

Hokyu Song

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Education

Ph.D., Economics, University of Pittsburgh, 2024 (Expected)

Thesis Title: "Essays in Financial Macroeconomics"

Thesis Committee: Daniele Coen-Pirani, Douglas Hanley, Arie Beresteanu, Frederik P. Schlingemann

M.A., Economics, Penn State University, 2018

M.A., Economics, Seoul National University, 2016

B.L., Korean Law | B.A., Economics, Handong Global University, 2013

Research Interest

Macroeconomics, Macro-Finance, Mergers and Acquisitions

Working Papers

"Financial Synergies in Mergers and Acquisitions: Empirical Evidence and Aggregate Implications"
(Job Market Paper)

"Implications of Low Interest Rates on Long-Run Wealth Inequality in a Schumpeterian Model"

"Revenue Sharing on Hierarchies." with Biung-Ghi Ju and Soojeong Jung

Work in Progress

"Acquiring for Market Power: Evidence from Firm-Level Markup in Compustat"

Teaching Experience

Principal Instructor

Intermediate Macroeconomics (Summer 2022, Summer 2023)

Teaching Assistant

University of Pittsburgh: Advanced Econometrics II (PhD course), Monetary Policy and Financial Market ($\times 2$), Corporate Finance, Financial Econometrics, Intermediate Macroeconomics, Introduction to Macroeconomic Theory, Introduction to Development Economics ($\times 2$), Economic Data Analysis ($\times 2$), Applied Statistical Methods

Seoul National University: Advanced Microeconomics (PhD course), Public Economics, Microeconomics

Honors, Fellowships and Awards

Arts and Sciences Summer Research Fellowship, University of Pittsburgh, 2020

Research Scholarship, Social Science Korea, Sep. 2015 – May. 2016

Brain Korea 21 Scholarship, National Research Foundation of Korea, Sep. 2013 - Aug. 2015

Cum Laude, Handong Global University, 2013

Merit-based Scholarship, Handong Global University, Spring and Fall 2013

Conference and Presentations

Korea-America Economic Association Job Market Conference, 2023 (scheduled)

Macroeconomics Brownbag, University of Pittsburgh, 2020, 2022, 2023

Econometrics Seminar, University of Pittsburgh, 2018

Additional Information

Programming: Matlab, Stata, Python, Julia

Language: English (fluent), Korean (native)

Research Abstracts

"Financial Synergies in Mergers and Acquisitions: Empirical Evidence and Aggregate Implications"
(Job Market Paper)

Abstract: This paper investigates the evidence and implications of financial synergies in mergers and acquisitions (M&A). Financial synergies arise when one firm's superior financial condition benefits another firm that is financially constrained but expects a higher return on investment. Using micro data, I find that the target's average revenue product of capital (ARPK) exceeds that of the acquirer, implying that the target's capital investment return is higher than the acquirer's. This finding is inconsistent with the conventional wisdom from average Q in M&A, which posits that M&A is a process of physical capital reallocation from targets to acquirers. To resolve this discrepancy and evaluate its aggregate implications, I develop a dynamic general equilibrium M&A search model with financial frictions. The calibrated model reconciles the two statistics and demonstrates that the investment implication by average Q can be misleading. I find M&A results in a 8% increase in output and a 5% improvement in TFP. Moreover, M&A mitigates 46% of the TFP loss from misallocation, accounting for

20% of the TFP gains generated by M&A. However, M&A also leads to a decrease in the number of firms and entrants, and exacerbates the financial polarization among firms.

"Implications of Low Interest Rates on Long-Run Wealth Inequality in a Schumpeterian Model"

Abstract: Since the 1980s, wealth inequality has steadily risen while real interest rates have declined. To assess the implications of low interest rates on wealth distribution and economic growth, I develop an analytically tractable endogenous growth model with creative destruction, which features heterogeneous returns for households. The model highlights that low interest rates increase both the growth rate and top wealth inequality in the balanced growth path. This is because low interest rates amplify asset prices, enhancing returns from establishing new firms through creative destruction. This environment especially benefits those who invest in entrepreneurial activities and constitute a significant fraction of the top wealth holders.

"Revenue Sharing on Hierarchies" (with Biung-Ghi Ju and Soojeong Jung)

Abstract: We consider a model of joint venture where agents are organized on a hierarchical network and each agent produces her revenue through collaborating with her superiors. The problem is to allocate the total revenue among agents, when a hierarchy is represented by a directed tree. We investigate superiors-reallocation-proof allocation rules that are robust to reallocation of revenues within any coalition that includes all the superiors of its members. We obtain characterizations of superiors-reallocation-proof allocation rules imposing standard axioms in the literature of fair allocation theory.

"Acquiring for Market Power: Evidence from Firm-Level Markup in Compustat"

Abstract: How do mergers and acquisitions affect market power? To answer this question, I estimate the dynamic treatment effects of M&A on firm-level markup using the Compustat sample. My initial empirical results indicate that M&As boost the markup by 0.04 log-points in the first year. However, this effect gradually diminishes, disappearing by the sixth year post-M&A.

References

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