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## **Yi Wen—Assistant Vice President**

**Joined the Bank Staff**      May 31, 2005

### **Education**

Ph.D. Economics, University of Iowa, 1996  
M.A. Philosophy of Science, Notre Dame University, 1991  
B.S. Medical Sciences, West China University of Medical Sciences,  
1987

### **Areas of Interest**

Macroeconomics, Chinese Economy

### **Previous Experience**

1999-2005      Assistant Professor of Economics, Cornell University  
1996-1999      Assistant Professor of Economics, Hong Kong University of Science  
& Technology

### **Other Experience**

2005-2010      Adjunct Professor, Washington University in St. Louis

### **Articles Published in Peer-Reviewed Journals**

"Macroeconomic Effects Of Government Spending In China," with Xin Wang, *Pacific Economic Review*, November 2017.

"The Great Housing Boom Of China," with Kaiji Chen, *American Economic Journal: Macroeconomics*, 9(2), pp. 73-114, April 2017.

"Two-Way Capital Flows And Global Imbalances," with Pengfei Wang and Zhiwei Xu, *Economic Journal*, 127(599), pp. 229-269, February 2017.

"Self-Fulfilling Credit Cycles," with Costas Azariadis and Leo Kaas, *Review of Economic Studies*, 83(4), pp. 1364-1405, October 2016.

Publisher DOI: <https://doi.org/10.1093/restud/rdv056>

"Credit Search And Credit Cycles," with Feng Dong and Pengfei Wang, *Economic Theory*, Online, pp. 1-25, September 2015.

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"Money, Liquidity And Welfare," *European Economic Review*, 76, pp. 1-24, May 2015.

Publisher DOI: <http://www.sciencedirect.com/science/article/pii/S0014292115000215>

"Sentiments And Aggregate Demand Fluctuations," with Jess Benhabib and Pengfei Wang, *Econometrica*, 83(2), pp. 549-585, March 2015.

"When Do Inventories Destabilize The Economy? An Analytical Approach To (S,s) Policies," with Pengfei Wang and Zhiwei Xu, *Journal of Economic Dynamics and Control*, 44, pp. 196-217, July 2014.

Publisher DOI: <http://www.sciencedirect.com/science/article/pii/S0165188914001110#>

"Leveraged Borrowing And Boom-Bust Cycles," with Patrick A. Pintus, *Review of Economic Dynamics*, 16(4), pp. 617-633, October 2013.

"Hayashi Meets Kiyotaki And Moore: A Theory Of Capital Adjustment Costs," with Pengfei Wang, *Review of Economic Dynamics*, 15(2), pp. 207-225, September 2012.

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"Speculative Bubbles And Financial Crisis," with Pengfei Wang, *American Economic Journal: Macroeconomics*, 4(3), pp. 184-221, July 2012.

"Housing Prices And The High Chinese Saving Rate Puzzle," with Xin Wang, *China economic review*, 23(2), pp. 265-283, June 2012.

"OPEC's Oil Exporting Strategy And Macroeconomic (In)Stability," with Luís Aguiar-Conraria, *Energy Economics*, 34(1), pp. 132-36, January 2012.

"Input And Output Inventory Dynamics," *American Economic Journal: Macroeconomics*, 3(4), pp. 1-33, October 2011.

Publisher DOI: <http://www.aeaweb.org/articles.php?doi=10.1257/mac.3.4.181>

"Understanding The Effects Of Technology Shocks," with Pengfei Wang, *Review of Economic Dynamics*, 14(4), pp. 705-24, October 2011.

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"Volatility, Growth, And Welfare," with Pengfei Wang, *Journal of Economic Dynamics and Control*, May 2011.

Publisher DOI: <http://dx.doi.org/10.1016/j.jedc.2011.04.008>

"Global Indeterminacy In Locally Determinate RBC Models," with Tarek Coury, *International Journal of Economic Theory*, 5(1), pp. 49-60, March 2009.

"A Note On Oil Dependence And Economic Instability," with Luís Aguiar-Conraria, *Macroeconomic Dynamics*, 12(5), pp. 717-23, November 2008.

"Imperfect Competition And Indeterminacy Of Aggregate Output," with Pengfei Wang, *Journal of Economic Theory*, 143(1), pp. 519-40, November 2008.

"Inflation Dynamics: A Cross-Country Investigation," with Pengfei Wang, *Journal of Monetary Economics*, 54(7), pp. 2004-31, October 2007.

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"Understanding The Large Negative Impact Of Oil Shocks," with Luís Aguiar-Conraria, *Journal of Money, Credit, and Banking*, 39(4), pp. 925-44, June 2007.

