March 25, 2021

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Entrepreneurship Research Boot Camp

To Whom It May Concern:

My name is Xi Wang, a second-year Ph.D. student in the Department of Economics at the University of Georgia. I am excited to apply for attending the Entrepreneurship Research Boot Camp 2021 posted on the NBER webpage.

Please allow me to briefly introduce this application file: The CV and the list of courses begin from the second page. The last two pages are my essay which describes my research projects and why I want to attend the boot camp. Please feel free to contact me (xwang975@uga.edu) if you have any questions or concerns.

I have asked Dr. Roozbeh Hosseini to write a recommendation letter for me. He will submit his letter separately to the email address provided.

Sincerely yours,

Xi Wang

Xi Wang

Department of Economics · Amos Hall B452 · University of Georgia

xwang975@uga.edu +1 (706)248-9683

Education

University of Georgia 2019-Present(Expected May 2024)
Ph.D. in Economics Athens, GA
University of Wisconsin-Madison 2017-2019
M.S.in Quantitative Economics and Econometrics Madison, WI
Tianjin Normal University 2013-2017
B.S.in International Trade and Economics, B.A. in English Tianjin, China

Research and Teaching Interests

Primary: Corporate Finance, Information Economics, Industrial organization
Secondary: Health Economics

Working Papers

"Nash Bargaining between the Health Insurance Company and the Drug Manufacturer" 2021
Advisor:*Eli Sellinger-Liebman* Athens, GA
"Global Manipulation in the Bank Run" 2020
Advisor:*Nathan Yoder* Athens, GA
"The Welfare Affect for the 90*s* Tax Reform: Based on Parametric estimates" 2020
Advisor:*Svetlana Pashchenko* Athens, GA
"The Effects of New Jersey Family Leave Insurance Program on Mothers Leave-Taking" 2019
Advisor:*Christopher Taber* Madison,WI

Awards and Fellowships

University of Georgia Graduate Fellowships 2019-Present
TJNU Scholarship for Students with Summa cum laude 2014-2017
China National Scholarship 2016
Brilliant Student Scholarship Sponsored by China Life Insurance Company 2015

Teaching Experience

Prof. Nathan Yoder, *Game Theory* 2021
Prof. Alice Schoonbroodt, *Intermediate Macroeconomics* 2020-2021
Prof. Peter Newberry, *Sports Economics* 2020
Prof. Ian Schmutte, *Labor Economics* 2019
Prof. Chris Cornwell, *Advanced Econometrics* 2019

Additional Information

Programming: R, Matlab, Stata, LaTeX
Research Activities:
Macro Theory Reading Group in UGA 2020
Micro Theory Research Group in UW-Madison (Advisor: Marek Weretka) 2018-2019
Student Research Training Program National Project 2014-2016
Exchange program in Peking University 2015

Ph.D. Courses

Ongoing Courses

Corporate Finance, taught by *Steven Malliaris*	2021.01-present
Advanced Econometrics with R, taught by *Mateusz Filipski*	2021.01-present
Health Economics, taught by *Eli Sellinger-Liebman*	2021.01-present

Completed Courses

Advanced Macroeconomics, taught by *Svetlana Pashchenko*	2020
Micro Independent Study, taught by *Nathan Yoder, John Turner*	2020
Advanced Econometrics, taught by *Carolina Caetano*	2020
Macroeconomics I-II, taught by *Roozbeh Hosseini, Svetlana Pashchenko*	2019-2020
Econometrics I-II, taught by *Scott E. Atkinson*	2019-2020
Microeconomics I-II, taught by *John Turner, Nathan Yoder*	2019-2020
Advanced Econometrics I-II, taught by *Jack Porter, UW-Madison*	2018-2019

Statement of Application

Xi Wang

I am a second-year Ph.D. student in the Department of Economics at the University of Georgia. I want to attend this boot camp because I am interested in the topic related to entrepreneur finance. My interest in this field was derived from my previous micro research project in which I studied global games in the bank run. My model is based on Diamond and Dybvig's paper "Bank Runs, deposit insurance, and liquidity" (1983), and I combined the model with the information design problem. My paper's broad idea is that the bank can manipulate the information environment that depositors (who are entrepreneurs) face and send signals to agents to influence their actions in order to avoid bank-run happen. There are some pieces of evidence to support the idea. For instance, Li, Song, and Zhao (2020) suggested that the bank, as an information designer, could simultaneously send both a signal that reports the real "strength" and the other signal that reports a slightly higher "strength" to different groups of agents. Under their design, the coordination among depositors will be collapsed. However, they used the regime-change context and did not consider the entrepreneur's liquidity needs. My project focuses on answering the following question: If the bank considers the entrepreneur's liquidity needs, is it possible for all entrepreneurs to cooperate to make the bank run? If yes, what is the optimal information structure for the bank? What is the necessary and sufficient condition for it? If no, why? I proposed a new information structure to answer the above questions. However, the project faces difficulties from designing the contract between the entrepreneurs and the bank. The deep reason is that my knowledge in finance theory lacks.

