

LNU NEWSLETTER-



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LNU Successfully Holds NBER Chinese Economic Meeting



On August 22 and 23, 2024, the National Bureau of Economic Research (NBER) Chinese Economic Working Group 2024 Autumn Meeting was successfully held at Puhe Campus of Liaoning University. The meeting focused on discussing cutting-edge issues in the fields of macroeconomics and finance, attracting experts and scholars from more than 30 top universities around the world to attend, including Harvard University, Massachusetts Institute of Technology, Stanford University, Princeton University, Columbia University, University of Pennsylvania, Cornell University,

Emory University, University of Colorado, National University of Singapore, Hong Kong University, Chinese University of Hong Kong, Hong Kong University of Science and Technology, Peking University, Tsinghua University, Fudan University, Renmin University of China and Shanghai Jiaotong University.

The success of this meeting highlighted the recognition and support of the international academic community to the achievements of the discipline Applied Economics at Liaoning University. Through in-depth exchanges and

discussion, the participants agreed that this meeting, as a high-level academic feast, played an important role in promoting international academic exchanges and cooperation and understanding China's economy. Meanwhile, they also made a consensus that the Northeast China is a good place and the comprehensive revitalization of the Northeast would soon be achieved.

This meeting was divided into four sections, presided over by Professor Wei Shangjin from Columbia University, Professor Fang Hanming from the University of Pennsylvania, Professor Xiong Wei from Princeton University and Professor He Zhiguo from Stanford University respectively. Professor Yu Miaojie, Deputy Secretary of the CPC Committee and President of Liaoning University delivered a keynote speech.



At the opening ceremony, President Yu Miaojie expressed warm welcome and sincere greetings to the experts and scholars who are present at the meeting. He also expressed heartfelt thanks to the four senior professors of NBER Chinese Economic Working Group, namely Professor Wei Shangjin, Professor Fang Hanming, Professor Xiong Wei and Professor He Zhiguo for their trust and support to Liaoning University. In his speech, President Yu Miaojie introduced Liaoning University to the guests. He noted that Liaoning

University is a comprehensive 'Double First-class' university with over 35,000 students and 2,600 faculty members. It offers social science disciplines including economics, management and law, humanities disciplines including literature, history, philosophy and arts and natural science disciplines including science, engineering and pharmacy. The Economics program of Liaoning University won an A-level rating in the 'Double First-class' evaluation last year. He particularly emphasized that to build a truly 'Double First-class' university, efforts must be made in five aspects: the first is the recognition of students, especially the recognition of the teaching and comprehensive strength of the university. The university has 31 colleges and schools and 71 research institutes. Liaoning University offers 80 undergraduate majors, including 21 national first-class undergraduate majors, 29 first-class academic master's degree authorization points and 27 professional master's degree authorization points including MBA, MPA and JM. Liaoning University also has 12 first-level PhD degree authorization points and eight post-doctoral mobile stations. The second is the faculty and scientific research development of the university. In the past two years, Liaoning University has attracted world-renowned economists like Professor



Russel Cooper, Professor Wing Thy Woo and more than a dozen high-level scholars. They have published academic papers in *Review of Economics and Statistics*, *Economic Journal*, *Journal of Development Economics*, *Journal of Labor Economics*, *Journal of Public Economics*, *Journal of Economic Theory* and other top international journals. At the same time, Liaoning University has successfully held many high-level international and domestic conferences, bringing together domestic and international politicians, heads of international organizations and well-known scholars from top universities to meet at the university. In addition, he also introduced that Liaoning University had established cooperative relations with 158 universities in more than 30 economies around the world from three aspects: high-standard international exchanges and cooperation, think tank construction and improving the social influence of the university. The university has also made its voice heard in some core platforms

such as *People's Daily* and *China Daily*. Lastly, he hoped that the guests would continue to support the development of Liaoning University and welcomed everyone to come to Liaoning University for exchanges and discussions more often.

In the keynote speech, President Yu Miaojie delivered a speech titled 'High Quality Development of Current Chinese Economy in China', where he made a fundamental judgment on the current domestic and provincial economic development and offered some countermeasures. He noted that, like other economies in the world, China's current economic growth is affected by triple pressures, namely weak demand, supply shocks and weakened expectations. However, China's economy, especially Liaoning's economy has entered a stage of high-quality development, which is mainly reflected in six aspects. First, the increase of export added value. Second, the improvement of export quality.



