CAPE WORKSHOP

Workshop in public finance - 18th December 2023

UCLouvain campus Saint-Louis Bruxelles

Room : P02 - 09:15am - 12:15pm

UCLouvain campus Saint-Louis Bruxelles

PROGRAM

09.15-09.30

Welcome Coffee

09.30-10.10

Paper 1 - Audric de Bevere (UCLouvain Saint-Louis Bruxelles)

The Distributional Impacts of EU-ETS 2 on Households: A Microsimulation Approach in Belgium

(Gilles Grandjean, Audric de Bevere.)

10.10-10.50

Paper 2 – Malka Guillot (Université de Liège)

Tax Incidence Among theWorking Superrich. Evidence From the French 75% Tax onMillionaires

10.50-11.00

Coffee Break

11.00-11.40

Paper 3 – Susana Peralta (Nova School of Business and Economics, Lisbon)

Contract Splitting in Public Procurement

(Filipe B. Caires, Susana Peralta, Diogo Mendes)

11.40-12.20

Paper 4 – Willem Sas (University of Stirling)

« When scapegoating backfires : the pitfalls of blaming migrants for a crisis »

(Michela Boldrini, Pierluigi Conzo, Willem Sas and Roberto Zotti)

12:20

Lunch

CAPE
CENTER FOR APPLIED PUBLIC ECONOMICS

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SAINT-LOUIS BRUXELLES

UCLOUVAIN SAINT-LOUIS BRUXELLES
Boulevard du Jardin botanique, 43
1000 Bruxelles

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Abstract

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The Distributional Impacts of EU-ETS 2 on Households: A Microsimulation Approach in Belgium
Gilles Grandjean, Audric de Bevere

In this paper, we conducted ex ante microsimulations to assess the distributional impacts of implementing a €45/t$CO2 price on heating and transport fuel consumption in Belgian households. Our findings revealed that carbon pricing is regressive, affecting lower-income households disproportionately due to their higher energy expenditure share. However, we demonstrated that revenue recycling to households can make the reform progressive, as wealthier households spend more on fuel. We highlighted significant disparities in carbon payments among households with similar incomes, with heating system types playing a pivotal role. Lower-income households using oil heating faced higher carbon payments, rendering them particularly vulnerable. Moreover, redistributing carbon payments equally per household proved more effective in reducing energy poverty and minimizing net losses compared to other redistribution schemes based on household composition. Alternative approaches, such as increasing transfers to poorer households, customizing transfers based on heating system types, and extending social rate benefits, were found to be more effective in supporting the most affected households compared to equal redistribution schemes.

Tax Incidence Among theWorking Superrich. Evidence From the French 75% Tax on Millionaires - *Malka Guillot*

This paper exploits the introduction of a 75% tax on millionaire employees in France in 2013-2014 to better understand the incidence of taxes on top labour earners' income. This tax on employers was implemented for two years only, and was announced as such. I estimate cross-sectional difference-in-differences at the percentile level, relying on matched employer-employee data and the complete panel of household income tax returns. I document that employers bore 55% of the tax initially, but that the removal of the tax in 2015 had an asymmetrical effect, largely benefiting employees through an increase in net wage. Turning to heterogeneity results, the incidence seems to depend on occupations. While football players were not affected by the tax, CEOs bore half of the cost of the tax, but they also demonstrated some avoidance behaviours. These findings support the intuition that employees' bargaining power plays an important role in the impact of such a tax. Lastly, firms did not demonstrate a major change in their production behaviour at the introduction of the tax.

When scapegoating backfires : the pitfalls of blaming migrants for a crisis
Michela Boldrini, Pierluigi Conzo, Willem Sas and Roberto Zotti

In times of hardship, politicians often leverage citizens' discontentand scapegoat minorities to obtain political support. Thispaper tests whether political campaigns scapegoating migrantsfor a health crisis affect social, political, and economic attitudesand behaviors. Through an online nationally-representative surveyexperiment in Italy, we analyze the effects of such narrativesthrough information-provision treatments, which include facts alsoemphasizing the alleged health consequences of ongoing immigration.Results show that narratives associating immigration withhealth threats do not generate sizeable add-on effects compared tothose based on immigration only. If anything, they increase disappointmenttowards co-nationals, reduce institutional trust, andundermine partisanship among extreme-right supporters. Resultsare consistent with a theoretical framework where party credibilityand support, and institutional trust are influenced by politicaldiscourse. Our experiment underpins the prediction that politicalcampaigns based on extreme narratives can be ineffective or sociallyand politically counterproductive, providing an example ofhow populism can backfire.

Contract Splitting in Public Procurement
Filipe B. Caires, Susana Peralta, Diogo Mendes

We study the role of contract splitting in public procurement. Procurement contracts with price below a threshold can be awarded at discretion, while awards for contracts above it are required to be competitive. Exploiting a reform that reduced the threshold, we find that buyers manipulate projects' price in order to award contracts at discretion. We show that contract splitting, the division of large contracts into multiple smaller parts, is the most important mechanism of manipulation in public procurement in this context. Our evidence suggests that splitting is driven by favouritism rather than efficiency-promoting motives of manipulation: we find i) no evidence that splitting is intended to foster non-contractible quality through discretion, ii) that split contracts are more likely to be awarded to sellers associated with favouritism, iii) less transparent buyers manipulate more, and iv) split contracts are associated with slightly worse post-award performance.