

James D. Paron

Department of Finance
The Wharton School
3620 Locust Walk
Philadelphia, PA 19104

+1 (215) 898-7622
jparon@wharton.upenn.edu
www.jamesparon.com

Education

- 2024 The Wharton School, University of Pennsylvania
Ph.D. Candidate in Finance
- 2019 The Wharton School, University of Pennsylvania
B.S. in Economics, *summa cum laude*
Concentrations: Finance, Statistics, & Accounting | Minors: Mathematics & History

Research Interests

Asset Pricing, Macro-finance, & Household Finance

Working Papers

[Sovereign default and the decline in interest rates](#), with [Max Miller](#) and [Jessica A. Wachter](#)

Sovereign debt yields have declined dramatically over the last half-century. Standard explanations, including aging populations and increases in asset demand from abroad, encounter difficulties when confronted with the full range of evidence. We propose an explanation based on a decline in inflation and default risk, which we argue is more consistent with the long-run nature of the interest rate decline. We show that a model with investment, inventory storage, and sovereign default captures the decline in interest rates, the stability of equity valuation ratios, and the recent reduction in investment and output growth coinciding with the binding zero lower bound.

[Heterogeneous-agent asset pricing](#)

This paper presents a unifying theoretical framework to determine when idiosyncratic endowment risk matters for asset prices in continuous time. Countercyclical cross-sectional risk always affects the riskfree rate and equity volatility. I show that it is irrelevant to risk premia if and only if all agents have identical, time-additive power utility and cross-sectional risk is uncorrelated with aggregate consumption risk. Including jumps does not affect this irrelevance result. The applicability of the framework is demonstrated in a general-equilibrium model with recursive-utility agents who can invest in a riskfree bond, the stock market, and their own inalienable human capital, which is subject to risk of an idiosyncratic disaster.

Teaching

- Fall 2021 **Foundations of Financial Economics** (Ph.D.)
Teaching Assistant for Prof. Winston Wei Dou
- Topics in Macro-finance** (Ph.D.)
Teaching Assistant for Prof. Itamar Drechsler and Prof. Tim Landvoigt
- Spring 2021 **Foundations of Asset Pricing** (Ph.D./MBA/Undergraduate)
Teaching Assistant for Prof. Jessica A. Wachter
- Neuroeconomics** (Undergraduate)
Teaching Assistant for Prof. Joseph W. Kable
- Venture Capital and the Finance of Innovation** (Undergraduate)
Teaching Assistant for Prof. Sylvain Catherine
- Fall 2019 **Accelerated Corporate Finance** (MBA)
Teaching Assistant for Prof. Jessica A. Wachter

Personal Information

Born on October 29, 1997 in Toronto, ON
Citizen of Canada & Italy
Married to [Madison D. Paron](#)