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## EDUCATION

2012-2018 (expected):	Ph.D. Economics, Columbia University
2010-2012:	M.A. Finance, Tsinghua University
2006-2010:	B.S. Mathematics and Physics, Tsinghua University

## References

Stephanie Schmitt-Grohé (co-primary)	Shang-Jin Wei (co-primary)
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# FIELDS OF SPECIALIZATION

International Finance, Macroeconomics, International Trade

## Job Market Paper

#### • Financial Crises, Bailout and Optimal Monetary Policy in Open Economies

This paper studies jointly optimal bailout policy and monetary policy in open economies. I document that countries with larger foreign currency liability/GDP ratio before financial crises underwent larger currency devaluation, inflation and bailout in crises. I build a quantitative open economy model with both nominal rigidities and financial frictions. Using the model, I show that in a world without bailout while currency mismatch effect is present, larger foreign currency liability before crises calls for smaller currency devaluation in crises, embracing the notion of "fear of floating". The incorporation of optimal government bailout, whose cost needs to be monetized, can overturn the above negative relationship between foreign currency liability and currency devaluation, delivering results consistent with the empirical findings. Finally, I use firm level data to show that whether firms suffer from currency mismatch effect or not during crises hinges on their chance of obtaining bailout.

## WORKING PAPERS

# • Intrinsic Openness and Endogenous Institutional Quality, with Shang-Jin Wei (Columbia Business School and NBER), under review

Quality of public institutions has been recognized as a crucial determinant of macroeconomic outcomes. We propose that a country's intrinsic level of openness (due to population size, geography, or exogenous trade opportunities) affects its incentives in investing in better institutions. We present a simple theory and extensive empirical evidence validating the role of intrinsic openness in determining institutional quality. This suggests an indirect but important channel for globalization to improve welfare by raising the quality of institutions.

#### • When it Rains, it Pours: Capital Flows with Twin Crises

This paper examines the joint dynamics of private and public external debt for countries. We develop a model with the co-occurrence of banking crisis and sovereign debt crisis in open economies, formalizing Reinhart and Rogoff (2011) findings "from financial crash to debt crisis". External interest rate spikes or sudden stop shocks force banks to cut down debt position and fire-sale capital. The existence of frictions in bank equity market creates incentives for the government to initiate a bailout. The government bails out banks by increasing external borrowing and implementing fiscal austerity to undo inefficiencies in the private sector. Under optimal bailout scheme, the model generates diverging external debt dynamics for the private sector and the government during a crisis, as we document in the European data. Finally, we investigate two rationales for ex-ante macro-prudential regulations on private external debt: fire-sale externalities between banks and moral hazard by banks.

#### • Capital, Finance and International Trade Collapse, with Yi Wen (Federal Reserve Bank of St. Louis)

This paper proposes a model of international trade with capital accumulation and financial frictions. This is achieved by embedding the Melitz (2003) model into an incomplete-markets neoclassical framework with an endogenous credit market. The model preserves the analytical tractability of the original Melitz model despite non-trivial distribution of firms' net worth and capital stocks. We use the model to examine the differential effects of financial and non-financial shocks on aggregate output and international trade flows. The model predicts that trade volume declines far more sharply and significantly than that of output (with an elasticity larger than 3) under financial shocks than under non-financial shocks. The prediction is consistent with the stylized fact that most countries that experienced major financial crises had significantly larger and sharper contraction in trade volume than aggregate output (as is also true during the recent financial crisis). In the long run, a deeper financial market raises not only the level of aggregate productivity but also the ratio of trade volume to domestic output.

## WORK IN PROGRESS

#### • Domestic Offshoring in a Knowledge Economy, with Lin Tian (Columbia University)

During past decades, substantial skill and occupation relocation took place across U.S. cities: big cities attract more skilled workers and specialize more in cognitive intensive occupations. Motivated by the empirical literature on improvement in Information and Communications Technology (ICT) and the increasing domestic production fragmentation-or domestic offshoring-we develop a spatial equilibrium model with domestic offshoring to analyze the impact of reduction in cross-city production team formation cost-e.g., communications cost-on the spatial distribution of skills and economic activities. The model generates predictions consistent with observed empirical patterns, including more spatial segregation of skilled and unskilled workers, and occupation specialization across US cities over time. In contrast to findings in the international offshoring literature, in which there are winners and losers, we find Pareto welfare gains for all agents with heterogeneous talents, together with a substantial measured labor productivity increase at the aggregate level.

#### • Corruption, Bailout and Monetary Policy

Study rent seeking in financial and monetary policy in financial crises. Find significant empirical relationship between corruption index and the size of bailout/inflation/currency devaluation during financial crises.

• Intrinsic Openness, Institutions and Trade Policy, with Shang-Jin Wei (Columbia Business School and NBER)

Relate human chosen trade openness (tariff) to God chosen trade openness (intrinsic openness) of countries. Find significant empirical relationship between intrinsic openness measures and import tariff.

## HONORS, AWARDS AND GRANTS

2017:	Dissertation Fellowship, Columbia University
2017:	Economic Fluctuations Colloquium Grant, Columbia University
2015:	Wueller Teaching Awards, Department of Economics, Columbia University
2015:	Nominee of Presidential Teaching Awards, Columbia University
2012-2016:	Dean's Fellowship, Columbia University
2011:	Scholarship, School of Economics and Management, Tsinghua University
2009:	Scholarship, Department of Physics, Tsinghua University
2007:	Scholarship, Department of Mathematics, Tsinghua University

# RESEARCH EXPERIENCE

Summer 2017:	Dissertation Internship, Federal Reserve Bank of St. Louis	
Summer 2015:	Summer Internship, Research Department, Asian Development Bank, Manila, Philippines	
	Internship Supervisor: Chief Economist, Shang-Jin Wei	
Fall 2015-Spring 2016:	RA for Prof. Stephanie Schmitt-Grohé and Martín Uribe	
Spring 2014-present:	RA for Prof. Shang-Jin Wei	

# TEACHING EXPERIENCE

Spring 2017:	TA, International Trade (Réka Juhász)
Fall 2016, Fall 2014:	TA, First-year Ph.D. Macro (Xavier Sala-i-Martin, Ricardo Reis, Karel Mertens)
Spring 2016:	TA, Second-year Ph.D. Open Economy Macro (Stephanie Schmitt-Grohé)
Spring 2015, Spring 2014, Fall 2013 :	TA, Intermediate Macro (Stephanie Schmitt-Grohé, Jón Steinsson, Ricardo Reis)