Third, the improvement of total factor productivity. Fourth, from the perspective of industry, China has the advantages of the whole industrial chain and Liaoning Province also has the advantages of relatively complete industrial chains in 40 industrial categories. Fifth, the advantages of industrial agglomeration. Sixth, the coordinated development of the three major industries. At present, the secondary industry accounts for 40% in both China and Liaoning.

He stressed that the key to seize development opportunities lies in practicing the new development concepts, which is mainly reflected in five aspects. The first is innovative development. At present, China's R&D investment accounts for about 2.6% of GDP, which is basically the same as OECD countries. The proportion of R&D investment in Liaoning Province is slightly lower than the national level, but Shenyang, Dalian and other cities are higher than the national level. It is necessary to strengthen investment in fundamental research in the future. The second is green development. Last year, the proportion of non-fossil energy in primary

energy use in China was 17.5%, which is still a long way to go before the expected target of 25% in 2030. The proportion of non-fossil energy use in Liaoning is higher than the national level, reaching about 23%. Liaoning can make good use of its own energy advantages to reserve new energies. Thirdly, attention should be paid to the coordinated development of urbanization and industrialization. In China, industrialization develops faster than urbanization, so the central government and Liaoning Province are now committed to speeding up the process of urbanization. The fourth is shared development and the key lies in two aspects: first, through the government's tax and fee reduction, the proportion of disposable personal income in total revenue will be increased; the second is to expand the number of middle-income groups and raise the level of middle income. The fifth is open development, the key lies in five aspects: first, to promote the diversification of export destination countries, not only to target the European and American markets, but also to explore more markets

in developing countries, such as Southeast Asia; The second is to expand imports, especially to further expand the import of intermediate products and key materials; The third is to develop service trade, such as starting from education to increase the scale of international students studying in China. Developing special industries such as tourism and traditional Chinese medicine is also vital; The fourth is foreign direct investment, in addition to going to the outside world, efforts should also be made to go into the local communities and seek a higher level. The fifth is to make good use of the opportunities brought by the 'Belt and Road Initiative' . The focus of the overland Silk Road is not to the west, but to the east to strengthen economic and trade cooperation and strategic cooperation with Russia in the Far East; The Maritime Silk Road develops northward, where economic and trade cooperation between China, Japan and South Korea should be strengthened. For this reason, Liaoning Province is actively appealing to upgrade the 'Northeast Sea-land Corridor' to be a national strategy. If successful, Liaoning will have a more important strategic position and a better future.

The meeting was hosted by Liaoning University and undertaken by the Faculty of Economics and the School of Finance and Trade. More than 150 people attended the meeting, including teachers, students and scholars from the faculty and other universities.



Professor Wei Shangjin from Columbia University presided over the opening ceremony and the first section of the meeting. Professor Fang Hanming from the University of Pennsylvania, Professor Xiong Wei from Princeton University and Assistant Professor Hu Jiayin from Peking University delivered reports.



Titled 'Housing Privatization as Intergenerative Redistribution', Professor Fang Hanming noted that the government could provide housing subsidies to realize wealth redistribution among different generations.

During the period of economic transformation, the rapid growth of wages will bring greater benefits to the young labor force while the older labor force may not be able to enjoy this part of the benefits because of retirement or imminent retirement. Based on this observation, he studied how to design redistribution policies to benefit the elderly group. He held that it is an effective redistribution tool to provide housing subsidies to the elderly labor group in developing countries with rapid growth in labor income. Based on the housing reform in China in the 1990s, his paper quantitatively analyzed the intergenerational wealth redistribution effect of housing subsidy policies.



Professor Song Zheng from the Chinese University of Hong Kong made a wonderful comment on the paper. He explained the story of intergenerational transfer payment in a humorous way through examples and provided suggestions to the paper from the perspectives of model, writing and mechanism.



Professor Zhu Xiaodong from Hong Kong University made a wonderful comment on the paper. He spoke highly of the practical significance of the paper, believing that it reflected the institutional advantage of China's 'pooling resources together to do great things'. At the same time, he believed that the paper could be further revised in terms of mechanism testing and endogenous treatment.



Titled 'State Versus Market: China's Infrastructure Investment', Professor Xiong Wei found that market-oriented construction could further improve the productivity of infrastructure investment enterprises by using 'Article 36' published in 2005 as a policy experiment. However, the complementary role of this policy and infrastructure investment will gradually return to neutrality after the implementation of 'Article 36'. The conclusion of his paper revealed the complex relationship between national intervention and market mechanism in promoting productivity and triggered new thinking on the effective role of infrastructure investment in promoting broader economic growth, which bore important practical significance.



