

Jijian Fan

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Research Interests

Primary: Applied microeconomics (public, financial, political)
Secondary: Applied theory, simulation (agent-based modeling)

Doctoral Studies

Ph.D. in Economics Sept 2013 – Jun 2019 (exp)
University of California Santa Cruz, CA
· Advanced to Candidacy: December 2015
· Expected Completion: June 2019

Dissertation Committee and References:

Professor Daniel Friedman (Co-Chair)
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Professor George B. Bulman (Co-Chair)
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Professor Jonathan M. Robinson
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Placement Support

Placement Director: Jonathan Robinson, jmrtwo@ucsc.edu, (831) 459-5618
Placement Coordinator: Sandra Reebie, sreebie@ucsc.edu, (831) 459-2219

Prior Education

M.A. Economics	University of California, Santa Cruz, CA	May 2014
B.A. Economics	Fudan University, Shanghai, China	May 2013
Visiting Scholar	University of California, San Diego, CA	Sept 2011

Job Market Paper

“Local Government Response to Fiscal Squeeze: Evidence from A Targeted Tax Reduction” (with Jiayi Xu)

A rich literature examining the effects of intergovernmental grants to local governments has documented evidence of the “flypaper effect” in terms of overall and categorical expenditures. This paper considers this phenomena in the context of a budget shortfall generated by a targeted tax reduction that benefits a subset of the population. Specifically, we examine whether local government increases tax revenue from other sources to offset the shortfall, reduces expenditures that benefit the targeted group, and consider the net impact of these local

responses on income and economic productivity. Identification comes from a ban on all agricultural taxes in China combined with differential revenue replacement levels determined by a national formula at the province level. Comparing nearly identical counties in adjacent provinces reveals that large differences in revenue shortfall are not offset by increased taxes on other subgroups, consistent with a strong flypaper effect. However, local government expenditure on agriculture is disproportionately reduced, attenuating the benefits to the targeted group. Further analysis reveals that farmers in counties that experienced larger revenue shortfalls suffered a loss of net income. These results shed light on how local governments respond to fiscal shortfall stemming from a targeted tax reduction, and how these responses may offset the intended benefits.

**Working
Papers**

“The Effect of Regulating Political Connections: Evidence from China’s Board of Directors Ban” (under review)

There is a great deal of variation in how countries regulate relationships between politicians and private sector firms, but little evidence about how such policies affect firm performance. In 2013, China passed a new regulation that banned politicians from serving on the boards of directors of companies. Using a novel data set that links board members, government officials, and forced resignations, I estimate the effect of the policy on the composition of corporate boards and subsequent changes in firm performance and stock price. The estimates reveal that firms complied with the policy and that the loss of a high level politician resulted in lower profits and a 5.4 percent reduction in stock price in the year after the policy was announced. Heterogeneity analysis reveals that the negative effect is increasing in the number of high-level politicians on a firm’s board, but that the loss of lower-level politicians generates little or no observable change in performance. The estimates provide important evidence about the efficacy and implications of one of the most commonly used policy tools for reducing political influence in the private sector.

“Market Sensitivity to Product Quality, Personal Information, and Business Practice Scandals” (with Jiayi Xu)

This paper exploits a unique setting that generates a large set of systematically reported scandals, allowing us to measure investors’ responses across scandal types. The “315 Night” is a Chinese TV program held on March 15th annually and has exposed more than 200 firm scandals since 1991. We document the recent 10-year scandals revealed in the program and use an event study approach to estimate the effects across product quality, personal information breach, and business practice scandals as well as across sectors. We find that the effects are largest for defective products, but there are also strong negative responses to personal information breaches. We find little stock response to the revelation of deceptive business practices. Across sectors, consumer goods suffers the largest impacts, followed by the services sector, while the technology sector exhibits the smallest responses. The results shed light on how the market responds to various types of scandals.

