

Zijian Wang

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Current Position

IESR, Jinan University (Guangzhou, China) 2021 – present
Assistant Professor

Education

Bocconi University (Milan, Italy) 2015 – 2021
PhD in Economics

Columbia University (New York, United States) Fall 2019
Visiting Scholar

University College London (London, UK) 2013 – 2014
MRes in Economics

University of Warwick (Coventry, UK) 2012 – 2013
MSc in Economics (with Distinction)

Central University of Finance and Economics (Beijing, China) 2008 – 2012
BEcon in Statistics (with Distinction)

Research Fields

Information Economics, Monetary Economics, Firm Dynamics

Working Papers

Rational Inattention, Financial Heterogeneity and Effectiveness of Monetary Policy

Abstract: How do financial constraints affect firms' information acquisition and, thus, the effectiveness of monetary policy over the business cycle? This paper addresses these questions in a rational inattention model in which heterogeneous firms face both (aggregate) monetary shocks and (idiosyncratic) productivity shocks. The model predicts that, due to strategic complementarity in pricing decisions, firms with a binding financial constraint pay more attention to monetary shocks than unconstrained ones. At the aggregate level, heterogeneity in attention allocation implies that prices become more responsive to shocks as the fraction of constrained firms increases. As a result, in the calibrated version of the model, monetary policy is less powerful in recessions, when financial frictions are more severe.

The model is consistent with firms' heterogeneous attention to macroeconomic conditions and with the state-dependent effectiveness of monetary policy, two features supported both by the empirical evidence provided in the paper and by the existing literature.

Endogenous Liquidity of Financial Assets and Macroeconomic Implications, with Li Li

Abstract: One decade after the financial crisis of 2007-2008, the cause of this crisis is still in debate. This paper studies the endogenous liquidity of assets in a closed economy and characterizes a general, non-parametric mechanism of economic fluctuations, including severe crises. We endogenize liquidity in terms of following aspects: (i) new construction of the liquidity property of assets; (ii) liquidity-augmented asset pricing; (iii) liquidity creation and evolution in the financial market. We derive asset pricing with consideration of liquidity and show that asset prices, augmented by liquidity service, inflate with liquidity premium and induce distorted investments in the real economy. Securities, which are widely used to facilitate transactions, induce new issuance and inevitably lower the pecuniary yields of the physical capital that backs them. The consequence is that asset prices and privately created liquidity become fragile, in the sense that small shocks can lead to large drops in asset prices and damage balance sheets of financial intermediaries. According to this theory, asset prices and liquidity play a central role; this points to the importance of stabilizing asset prices, not only commodity prices. We analyze the associated policies in recessions that can be conducted by fiscal and monetary authorities. The present theory is consistent with the classic wisdom before the second world war.

Work in Progress

Firm Information Acquisition and Industry Concentration

Abstract: Industry concentration has been continuously raising in the last 50 years. Meanwhile, superstar firms are also enriching their arsenal with information analysing technology and human resources regarding big data, artificial intelligence, etc. I provide a model to rationalise the superstar firm phenomenon from rational inattention perspective. In an economy with variable markup and fixed initial information processing capacity, more productive firms pay more attention to idiosyncratic uncertainty due to their smaller counter-cyclical markup elasticity, which is consistent with recent empirical findings. Once all firms have sufficient profits to pay a fixed cost (e.g., building a new department to adopt new data technology) and start improving information processing capacity, more productive firms will have more incentive to invest in tracking both idiosyncratic and aggregate uncertainty, which lead to absolute lower profit loss due to both kinds of uncertainties. Therefore, in the later stage, more productive firms keep adopting new data/information technology and become superstar firms, equipped with higher information processing capacity.

"Rational" Finite Planning Horizon, with Dmitriy Sergeyev and Luigi Iovino

Forward Guidance of Age-dependent Tax Policy, with Riccardo Franceschin

Awards and Scholarships

PhD Grant for the most promising young researchers, <i>Bocconi University</i>	2019-2020
Merit-Based PhD Fellowship, <i>Bocconi University</i>	2015-2019
Excellent Performance Scholarship, <i>Central University of Finance Economics</i>	2011-2012
Excellent Bachelor Dissertation, <i>Central University of Finance Economics</i>	2012

Research Experience and Other Employment

Research Assistant, Prof. Tom Schmitz, *Bocconi University (Milan, Italy)*

2017

Associate, *China Merchant Securities co. Ltd. (Beijing, China)*

2014 – 2015

Seminar and Conference Presentations

2021

International Monetary Fund (Online), Xiamen University (Online), Tianjin University (Online), China International Conference in Macroeconomics (Beijing)

2020

Econometric Society World Congress (Online), Hanqing Institute of Renmin University (Beijing), University of International Business and Economics (Beijing), Korean Economic Review International Conference (Online), Bocconi Macroeconomic Brown Bag Seminar (Milan)

2019

Econometric Society European Winter Meeting (Rotterdam), Bocconi PhD Seminar (Milan)

Teaching Experience

Bocconi University

Advanced Econometrics (PhD), Prof. Pamela Giustinelli 2017 – 2018

Global Scenarios (MBA), Prof. Francesco Daveri 2018

Monetary Economics (Master), Prof. Roberto Perotti 2016

Macroeconomics (Undergraduate), Dr. Patricia De Micco 2017 – 2020

Financial Macroeconomics (Undergraduate), Prof. Luigi Iovino 2016 – 2019

Econometrics (Undergraduate), Prof. Massimiliano Marcellino 2016 – 2017

Skills

Programming Languages: MATLAB, Python

Statistical Languages: STATA, Eviews

Typesetting Languages: L^AT_EX