Jaeeun Seo

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Employment

- **Visiting Scholar, University of Illinois Urbana-Champaign** 2025-
- **Postdoctoral Scholar, Northwestern University** 2024-2025

Education

- **Massachusetts Institute of Technology (MIT)** 2024
  Ph.D. in Economics

  ### References

  Professor Arnaud Costinot
  MIT Department of Economics
  77 Massachusetts Avenue, E52-534
  Cambridge, MA 02139
  617-324-1712
  costinot@mit.edu

  Professor George-Marios Angeletos
  Northwestern University
  Kellogg Global Hub, #3389
  Evanston, IL 60208
  847-491-8217
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  Professor Dave Donaldson
  MIT Department of Economics
  77 Massachusetts Avenue, E52-552
  Cambridge, MA 02139
  617-258-6242
  ddonald@mit.edu

- **Seoul National University** 2018
  Bachelor in Economics, Mathematics, and Industrial Engineering
  Summa Cum Laude

Fields

- Primary Field: International Trade

- Secondary Fields: Macroeconomics, Spatial Economics

Teaching Experience

- **International Economics I (graduate, MIT course 14.581)** 2020
  Teaching Assistant to Professors David Atkin, Arnaud Costinot, and Dave Donaldson

- **Introduction to Macroeconomics (undergraduate, MIT course 14.02)** 2020-22, 2024
  Teaching Assistant to Professors Martin Beraja, Ricardo Caballero, and James Poterba

- **Microeconomic Theory and Public Policy (undergraduate, MIT course 14.03)** 2021
  Teaching Assistant to Professor Nicolas Lambert

Fellowships, Honors, and Awards

- Best Student Paper Prize, Urban Economics Association 2022
- MIT Department of Economics Fellowship 2018-20
- Doctoral Study Abroad Scholarship, Korea Foundation for Advanced Studies 2018-23
- Presidential Award, Seoul National University 2018
- National Merit Scholarship for Science and Engineering 2011-14

Presentations

Northwestern University, University of Illinois Urbana-Champaign, Federal Reserve Bank of Chicago 2025

London School of Economics and Political Science, Tokyo University, Society of Economic Dynamics Annual Meeting, Northwestern University 2024

Professional Activities

- **Referee:** Journal of Urban Economics

- **Service:** MIT Trade Lunch Organizer 2022-23

Job Market Papers

- **"Spatial Job Misallocation" (Job Market Paper 1)**

  This paper studies the efficiency of job creation across space and job types. Because labor market dynamics differ systematically across locations and jobs, the magnitude of externalities associated with vacancy creation in a frictional labor market also varies, leading to misallocation in the spatial distribution and the composition of jobs. I quantify these inefficiencies using a frictional labor market model with multiple locations and ex ante job heterogeneity that is flexible enough to replicate observed heterogeneity in labor dynamics. Calibrating the model to match patterns of job-finding and job-to-job mobility in U.S. metropolitan areas, I find that a social planner would reallocate vacancy creation away from metropolitan areas with *heated* labor markets (by up to -27%) toward those with *frozen* ones (by up to 18%), and, in particular, from moderately productive jobs toward less productive ones. Aggregate welfare rises by about 1.1%, providing an efficiency-based rationale for place-based policies that support weaker labor markets.

- **"Sectoral Shocks and Labor Market Dynamics: A Sufficient Statistics Approach"**
Conditionally accepted, *Review of Economic Studies* (with Ryungha Oh) **(Job Market Paper 2)**

We develop a sufficient statistics approach to evaluate the impact of sectoral shocks on labor market dynamics and welfare. Within a broad class of dynamic discrete choice models that allows for arbitrary persistent worker heterogeneity, we show that knowledge of steady-state intersectoral gross worker flows over various time horizons is sufficient to evaluate labor supply responses to shocks and their welfare consequences. We also establish analytically that assuming away persistent worker heterogeneity—a common practice in the literature—leads to overestimation of steady-state worker flows, resulting in systematic biases in counterfactual predictions. As an illustration of our approach, we revisit the consequences of the rise of import competition from China. Using US panel data to measure steady-state worker flows, we conclude that labor reallocation from manufacturing to non-manufacturing is significantly slower, and the negative welfare effects on manufacturing workers are much more severe than those predicted by models without persistent worker heterogeneity.