Titled 'The Use and Disuse of Fintech Credit Reporting: When Buy-Now-Pay-Later Meets Credit Reporting', Professor Hu Jiayin shared how the disclosure of credit information affects consumers' use of the 'Buy-Now-Pay-Later' function. In recent years, FinTech has developed rapidly, which significantly promoted financial inclusion by providing credit to individuals. However, in the past, financial technology enterprises often did

not share borrowers' information with other lending institutions, so the lending behavior lacked transparency and might accumulate default risks outside the regulatory framework. Based on this observation, her paper took 'Ant Credit Pay' as a policy experiment and used the unique data set of 'Buy-Now-Pay-Later' users from large digital platforms to study how information sharing affected consumers' use of financial technology credit.



Professor Qian Wenlan from the National University of Singapore made a wonderful comment on the paper. She believed that the influence of Fintech studied in this paper is very important in the context of the increasingly popular ‘Buy-Now-Pay-Later’ payment model. She commented the paper from the perspectives of research hypothesis, possible mixed events and other possible mechanisms.



The guests at the meeting showed strong interest in the research of scholars, by holding in-depth discussions and putting forward questions and suggestions one after another.

Professor Fang Hanming from the University of Pennsylvania chaired the second section of the meeting. Reports were presented by Professor He Jia from Nankai University, Professor Wolfgang Keller from the University of Colorado, Professor Gao Zhenyu from the

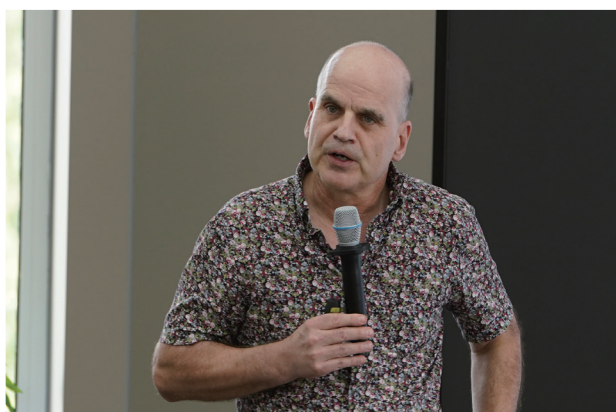
Chinese University of Hong Kong, Professor Liu Tong from the Massachusetts Institute of Technology, Professor Dai Ruochen from the Central University of Finance and Economics, and Professor Chen Lei from Southwestern University of Finance and Economics.



In her presentation titled 'Regional Power: Consumption Responses to Local Dishonest Judgment Debtors', Professor He Jia explored how regional financial factors impact consumer behavior, such as the number of dishonest judgment debtors in a consumer's local area. Utilizing transaction-level credit card

consumption data from Chinese commercial banks, the report found that for each 1% increase in the number of local dishonest judgment debtors, consumption decreased by 10.39%. This reduction in consumption exhibited high spatial concentration and immediacy. The mechanism behind this consumption reduction is that local dishonest judgment debtors diminish the demand for credit, leading to decreased local consumption, while mechanisms such as credit supply, personal background risk, and macroeconomic conditions have less impact.

In his presentation titled 'Mobility through Marriage over Multiple Generations: Evidence from Imperial China', Professor Wolfgang Keller focused on how marriage shapes social status mobility over the long term. By analyzing genealogical data from the 16th to the 19th centuries in Tongcheng, Anhui, the report found that marriage is a significant factor in social mobility beyond the elite class. Firstly, in terms of social mobility, the role of marriage is almost identical to that of the origin family; when considering multiple generations, the marriages of grandparents also play an important role. Secondly, for



two brothers with similar initial endowments, differences in marriage can account for 50% of the differences in their future development. Therefore, ignoring the impact of marriage may lead to an overestimation of the role of the origin family in social mobility, as marriage also contributes to sustained social mobility.

In his presentation titled 'Socially Green Nudges: Unveiling the Power of Peer Influence on Green Choices', Professor Gao Zhenyu explored how social interactions influence environmental behavior and green investment using data from Alibaba Group's 'Ant Forest' and 'Ant Partners'. The report found that social

interactions promote choices related to low-carbon living and environmental investment, playing a key role in shaping individual environmental behavior. Moreover, compared to positive social interactions, negative social interactions have a stronger effect in driving individuals to make sustainable decisions in their daily lives and investments.



