

Mu Zhang

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Department of Economics ◦ Julis Romo Rabinowitz Building ◦ Princeton University

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Education

Princeton University

PhD Candidate in Economics *2016-2022 (expected)*

M.A. in Economics *2016-2018*

Tsinghua University

B.A. in Economics *2012-2016*

B.Sc. in Mathematics *2013-2016*

REFERENCES

Professor Faruk Gul
Department of Economics
Princeton University
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Professor Wolfgang Pesendorfer
Department of Economics
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Professor Xiaosheng Mu
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Princeton University
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Fields

PRIMARY	Microeconomic Theory
SECONDARY	Behavioral Economics, Finance

Teaching Experience

<i>Princeton University</i>	ECO 501: Microeconomic Theory I (TA, Fall 2019, Fall 2020)
	ECO 362: Financial Investments (TA, Fall 2018, Fall 2019, Fall 2020)
	ECO 101: Introduction to Macroeconomics (TA, Spring 2019)
<i>Tsinghua University</i>	Principles of Economics - Macroeconomics (TA, Spring 2016)
	Principles of Economics - Microeconomics (TA, Fall 2015)

Job Market Paper

“A Theory of Choice Bracketing under Risk”

In this paper, we study two heuristics, narrow bracketing and correlation neglect, that decision makers adopt to simplify the evaluation of risk from multiple sources and axiomatize them as behavioral deviations from the expected utility benchmark by relaxing the independence axiom. Our axiomatization reveals decision rules that (i) allow for narrow bracketing or correlation neglect or both and (ii) allow for different levels of narrow bracketing. We interpret the different sources as different streams of income to explain experimental evidence on violations of first order stochastic dominance. We propose a rationality ranking of decision makers based on their tendency to violate first order stochastic dominance and rank our models accordingly. Then, we interpret one source as background risk and show that narrow bracketing can explain risk aversion over small gambles. Finally, we interpret the different sources as consumption in different periods to explore the implications of narrow bracketing and correlation neglect on the optimal saving behavior. We also show that an Epstein-Zin type utility function can emerge because of narrow bracketing. This new utility function achieves separation between time and risk preferences without inducing an implausibly high early resolution premium as observed by Epstein, Farhi, and Strzalecki (2014).

(Extended abstract appears in EC'21)

Publications

1. “**Maxmin Implementation**” with Rui Tang, *Journal of Economic Theory*, 194: 105250, 2021.
2. “**A Robust Reference-Dependent Model for Speculative Bubbles**” with Jie Zheng, *Journal of Economic Behavior & Organization*, 137: 232-258, 2017.

Working Papers

1. “**Optimism in Choices over Menus**” with Rui Tang. Revise and Resubmit at *Journal of Economic Theory*.
2. “**Indivisibilities, Walrasian Equilibrium and Market Design**” with Faruk Gul and Wolfgang Pesendorfer.
3. “**Information Aggregation under Ambiguity**” with Pëllumb Reshidi and João Thereze.

Work in Progress

1. “**Learning with Biased Memory**” with Rui Tang.
2. “**Preference for Simplicity**” with Rui Tang.

Research Experience

2018	Research Assistant for Prof. Motohiro Yogo, Princeton University
2017	Research Assistant for Prof. Faruk Gul, Princeton University
2016	Research Assistant for Prof. Dilip Abreu, Princeton University
2014-2015	Research Assistant for Prof. Jie Zheng, Tsinghua University

Professional Activities

Presentations and Seminars (including scheduled)

- 2021 North American Winter Meeting, North American Summer Meeting, European Summer Meeting and China Meeting of the Econometric Society, RUD, D-TEA, EC'21, BEAT (Tsinghua), YES, Tsinghua University, Princeton University
- 2020 North American Winter Meeting of the Econometric Society
- 2019 Asian Meeting of the Econometric Society, BEAT (Tsinghua)
- 2016 World Congress of the Game Theory Society
- 2015 Econometric Society World Congress, Chinese Economist Society China Conference

Refereeing

Econometrica, Journal of Economic Theory, Games and Economic Behavior

Session Chair

- 2021 North American Winter Meeting of the Econometric Society, North American Summer Meeting of the Econometric Society

Honors, Scholarships, Fellowships, and Grants

Charlotte Elizabeth Procter Fellowship (Honorific Fellowship), Princeton University	2021–2022
Goldfeld Summer Fellowship	2020
Dietrich II Economic Theory Center Research Grant	2019–2021
The Robert W. Ballantine *48 Graduate Fellowship, Princeton University	2017
Princeton Graduate Economics Fellowship	2016–2021
Tang Lixin Fellowship, Tsinghua University	2015
Chen Xiaoyue Scholarship, Tsinghua University	2015
National Scholarship, China	2014

Personal Information:

Citizenship: Chinese
Birth year: 1995