

# XIAOXIAO BAI

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## EDUCATION

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**Ph.D. candidate**, Economics, Texas A&M University, Texas, 2022 (Expected)  
**M.S.**, Econometrics and Quantitative Economics, Texas A&M University, Texas, 2016  
**B.A.**, Finance, Renmin University of China, Beijing, 2013

## RESEARCH INTERESTS

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**Macroeconomics**, fiscal and monetary policy

## TEACHING EXPERIENCE

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**Instructor**, ECON 203 - Principles of Macroeconomics, Summer 2020  
**Instructor**, ECON 410 - Macroeconomic Theory, Fall 2021  
**Teaching Assistant**, ECON 611 - Foundations of Macroeconomic Theory, Spring 2021  
**Teaching Assistant**, ECMT 463 - Introduction to Econometrics, Spring 2021  
**Teaching Assistant**, ECON 410 - Macroeconomic Theory, Fall 2020  
**Teaching Assistant**, ECON 410 - Macroeconomic Theory, Spring 2020  
**Teaching Assistant**, ECON 410 - Macroeconomic Theory, Fall 2019  
**Teaching Assistant**, ECON 410 - Macroeconomic Theory, Spring 2019  
**Teaching Assistant**, ECON 410 - Macroeconomic Theory, Fall 2018

## PROFESSIONAL EXPERIENCE

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**Research Assistant**, Texas A&M University, Fall 2017 - Spring 2018  
**Researcher/Research Assistant**, Southwestern University of Finance and Economics, Feb. 2014 - May. 2014  
– Internship at The Survey and Research Center for China Household Finance

## WORKING PAPERS

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### “Effects of Government Spending on Private Investment” - (Job Market Paper)

- **Abstract:** In this paper, I investigate the time-varying effects of government spending on private investment in the U.S. for the time period spanning 1947-2018. I find strong evidence that fiscal spending has significant positive effects on private investment in the pre - 1980s subsample, whereas it has negative effects in the post - 1980s subsample. I build a DSGE model with fiscal considerations and featuring government spending as an input in the production function to help understand these empirical results. The variation in estimated model parameters between the two subsamples, along with model-based counterfactual analysis, suggest that diminished productivity of government spending, shorter persistence of government spending together with different financing decisions are the prime determinants of the observed heterogeneity across time.

## “How Public Capital Affects Private Production”

- **Abstract:** In this study, I analyze the effects of public capital on private production under a vector autoregressive framework. Empirical results suggest that, first, the effects of public capital on the private economy are time-varying, in particular, the total effects of public capital on private output in pre-1980 period is positive while in post-1980 the effects are insignificant negative, and the public capital productivity diminishes across these two subsamples. Second, public capital presents crowding-in effects on private inputs before 1980 while it shows crowding-out effects on private inputs in recent decades. Accordingly, a decrease in public capital productivity might account for different behaviors of the private sector. Third, the effects of public investment on private output demonstrate the same characteristics as public capital across time. Forth, the components of public capital overall demonstrate similar characteristics as aggregate public capital. The time-varying aggregate effects of public capital might be driven by structure category which accounts for more than 75% of government fixed assets.

## “The Macroeconomic Effects of Government Spending in China – An Analysis of Government Spending Multipliers and Income Inequality”

- **Abstract:** In this paper, I investigate the macroeconomic effects of government spending shocks on output and income inequality in China. I find that fiscal multipliers for output in China are large: it is 2.08 at the 1-year horizon and 1.55 at the 4-year horizon. These large multipliers are primarily explained by a rise in private consumption in response to increased government spending. I also do not find any evidence that government spending in China tends to significantly crowd out private investment or exports. I consider income inequality measures as well. I find that a rise of 1 more RMB per capita by the government, results in the urban-rural per capita disposable income ratio to fall by 0.79 within 1 year and drop by 0.34 in 4 years; the Gini index also falls by 1.35 and 1.05 in short run and long run, respectively. This provides evidence that fiscal spending in China stimulates the economy while it reallocates the resources appropriately to deal with the income inequality issue, and consequently improves the average welfare of the entire population.