"Measuring Interest Rates as Determined by Thrift and Productivity," with Woon Gyu Choi, *Annals of Economics and Finance*, May 2007, 8(1), pp. 159-87.

"Uniform Working Hours And Structural Unemployment," with Haoming Liu and Lijun Zhu, *Annals of Economics and Finance*, 8(1), pp. 113-36, May 2007.

"Measuring Interest Rates As Determined By Thrift And Productivity," with Woon Gyu Choi, *Annals of Economics and Finance*, 8(1), pp. 159-87, May 2007.

"Production And Inventory Behavior Of Capital," *Annals of Economics and Finance*, 8(1), pp. 87-104, May 2007.

"What's Unique About The Federal Funds Rate? Evidence From A Spectral Perspective," with Lucio Sarno and Daniel L. Thornton, *Oxford Bulletin of Economics and Statistics*, 69(2), pp. 293-319, April 2007.

"By Force Of Demand: Explaining International Comovements," *Journal of Economic Dynamics and Control*, 31(1), pp. 1-23, January 2007.

"Another Look At Sticky Prices And Output Persistence," with Pengfei Wang, *Journal of Economic Dynamics and Control*, 30(12), pp. 2533-52, December 2006.

"Demand Shocks And Economic Fluctuations," *Economics Letters*, 90(3), pp. 373-83, March 2006.

"Understanding the Inventory Cycle," *Journal of Monetary Economics*, November 2005, 52 (8), pp. 1533-55.

"Endogenous Money or Sticky Prices? Comment on Non-Neutrality and Inflation Dynamics," with Pengfei Wang, *Journal of Economic Dynamics and Control*, August 2005, 29(8), pp. 1361-83.

"Indeterminacy, Aggregate Demand, And The Real Business Cycle," with Jess Benhabib, *Journal of Monetary Economics*, April 2004, 51(3), pp. 503-30.

"What Does It Take To Explain Procyclical Productivity?" *Contributions To Macroeconomics*, 2004, 4(1), pp. 1-38.

"The Business Cycle Effects Of Christmas," *Journal of Monetary Economics*, September 2002, 49(6), pp. 1289-314.

"Joint Time-Frequency Distributions for Business Cycle Analysis," with Sharif Md. Raihan and Bing Zeng, *Lecture Notes in Computer Science*, December 2001, 2252(2001), pp. 347-58.

"A Generalized Method Of Impulse Identification," *Economics Letters*, December 2001, 73 (3), pp. 367-74.

"Residential Investment and Economic Growth," *Annals Of Economics And Finance*, November 2001, 2(2), pp. 437-44.

"Understanding Self-Fulfilling Rational Expectations Equilibria In Real-Business-Cycle Models," *Journal Of Economic Dynamics And Control*, August 2001, 25(8), pp. 1221-40.

"A Simple Nonlinear Filter For Economic Time Series Analysis," with Bing Zeng, *Economics Letters*, August 1999, 64(2), pp. 151-60.

"Can A Real Business Cycle Model Pass The Watson Test?" *Journal of Monetary Economics*, August 1998, 42(1), pp. 185-203.

"Capacity Utilization Under Increasing Returns To Scale," *Journal Of Economic Theory*, July 1998, 81(1), pp. 7-36.

"Investment Cycles," *Journal Of Economic Dynamics And Control*, May 1998, 22(7), pp. 1139-65.

"Indeterminacy, Dynamic Adjustment Costs, And Cycles," *Economics Letters*, May 1998, 59(2), pp. 213-16.

## **Forthcoming Papers**

"Financial Development And Long-Run Volatility Trends," FORTHCOMING: *Review of Economic Dynamics*.

"What Inventories Tell Us About Aggregate Fluctuations -- A Tractable Approach To (S,s) Policies," FORTHCOMING: *Journal of Economic Dynamics and Control*.

## **Working Papers**

"Flight to What? — Dissecting Liquidity Shortages in the Financial Crisis," with Feng Dong, Working Paper 2017-025B, August 2017, updated October 2017.

"Optimal Ramsey Capital Income Taxation —A Reappraisal," with YiLi Chien, Working Paper 2017-024C, August 2017, updated October 2017.

"Withstanding Great Recession like China," with Jing Wu, Working Paper 2014-007C, March 2014, updated October 2017.

"Institutions Do Not Rule: Reassessing the Driving Forces of Economic Development," with Jinfeng Luo, Working Paper 2015-001B, January 2015, updated June 2017.

"Optimal Monetary Policy under Negative Interest Rate," with Feng Dong, Working Paper 2017-019A, May 2017.

