NAN LI

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EDUCATION

STANFORD UNIVERSITY, Stanford, CA
Ph.D. in Economics, June 2007 (expected)
- Fields: International Economics, Macroeconomics, Economic Development
- Advisors: Ronald McKinnon (Primary), Peter Henry, Pete Klenow, John Taylor
- Dissertation: "Cyclical Wage Movements in Emerging Markets Compared to Developed Economies: A Contractual Approach"

PEKING UNIVERSITY, Beijing, P.R.China
B.S. in Economics, July 2001

RESEARCH EXPERIENCE

FEDERAL RESERVE BOARD, INTERNATIONAL FINANCE DIVISION, Washington, D.C., Fall 2005
Dissertation Intern
Topic: "Incomplete Markets, Transaction Costs and Exchange Rate Fluctuations"

INTERNATIONAL MONETARY FUND, RESEARCH DEPARTMENT, Washington, D.C., Summer 2004
Ph.D. Intern
Topic: "Fiscal Institutions and Fiscal Performance"

STANFORD CENTER FOR INTERNATIONAL DEVELOPMENT, Stanford, CA, 2005-Present
Research Assistant, for Prof. Ronald McKinnon
Topic: "China's Exchange Rate and International Adjustment in Wages, Prices and Interest Rates"

STANFORD UNIVERSITY, DEPARTMENT OF ECONOMICS, Stanford, CA, Spring 2005
Research Assistant, for Prof. Narayana Kocherlakota,
Topic: "Zero Expected Wealth Taxes: A Mirrlees Approach to Dynamic Optimal Taxation"

STANFORD UNIVERSITY, GRADUATE SCHOOL OF BUSINESS, Stanford, CA, 2003-2004
Research Assistant, for Prof. Peter Henry
Topic: "Total Factor Productivity Growth and Economic Reforms in Developing Countries"

TEACHING EXPERIENCE

STANFORD UNIVERSITY, DEPARTMENT OF ECONOMICS, Stanford, CA
Teaching Assistant
Courses:
- Core Macroeconomics (PhD level), for Prof. Narayana Kocherlakota
- Core Econometrics (PhD level), for Prof. Takeshi Amemiya
- Macroeconomic Analysis (undergraduate level), for Prof. Mark Wright
- Money and Banking (undergraduate level), for Alex Gould

HONORS AND AWARDS

Larry Yung Dissertation Fellowship, Stanford Freeman Spogli Institute for International Studies, 2006-2007
Dissertation Internship, Board of Governors of the Federal Reserve System, Fall 2005
IMF-Japan Scholarship for Advanced Studies, 2001-2003
Peking University Outstanding Research Prize, 1999-2000
Sumitomo Mitsui Banking Co. Foundation Scholarship for Distinguished Students, 1998-1999

WORKING PAPERS

"Cyclical Wage Movements in Emerging Markets Compared to Developed Economies: A Contractual Approach" **(JOB MARKET PAPER)**

Abstract: In this paper, I document that (i) real wages are positively correlated with output and, on average, lag output by about one quarter in emerging markets, while there are no systematic patterns in developed economies, (ii) real wage volatility is about twice as high in emerging markets compared with developed ones, even controlling for output volatility, and (iii) real wage volatility, as a ratio of output volatility, decreases with the level of financial development across countries. I then present a model of contractual arrangements between workers and employers in a small open economy that helps to understand this contrast in cyclical wage movements between emerging markets and developed economies. Only employers have access to financial markets in the model, but they need to borrow working capital to pay for labor costs before production is carried out. The idea is that a countercyclical interest rate and less developed financial market makes it less optimal for employers to provide workers with relative stable wages, leading to more volatile and procyclical wages. This is further demonstrated by calibrating the model using data from Mexico and the U.S.

"Transaction Costs, Incomplete Markets, and Exchange Rate Fluctuations"

Abstract: This paper provides a two-country general equilibrium model that addresses the excessive volatility in exchange rates and "exchange rate disconnect" phenomenon. Currencies are modeled as assets. Nominal exchange rate and the reciprocal of it, as asset prices, are shown to follow quasi-martingale processes under incomplete asset markets. In particular, I assume that there is a positive transaction cost (or "Tobin's tax") when trading foreign currency denominated bonds. This transaction cost gives rise to an equilibrium in which the nominal exchange rate is partially determined by a non-fundamental stochastic process, whose volatility increases Tobin's tax. In addition, by introducing nontradable goods or distribution costs in my model, I show that the international relative price movement does not completely offset the nominal exchange rate fluctuation. This leaves the real exchange rate volatile as well. Simulating the equilibrium shows that real effects of the exchange rate on output and consumption are small. The two sources of uncertainty in this model include money supply shock and non-fundamental uncertainty (e.g. market sentiment, animal spirit).

WORK IN PROGRESS

"Exchange Rate Appreciation in Creditor Countries"
"Total Factor Productivity Growth in Developing Countries: A Suggested Interpretation" with Peter Henry
"Stock Markets before External Debt Crises"

ADDITIONAL INFORMATION

Language: English (fluent), Mandarin Chinese (native)
Empirical Skills: Matlab, Gauss, STATA, SAS, TSP, Eviews, Excel
Citizenship: P.R.China (F-1 Visa)
Date of Birth: November 13, 1978
Gender: Female

REFERENCES

Prof. Ronald McKinnon (primary), Department of Economics, (650) 723-3721, mckinnon@stanford.edu
Prof. Peter Henry, Graduate School of Business, (650) 723-0905, pbhenry@stanford.edu
Prof. Pete Klenow, Department of Economics, (650) 725-5702, pete@klenow.net
Prof. John Taylor, Department of Economics, (650) 725-8719, john.taylor@stanford.edu
(all references: Stanford University)