

JUN HEE KWAK

University of Maryland
Department of Economics
College Park, MD 20742
Phone: (202) 790-8147
Email: jhkwak@umd.edu
Website: <http://econweb.umd.edu/~kwak/>

PLACEMENT DIRECTORS

Prof. Guido Kuersteiner	gkuerste@umd.edu	(301) 405-3493
Prof. Katharine Abraham	kabraham@umd.edu	(301) 405-3489
Prof. Nolan Pope	npope@umd.edu	(801) 995-9184

EDUCATION

Ph.D. Economics, University of Maryland at College Park, expected May 2021
M.A. Economics, University of Maryland at College Park, 2018
B.A. Economics, Seoul National University, South Korea, 2013, *Summa Cum Laude*

FIELDS OF SPECIALIZATION

Primary: International Finance
Secondary: Macroeconomics, Macro-Finance

DISSERTATION

Essays on Linkages between Capital Flows, Leverage, and the Real Economy

Committee: Prof. Sebnem Kalemli-Ozcan (Chair), Prof. Pierre De Leo, Prof. Felipe Saffie, Prof. John Shea

JOB MARKET PAPER

“Corporate-Sovereign Debt Nexus and Externalities” [\[Link\]](#)

I show that corporate debt accumulation during booms can explain increases in sovereign risk during stress periods. Using idiosyncratic shocks to large firms as instruments for aggregate corporate leverage, I show that rising corporate leverage during the period 2002-2007 causally increases sovereign spreads in six Eurozone countries during the debt crisis period of 2008-2012. To explain these findings, I build a dynamic quantitative model in which both firms and the government can default. Rising corporate debt increases sovereign default risk, as tax revenues are expected to decrease. Externalities arise because it can be privately optimal but socially suboptimal for firms to default given their limited liability. The fact that firms do not take into account the effect of their debt accumulation on aggregate sovereign spreads is an important externality, rationalizing macroprudential interventions in corporate debt markets. I propose a set of such optimal debt policies that reduce the number of defaulting firms, increase fiscal space, and boost household consumption during financial crises. Both constant and countercyclical debt tax schedules can correct overborrowing externalities. Contrary to conventional wisdom, countercyclical debt policy is less effective than constant debt policy, as the countercyclical policy induces more firm defaults.

PUBLICATIONS

“Capital Flows and Leverage,” with Sebnem Kalemli-Ozcan, *Annual Review of Economics*, Vol.12, 833-846, August 2020 [\[Link\]](#)

“Does Trade Cause Capital to Flow? Evidence from Historical Rainfall,” with Sebnem Kalemli-Ozcan and Alex Nikolsko-Rzevshky, *Journal of Development Economics*, Vol.147, 102537, November 2020 [\[Link\]](#)

WORK IN PROGRESS

“Global Financial Cycles and Inequality in Emerging Economies,” with Donggyu Lee

TEACHING EXPERIENCE

Instructor, Globalization and Capital Markets (undergraduate), University of Maryland, Summer 2018
Teaching Assistant, Money and Banking (undergraduate), University of Maryland, Fall 2016 and Spring 2017

RESEARCH AND RELEVANT WORK EXPERIENCE

Projects Officer, Research Department, International Monetary Fund, May-June 2020
Research Assistant, Prof. Sebnem Kalemli-Ozcan, University of Maryland, Fall 2017-Spring 2020
Junior Economist, Research Department and Economic Research Institute, Bank of Korea, Jan 2013-June 2016

GRANTS AND AWARDS

BSOS Dean's Research Initiative - Travel Grant, University of Maryland, 2020
Outstanding Research Assistant Award, University of Maryland, 2019
Princeton Initiative: Macro, Money, and Finance, Princeton University, 2019
Best Third Year Paper, 2nd prize, Department of Economics, University of Maryland, 2019
Graduate Student Summer Research Fellowship, University of Maryland, 2019
Graduate Assistantship, University of Maryland, Fall 2016-Spring 2021
Superior Academic Performance Scholarship, Seoul National University, Fall 2011-Spring 2012
SNU Development Fund Scholarship, Seoul National University, Fall 2010

CONFERENCE AND SEMINAR PRESENTATIONS

2020: WEAI Annual Conference (Virtual), Young Economists Symposium (UPenn-Virtual), Annual Symposium of the SNDE (Virtual), SEA Annual Meeting (Virtual), Economics Graduate Student Conference (WashU-Virtual)
2019: Midwest Macro (Michigan State)

LANGUAGES

English (fluent), Korean (native)

COMPUTATIONAL SKILLS

Julia, Matlab, Stata, Eviews

REFERENCES

Prof. Sebnem Kalemli-Ozcan	University of Maryland	kalemli@umd.edu	(301) 405-3486
Prof. Pierre De Leo	University of Maryland	deleop@umd.edu	(301) 405-7006
Prof. Felipe Saffie	University of Virginia Darden	saffieF@darden.virginia.edu	(434) 924-3900
Prof. John Shea	University of Maryland	jshea1@umd.edu	(301) 405-3491