

## **DANIEL WILLS RESTREPO**

Facultad de Economía  
Universidad de los Andes  
Calle 19 A No 1-37 Este, W 916

[d-wills@uniandes.edu.co](mailto:d-wills@uniandes.edu.co)  
<https://sites.google.com/site/danielwillsr>  
+57 (1) 339 4949 ext. 2586

**Country of Citizenship:** Colombia

### **Academic Appointments:**

Assistant Professor of Economics, Universidad de Los Andes, 2017 - present

### **Education Studies:**

PhD. Economics, University of Pennsylvania, 2017  
M.A. Economics, University of Pennsylvania, 2016  
M.A. Economics, Universidad de Los Andes, 2011  
B.S. Mathematics, Universidad de Los Andes, 2009  
B.A. Economics, Universidad de Los Andes, 2010  
Baccalauréat general, Lycée Français Louis Pasteur, 2004

### **Research Fields:**

Macroeconomics, Public Finance, Financial Economics

### **Dissertation Title:**

Essays on Taxation and Competition under Firm Heterogeneity and Financial Frictions

#### *Dissertation committee:*

Prof. Dirk Krueger (co-advisor); Prof. Harold Cole (co-advisor); Prof. Joao Gomes; Prof. Ali Shourideh

### **Teaching Experience:**

#### University of Pennsylvania

Instructor	International Economics (Spring 2016); Labor Economics (Fall 2013)
Teaching Assistant	Introduction to Economics for Business (Fall 2012, Fall 2014, Fall 2015), for Professor Gizem Saka; Intermediate Microeconomics (Spring 2014), for Professor Kenneth Burdett; International Economics (Spring 2015) for Professor Iouri Manovski; Arts and Economics (Spring 2013), Labor Economics (Spring 2013) for Professor Gizem Saka

#### Universidad de Los Andes

Instructor	Differential Calculus (Fall 2008)
Teaching Assistant	Multivariate Calculus for Economists and Business Managers (Spring 2008)

### **Research Experience and Other Employment:**

Fall 2016	Dissertation Internship at the Federal Reserve Bank of St. Louis
Summer 2016	Dissertation Internship at the Board of Governors of the Federal Reserve System
Summer 2015, 2014	Research Assistant for Professor Ali Shourideh
Summer 2013	Visiting Scholar at Fedesarrollo
2009 - 2011	Research Assistant at Fedesarrollo
2008 - 2009	Research Assistant at Universidad de Los Andes

### **Other Professional Activities:**

Referee for the *International Economic Review*, *ILR Review* and *Desarrollo y Sociedad*

### **Research Papers:**

**“Taxing Firms Facing Financial Frictions”**, with Gustavo Camilo

**Abstract:** In the U.S., corporate income is taxed several times at different sources. Profits are taxed at the firm level, dividends and capital gains are taxed at the individual level, and interest payments on debt are taxed at the personal income rate. We investigate how the different rates above affect firm investment and the allocation of capital in the economy. To do so, we construct and calibrate a model with heterogeneous firms, borrowing constraints, costly equity issuance and endogenous entry and exit. Because of the financial frictions, the taxes mentioned are not perfect substitutes and distort different margins. In our model firms enter small and grow over time to reach an optimal size. The corporate income tax decreases earnings and net worth. Moreover, the amount of leverage optimally chosen by firms during the growth process is proportional to their net worth. As a result, small firms grow more slowly as capital accumulation is delayed. Taxes on dividends, capital gains and interest income do not reduce net worth. We use the model to quantitatively analyze the steady state consequences of a reform that replaces the corporate income tax by a common tax on shareholders. We find that such reform improves the allocation of capital in the economy, increasing total factor productivity by 1.7%.

**“Fighting for the Best, Losing with the Rest: On the Desirability of Competition in Financial Markets”**, with Juan Hernandez

**Abstract:** The *Jumpstart Our Business Startups (JOBS)* act of 2012, aims at increasing funding access for young firms by easing securities regulation. Motivated by this, we ask if there is a role for the regulation of the market of funds for firms that lack collateral and have a large uncertainty about their ability to generate profits. To answer this question, we characterize optimal financial contracts in a competitive environment with risk, adverse selection and limited liability. We find that competition among financial intermediaries always forces them to fund projects with negative expected returns both from a private and a social perspective. Intermediaries use steep payoff schedules to screen entrepreneurs, but limited liability means this can only be done by giving more to all entrepreneurs. In equilibrium, competition for the profitable entrepreneurs forces intermediaries to offer better terms to all customers. Hence, there is cross subsidization among entrepreneurs and intermediation profits are nil. The three main features of our framework (competition, adverse selection and limited liability) are necessary in order to get the inefficient *laissez-faire* outcome and a role for financial regulation. Our result remains robust when firms can collateralize some portion of the credit as long as there is still an unsecured fraction.

### **Work in Progress:**

**“Optimal Income Taxes and Entrepreneurial Choice”**, with Ali Shourideh and Juan Hernandez

**Abstract:** We characterize optimal business and labor income tax schedules in an environment in which agents can choose to be entrepreneurs or workers. Agents privately observe their skill for each occupation and also privately decide the corresponding investment and effort intensities. The different nature of the incentive structure in each sector results in a distortion along the occupational choice margin, and the resulting sector specific tax schedules are different from what they would be in a world without sector mobility. In the case where workers supply hours inelastically, a Rawlsian planner always sets the marginal tax on labor income higher than the marginal tax on operating profits. In particular, consumption is not equalized among workers.

### **Publications (pre-PhD):**

“**Labor Market Rigidities and Informality in Colombia**”, with Camilo Modragón-Vélez and Ximena Peña, *Economía*, V1.11, No1 (Fall 2010), pp 65-101.

**Abstract:** Informality is at the center of the economic debate in Colombia, fueled by the high level prevalent in the country and its substantial increase during the 1990s. We study the effect of labor market rigidities, namely the increase in non-wage costs and the minimum wage on the size of the informal sector, the transition into and out of informality, and wages. Our results indicate that rises in non-wage costs and the minimum wage, increase the probability of transition into informality as well as the size of the informal sector. The analysis of these effects along the income distribution points towards strong exclusion motives for low skilled informal workers, mainly driven by labor demand adjustments in response to increasing hiring costs; and argues somehow in favor of exit motives for workers at the top of the wage distribution. Furthermore, there is strong indexation of salaries to the minimum wage, except for low skilled informal workers. In addition, firms adjust salaries in response to increasing non-wage costs for all workers within the labor force.

### **Computer Skills:**

Julia, Stata, Matlab, C++, Office

### **Languages:**

Spanish (native), English (fluent), French (bilingual)