November 2017

DAISOON KIM

DEPARTMENT OF ECONOMICS

UNIVERSITY OF WASHINGTON, SEATTLE

CONTACT INFORMATION

Department of Economics
University of Washington
305 Savery Hall, Box 353330
Seattle, WA98105 USA
Homepage: https://sites.google.com/site/fatherofseoyoon/

Phone : +1 (206) 604-5283
Fax : +1 (206) 685-7477
Email : daisoon@uw.edu

PERSONAL INFORMATION

Republic of Korea Citizen: Married to Nahyeon Bak; Father of Dawn Seoyoon Kim

EDUCATION

Ph.D., Economics, University of Washington, Seattle, US 2013 – 2018 (expected)
Thesis: Essays on International Trade and Business Cycles
Committee: Fabio Ghironi (chair), John Geweke, and Yu-chin Chen

M.A., Economics, Sogang University, Seoul, Korea 2012

B.A., Philosophy, Sogang University, Seoul, Korea 2009

RESEARCH FIELD

Primary Field: International Macroeconomics
Secondary Field: International Trade

HONORS AND AWARDS

Buechel Memorial Scholarship,	University of Washington	2016 – 2017
James K. Hall Fellowship,	University of Washington	2013 – 2014
Academic Scholarship,	Sogang University (graduate)	2009 – 2011
Academic Scholarship,	Sogang University (undergraduate)	2007 – 2008

RESEARCH RELATED EXPERIENCES

Research Assistant	Professor Ji Hyung Lee, University of Washington	2014
Research Analyst	Korea Institute of Public Finance (KIPF)	2012
Research Assistant	Professor Doyoung Kim, Sogang University	2011 – 2012

TEACHING RELATED EXPERIENCES

Instructor	Introduction to Microeconomics, Introduction to Macroeconomics	2016 – 2017
Teaching Assistant	Introduction to Macroeconomics	2015 – 2016

WORKING PAPERS

"Economies of Scale and International Business Cycles", *Job Market Paper*

"Industry Heterogeneity and International Trade Patterns: Theory and Empirics"

"Entry, Exit, and Productivity Dispersion" with Yoonsoo Lee

"Wedge in Euler Equation, Monetary Policy and Net Foreign Asset Position in Small Open Economies" with Inhwan So

WORK IN PROGRESS

"Collapse of US Capital Goods Sector in International Trade Perspective"

"Origins of Granularity" with Rory Mullen

OTHER INFORMATION

Military Service	Republic of Korea Air Force (Rank: Staff Sergeant)	2004 – 2006
Languages	Korean (Native), English (Fluent)	
Programs	MATLAB, STATA, GAUSS, EVIEWS, R	

REFERENCES

Professor Fabio Ghironi
Department of Economics,
University of Washington, Seattle
Email: ghiro@uw.edu

Professor John Geweke
Department of Economics,
University of Washington, Seattle
Amazon, Seattle
Email: jgeweke@uw.edu

Professor Yu-chin Chen
Department of Economics,
University of Washington, Seattle
Email: yuchin@uw.edu

PAPER ABSTRACT

"Economies of Scale and International Business Cycles", ***Job Market Paper***

Abstract: Most international business cycle models assume a linear cost function and disregard variations in cost structure across industries. This paper investigates the loss of generality implied by these choices. I develop a two-country two-industry dynamic stochastic general equilibrium model with monopolistic competition and heterogeneous firms where economies of scale arise from two sources: fixed costs and sloping marginal cost curves. First, the model reproduces observed international business cycle dynamics for narrowly defined industries: in industries with decreasing marginal costs, (i) output is more volatile, but exports and imports are less volatile, and (ii) aggregate variables and trade flows are more correlated with aggregate GDP than they are in industries with increasing marginal costs. Second, the quantity anomaly is mitigated: Allowing the slopes of marginal cost curves to vary across industries increases aggregate GDP comovements across countries. The model successfully generates GDP comovements across countries that are stronger than consumption comovements. I interpret these findings as evidence that non-linear cost functions and variations in cost structure across industries improve our understanding of the international business cycle.

"Industry Heterogeneity and International Trade Patterns: Theory and Empirics"

Abstract: This paper investigates how industry characteristics determine the home market effect: the impact of country size on trade surplus and the location of industries. I construct a two-country multi-industry new trade model that allows for various supply- and demand-side industry characteristics. A novel feature of the model is that economies of scale arise not just from fixed costs, but also from sloping marginal cost curves. The model predicts that large countries have a higher concentration of industries in which (i) marginal costs are an important source of economies of scale, and (ii) products are more differentiated. I test these theoretical predictions using a gravity-based specification and introduce instrumental variables to fix measurement error and proxy problems. My empirical results are consistent with the main predictions of the model. The results show that the primary building blocks of new trade theory, economies of scale and product differentiation, are central to understanding international trade patterns in narrowly defined industries. The findings also cast doubt on a linear cost function assumed in many multi-industry trade models.

"Entry, Exit, and Productivity Dispersion" with Yoonsoo Lee

Abstract: This paper develops a dynamic stochastic general equilibrium model to analyze endogenous mechanisms of changes in the first and second moments of firm heterogeneity over the business cycle. In the model, monopolistic competition and endogenous firm entry generate procyclical marginal cost, which implies a procyclical selection mechanism (i.e., increase in a production cutoff during booms). As more firms enter during booms, competition increases in factor markets, resulting in an increase in factor prices. Such an increase in the production costs make less productive firms shrink: an increase in the production cutoff. While this mechanism explains the countercyclical dispersion in firm-level productivity endogenously, it cannot explain the cyclical changes in the first moment (i.e., relative productivity of entering and exiting firms). We introduce initial uncertainty for entrants to generate empirically consistent movements of both first and second moments. We assume that entrants face additional uncertainty because it is more difficult to predict firm-specific productivity before they produce. Our results suggest that a large part of countercyclical dispersion of productivity can be endogenously generated in a model, without the help of the second moment shocks.

"Wedge in Euler Equation, Monetary Policy and Net Foreign Asset Position in Small Open Economies" with Inhwan So

Abstract: This paper studies the wedge between the interest rate implied by Euler equation and money market rate in five small open economies - Australia, Canada, Finland, Korea, and the U.K. Standard Euler equation predicts a strongly positive relationship between the two interest rates. However, data shows significantly large wedge between them, which causes negative correlation. We explore the systemic link between the wedge and two possible influencing factors, monetary policy and net foreign asset position. The empirical results from our analysis deliver the important message that the wedge is closely related to net foreign asset position in open economies, while its relationship to the stance of monetary policy has mixed results.