Knowing the importance of the finance theory, I am taking a corporate finance course that uses Jean Tirole's textbook "The Theory of Corporate Finance" and focuses on studying the contract theory between the entrepreneur and the investor under the different economic setting. Until now, we have studied the Outside Financing Capacity, Determinants of Borrowing Capacity, Liquidity and Risk Management, Free-cash Flow, Long-term Finance, Corporate Finance under Asymmetric Information, and some examples of Market Timing. I am particularly interested in the entrepreneur's endogenous liquidity needs, the investor's investment sensitivity to the cash flow, and designing efficient contracts to prevent moral hazards and adverse selection in financing the project.

Driven by my interests in corporate finance and information economics, I set up a weekly reading group to study entrepreneur financing with the other researcher from last year. During this learning process, I came up with some research ideas related to entrepreneur finance. One is about crowdfunding. With the popularity of online platforms for crowdfunding, the moral hazard problem becomes severe. Because crowdfunding allows an entrepreneur to sign the contract with future consumers before the investment decision is taken, the entrepreneur has an incentive to shirk or even run with the money. How to prevent the problem will be worth studying. Strausz (2017) combined the deferred payment method with the information disclosure to solve this problem. He assumes that the platform works as a mediator in the mechanism design, but I reckon the assumption could be relaxed to fit better the reality because the platform is a profit-seeker. However, I am not sure of its feasibility and how to formalize this idea, so I want to study it from the boot camp.

I want to delve into entrepreneur financing also because the changing economic environment caused by the pandemic leads to many problems related to entrepreneur and entrepreneur finance. The strong shock brings great uncertainty to the economic environment, and it is much harder for entrepreneurs to finance their projects given that the precautionary investors are more careful in making investment decisions. Besides, the situation could be more uncertain if we consider the roles that all forms of racism, xenophobia, and sexism played in the current business environment. It is worth studying: How to incentivize entrepreneurs and investors from different backgrounds to finance a project? I would like to do some empirical studies in this field, offer practical guidance to both entrepreneurs and policymakers, and help improve society's total welfare. I believe ERBC will bring my goals to fruition.

References

1. Diamond D. W. & Dybvig P. H. (1983). Bank runs, deposit insurance, and liquidity. Journal of Political Economy,91(3),401–419.
2. Li, F., Song, Y., & Zhao, M. (2019). Global manipulation by local obfuscation.WP,UNC.
3. Strausz, R. (2017). A theory of crowdfunding: A mechanism design approach with demand uncertainty and moral hazard. American Economic Review,107(6),1430–76.
4. Tirole J.(2010).The theory of corporate finance. Princeton University Press.

UNIVERSITY OF
GEORGIA

Terry College of Business
Department

Letter of Recommendation for Xi Wang

To Whom It May Concern:,

This is a letter of recommendation for Ms. **Xi Wang** who is applying for the NBER Entrepreneurship Research Boot Camp (ERBC). Xi is a second year PhD student in economics at the University of Georgia. I met Xi when she took my first year macro PhD class in Fall 2019. She also participated in macro reading group, which I co-organize, in Fall 2020. She stopped participating in our meetings this semester to focus on her primary field of interests: applied theory and corporate finance.

Xi is an impressive student. She is incredibly independent and entrepreneurial. We have a small PhD program with incoming class size of about 3-5. Given that most of our students are attracted to more empirical fields, we are not able to offer and fill courses in applied theory. This is not ideal for a bright student like Xi who is interested in these topics. In response, she has tried to, independently, design her own curriculum. Right now she is taking corporate finance course from the Finance department at UGA. She has also formed a reading group with another PhD student at Ohio State University to read classic works in corporate finance and information economics. I have reviewed their reading list and their notes. I am impressed by their discipline and their methodical approach.

I think Xi will greatly benefit from this Boot Camp. This will be a great opportunity for her to learn about frontier of research from leaders in the field. She is very motivated and determined to write her dissertation in this field. Participation in the Entrepreneurship Research Boot Camp will give her a shot at that. I urge the selection committee to give her application their full consideration.

Please do not hesitate in contacting me if you have questions.

Sincerely,



Roozbeh Hosseini
Associate Professor