In his presentation titled 'Learning by Investing: Entrepreneurial Spillovers from Venture Capital',

Professor Liu Tong studied how venture capital impacts the entrepreneurial outcomes of individual limited partners. Using data from entrepreneurship and venture capital in China, the report found that individual limited partners contributed 50% of the capital in the venture funds they participated in, and 50% of these individual limited partners were

themselves entrepreneurs. The empirical results showed that partners with successful entrepreneurial experience tend to invest in more entrepreneurial projects, which are often high-tech companies with greater innovation activities. The study indicates that venture capital provides individual limited partners with a crucial channel for acquiring experience and knowledge.

In his presentation titled 'The Anatomy of Chinese Innovation: Insights on Patent Quality and Ownership', Professor Dai Ruochen examined the development of patents in China from 1985 to 2019. The report used a large language model to extract information about the importance of patents from patent abstracts and categorized patent ownership based on a comprehensive database of business registrations. The report had four main conclusions:

firstly, the importance of patents decreased on average from 2000 to 2010 but has started to recover recently; secondly, China's private enterprises have played a dominant role in the growth of patents, while the influence of overseas patent holders has gradually weakened; thirdly, the dependence of patent holders on foreign knowledge has significantly decreased year by year; finally, although the technical composition of Chinese and foreign patents has become more similar, the



analysis of the similarity of patent abstracts within specific technical categories shows that there are still differences in the importance of Chinese and foreign patents.

In his presentation titled ‘Deciphering the Impact of BigTech Consumer Credit’, Professor Chen Lei found that over the past decade, large technology companies (BigTech) have increasingly entered the credit market, integrating lending services closely with their core business ecosystems. In this context, the report explored how BigTech’s credit services affect user consumption patterns on e-commerce platforms and found that users with access to credit experienced a 19% increase in monthly spending. This increase was mainly due to higher purchase frequencies, including more frequent visits and a higher tendency to convert

visits into purchases, rather than an increase in the amount spent per order. The impact of credit on consumption was particularly notable for users who had difficulty obtaining traditional bank credit, were less active on e-commerce platforms, or lived in areas with well-developed e-commerce logistics infrastructure. This highlights the role of BigTech companies in financial inclusion and the synergistic effect between their lending services and ‘rejection inference’ technology. Additionally, credit users showed a stronger inclination towards diversified consumption, buying a wider variety of products and brands. Although credit had a significant impact on



consumption, the study found no evidence that BigTech credit led to overconsumption, as it did not result in higher spending on non-essential items or more expensive goods. The research also indicated that higher consumption growth or larger credit limits did not lead to higher default rates.



The attendees showed great interest in the researchers’ studies, posing numerous questions and suggestions, and engaging in in-depth discussions, creating a lively atmosphere at the event.

Professor Xiong Wei from Princeton University and Professor Li Yao from Hong Kong University of Science and Technology each delivered presentations.

In his presentation titled 'Pricing the Priceless: The Financial Cost of Biodiversity Conservation', Professor Gao Haoyu suggested that traditional methods of protecting biodiversity incur certain financial costs, thus necessitating a shift in conservation strategies. The report found that in prefecture-level cities with national nature reserves, government bond yields significantly increased after the implementation of such policies. This rise was attributed to the increased fiscal pressure on local governments due to measures taken to protect biodiversity, such as closing illegal businesses and investing in ecological restoration. Although local governments achieved positive results in promoting biodiversity, investors primarily focused



on the increased fiscal pressure resulting from policy implementation, which led to higher financial costs.



Professor Tang Yongjun from the University of Hong Kong provided an insightful commentary on the report. He first offered a more intuitive interpretation of the issues discussed in the report by using the example of the Baishan Municipal Government's management of the Changbai Mountain Nature Reserve. He then further commented on the report from perspectives such as local government funding sources, bond durations, and economic impacts.

In his presentation titled 'The Pre-Announcement Drift in China: Government Meetings and Macro Announcements', Professor Pan Jun discussed the impact of Chinese government meetings and macroeconomic announcements on the stock market. The study found that, on average, there is a 42-basis point return in the Chinese stock market within 48 hours before major government meetings, a phenomenon similar to the market reaction before Federal Open Market Committee (FOMC) meetings in the United States. In contrast, market reactions to macroeconomic indicators such as M2 money supply,



GDP, and CPI announcements were relatively weak and not statistically significant. Additionally, fluctuations in stock returns during periods of high market volatility can primarily be explained by the 'heightened uncertainty channel', where investors tend to sell off stocks heavily in the five days leading up to the meeting but start buying them back two days before the announcement. In periods of low volatility, this phenomenon might be mainly driven by information leakage channels.