“How Fundamentalism Takes Root: A Simulation Study” (with Daniel Friedman, Jonathan Gair, Sriya Iyer, Bartosz Redlicki, and Chander Velu. Resubmission requested by *European Economic Review*)

We report agent-based simulations of religiosity dynamics in a spatially dis-

persed population. Agents' religiosity responds to neighbors via pairwise interactions as well as via club goods effects. A simulation run is deemed fundamentalist if the final distribution contains a sizable minority of very high religiosity together with a majority of lesser religiosity. Such simulations are more prevalent when parameter values shift from values reflecting traditional societies towards values reflecting the modern world. The simulations suggest that the rise of fundamentalism in the modern world is boosted by greater real income, lower relative prices for secular goods, less substitutability between religious and secular goods, and less time spent with neighbors. Surprisingly, the simulations suggest little role for the rise of long distance communication and transportation.

“Intergenerational Persistence in Education and Income: An Evolutionary View” (with Hugo Lhuillier)

Despite the fact that education may increase one's lifetime income, intergenerational persistence in educational attainment is widely observed. We develop a model to explain the natural formation of intergenerational persistence in education and analyze the evolutionary dynamics. While the gains from education are the same for different subgroups of the population, constant education costs generate higher disutility for lower-income families. Under competitive labor supply, where increasing the size of the educated population reduces the payoff, lower-income families will give up education, which leads to intergenerational persistence. In a simple setup we find neutral stability with perfect immobility of education levels, but the share of educated population may differ. The implications are: (a) intergenerational persistence exists naturally; (b) partial subsidy of one-price education leads to social efficiency, reduces inequality and promotes welfare, yet immobility still exists; and (c) social persistence could be solved by price discrimination.

Conferences and Talks	ASSA Annual Meeting (poster session)	Chicago, 2017
	Applied Micro Workshop, UCSC	Santa Cruz, 2015 – 2018
	Behavioral and Experimental Workshop, UCSC	Santa Cruz, 2015 – 2017
	Inequality and the Changing Income Distribution Summer School	Trento, 2015
	Shanghai Forum (student panel)	Shanghai, 2013
	International Conference on Business and Economics	Cape Town, 2012

Academic Work Experience	Research Assistant	
	Economics Department, University of California Santa Cruz	
	· Work in LEEPS (experimental lab), with Daniel Friedman	2015 – 2016
	Economics Department, Fudan University	
	· With Shu Lin	2012 – 2013

Teaching Experience	Instructor	
	Economics Department, University of California, Santa Cruz	
	· Mathematical Methods for Graduate Students	Fall 2016 – 2018

	Teaching Assistant	
	Economics Department, University of California Santa Cruz	
	· Advanced Micro/Macro Prelim Preparation (Ph.D. level)	Spring 2018

- Introduction to Microeconomics (Head TA) Winter 2018
- Applications in Microeconomics (Graduate level) Spring 2017
- Applied Econometric Analysis II (Graduate level) Winter 2016, Winter 2017
- Game Theory and Applications Fall 2015
- Introduction to Microeconomics Fall 2014, Winter 2015, Spring 2015

Grants and Awards

- Merit-based Tuition Fellowship
 - Economics Department, University of California Santa Cruz 2014 – 2018
- Merit-based Dissertation Research Grant
 - Economics Department, University of California, Santa Cruz 2016 – 2018
- Campus-wide Award for Teaching Excellence
 - University of California Santa Cruz 2017
- Department Award for Teaching Excellence
 - Economics Department, University of California, Santa Cruz 2016
- Eileen Brooks Memorial Award for Research
 - University of California, Santa Cruz 2015
- Xiyuan Research Award
 - Fudan University 2012
- First-class Scholarship and Honor Student
 - Fudan University 2010

Skills

- Data Analysis and Visualization*
 - R, Stata, Matlab, ArcGIS, L^AT_EX, Microsoft Office, Adobe Photoshop
- Computer Programming*
 - C/C++, Python, Linux Shell Programming
 - Strong background for data structure and algorithm analysis
- Language*
 - English: Full professional proficiency
 - Chinese: Native
 - Spanish: Limited working proficiency

Citizenship

People's Republic of China