

Jaeun Seo

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EMPLOYMENT

- **Postdoctoral Scholar, Northwestern University** 2024-

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
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Professor George-Marios Angeletos
Northwestern University
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Professor Dave Donaldson
MIT Department of Economics
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- **Seoul National University** 2018
Bachelor in Economics, Mathematics, and Industrial Engineering
Summa Cum Laude

FIELDS

- Primary Field: International Trade
- Secondary Fields: Macroeconomics, Urban 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

PROFESSIONAL ACTIVITIES

- **Referee:** Journal of Urban Economics
- **Presentations:**
 - Seminar in Macroeconomics, Northwestern University 2024
 - Society of Economic Dynamics Annual Meeting 2024
 - London School of Economics and Political Science 2024
 - Tokyo University 2024
- **Service:** MIT Trade Lunch Organizer 2022-23

RESEARCH PAPERS

- **“Sectoral Shocks and Labor Market Dynamics: A Sufficient Statistics Approach” (Job Market Paper)** (with Ryungha Oh)

In this paper, 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 heterogeneity across workers, we show that knowledge of steady-state sectoral worker flows over different time horizons is sufficient to evaluate the labor supply responses to shocks as well as their aggregate welfare consequences. We also establish analytically that assuming away persistent worker heterogeneity, a common practice in the existing literature, necessarily leads to overestimation of steady-state worker flows, resulting in systematic biases in counterfactual predictions. As an illustration of our sufficient statistics 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 away from manufacturing is significantly slower, and the negative welfare effects on manufacturing workers are much more severe than those predicted by earlier structural models without persistent worker heterogeneity.

- **“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 do we expect it to 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 concentration of services, 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 quantitative spatial model that endogenizes the spatial distribution of services. When calibrated to an original survey on trip chaining, this mechanism explains about 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.

RESEARCH IN PROGRESS

- **“Employment Dynamics and Sectoral Misallocation of Labor”**

There is considerable sectoral variation in where firms source their new hires—whether from unemployment pools or by poaching from other firms, and which firms they poach from. This paper develops a model that integrates on- and off-the-job search with workers’ sector choice and firms’ sector-level job creation decisions, which are influenced by the distribution of workers and firms across sectors. A key feature of the model is that hiring from other firms, rather than from unemployment pools, generates a negative worker-stealing externality. The extent of this externality depends on where new firms source their labor, which in turn depends on the patterns of employment dynamics. I find significant variation in the magnitude of the worker-stealing externality across sectors, resulting in substantial distortion in job creation and employment growth.

- **“Imperfect Screening and Unemployment in Frictional Labor Markets”** (with Ryungha Oh)

In the Korean labor market, less productive workers are typically employed by less productive firms, yet both groups face longer durations in searching for jobs and filling vacancies. To explain this phenomenon, we develop a model of frictional labor markets that integrates imperfect screening with partially directed search, where heterogeneous firms post a common wage to all applicants and make hiring decisions based on noisy signals of worker productivity. In equilibrium, less productive workers predominantly apply to more productive firms, as imperfect screening offers them a small but non-zero chance of being hired. This

application pattern leads to high unemployment rates among less productive workers and low vacancy yields for less productive firms that receive few applications. We show that the widening productivity gap between firms over time has intensified the concentration of applications toward more productive firms, further reducing overall employment rates and vacancy yields. Moreover, policies such as blind hiring or increased unemployment benefits may exacerbate these problems by further distorting application behavior.

ADDITIONAL INFORMATION

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