In her presentation titled ‘Global Monetary Policy Shocks, Financial Frictions, and Export Prices’, Professor Li Yao explored the impact of U.S. monetary tightening on the export prices of Chinese firms. The report suggests that exogenous monetary tightening policies lead to higher export prices for firms. This occurs because tightening monetary policy worsens firms’ liquidity conditions, increasing their need for external financing, which in turn raises financing costs and consequently boosts export prices. The study also found that this price increase is more pronounced for firms facing stronger financial constraints and for firms exporting to countries with less developed financial systems. Additionally, the research indicates that despite China’s strict capital controls and relatively independent monetary policy, local financial markets and export firms are still influenced by U.S. monetary policy and global financial cycle fluctuations. An important insight from Professor Li Yao’s team is that while tightening monetary policy aims to control inflation, it may also become ineffective by increasing the prices of imported goods.



The attendees showed a strong interest in the scholars’ research, asking questions and offering suggestions, which led to an engaging and lively discussion.



Professor Chen Kaiji from Emory University provided feedback on the report. He noted that the paper offers a different perspective compared to previous research: while earlier studies suggested that tightening monetary policy leads to reduced import demand and consequently lower export prices, this paper presents a novel supply-side mechanism that arrives at the opposite conclusion, providing a dialectical supplement to existing research. Professor Chen then offered suggestions on the report, focusing on the impact mechanisms, indicator construction, and heterogeneity tests.



Professor Zhou Hao from Tsinghua University commented on the report. He fully acknowledged the research value of the report and gave high praise to its writing. Professor Zhou then offered a series of in-depth suggestions for further research, focusing on aspects such as the choice of research time periods and the interpretation of conclusions in the report.



In his report titled ‘The Value of Social Media Anonymity: Evidence from the Stock Market’, Professor Gao Huasheng discussed the negative impact of real-name registration on the market value of listed companies. This effect is particularly pronounced

in companies where investors rely heavily on social media for information. The implementation of real-name registration significantly reduces the efficiency of information dissemination on stock forums, leading to decreases in the number, length, originality, and quantitative content of posts. As a result, the amount of information and liquidity related to stock prices declines, the risk of stock crashes increases, the company’s willingness to voluntarily disclose information diminishes, and earnings management activities rise. Furthermore, the study found that this policy has a particularly significant

impact on the dissemination of negative information, reducing the disclosure of negative information and impairing investors’ ability to forecast negative financial performance. This leads to a more pronounced market reaction to negative financial information. Further analysis ruled out the possibilities of companies being overvalued before the policy and decreased investor attention leading to a decline in company value. The results indicate that the implementation of real-name registration policies weakens company value by deteriorating the environment for investors to obtain information.

In his report titled ‘Mortgage Prepayment in China and Counter-Productive Monetary Policy’, Professor Jiang Wenxi studied the phenomenon of residents prepaying their mortgages following the interest rate cuts in 2019. He found that, due to the absence of refinancing options in the Chinese market, a decrease in loan rates leads to an

increased gap between mortgage rates and savings rates. As a result, households opt to prepay their mortgages to deleverage, which raises the total amount of savings and may potentially lead to a decrease in consumption. In other words, due to the friction of refinancing, a monetary policy that lowers loan rates might fail to stimulate consumption.



Professor He Zhiguo from Stanford University chaired the fourth session of the meeting. Professor Gao Huasheng from Fudan University, Professor Jiang Wenxi from the Chinese University of Hong Kong, and Professor Harrison A. Shieh from Vassar College each presented their reports.



In his report titled 'Journey to the (North, South, East, and) West: Global Spillovers of Chinese Monetary Policy', Professor Harrison A. Shieh examined how Chinese monetary policy transmits globally through supply chains and affects global stock markets. Using a spatial autoregressive model, the report analyzed the impact of Chinese monetary policy on stock returns in 11 economies and seven industries. The findings indicate that shocks to Chinese monetary policy have significant

effects on foreign firms connected to China's production network through supply chains. When China implements tightening monetary policy, upstream firms experience a decrease in stock returns by approximately 20 basis points due to reduced demand for intermediate products from Chinese companies. Conversely, downstream firms face a decrease in stock returns of about 17 basis points because of reduced supply of intermediate products from China. The study highlights the crucial role of supply chains in the global transmission of Chinese monetary policy, with approximately 70% to 78% of stock market reactions attributable to firms' connections with Chinese production networks. The research also identifies heterogeneity in stock return responses across countries and industries, which can be explained by the degree of each country's 'home bias'.



The meeting was hosted by Liaoning University and organized by the Division of Economics and the School of Finance and Trade. More than 150 participants, including faculty

members, students from various departments of Liaoning University's School of Economics, and scholars from other institutions who came in response to the event, attended the meeting.