PHILIP BARRETT

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EDUCATION

PhD., Economics, University of Chicago — Expected 2016
MSc. (with Distinction), Econometrics and Mathematical Economics,
London School of Economics and Political Science — 2008
MA. (First Class Honours), Mathematics, University of Oxford, New College — 2005

REFERENCES

Prof. Lars Peter Hansen (Co-chair)
Department of Economics
1126 E. 59th Street
Chicago, IL 60637
Tel: (773) 702-3908

Prof. Fernando Alvarez (Co-chair)
Department of Economics
1126 E. 59th Street
Chicago, IL 60637
Tel: (773) 702-8191

Dr. Mark Wright
Federal Reserve Bank of Chicago
230 S LaSalle St
Chicago, IL 60604
Tel: (312) 322-5705

TEACHING EXPERIENCE

Instructor/Coordinator
Practical Computing for Economists (Graduate student colloquium) — 2014 & 2015

TA
Theory of Income I (Alvarez, PhD), Monetary Economics (Alvarez, PhD) — 2014
Theory of Income II (Shimer, PhD), Numerical Methods (Judd, PhD) — 2013
Money & Banking (Uhlig, BA), Theory of Income II (Stokey, PhD),
Theory of Income I (Stokey, PhD) — 2012
Empirical Analysis I (Shaikh/Uhlig, PhD) — 2011

EMPLOYMENT

Research Assistant for Fernando Alvarez — 2013-2015
Research Assistant for Lars Hansen — 2013
Economist, Bank of England — 2008-2010
Analyst, Bank of England — 2005-2007

RESEARCH

Sovereign Default, Spreads, and Reputation (Job Market Paper)
Recent default is a predictor of sovereign spreads. This stylized fact holds even after accounting for the correlation of spreads with other macroeconomic variables. Standard models of sovereign default cannot generate this. I propose a theory of sovereign default where the borrowing government's cost of default changes stochastically and persistently. I show that a calibrated version of the theory can replicate the stylized fact if the government's default cost is hidden, and so default or repayment reveals information about the government type. When the type is publicly known, though, the model cannot match the stylized fact. This result helps understand the decision process of potential defaulters. High post-default spreads are not simply correlated with default. Instead, they constitute a direct and long-lasting consequence of default, acting as a deterrent to default. As a result, high post-default spreads may be an important component in understanding why sovereigns can sustain large debt burdens, and why default rates are low.

Approximating a threshold signaling process (work in progress)
I define a threshold signaling problem, where a persistent hidden state generates signals about whether it is above or below some known threshold. I derive simple formulae to describe the evolution of a normal approximation to the distribution of the hidden state when the state and threshold are independent. I define intuitive measures of the approximation error and show that this is small: for most parameterizations the maximum expected difference in the exact and approximate CDFs is around 0.2 percentage points. I then show an application of the approximation in the solution of a game of asymmetric information with a threshold equilibrium (i.e. one where a particular action signals that a type is above an endogenous threshold). In particular, I solve a version of the classic chain store game where the incumbent has a persistent, stochastic hidden type.

Reconciling government surpluses with high debt levels (work in progress)
In this note I discuss the difficulties in reconciling empirically plausible processes for debt levels with high observed debt levels. I compute the discounted net present value of future surpluses when they are exogenous and stochastic. Due to the feedback between income risk, debt prices & asset values, plausible processes for surpluses have present values of typically less than 10% of GDP. Yet many countries maintain debt burdens much larger than this. I show that observed growth and recovery rates are important in generating values of future surpluses that are of similar size to sovereign debt levels. The results here bound default thresholds in any model where the governments intertemporal budget constraint holds.

HONORS AND AWARDS		
	Economics Department Morgenthau Fellowship	2015
	Bradley Fellowship	2015
	MFM Dissertation Support	2015
	Roswell Hartson & Mary McKeon Whitman Scholarship	2012-2013
	Best core TA award (voted for by 1st year PhD students)	2012
	Lee prize for best macro field exam	2012
	Sherwin Rosen Fellowship	2011
	Bank of England Postgraduate Sponsorship Scheme	2008

PROFESSIONAL ACTIVITIES

Referee

Journal of Monetary Economics		2012, 2015

Presentations

Federal Reserve Bank of Chicago (upcoming)		2015
Federal Reserve Bank of Philadelphia		2014

SKILLS

Expert: R   *Advanced:* Matlab, C++, Python, Mathematica
Competent: Stata, MySQL, Julia