

## R. Jay Kahn

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RESEARCH INTERESTS      Empirical corporate finance, investment, macroeconomics, capital allocation.

EDUCATION      ROSS SCHOOL OF BUSINESS, UNIVERSITY OF MICHIGAN, Ann Arbor, MI

Ph.D., Finance, *Expected*: 2019

SIMON BUSINESS SCHOOL, UNIVERSITY OF ROCHESTER, Rochester, NY

M.S.B.A. Applied Economics, 2015

M.S., Finance, Aug 2011, *Beta Gamma Sigma*

REED COLLEGE, Portland, OR

B.A., Mathematics and Economics, May 2011

JOB MARKET PAPER

“Internal funds and allocative efficiency.”

***Invited***: Transatlantic doctoral conference, 2018.

Abstract: Motivated by the rise and concentration in cash holdings of U.S. firms since 2000, I examine the effect of large and concentrated internal funds on aggregate output. In a simple model, I show that while internal funds do not decrease aggregate investment, they can distort the allocation of investment when managers have an incentive to empire build. To quantify the extent of output lost due to this distortion, I construct a dynamic general equilibrium model where financial constraints and empire building interact to create misallocation in investment across firms. I find that due to the misallocation from increases in these two frictions, aggregate output is 0.4% lower than it otherwise would be. By forcing the largest cash-holding firms to payout 14% of their cash holdings, half this increase in misallocation could be eliminated.

PUBLICATIONS

1. **R. Jay Kahn and Toni Whited**, “Identification is not causality and vice versa,” *Review of Corporate Finance Studies*, 7 (2018), 1-21.
2. **Bazdresch, Santiago, R. Jay Kahn, and Toni Whited**, “Estimating and testing dynamic corporate finance models,” *Review of Financial Studies*, 31 (2018), 322-361.
3. **R. Jay Kahn and Toni Whited**, “Identification with models and exogenous data variation,” *Foundations and Trends in Accounting*, 10 (2016), 361-375.

WORK IN PROGRESS

**Kahn, R. Jay**, “Tax policy foresight and corporate financial decisions.”



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