

Jaya Wen

Address: Department of Economics
Yale University
New Haven, CT 06520-8268

Telephone: (+1) 650-380-8144

E-mail: jaya.wen@kellogg.northwestern.edu

Web page: <https://www.jayawen.com>

Citizenship: USA

Current Position: Postdoctoral Fellow, Northwestern University

Fields of Concentration:

Primary: Development Economics
Secondary: Political Economy

Desired Teaching:

Development Economics
Applied Econometrics
Political Economy
Microeconomics

Comprehensive Examinations Completed:

2015: (Oral): Development, Political Economy (*with distinction*)
2014: (Written): Microeconomics, Macroeconomics

Dissertation Title: *The Political Economy of State Employment and Instability in China*

Committee:

Professor Mushfiq Mobarak (Chair)
Professor Nancy Qian
Professor Mark Rosenzweig
Professor Chris Udry

Completion Date: May 2019

Degrees:

Ph.D., Economics, Yale University, 2019
M.Phil., Economics, Yale University, 2015
M.A., Economics, Yale University, 2014
B.A., Economics, Yale University, 2012

Fellowships, Honors and Awards:

National Science Foundation Graduate Research Fellowship, 2014-2019

Yale Economic Growth Center Fellowship, 2013-2019
Annie G. K. Garland Memorial Fellowship 2018-2019
Ryoichi Sasakawa Young Leaders Fellowship 2013-2018
Charles V. Hickox Fellowship 2014-2015
Yale University Graduate Fellowship, 2013-2014

Research Grants:

J-PAL Post-Primary Education Initiative, 2018, “Improving Education through Bureaucrat Autonomy in Bangladesh”, \$34,281.41
DFID Strategic Impact Evaluation Fund, 2018, “Improving Education through Bureaucrat Autonomy in Bangladesh”, \$99,987
MacMillan Center Development Research Initiative, 2018, “Combating Poverty through Migration in China”, \$25,000
Yale Center for the Study of Race, Indigeneity, and Transnational Migration Grant, 2019, “Combating Poverty through Migration in China”, \$5,000

Teaching Experience:

Spring 2016, Teaching Assistant to Prof. Naomi Lamoreaux, American Economic History, Yale College
Fall 2015, Teaching Assistant to Prof. Nancy Qian, Economics of Developing Countries, Yale College
Summer 2015, Instructor, EMERGE Future Scholars Institute, Yale College Summer session

Research and Work Experience:

Postdoctoral Fellow, Northwestern University, August 2019-present.
Research Analyst, Federal Reserve Bank of New York, 2012-2013.
Research Assistant to Nancy Qian, Yale University, 2009-2012.
Research Assistant to Nathan Nunn, Harvard University, 2010-2012.
Project Manager for Michael Tomz, Stanford University, 2006-2010.
Summer Consultant, Oliver Wyman Financial Services, 2010.

Publications:

“[Financial Education and the Debt Behavior of the Young](#)” with Meta Brown, John Grigsby, Wilbert van der Klaauw, and Basit Zafar. *Review of Financial Studies*, 29(9). 2016.
“[Industry-Level Supply-Side Market Concentration and the Price of Military Conflict](#)”, *Journal of Conflict Management and Peace Science*, 29(1): 79-92. 2012.

Working Papers:

“[The Political Economy of State Employment and Instability in China](#)”, (November 2019), *Job Market Paper*.
“[Distrust and Political Turnover](#)” with Nathan Nunn and Nancy Qian, (August 2019), *NBER Working Paper No. 24187*.
“[The Dynamic Effects of Computerized VAT Invoices on Chinese Manufacturing Firms](#)” with Haichao Fan, Yu Liu, and Nancy Qian, (August 2019), *NBER Working Paper No. 24414*.

Work In Progress:

“[Improving Education through Bureaucrat Autonomy in Bangladesh](#)” with A. Mushfiq Mobarak, Paula Lopez-Pena, and M. Ashraf Haque, (August 2019).

“The Role of Trust in Healthcare: Evidence from Childbirth” with Gabriella Santangelo and Nancy Qian, (July 2019).

Seminar and Conference Presentations:

Yale Political and Economic Development Conference, May 2019
University of Chicago Development Workshop, Chicago, November 2018
BRAC Economics Development Conference, Dhaka, March 2018
Nankai Visiting Scholar Workshop, Tianjin, March 2018
Conference on Public Finance in Developing Countries, Zurich, December 2017
TCD/LSE/CEPR Development Workshop, Dublin, September 2017
IEA World Congress, Mexico City, June 2017
Asian Meeting of the Econometric Society, Hong Kong, June 2017

Referee Service:

Review of Economics and Statistics; American Economic Journal: Applied Economics; Journal of the European Economic Association; Economic Development and Cultural Change; Journal of Politics; Economics Letters; Journal of Law, Economics, and Organization; The World Bank Economic Review

Languages:

English (native), Mandarin Chinese (fluent), German (intermediate)

References:

Professor Mushfiq Mobarak
Yale University
Department of Economics
New Haven, CT 06520
PO Box 208269
Phone: (203) 432-3637
ahmed.mobarak@yale.edu

Professor Mark Rosenzweig
Yale University
Department of Economics
New Haven, CT 06520
PO Box 208269
Phone: (203) 432-3588
mark.rosenzweig@yale.edu

