SEHO KIM
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EDUCATION

Ph.D. Economics, University of Maryland at College Park, 2018-Present
M.A. Economics, Seoul National University, South Korea, 2018
B.S. Mathematical Sciences, *magna cum laude*,
Korea Advanced Institute of Science and Technology (KAIST), South Korea, 2016

FIELDS OF SPECIALIZATION

Primary: Macroeconomics, Macro-Finance
Secondary: Firm Dynamics, Corporate Finance

WORKING PAPERS

"Macroprudential Policy with Earnings-Based Borrowing Constraints" with Thomas Drechsel

Abstract: A large literature has studied optimal regulatory policy in macroeconomic models with collateral constraints. A common conclusion is that agents 'over-borrow' and optimal policy reduces debt positions through taxes. The reason is that agents do not internalize the effects of their choices on asset prices. However, recent empirical evidence shows that US firms largely borrow against their earnings rather than assets. This paper studies optimal macroprudential policy with earnings-based borrowing constraints. We reach the opposite conclusion to the previous literature. Firms 'under-borrow' relative to the social optimum, as they do not internalize changes in wages, which in turn affect their earnings. A numerical application of our model demonstrates that incorrectly rolling out a tax policy derived under the assumption of asset-based constraints in an economy where firms actually borrow based on earnings leads to a consumption equivalent welfare loss of up to 2.55%. Optimal macroprudential policy thus critically depends on the specific form of financial constraints.

> **Presented at (* for presented by co-author)**: Barcelona Summer Forum (2022, *), Advances in Macro-Finance: Tepper-LAEF Conference (2022, *), Federal Reserve Board (2021, *)

"Misallocation and Productivity Dispersion with Locally Segmented Markets", *Submitted*

Abstract: This paper studies the relationship between misallocation of production inputs and productivity dispersion in an industry with locally segmented markets. I show that revenue productivity dispersion is not a sign of misallocation if it comes from firms operating in different markets. Any reallocation across firms operating in different markets increases a consumer's utility in one market but decreases the utility of consumers living in other markets. Therefore, any reallocation of resources across markets represents a movement along a Pareto efficient frontier. I quantify the extent to which revenue productivity dispersion across markets can over-estimate misallocation using Korean ready-mixed concrete industry data. I show that dispersion in revenue productivity substantially over-estimates the size of misallocation.

"The Welfare Consequences of a Bankruptcy Reform - Evidence from the 2020 Small Business Reorganization Act"

Abstract: Chapter 11 reorganization in the U.S. Bankruptcy Code was designed to rehabilitate efficient but financially distressed businesses. Using novel bankruptcy data, I show that direct bankruptcy costs are higher under Chapter 11 than Chapter 7. However, I find no evidence of relatively higher Chapter 11 costs for small businesses, as measured by their liabilities. Using a general equilibrium model with

bankruptcy decisions of firms, I evaluate a recent business bankruptcy reform, called the Small Business Reorganization Act, which reduces the bankruptcy costs in Chapter 11 for small businesses. I find that the bankruptcy reform has small but positive impact on aggregate welfare, while output and productivity decrease. A lower Chapter 11 cost helps distressed firms to reorganize, but also prompts firms that would not declare bankruptcy absent the reform to reorganize. Despite this unintended consequence, welfare of the economy improves.

> **Presented at**: Royal Economic Society Annual Conference (2022, Virtual), Economics Graduate Student Conference (2021, Washington University in St.Louis)

WORK IN PROGRESS

"Rising Intangible Capital, Earnings-based Constraints, and Aggregate Productivity"

PRE-DOCTORAL PUBLICATION

"The Effects of Third-Party Transfers in Sequential Anchored Bargaining," *International Journal of Game Theory*, 48(1), 143-155, 2019, with Suchan Chae

TEACHING EXPERIENCE

Instructor, Principles of Macroeconomics (undergraduate), University of Maryland, Summer 2020 and Winter 2021
Teaching Assistant, Money and Banking (undergraduate), University of Maryland, Fall 2019
Teaching Assistant, Intermediate Macroeconomic Theory and Policy (undergraduate), University of Maryland, Fall 2018 and Spring 2019
Teaching Assistant, Studies in Economic Statistics (graduate), Seoul National University, Spring 2017

RESEARCH AND PROFESSIONAL WORK EXPERIENCE

Ph.D. Intern, Asia and Pacific Department, International Monetary Fund, Summer 2022
Short-term Consultant, External Review Panel of Doing Business, World Bank, Summer 2021
Research Assistant, Prof. Thomas Drechsel, University of Maryland, Fall 2020-Present
Research Assistant, Prof. Şebnem Kalemli-Özcan, University of Maryland, Summer 2019
Research Assistant, Prof. Chul-In Lee, Seoul National University, Fall 2017 and Spring 2018
Research Associate, Arthur D. Little, South Korea, Summer 2014

GRANT AND AWARDS

BSOS Dean's Research Initiative Travel Awards, University of Maryland, 2022
Jacob K. Goldhaber Travel Grant, University of Maryland, 2021
Princeton Initiative: Macro, Money, and Finance, Princeton University, 2021
Second Prize, Third Year Paper Award, University of Maryland, Summer 2021
Graduate School Summer Research Fellowship (declined), University of Maryland, Summer 2021
First-Year Research Fellowship, Department of Economics, University of Maryland, Summer 2019
Graduate Assistantship, Department of Economics, University of Maryland, 2018-Present
Full Scholarship for a Meritorious Student, Seoul National University Alumni Association, Fall 2016 and Spring 2017
Brain Korea 21 Research Scholarship, Seoul National University, Spring 2016-Spring 2017
National Science and Engineering Scholarship, Korea Student Aid Foundation, 2009-2015

LANGUAGES

English (fluent), Korean (native)

COMPUTATIONAL SKILLS

MATLAB, Julia, Python, STATA, SAS, Eviews

Updated: September, 2022