YUCHEN LIU

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EDUCATION

Ph.D. in Economics, Washington University in St. Louis — 2020 – 2025 (Expected)

Dissertation: Essays on International and Development Economics

Supervisor: Prof. Ping Wang

M.A. in Economics, National Taiwan University — 2017 – 2019

B.B.A. in Finance, National Taiwan University — 2011 – 2016

B.B.A. International Exchange Program, University of Maastricht — FL 2014

RESEARCH INTEREST

International Macroeconomics, Economic Growth, Monetary Economics

RESEARCH

Working Papers

- The Sooner, the Better? The Optimal Timing of Trade Liberalization for Low-income Countries (Job Market Paper)
- Who Gets Hurt? A Reexamination on Foreign Exchange Intervention]

Publication

- Corporate Finance, Collateralized Borrowing, and Monetary Policy (with Yiting Li)
  European Economic Review 170 (2024), forthcoming

Work in Progress

- Incentive-feasible Deflation with State-owned Enterprise

WORKING EXPERIENCE

Research Assistant - National Taiwan University

Supervisor: Prof. Yiting Li — FL 2019 – SP 2020

Research Assistant – Academia Sinica

Supervisor: Prof. An-chi Wu — SU 2018

Research Assistant – Taiwan Economic Data Center

Supervisor: Prof. Mingyi Liang — SP 2016

TEACHING EXPERIENCE

Teaching Assistant - Washington University in St. Louis

Econ 4211	Topics in Financial Economics: Investments	SP 2022
Econ 428	Capital Market Imperfections and Entrepreneurial Finance	FL 2021

Teaching Assistant - National Taiwan University

Econ 7206	Topics in Monetary Economics	FL 2019
Econ 1004	Principle of Economics	FL 2018 – SP 2019

PROFESSIONAL ACTIVITIES

Conferences

Midwest International Trade Conference Fall 2024, *Rochester University*	Oct 2024
Economics Graduate Student Conference Fall 2024, *WashU*	Oct 2024
Midwest Macroeconomics Meeting Fall 2024, *Purdue University*	Sep 2024
Taiwan Economics Research 2024, *Academia Sinica*	Aug 2024
Taiwan Economics Research 2023, *Academia Sinica*	Aug 2023

Marco Study Group Organizer — FL 2023 – SP 2025

Monetary Economics Study Group Organizer — SP 2024

REFEREE SERVICES

Economic Graduate Student Conference — FL 2021

HONORS & AWARDS

Taiwan MOE-WashU Fellowship	2020-2024
The Jim S. and Lisa Y.C. Li Corporate Governance Scholarship	2021-2023
First Prize in Taiwan Economic Association Master Thesis Competition	2019
E. Sun Scholarship	2018
Sun-Zhen Scholarship	2017

SKILLS

Language: Chinese (Native), English (Proficient)

Programming/Software: MATLAB, Python, R, LATEX

REFERENCES

Ping Wang (Chair)
Department of Economics
Washington University in St. Louis
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RESEARCH PAPERS

"The Sooner, The Better? The Optimal Timing of Trade Liberalization for Low-income Countries" (Job Market Paper)

What is the optimal timing for a low-income country to liberalize trade? Is the gain from trade large enough for a low-income country to give up the opportunity to develop industries at their early stage? To address these questions, I construct a three-sector model in which the manufacturing sector features spillovers in productivity growth and organizational capital enhancement via technology choice, and the government chooses when to liberalize trade. In addition to the static gain from trade and the dynamic cost of giving up an infant industry, this paper contributes to the literature by highlighting one more dynamic cost: time to rebuild the manufacturing production capacity. Empirically, I find that the manufacturing sector plays a key role in driving economic growth, and faster GDP growth is associated with a larger worker inflow in the manufacturing sector for low-income countries after their World Trade Organization (WTO) accession. The calibration exercise shows that 80.5% (62 out of 77) of my sample countries can improve the welfare of the household by postponing the timing of WTO accession. Among these 62 countries, the median difference to optimal timing is 8 years and the median consumption equivalent variation under optimal liberalization timing is 0.0856%.

"Corporate Finance, Collateralized Borrowing, and Monetary Policy," (with Yiting Li)
European Economic Review 170, (2024), forthcoming

We construct a monetary model in which entrepreneurs facing uncertainty in input costs and returns of projects may finance investment internally and with bank credit. Entrepreneurs using money as a down payment and bonds as collateral can reduce the default probability. Working through these key channels, lower nominal policy rates and open market sales can reduce the real lending rate. The central bank's private asset purchases improve availability of credit and compress risk spreads. Our model identifies the risk-reducing channel of private asset purchases—the policy functions as if the government had supplied more bonds, and the increased collateralizable bonds are allocated more to corporate borrowings with a higher lending risk. Risk-retention requirements associated with asset purchases are essential to welfare. As uncertainty with respect to input costs and investment returns intensifies, the central bank should lower the optimal risk-retention rate to encourage lending and reduce business failures.

"Who Gets Hurt? A Reexamination of Foreign Exchange Intervention"

In this paper, I construct a two-country model to reexamine the effect of foreign exchange interventions from a home country when all international trade is flexibly priced in foreign country's currency. The result has two significant policy implications when home country depreciates its own currency against the foreign currency through foreign exchange interventions. Firstly, there is a decrease in prices and an increase in quantities for exports from both countries when interventions are anticipated, which implies intervention is not harmful to exporters in foreign country. Secondly, there is a wealth redistribution from the domestic sector in home country to the rest of the world, making it the only sector hurt by foreign exchange interventions. In the calibration exercise, I find the domestic price increase by 0.34% and the wealth of domestic sector in Taiwan reduces by 0.21% of real GDP if the central bank in Taiwan increases US reserves purchase by 1% and finances the purchase by seigniorage.