHEZ

Department of Economics, Northwestern University

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EDUCATION

NORTHWESTERN UNIVERSITY

Ph.D. in Economics

Evanston, Illinois

June 2027 (expected)

Dissertation: Fiscal Policy and the Secular Divergence of the Marginal Propensity to Consume

Committee: Martin Eichenbaum (Chair), Giorgio Primiceri, Matt Rognlie

INSTITUTO TECNOLÓGICO AUTÓNOMO DE MÉXICO (ITAM)

B.A. in Economics

Mexico City, Mexico

June 2019

GPA: 9.4/10; graduated with highest honors (top 1.3% of students)

Undergraduate thesis: “Inflation Forecast Targeting: the Mexican Case and its Consequences Analyzed Within a Behavioral New Keynesian Model”

RESEARCH AND TEACHING FIELDS

Research: Macroeconomics, Finance

Teaching: Macroeconomics, Microeconomics

JOB MARKET PAPER

Fiscal Policy and the Secular Divergence of the Marginal Propensity to Consume

This paper studies how the distribution of marginal propensities to consume (MPCs) has evolved and its implications for fiscal policy. I document a secular divergence: MPCs have risen among low-wealth households and fallen among middle-wealth households. Liquid wealth moved in the opposite direction. Over the same period, homeownership declined, rent burdens rose at the bottom of the wealth distribution, and portfolios shifted toward liquid assets. I build a quantitative life-cycle model to rationalize these facts and argue that the MPC divergence is driven by higher house prices and rents and lower interest rates. Higher house prices put homeownership out of reach for low-wealth households, while higher rents push more of them into liquidity constraints. Among middle-wealth households, larger down payments delay homeownership and encourage saving, while lower interest rates shift these savings toward liquid assets. The resulting increase in liquidity reduces the share of liquidity-constrained middle-wealth households. As a result, transfers targeted toward low-wealth households have become increasingly powerful.

PUBLISHED PAPERS

Carbon Pricing and Inequality: A Normative Perspective

Saki Bigio, Diego Känzig, Pablo Sánchez, and Conor Walsh.

Despite broad acceptance among economists, carbon taxes face persistent public resistance. We measure the sources and distribution of welfare losses from unexpected European carbon price changes by estimating their impact on consumer prices, labor income, financial wealth, and government transfers. A 1% carbon-policy-induced increase in energy prices leads to an average welfare loss of about 0.5% of a household’s three-year consumption, primarily driven by indirect labor-income effects. Younger, poorer, and less educated households, especially in Southern and Eastern Europe, bear a disproportionate burden. These findings suggest public opposition to carbon taxes could stem from legitimate distributional concerns.

WORKING PAPERS

The Political Economy of Public Debt and Electoral Polarization

Diego Huerta and Pablo Sánchez.

This paper develops a politico-economic theory linking public debt and political polarization. We argue that fiscal constraints are politically asymmetric: debt disproportionately undermines left-wing electoral prospects by crowding out spending-intensive progressive agendas, inducing the right to strategically accumulate debt. Yet, strategic behavior is bounded: there is a party-specific debt threshold beyond which further debt accumulation is electorally unprofitable, with the right's threshold strictly lower than the left's. In equilibrium, a stochastic debt-electoral cycle emerges between these thresholds: left-wing governments accumulate debt, right-wing governments consolidate, and right-wing radicalism rises with indebtedness. The model offers a unified explanation for the U-shaped co-movement between public debt and right-wing radicalism, a pattern we document by constructing a new dataset of legislative elections for 31 OECD countries over the past century.

Credit Access and Housing Quality

Kwok Yan Chiu, Diego Cid, and Pablo Sánchez.

Housing is the largest asset most households hold, and it shapes both their quality of life and their accumulation of wealth. Acquiring or upgrading it typically requires financing, and access to that financing is often limited by institutions rather than by income or wealth alone. This paper asks how limited mortgage-credit access, tied to a large informal labor market without verified income, shapes household housing outcomes. We study this question in Mexico, where the principal mortgage-credit institutions extend financing only to workers registered in the formal social-security system, while roughly half the workforce remains informally employed. In the lowest income decile, the imputed rental value of a formal worker's home is roughly 60% higher than an informal worker's in the same decile, and only about 10% of informal workers in that decile have ever used a housing loan, compared with 55% of formal workers. We then quantitatively assess how limited credit access shapes both the distribution and the aggregate level of housing demand. We build a structural life-cycle model that separately identifies the income process and credit access of formal and informal workers, and use it to show that extending credit access universally raises the mid-quality housing share from 26.8% to 29.9%. By expanding who can convert income into housing, formal credit access raises not only housing quality but the quality of life and wealth these households can accumulate through it.

RESEARCH EXPERIENCE

NORTHWESTERN UNIVERSITY

Research Assistant to Diego Känzig

Evanston, Illinois

June 2023–March 2024

Supported research on climate change and inequality by accessing and cleaning public and private data and contributing statistical code in R and Python.

SEMINARS, CONFERENCES, AND RESEARCH PROGRAMS

Macroeconomics Lunch, Northwestern University	2023–2026
Bank of Mexico Summer Research Program	2025
Macro Finance Research Program, The University of Chicago	2024

TEACHING EXPERIENCE

NORTHWESTERN UNIVERSITY

Teaching Assistant

Evanston, Illinois

2022–2026

Economics 201 – Introductory Macroeconomics

Economics 310 – Intermediate Microeconomics

Economics 311 – Intermediate Macroeconomics

Economics 354 – Urban Economics

INSTITUTO TECNOLÓGICO AUTÓNOMO DE MÉXICO (ITAM)

Teaching Assistant to Alejandro Hernandez

Mexico City, Mexico

August 2016–June 2018

Economics V – Intermediate Macroeconomics

FELLOWSHIPS AND AWARDS

Distinguished TA of the Year Award, Northwestern University: 2022, 2023, 2025

Northwestern University Scholarship: 2021–2022, 2026–2027

Premio de Investigación Ex ITAM — Best undergraduate thesis award: 2021

Academic Excellence Scholarship, ITAM: 2014–2019

PROFESSIONAL EXPERIENCE

GOLDMAN SACHS

Mexico City, Mexico

Analyst, Investment Banking Division

July 2019–August 2021

Advised companies and financial sponsors on mergers and acquisitions, capital raising, and valuation. Built financial models to support valuation and transaction structuring for clients across Latin America.

J.P. MORGAN

Mexico City, Mexico

Economic Research Intern, Mexico

July 2017–May 2019

Analyzed Mexican macroeconomic, financial, and political developments for research notes distributed to institutional investors, clients, and internal stakeholders. Worked on macroeconomic forecasting models and monitored inflation, fiscal accounts, exchange rates, and monetary policy to inform the bank's Mexico outlook.

ACADEMIC SERVICE

Academic coordinator, Integra (Economics Student Council), ITAM.

LANGUAGES & CITIZENSHIP

Spanish (native) & English (fluent)

Citizenship: Mexico

PROGRAMMING AND RESEARCH TOOLS

Python, SQL, Stata, R, MATLAB, LaTeX, Git

REFERENCES

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Professor Giorgio Primiceri

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Professor Matt Rognlie

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