Professor Nancy Qian
Northwestern University
Managerial Economics & Decision Sciences
2211 Campus Drive
Evanston, IL 60208
Phone: (847) 491-2531
nancy.qian@kellogg.northwestern.edu

Professor Chris Udry
Northwestern University
Department of Economics
2211 Campus Drive
Evanston, IL 60208
Phone: (847) 491-8216
christopher.udry@northwestern.edu

Dissertation Abstract

[The Political Economy of State Employment and Instability in China](#) [Job Market Paper]

Chinese state-owned enterprises (SOEs) are substantially less productive than their private counterparts, yet privatization and broader ownership reforms have stalled for over a decade. I provide one reason why: the Chinese government uses SOEs as policy instruments for social stability. This insight illustrates how autocracies maintain stability and how, in turn, stability policies matter for economic development. It also explains why the Chinese government is reluctant to reform SOEs despite mounting international pressure.

I document the SOE stability motive by developing and testing a model of government stabilization on original ethnic conflict data and household data from China. My paper is the first to provide causal evidence that SOEs are social stabilizers.

I begin with three new empirical facts. First, I show that SOEs employ a higher proportion of men and male minorities, the demographics most likely to participate in destabilizing behaviors. Second, I show that employment in private firms falls in times and places with poor export demand, while employment in SOEs increases. Third, I document that private firms shed labor in the year following a flood disaster, in places where the disaster hit, while SOEs hire more labor. These patterns show that SOEs employ a higher proportion of unrest-prone groups and counter sources of widespread unemployment, a major source of instability.

Motivated by these patterns, I build a model of government stabilization. In this framework, there are two types of firms, private and SOEs, as well as two types of individuals, an unrest-prone type and a stable type. When unrest-prone individuals are not employed, they participate in activities that decrease stability. The government's twin objectives are aggregate output and stability, and it can boost the latter at the cost of output by subsidizing SOE employment of the unrest-prone worker type. The model predicts that, in response to an unrest shock, SOEs should hire more unrest-prone workers, private firms should shed those workers, and wages for unrest-prone workers should increase. My model generates a sufficient statistic for the SOE subsidy on high-unrest workers' salaries.

To test model predictions, I construct a measure of the degree to which conflict in Xinjiang spills over and generates threats of unrest for counties in other Chinese provinces. This measure is high in years preceded by many unrest incidents in Xinjiang and in non-Xinjiang counties with large Uyghur population shares. Using a combination of original conflict data and China's Urban Household Survey (UHS), I show that SOE employment increases in response to ethnic unrest threat. Notably, the employment increase is targeted on male minorities only, exactly the most unrest-prone demographic. I also find that male minority wages rise, which cannot be explained by a labor supply shift or increased prejudice in private hiring alone.

Finally, I quantify SOE favoritism of male minority employees and find that SOEs implicitly receive a 26% subsidy on male minority salaries.

[The Dynamic Effects of Computerized VAT Invoices on Chinese Manufacturing Firms](#) - with Haichao Fan, Yu Liu, and Nancy Qian

This paper uses a balanced panel of large manufacturing firms to provide novel evidence on the dynamic effects of computerizing VAT invoices on tax revenues and firm behavior in China, 1998-2007. To identify the policy's causal effects, we implement a difference-in-differences strategy. First, we compare outcomes before and after the 2001 reform. Second, we

exploit cross-sectional variation in each firm's reform exposure. Since computerization dramatically increased the difficulty of falsifying input deductions, we create a measure that captures how much each firm was able to fabricate deductions before 2001. Due to the pre-period auditing rules, firms that had higher shares of non-deductibles had more leeway in fabricating deductions. We therefore use a sector-level measure of non-deductible share to proxy for treatment exposure: sectors with higher non-deductible shares faked more pre-period deductions, so they are affected more by the computerization.

We find that computerization explains 14.38% of cumulative VAT revenues and increases the effective average tax rate by approximately 4.7-14% in the seven subsequent years. The evidence suggests that the effects of computerization change over time: tax revenue gains are likely to be smaller in the long run. Meanwhile, firms reduce output and input and increase productivity monotonically over time.

Distrust and Political Turnover - with Nathan Nunn and Nancy Qian

We present findings that document one way in which a society's culture can affect political outcomes. Examining an annual panel of democratic countries over six decades, we show that severe economic downturns are more likely to cause political turnover in countries that have lower levels of generalized trust. The relationship is only found among democracies and for regular leader turnover, which suggests that the underlying mechanism works through leader accountability and the electoral process. Moreover, we find that the effects of trust on turnover are greatest during years with regularly-scheduled elections, and within democracies with a parliamentary system, a fully free media, and greater stability. The estimates suggest that generalized trust affects political institutions by influencing the extent to which citizens attribute economic downturns to the mistakes of politicians.

Financial Education and the Debt Behavior of the Young - with Meta Brown, John Grigsby, Wilbert van der Klaauw, and Basit Zafar

Young Americans are heavily reliant on debt and have clear financial literacy shortcomings. In this paper, we study the effects of exposure to financial training on debt outcomes in early adulthood among a large and representative sample of young Americans. Variation in exposure to financial training comes from statewide changes in high school graduation requirements. Using a flexible event study approach, we find that both mathematics and financial education, by and large, decrease reliance on nonstudent debt and improve repayment behavior. Economics training, on the other hand, increases both the likelihood of holding outstanding debt and the prevalence of repayment difficulties.