

Seungki Hong

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Education

Ph.D. in Economics, Columbia University, 2021 (expected)

M.Phil. in Economics, Columbia University, 2019

M.A. in Economics, Columbia University, 2017

Graduate School in Economics, Seoul National University, 2013-2015

B.S. in Mathematical Science and **B.A.** in Economics, *summa cum laude*, Seoul National University, 2013

Research Fields

Macroeconomics, International Economics

Job Market Paper

“Emerging Market Business Cycles with Heterogeneous Agents”

A central question in open economy macroeconomics is how to explain excess consumption volatility in emerging economies. This paper argues that to understand this phenomenon, it is important to take into account households’ idiosyncratic income risk, precautionary saving, and marginal propensities to consume (MPCs). The paper makes a first attempt to study emerging market business cycles in a heterogeneous-agent open economy model. Financial frictions determining asset liquidity in the model are calibrated such that MPCs are as high as empirical estimates from emerging market micro data, which are substantially greater than the U.S. MPC estimates. I then estimate the model using macro data and Bayesian methods. The model captures the observed excess consumption volatility well. To highlight the importance of high-MPC households in driving this result, I show that excess consumption volatility disappears when households are counterfactually replaced with those exhibiting U.S. MPCs. High-MPC households contribute to consumption volatility through i) their strong consumption response to resource fluctuations and ii) large consumption reduction when assets become more illiquid. The transmission mechanisms of trend shocks and interest rate variations that previous studies use to explain excess consumption volatility are dampened because households significantly deviate from the permanent income hypothesis, on which these mechanisms crucially depend.

Working Papers

“MPCs and Liquidity Constraints in Emerging Economies”

For the first time in the literature, this paper estimates the marginal propensity to consume (MPC) out of transitory income shocks using micro data for an emerging economy. To this end, I employ a nationally representative Peruvian household survey. Two striking differences emerge when the Peruvian MPC estimates are compared with U.S. MPC estimates obtained by the same method. First, the mean MPC of Peruvian income deciles (0.632) is much higher than that of U.S. deciles (0.089). Second, within-country MPC heterogeneity over the deciles is substantially stronger in Peru. Patterns in the consumption growth of the deciles and the MPCs of unconstrained top income groups delineated by an MPC homogeneity test suggest that liquidity constraints are important for explaining both the higher mean MPC and the stronger MPC heterogeneity in Peru.

“Who Bears Aggregate Fluctuations in Emerging Economies?”

This paper assesses how rich and non-rich households share aggregate consumption and income fluctuations differently between a developed economy and an emerging economy. To this end, I apply the fluctuation decomposition method devised by Parker and Vissing-Jorgensen (2009) to the U.S. and Peruvian household surveys. The U.S. bottom 80% consumption group contributes to aggregate consumption fluctuations 0.8 times as much as it does to aggregate income fluctuations, while the Peruvian bottom 80% consumption group contributes to aggregate consumption fluctuations 1.7 times as much as it does to aggregate income fluctuations. This result suggests that non-rich households in emerging economies could be important contributors to the phenomenon of excess consumption volatility in emerging economies. The existing theories for this phenomenon do not square well with the empirical finding of this paper because these theories involve mechanisms that non-rich households in emerging economies are less able to accommodate.

Pre-doctoral Publication

(In Korean) **“The Value-Added and the Productivity of Korean Banking Industry,”** with Se-Jik Kim, *Economic Analysis* 21(3), 2015, 35-74.

This paper aims to evaluate the core ability of Korean banks to distinguish more productive firms from less productive ones and provide loans selectively to the former. To this end, we calculate the value-added of Korean banks from the distribution side, and then assess total factor productivity (TFP) of the banks using the financial statement data for the period 1991-2013. We find that the productivity of the Korean banking sector has not far grown from the level of the early 1990s. The banking sector productivity, which plummeted during the 1997 Korean financial crisis, rebounded in the mid-2000s but retreated again to its level of 1991 in recent years. We also discover that major declines in the Korean banking sector productivity can be largely attributed to tremendous losses from huge bad loans. These findings suggest that Korean banks may not have fully developed their capacity to select high-productivity firms and reduce bad loans for the last two decades.

Fellowships, Honors, and Awards

Graduate School of Arts and Sciences (GSAS) Fellowship, Columbia University, 2015 - 2021

David C.F. Hsiung '34 M.A. and Vivian S.Y.W. Hsiung Fellowship (supporting part of GSAS Fellowship), Columbia University, 2019 - 2020

The Korean Government Scholarship (for Ph.D. studies), National Institute for International Education in Korea, 2015 - 2017

National Science and Engineering Scholarship for Undergraduate Studies (merit-based), Korea Student Aid Foundation, 2006 - 2013

Silver Prize in the Field of Mathematics, the Mathematics and Science Competition for High School Students, Seoul Metropolitan Office of Education, 2005

Research Assistantship

Martin Uribe and Stephanie Schmitt-Grohe, Columbia University, 2017 - 2018

Se-Jik Kim, Seoul National University, 2013 - 2014

Teaching Assistantship

Macroeconomic Analysis II (1st Year Ph.D.), Martin Uribe and Michael Woodford, Columbia University, Spring 2019

Intermediate Macroeconomics (Undergraduate), Ronald Miller, Columbia University, Fall 2018

Money and Finance (Undergraduate), Se-Jik Kim, , Seoul National University, Fall 2014

Dynamic Macroeconomics (Undergraduate), Se-Jik Kim, Seoul National University, Spring 2014

Conference Presentations

Midwest Macro Meetings (Fall 2019)

Other Information

Programming: Matlab, Python, Stata

Language: English (Fluent), Korean (Native)

Other Activities:

- Student Coordinator of the Economic Fluctuations Colloquium Organized by Stephanie Schmitt-Grohe and Martin Uribe (Spring 2018) and Andres Drenik (Fall 2018)
- Military Service, 2008-2009

References

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