Jihyun Kim

London, ON, Canada | jkim2687@uwo.ca | Website

Education

University of Western Ontario Expected 2024
Ph.D. in Economics

University of Western Ontario 2019
M.A. in Economics

Korea University 2011
B.A. in Economics

Fields of interest

Macroeconomics, International Finance, Firm Dynamics

Working Papers

Government-Backed Financing and Aggregate Productivity *(Job market paper)*

Sovereign Local Currency Debt and Original Sin Redux

Research and Relevant Work Experience

Research Assistant, University of Western Ontario 2020 - Present
Supervisor: Juan Carlos Hatchondo

Economist, Bank of Korea 2011 - 2018

Fellowships and Awards

Dissertation Fellowship, Federal Reserve Bank of St. Louis 2023
Graduate Fellowship, University of Western Ontario 2020 - 2023
SSHRC Productivity Research Fellowship, University of Western Ontario 2023
Doctoral Study Abroad Scholarship, Bank of Korea 2018 - 2020
Anam Scholarship, Korea University 2006 - 2010

Presentations

2023 University of Western Ontario (macro seminar, student seminar),
Federal Reserve Bank of St. Louis (Ph.D. dissertation fellows workshop)

Teaching Experience

Instructor, University of Western Ontario Summer 2023
Intermediate Macroeconomics II

Teaching Assistant, University of Western Ontario 2020 - Present
Intermediate Macroeconomics I, Advanced Monetary Theory, Public Finance, Economic Development II

Instructor, Bank of Korea 2016
Central Banking Study Program: "Household debt in Korea"

Additional Information

Languages	English (fluent), Korean (native), Chinese (basic)
Programming	Fortran (MPI), MATLAB, STATA, Python (basic), LaTeX
Citizenship	Republic of Korea

References

Juan Carlos Hatchondo (Advisor)
Department of Economics
University of Western Ontario
Email: jhatchon@uwo.ca

Ananth Ramanarayanan
Department of Economics
University of Western Ontario
Email: aramanar@uwo.ca

Sergio Ocampo Díaz
Department of Economics
University of Western Ontario
Email: socampod@uwo.ca

Baxter Robinson
Department of Economics
University of Western Ontario
Email: brobin63@uwo.ca

Placement Director

Todd Stinebrickner
Department of Economics
University of Western Ontario
Email:trstineb@uwo.ca

Government-Backed Financing and Aggregate Productivity (*Job market paper*)

I study the effects of government-backed financing on aggregate productivity by exploiting an expansion of government loans to firms in Korea after 2017. I show that the borrowing cost decreased more for firms eligible for government loans relative to ineligible firms. Eligible firms with higher pre-policy borrowing costs had larger post-policy increases in investment than eligible firms with lower pre-policy borrowing costs. At the same time, the exit rate of low-productivity eligible firms decreased the most following the policy. To quantify the effect on aggregate productivity, I build a heterogeneous-firm model with endogenous entry and exit, borrowing cost, and investment. In the model, government loans enhance firms' credit access, helping financially constrained firms increase investment but also prolonging the survival of low-productivity firms. This firm-level heterogeneity in responses to government loans in the model well captures the patterns documented with the data, and also summarizes the main trade-off of government-backed financing on aggregate productivity. I find that an expansion of government loans to firms as large as the one observed in Korea decreases aggregate productivity by 0.3% over a span of 10 years, explained by a 0.1% increase coming from higher investment by formally constrained firms and a 0.4% decrease attributed to the reduced exit rates among low-productive firms.

Sovereign Local Currency Debt and Original Sin Redux

I study how government debt financing influences firms' access to credit, in turn shaping the response of emerging economies to fluctuations in global financial conditions. In particular, I focus on the effect of the government's local currency debt. Local currency debt allows emerging economies' governments to avoid currency mismatch, which is expected to insulate them from global financial fluctuation. However, this insulation is only partial, a phenomenon referred to as the "original sin redux". Using data from 11 emerging economies, I document that the degree of the insulation depends on a country's financial development and debt level. I also find that banks in a country with low financial development relative to its debt level disrupt private credit more significantly when foreign capital exits from the local currency bond market. Low financial development relative to its debt level makes the local economy more exposed to external factors despite a seemingly lowered exposure of government debt, as government debt crowds out credit for firms. To better understand these patterns, I build a sovereign default model incorporating financial intermediaries and endogenous foreign investors' investment in local currency government bonds. The model replicates key patterns observed in the data, related to the relationship between an economy's capacity to maintain private credit during capital outflows, credit risk, and external vulnerability.