

# HEON LEE

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## EDUCATION

Ph.D. Economics	University of Missouri, Columbia, MO	2021 (Expected)
• Dissertation Title:	Essays on Money and Banking: A Search-Theoretic Approach	
M.A. Economics	Kyung Hee University, Seoul, Korea	2015
B.A. Political Science	Kyung Hee University, Seoul, Korea	2012
B.A. International Trade	Kyung Hee University, Seoul, Korea	2012

## RESEARCH INTEREST

Monetary Economics, Search Theory, Banking, Applied Time-series Econometrics

## WORKING PAPERS

“Money Creation and Banking: Theory and Evidence” [**Job Market Paper**]

“On the Instability of Fractional Reserve Banking”

## WORK IN PROGRESS

“Implementing Monetary Policy: the Role of Repo and Federal Funds Markets”

“Yield Curve Control: A Search-Theoretic Approach”

“Joint Fiscal and Monetary Policy without Commitment” (with Saroj Dhital)

## CONFERENCE AND SEMINAR PRESENTATIONS (including scheduled\*)

- “Money Creation and Banking: Theory and Evidence”
  - ◇ Southern Economic Association Meeting, 2020\*; Korea International Economic Association Meeting, Winter 2019; Missouri Valley Economic Association Conference, 2019.
- “On the Instability of Fractional Reserve Banking”
  - ◇ Missouri Valley Economic Association Conference, 2020.

## CONFERENCE DISCUSSIONS

Discussion of “Central Bank Digital Currency, Credit Supply, and Financial Stability”  
by Young Sik Kim and Ohik Kwon, KIEA Annul Meeting, 2019

Discussion of “The Effects of Sector-Specific Credit Supply Shocks on the U.S. Economy”  
by Maximillian Littlejohn, MVEA Annual Conference, 2020

## AWARDS, HONORS AND FELLOWSHIP

### *University of Missouri*

Harry Gunnison Brown Graduate Fellowship (best first-year performance) 2016  
MU Korean Alumni Association Scholarship 2015

## TEACHING EXPERIENCE

### *Teaching Assistant*

Principle of Macroeconomics, University of Missouri FA16 - FA20  
Theory of Economic Development, Kyung Hee University SP14 - FA14

## OTHER EXPERIENCE

Research Assistant for Professor Tackseung Jun, Kyung Hee University 2012-2014

## SKILLS

MATLAB, STATA, SAS, R, EViews,  $\LaTeX$

## LEADERSHIP POSITION

Vice President for Economics Graduate Student Association (EGSA) 2018-2020

## MISC

Military Service in Republic of Korean Army 2008-2010

## PERSONAL INFORMATION

Citizenship : Republic of Korea  
U.S. Visa Status : F-1  
Language : Korean (native), English (fluent)

## REFERENCES

Chao Gu (chair)  
Professor  
Department of Economics  
University of Missouri, Columbia, MO, 65211  
guc@missouri.edu

Joseph Haslag  
Professor and Kenneth Lay Chair  
Department of Economics  
University of Missouri, Columbia, MO, 65211  
haslagj@missouri.edu

Aaron Hedlund  
Senior Economist (present)  
Council of Economic Advisers, Executive Office of the President, Washington, D.C  
Associate Professor (on leave)  
Department of Economics  
University of Missouri, Columbia, MO, 65211  
hedlunda@missouri.edu

# Ph.D. Dissertation Chapters and Abstracts

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## Chapter 1: Money Creation and Banking: Theory and Evidence

**Abstract:** This paper develops a monetary-search model where the money multiplier is endogenously determined. I show that when the central bank pays enough interest on reserves, the money multiplier depends on the nominal interest rate and the interest on reserves rather than the reserve requirement. The calibrated model can explain the evolution of the money multiplier and the excess reserve-deposit ratio in the pre-2008 and post-2008 era. Moreover, I find that the dramatic changes in the money multiplier after 2008 are driven by the introduction of the interest on reserves with the low nominal interest rate.

## Chapter 2: On the Instability of Fractional Reserve Banking

**Abstract:** This paper develops a dynamic general equilibrium model to study the (in)stability of the fractional reserve banking system. The model shows that the fractional reserve banking system can endanger stability in the sense that equilibrium is more prone to exhibit endogenous cyclic, chaotic, and stochastic dynamics under lower reserve requirements, although it can increase welfare in the steady state. Introducing endogenous unsecured credit to the baseline model does not change the main results.

## Chapter 3: Implementing Monetary Policy: the Role of Repo and Federal Funds Markets (in progress)