RESEARCH PAPERS

- **"What Causes Agglomeration of Services? Theory and Evidence from Seoul"**
(with Ryungha Oh) *Awarded Best Student Paper Prize (2022) by the Urban Economics Association*

Why are economic activities concentrated in space? What are the policy implications of this concentration? And how will it change in the future? We revisit these classic questions in the context of non-tradable services, such as restaurants and retail, in Seoul. To understand the spatial concentration, we first causally identify positive spillovers across services stores. We microfound these spillovers by incorporating the trip-chaining mechanism—whereby consumers make multiple purchases during their services travel—into a standard quantitative spatial model that determines the spatial distribution of services. When calibrated to an original survey on trip chaining, this mechanism explains one-third of the observed concentration. However, unlike standard agglomeration mechanisms, it does not lead to inefficiency nor it exacerbates welfare inequality. Finally, we show that spatial linkages of services consumption play a crucial role in shaping the impact of the rise of work-from-home and of delivery services on the distribution of services.

- **"Persistent Noise, Feedback, and Endogenous Optimism: A Rational Theory of Overextrapolation"**

I propose a noisy rational expectations model with persistent noise. Firms learn about economic conditions from signals, and the noise in the signals is persistent rather than i.i.d. over time. Firms rationally account for the persistence of noise and update their interpretations of signals based on ex post observations of true economic conditions. I show that this process gives rise to a novel mechanism by which optimism arises endogenously, which in turn amplifies or dampens the effects of underlying shocks. In particular, this model can generate the delayed overreaction in firms' expectations documented in the literature, when firms are better informed about idiosyncratic shocks relative to aggregate shocks. Moreover, strategic complementarity between firms and the resulting higher-order optimism further strengthen my mechanism. Finally, I distinguish empirically my rational theory of optimism from behavioral theories by exploiting the difference in the degree of overextrapolation between consensus and individual forecasts.

- **"The Intensive and Extensive Margins of the Decline in Manufacturing"**
(with Bumsoo Kim)

We show that the decline of U.S. manufacturing is driven by the extensive margin: young workers disproportionately avoid entry into declining sectors, while incumbents exit through retirement. Using CPS microdata, we document that the labor supply elasticity with respect to wages is 7 times higher for new entrants than for incumbents. We develop a model that shows this high-elasticity entrant margin creates quantity amplification and wage attenuation in the labor market in response to sectoral shocks, and a smaller underlying shock is required to explain demand shocks than in models lacking this margin. A multi-region quantitative application of our framework replicates key empirical facts, including local-level recoveries driven by young workers entering service sectors. Our results suggest adjustment policies may be more effective when targeting the high-elasticity extensive margin of new entrants rather than the low-elasticity intensive margin of incumbents.

Research In Progress

- **"Assortative Matching through Partially Directed Search"** (with Ryungha Oh)

In this paper, we develop a frictional search model with partially directed search, where heterogeneous workers and firms tend to search toward partners offering higher matching rates or greater surplus, though imperfectly because of idiosyncratic amenities. We first show that under production complementarity, positive assortative matching arises, and the degree of assortativeness increases in the directedness of search on both workers and firms. In addition, heterogeneity in matching rates depends crucially on the relative degree of search directedness: when firm (worker) search is more directed than worker (firm) search, job-finding rates increase (decrease) in worker productivity. Next, we calibrate the model using German administrative data and show that it successfully replicates both employment patterns and matching rates. Finally, we apply the framework to study how labor market dynamics have evolved over time. We find that both degree of assortativeness and the relative job-finding rates of low-productivity workers have increased. As production complementarities strengthen, the search of low-productivity workers has become increasingly concentrated toward low-productivity, and hence less competitive firms.

Additional Information

- Citizenship: Republic of Korea
- Gender: Male
- Languages: English (fluent), Korean (native)