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**DOCTORAL STUDIES** Massachusetts Institute of Technology (MIT)  
PhD, Economics, Expected completion June 2024  
DISSERTATION: "Essays in International Trade and Macroeconomics"

## DISSERTATION COMMITTEE AND REFERENCES

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**PRIOR EDUCATION** Seoul National University  
Bachelor in Economics, Mathematics, and Industrial Engineering  
*Summa Cum Laude*

2018

**CITIZENSHIP** Republic of Korea **GENDER:** Male

**LANGUAGES** English (fluent), Korean (native)

**FIELDS** Primary Fields: International Trade  
Secondary Fields: Macroeconomics, Urban Economics

# MIT Economics

JAEEUN SEO

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<b>TEACHING EXPERIENCE</b>	Introduction to Macroeconomics (undergraduate, MIT course 14.02)	2020-22
	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	
	International Economics I (graduate, MIT course 14.581)	2020
	Teaching Assistant to Professors David Atkin, Arnaud Costinot, and Dave Donaldson	
<b>RELEVANT POSITIONS</b>	MIT Trade Lunch organizer	2022-23
<b>FELLOWSHIPS, HONORS, AND AWARDS</b>	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
<b>RESEARCH PAPERS</b>	<b>“Sectoral Shocks and Labor Market Dynamics: A Sufficient Statistics Approach” (Job Market Paper)</b> (with Ryungha Oh)	
	<p>Labor market shocks often have differential effects across sectors, and their distributional consequences depend on how easily workers can switch sectors over time. We develop a dynamic sector choice model that incorporates a self-selection mechanism based on persistent worker heterogeneity in an otherwise standard dynamic discrete choice model. Instead of specifying and estimating detailed heterogeneity, we propose a novel sufficient statistics approach for constructing counterfactual welfare changes and labor reallocation in response to sectoral shocks. This approach requires only knowledge of steady-state worker flows over different time horizons, which are directly observed in panel data. We show theoretically that ignoring worker heterogeneity results in dynamic worker flows inconsistent with the data, leading to biases in counterfactual predictions. We quantify these biases within the context of the rise of import competition from China. Results indicate that when we correctly match dynamic worker flows with worker heterogeneity, worker reallocation is significantly slower, and the negative welfare effects on manufacturing workers are more severe than previously suggested.</p>	
	<b>“What Causes Agglomeration of Services? Theory and Evidence from Seoul”</b> (with Ryungha Oh) <i>Awarded Best Student Paper Prize (2022), by the Urban Economics Association</i>	

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 service stores. We microfound these spillovers by incorporating the trip-chaining mechanism—whereby consumers make multiple purchases during their services travel—into an otherwise standard quantitative spatial model that endogenously determines 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 or exacerbate 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”**

This paper studies a microfounded macroeconomic model where firms learn about economic conditions through noisy information. We make two assumptions about how firms form their expectations—(i) the noise in firms’ signals is persistent rather than i.i.d. over time; and (ii) firms receive feedback on their previous forecasts by observing the true economic conditions ex-post. Firms rationally account for the persistence of noise and adjust their interpretations of signals based on the feedback they receive. This process gives rise to a novel mechanism by which optimism arises endogenously, amplifying or dampening the effects of underlying shocks. In particular, when firms are relatively well informed about idiosyncratic shocks, they exhibit a delayed overreaction to aggregate shocks. Strategic complementarity between firms and the resulting higher-order optimism further strengthens our mechanism. Our model provides a unified way to explain the prominent empirical findings in the literature. We can distinguish our model from behavioral theories of overextrapolation by exploiting the difference between the degree of overextrapolation in consensus and individual forecasts.