University of Minnesota - Twin Cities

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Curriculum Vitae
Fall 2017

THOMAS PHELAN

Personal Data

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Citizenship: Australia (F-1 Visa)

Major Fields of Concentration

Macroeconomic Theory, Optimal Contracting, Public Economics

Education

Degree	Field	Institution	Year
PhD	Economics	University of Minnesota (expected)	2018
MPhil	Mathematics	Australian National University	2014
BSc	Mathematics (Honors)	Australian National University	2010

Dissertation

Title: "Essays in Optimal Contracting, Incomplete Markets and Inequality"
Dissertation Advisor: Professor Christopher Phelan
Expected Completion: Summer 2018

References

Professor Christopher Phelan	(612) 626-2533 cphelan@umn.edu	Department of Economics University of Minnesota 4-101 Hanson Hall
Professor V. V. Chari	(612) 626-7151 chari002@umn.edu	1925 Fourth Street South Minneapolis, MN 55455
Professor Larry Jones	(612) 624-4553 lej@umn.edu	

Honors and Awards

Summer 2014   *Participant in the Princeton Initiative*, Princeton University, Princeton, New Jersey, selected for participation by the organizers after being nominated by the department
2012   *Herbert Mohring Fellowship*, Department of Department of Economics, University of Minnesota, Minneapolis, Minnesota

Teaching Experience

2014 - present   *Instructor*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Taught *Principles of Microeconomics, Public Economics*, and the *Math Refresher* for incoming PhD students .
2013 - 2014   *Teaching Assistant*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Led recitations for the graduate *Microeconomic Theory* sequence.

Research Experience

Fall 2015 -   *Research Assistant*, Research Department, Federal Reserve Bank of Minneapolis*,* Minneapolis,
Spring 2017   Minnesota. Research assistant to Christopher Phelan.

Papers

"On the Optimal Degree of Risk-taking and Inequality in Business Income," job market paper

Presentations

"Small-Time Chung Laws for Levy Processes," presented at Kioloa Conference: From Random Walks to Lévy Processes, ANU, Kiola, Australia, 2013.
"On the optimal amount of risk-taking and inequality," presented at the Fall 2017 Midwest Macro Meetings, Pittsburgh, Pennsylvania.

Computer Skills

MATLAB, Python, STATA

Languages

English

Abstracts

"On the Optimal Degree of Risk-taking and Inequality in Business Income," job market paper

The distribution of income in the United States is characterized by a right Pareto tail and has become progressively more unequal in the past few decades. Recent empirical evidence indicates that most of this increase is due to the growth of private business income and that such income is subject to higher idiosyncratic risk than wage income. In this paper I build a model in which agents of heterogeneous ability self-select into either a risky activity subject to moral hazard (become an entrepreneur) or a risk-free activity with no moral hazard problem (work for an entrepreneur). A benevolent planner must balance a concern for redistribution with the need to provide incentives

both for entry into entrepreneurship and for continued effort upon entry. I develop theory and numerical techniques to characterize constrained-efficient allocations, show that more productive entrepreneurs typically bear more risk, and that the associated stationary distributions exhibit a right Pareto tail in income. Finally, in numerical comparative statics exercises, I show that when the mass of entrepreneurs falls or entrepreneurs become more productive relative to workers, each entrepreneur bears more risk and long-run inequality increases, consistent with stylized facts in the data.

"A Note on the Straub-werning Optimal Taxation Result"

The celebrated result of Chamley (1986) claims that the optimal level of taxation of capital in a representative-agent neoclassical growth model is zero in the long run. Recently, Straub and Werning (2015) have shown this result to be incorrect for high levels of initial debt. This note illustrates an additional peculiar property of the optimal allocation under the parameters for which their result is true: when the government wishes to tax capital forever, the representative agent would ultimately benefit from the destruction (and not merely confiscation) of private wealth.

"A Small-time Chung-wichura Law for Levy Processes in the Domain of Attraction to Stable Processes"

In this thesis I add to the literature extending the so-called 'other' law of the iterated logarithm of Chung (1948). By adapting the large-time techniques of Rushton (2007) to the small-time setting and employing and slightly extending a characterization result of Maller and Mason (2008), I derive both one-dimensional and functional Chung laws for a large class of Levy processes lying in the domain of attraction of strictly stable laws at zero. In particular, my results extend the work of Buchmann and Maller (2011) to encompass processes with vanishing Gaussian component lying in the domain of attraction of a normal distribution at zero.