"The Inverted Leading Indicator Property and Redistribution Effect of the Interest Rate," with Patrick A. Pintus and Xiaochuan Xing, Working Paper 2016-027B, November 2016, updated February 2017.

"Interest Rate Dynamics, Variable-Rate Loan Contracts, and the Business Cycle," with Patrick A. Pintus and Xiaochuan Xing, Working Paper 2015-032C, September 2015, updated March 2016.

"The Making of an Economic Superpower?Unlocking China's Secret of Rapid Industrialization," Working Paper 2015-006B, March 2015, updated June 2015.

"The Great Housing Boom of China," with Kaiji Chen, Working Paper 2014-022A, posted August 2014.

"QE: When and How Should the Fed Exit?" Working Paper 2014-016A, July 2014.

"Evaluating Unconventional Monetary Policies ?Why Aren't They More Effective?" Working Paper 2013-028B, October 2013, updated January 2014.

"Uncertainty and Sentiment-Driven Equilibria," with Jess Benhabib and Pengfei Wang, Working Paper 2013-011A, March 2013.

"Is Government Spending a Free Lunch? -- Evidence from China," with Xin Wang, Working Paper 2013-013A, posted March 2013.

"Financial Development and Long-Run Volatility Trends," with Pengfei Wang, Working Paper 2013-003A, posted January 2013.

"Liquidity and Welfare," Working Paper 2012-037A, September 2012.

"Two-Way Capital Flows and Global Imbalances: A Neoclassical Approach," with Pengfei Wang and Zhiwei Xu, Working Paper 2012-016A, posted June 2012.

"Capital, Finance, and Trade Collapse," with Yang Jiao, Working Paper 2012-003A, February 2012.

"Explaining China's Trade Imbalance Puzzle," Working Paper 2011-018A, August 2011.

"When Do Inventories Destabilize the Economy? An Analytical Approach to (S,s) Policies," with Pengfei Wang and Zhiwei Xu, Working Paper 2011-014A, posted May 2011.

"Dynamics of Externalities: A Second-Order Perspective," with Huabin Wu, Working Paper 2008-044B, November 2008, updated March 2011.

"Making Sense of China's Excessive Foreign Reserves," Working Paper 2011-006A, February 2011.

"Can Rising Housing Prices Explain China's High Household Saving Rate?" with Xin Wang, Working Paper 2010-048A, November 2010.

"Saving and Growth under Borrowing Constraints: -- Explaining the "High Saving Rate" Puzzle," Working Paper 2009-045C, September 2009, updated June 2010.

"Lucas meets Baumol and Tobin," Working Paper 2010-014B, June 2010.

"Liquidity Demand and Welfare in a Heterogeneous-Agent Economy," Working Paper 2010-009A, March 2010.

"Dissecting Taylor Rules in a Structural VAR," with Woon Gyu Choi, Working Paper 2010-005A, January 2010.

"Leveraged Financing, Over Investment, and Boom-Bust Cycles," with Patrick A. Pintus, Working Paper 2008-014C, June 2008, updated December 2009.

"An Analytical Approach to Buffer-Stock Saving under Borrowing Constraints," Working Paper 2009-026A, June 2009, updated July 2009.

"Incomplete Information and Self-fulfilling Prophecies," with Pengfei Wang, Working Paper 2007-033C, August 2007, updated July 2009.

"Financial Development and Economic Volatility: A Unified Explanation," with Pengfei Wang, Working Paper 2009-022C, April 2009, updated May 2009.

"When does Heterogeneity Matter?" Working Paper 2009-024A, May 2009.

"Liquidity and Welfare in a Heterogeneous-Agent Economy," Working Paper 2009-019B, April 2009, updated May 2009.

"Inventory Accelerator in General Equilibrium," with Pengfei Wang, Working Paper 2009-010A, March 2009.

"Input and Output Inventory Dynamics," Working Paper 2008-008A, March 2008, updated February 2009.

"Inventories, Liquidity, and the Macroeconomy," Working Paper 2008-045A, December 2008.

### **Articles in Federal Reserve Bank of St. Louis Publications**

"The Visible Hand: The Role of Government in China's Long-Awaited Industrial Revolution," with George E. Fortier, Federal Reserve Bank of St. Louis *Review*, Third Quarter 2016, Vol. 98, No. 3, 189-226.

"Relative Income Traps," with Maria A. Arias, Federal Reserve Bank of St. Louis *Review*, First Quarter 2016, Vol. 98, No. 1, 41-60.

"When and How To Exit Quantitative Easing?" Federal Reserve Bank of St. Louis *Review*, Third Quarter 2014, Vol. 96, No. 3, 243-265.

