SANGDONG KIM

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EDUCATION

Ph.D. in Economics, The Ohio State University *2026 (expected)*
M.A. in Economics, Seoul National University, South Korea *2020*
B.A. in Economics, College of Liberal Studies, Seoul National University, South Korea *2018*

RESEARCH INTERESTS

Macroeconomics (Macro-International, Macro-Labor), Population Aging, Fiscal and Monetary Policy

WORK IN PROGRESS

High-Yield Investment as a Fiscal Tool in Aging Economies *(Job Market Paper)*

Abstract: This paper examines how governments in aging economies can leverage high-yield foreign investments to ensure fiscal sustainability amid increasing fiscal stress due to rising pension liabilities, drawing insights from Japan's experience. Using a heterogeneous agent model of an aging economy where the government can invest in such assets, I find three main results. First, this strategy allows the government to sustain permanent primary deficits and maintain a stable, finite debt level, even when the domestic interest rate (r) exceeds the growth rate (g). Second, while a buildup of foreign assets initially leads to higher government debt, capital crowding-out, and an increased domestic interest rate in the short run, it ultimately drives the economy to a steady state with higher capital intensity, increased production, and a lower equilibrium interest rate in the long run. Third, a welfare analysis reveals that a more aggressive high-yield investment can result in a Pareto improvement, but only if the government implements well-designed transfer plans across and within generations. My findings emphasize that while this strategy can benefit high-asset households (typically older generations) at the expense of low-asset households (younger generations) initially, proper transfer mechanisms are crucial to ensure equitable gains.

Granular Search in Monopsonistic Labor Market with *Sean McCrary*

Abstract: We develop a model of labor market equilibrium with the granular search protocol, à la Jarosch, Nimczik and Sorkin(2024), where the firm size distribution is endogenously determined. We introduce a simple static model to show that the monopsonist's effective Nash bargaining power is endogenously determined by the firm's relative size. Monopsonistic firms choose the optimal vacancy postings taking into account the wage determination, ending up with overposting vacancies to suppress wages. We then extend the model to a dynamic model and solve its stationary equilibrium. The dynamic model delivers a rich set of policy implications, including the effect of minimum wage policy on the wage distribution and the effect of competition policy on the labor market equilibrium. Specifically, we show that the increase in wages upon the entry of a new firm is more amplified in the presence of granular search protocol since the new firm's entry reduces the incumbent firm's effective bargaining power as well as their employment size.

Sovereign Partial Default in Continuous Time with *Gabriel Mihalache*

Abstract: We formulate and solve a tractable, continuous time version of the sovereign *partial default* model of Arellano, Mateos-Planas and Ríos-Rull (2023). We compute our model using both traditional continuous time methods and, with an eye towards larger state space applications, on a deep neural network. We show that our formulation allows for a tight characterization of debt and default dynamics, as well as the length and severity of crisis events.

Strategic Demand for Inventors

*Abstract:*This paper develops a simple Schumpeterian growth model where firm-level strategic demand for inventors can be described. All firms should produce the latest invention to be the monopolist in output market, and inventor is the only input of innovation. In the model, innovating firms can determine their demands for inventors to strategically deter their competitors' innovation. Using a tractable model with Stackelberg competition in inventor market, I study the effect frontier firm's strategic demands on the aggregate growth. Compared to the non-strategic model, frontier firms' strategic hiring decisions can worse off the aggregate growth and the top income inequality. The mechanism is intensified when fixed cost of R&D is high.

Presented at: Midwest Macro Spring 2023 (Clemson)

CONFERENCES

2023 Midwest Macro Spring (Clemson)

2022 Princeton Initiative: Macro, Money and Finance (Princeton)

COMPUTATION AND DATA

Julia, Python, Stata

REFERENCES

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