

HAOTIAN XIANG

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Personal

Citizenship: China

Gender: Male

Date of Birth: December 18, 1992

Education

Ph.D. Finance, The Wharton School, University of Pennsylvania, 2019 (expected).

B.A. Finance, Guanghua School of Management, Peking University, 2014.

Dissertation Committee

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Research Interests

Corporate Finance, Financial Intermediation, Macroeconomics

Papers

[1] **Time Inconsistency and Financial Covenants** (Job Market Paper)

I investigate how financial covenants influence corporate behavior and firm value by allocating control rights. In a dynamic model with long-term debt, shareholders cannot commit to not expropriate creditors in the future with new debt issuances and risky investments. Creditors intervene upon violations of covenant restrictions and restructure the debt without ex ante commitment. I find that financial covenants significantly increase debt capacity, investment

and ex ante firm value by disciplining shareholders. However, I show that lenders' inability to commit to a restructuring plan severely impairs contractual efficiency. My analysis suggests that a further tightening of covenants, relative to the calibrated benchmark, improves their role as a commitment device.

[2] **Corporate Debt Choice and Bank Capital Regulation** (03/2018)

I investigate the impact of bank capital requirements in a business cycle model with corporate debt choice. Compared to non-bank investors, banks provide restructurable loans that reduce firm bankruptcy losses and enhance production efficiency. Raising capital requirements eliminates deposit insurance distortions but also deposit tax shields. As a result, firms cut back on both bank and non-bank borrowing while going bankrupt more frequently. Implementing an optimal capital ratio of 11 percent in the US produces limited marginal impacts on aggregate quantities and welfare.

– *Conferences: Society for Economic Dynamics, Econometric Society (Davis), EEA-ESEM Meeting, USC Marshall Ph.D. Conference, Midwest Finance Association, Midwest Macro Meeting*

[3] **Make America Great: Long-Run Impacts of Short-Run Public Investment**, with Alexandr Kopytov (09/2018)

We document S-shaped dynamics of the US economy associated with the construction of the Interstate Highway System in the 1960s. We then propose a business cycle model with two steady states arising due to productive public capital and production non-convexities. Small-scale short-run public investment programs generate transitory responses while large-scale ones can produce long-run impacts. Our quantitative analysis highlights the critical role played by public investment in explaining the economic dynamics around the 1960s. However, it casts doubt on the efficiency of a large public investment expansion in the post-Great Recession era.

– *Conferences: CEPR Growth and Inequality Conference, Econometric Society (Barcelona), Midwest Macro Meeting, LBS Trans-Atlantic Doctoral Conference*

[4] **A Macroeconomic Model of Bank Runs**, with Alexandr Kopytov (*preliminary*)

We present a dynamic general equilibrium model of bank runs where global games are utilized as the equilibrium selection criterion. Coordination failures among bank creditors lead to panic-based runs. An endogenous borrowing constraint emerges as banks internalize the impact of their leverage decisions on the run probability. Our analyses suggest that runs triggered by panics impose a significant cost on the aggregate economy while those driven solely by fundamentals have almost negligible impacts. We highlight the quantitative importance of equilibrium selection criteria for our counterfactual results.

Reviewing Services

Referee: *Journal of Monetary Economics, Economics Letters*

Reviewer: Hong Kong Research Grants Council

Awards

Irwin Friend Doctoral Fellowship in Finance (Best third-year paper)	2018
Wharton Doctoral Fellowship	2014–2019
Mingde Scholarship (Ranked first in the 2010 Sichuan College Entrance Exam, social science, >200,000 exam takers)	2010–2014

Teaching/Research Assistance

TA to Andy Abel (FNCE 613 – MBA)	2018, 2017
TA to Urban Jermann (FNCE 219/719 – UG/MBA)	2017, 2016
RA to Itay Goldstein	2015

Last update: November 10, 2018