"Dynamics of Externalities: A Second-Order Perspective," with Huabin Wu, Federal Reserve Bank of St. Louis *Review*, May/June 2011, Vol. 93, No. 3, 187-206.

"Can Rising Housing Prices Explain China's High Household Saving Rate?" with Xin Wang, Federal Reserve Bank of St. Louis *Review*, March/April 2011, Vol. 93, No. 2, 67-88.

"Granger Causality and Equilibrium Business Cycle Theory," Federal Reserve Bank of St. Louis *Review*, May/June 2007, Vol. 89, No. 3, 195-206.

"Does More Financial Development Lead to More or Less Volatility?" with Maria A. Arias, Federal Reserve Bank of St. Louis *Regional Economist*, Second Quarter 2017.

"China's Rapid Rise: From Backward Agrarian Society to Industrial Powerhouse in Just 35 Years," Federal Reserve Bank of St. Louis *Regional Economist*, April 2016.

"Trapped: Few Developing Countries Can Climb the Economic Ladder or Stay There," with Maria A. Arias, Federal Reserve Bank of St. Louis *Regional Economist*, October 2015.

"Recovery from the Great Recession Has Varied around the World," with Maria A. Arias, Federal Reserve Bank of St. Louis *Regional Economist*, October 2015.

"Food Prices and Inflation in China and the U.S. Are Following Similar Paths," with Maria A. Arias, Federal Reserve Bank of St. Louis *Regional Economist*, October 2014.

"The Liquidity Trap: An Alternative Explanation for Today's Low Inflation," with Maria A. Arias, Federal Reserve Bank of St. Louis *Regional Economist*, April 2014.

"Secured and Unsecured Debt Over the Business Cycle," with Maria A. Arias, Federal Reserve Bank of St. Louis *Economic Synopses*, 2017, No. 1.

"Low Inflation in a World of Securitization," with Brett W. Fawley, Federal Reserve Bank of St. Louis *Economic Synopses*, 2013, No. 15.

"The Great Chinese Housing Boom," with Brett W. Fawley, Federal Reserve Bank of St. Louis *Economic Synopses*, 2013, No. 13.

"Reducing the U.S. Deficit by Recycling Capital Inflows," Federal Reserve Bank of St. Louis *Economic Synopses*, 2012, No. 17.

"Okun's Law: A Meaningful Guide for Monetary Policy?" with Mingyu Chen, Federal Reserve Bank of St. Louis *Economic Synopses*, 2012, No. 15.

"Oil Price Shocks and Inflation Risk," with Mingyu Chen, Federal Reserve Bank of St. Louis *Economic Synopses*, 2011, No. 19.

"RMB Appreciation and U.S. Inflation Risk," with Mingyu Chen, Federal Reserve Bank of St. Louis *Economic Synopses*, 2011, No. 17.

"Monetary Policy's Effects on Unemployment," Federal Reserve Bank of St. Louis *Economic Synopses*, 2011, No. 10.



"Why Aren't the Chinese Buying More American Goods?" Federal Reserve Bank of St. Louis *Economic Synopses*, 2010, No. 19.

"Why Do People Dislike Inflation?" Federal Reserve Bank of St. Louis *Economic Synopses*, 2010, No. 15.

"Economic Growth and the Global Savings Glut," Federal Reserve Bank of St. Louis *Economic Synopses*, 2010, No. 12.

"Money Supply, Credit Expansion, and Housing Price Inflation," Federal Reserve Bank of St. Louis *Economic Synopses*, 2010, No. 6.

"Can Monetary Policy Affect GDP Growth?" Federal Reserve Bank of St. Louis *Economic Synopses*, 2009, No. 21.

"Why Do Chinese Households Save So Much?" with Luke M. Shimek, Federal Reserve Bank of St. Louis *Economic Synopses*, 2008, No. 19.

"Oil Shocks and Price Stability," with Luke M. Shimek, Federal Reserve Bank of St. Louis *Economic Synopses*, 2007, No. 28.

"The U.S. Consumption Boom and Trade Deficit," with Luke M. Shimek, Federal Reserve Bank of St. Louis *Economic Synopses*, 2007, No. 24.

"The Quantity Theory of Money," Federal Reserve Bank of St. Louis *Economic Synopses*, 2006, No. 25.

"The Seasonal Cycle and the Business Cycle," Federal Reserve Bank of St. Louis *Economic Synopses*, 2006, No. 17.

### **Editorial Activities**

Co-Editor, *China Economic Review*, Jan. 2013 - Present.

Associate Editor, *Macroeconomic Dynamics*, 2009-2012.

Associate Editor, *Journal of Economic Dynamics and Control*, January 2010-present.