Ashley Wumian Zhao

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Purdue University
403 West State Street,
West Lafayette, IN 47907

Education

2022 Ph.D, Department of Economics - Purdue University
Committee Members: Cathy M Zhang (Chair), Mario Crucini, Trevor Gallon, Seunghoon Na
Reseach fields: Macroeconomics, Monetary Policy, International Economics

2016 M.S., Economics - Purdue University

2013 B.A., Economics (*summa cum laude*) - University of California, Irvine
Minors: Statistics, Accounting

Teaching Experience

Course Instructor

Fall 2019 Intermediate Macroeconomics *Outstanding Teaching Award*
Fall 2019 Money and Banking
Summer 2017 Microeconomics
Summer 2016 Microeconomics
Spring 2016 Principles of Economics

Recitation Instructor

Spring 2015 Principles of Economics

Teaching Assistant

Spring 2019 Macroeconomics Theory II
Fall 2017 International Macroeconomics
Fall 2016 International Macroeconomics
Fall 2015 International Trade
Fall 2014 Labor Economics

Research Experience

Fall 2016 - Fall 2021 Research Assistant to Cathy Zhang

Spring 2018 Research Assistant to Kevin Mumford
Fall 2017 Research Assistant to Jillian Carr
Spring 2017 Research Assistant to Trevor Gallen
Fall 2015 Research Assistant to Xiang Chong

Presentations

Aug 2022	Summer Workshop on Money, Banking, Payments, and Finance Federal Reserve Board
Aug 2019	Summer Workshop on Money, Banking, Payments, and Finance Bank of Canada
Jul 2019	Mini Conference on Search and Money Wisconsin School of Business, Madison
Aug 2018	Summer Workshop on Money, Banking, Payments, and Finance Federal Reserve Bank of St. Louis

Referee

The North American Journal of Economics and Finance

Skills

Software: Matlab, Dynare, Stata, Mathematica, R
Languages: English, Chinese (Mandarin and Cantonese)

Working Papers

”Optimal Monetary Policy and the Welfare Cost of Inflation of a Currency Union”
This paper studies the welfare cost of inflation and optimal monetary policy of a currency union between two countries using a search-theoretic framework with endogenous composition of buyers and sellers. The model includes three features of a cur- rency union that are key to welfare and policy analysis: heterogeneous market structure (characterized by buyers' bargaining power), imperfect market integration, and immigration policy. The model yields optimal monetary policy that deviates from the Friedman rule, with the magnitude of inflation rate and welfare cost determined by different policy regimes. The Friedman rule is suboptimal, because a matching congestion externality in the labor market arises from the endogenous composition of buyers and sellers. Higher labor mobility reduces the cost of inflation by alleviating congestion, regardless of buyers' bargaining power. Market integration may also reduce congestion, lowering the cost of inflation, but only when sellers are relatively scarce.

”Liquidity, Collective Moral Hazard, and Government Bailouts”
This chapter develops a general equilibrium model of assets market integrating a theory of liquidity risk in a New Monetarist framework. Collective moral hazard arises from the interaction between banks' maturity transformation and government intervention. With the anticipation and implementation of government bailouts during a crisis, collective moral hazard creates current and deferred social costs. However, under the “correct” monetary policy, the costs are justified by the improvement of liquidity condition as a result of higher provision of public and private liquidity.

”On Cross-Border Payments and the Industrial Organization of Correspondent Banking.”
Despite advances in do- mestic payments arrangements in recent times, cross-border payments remain expensive and slow. This paper builds a model of bank-intermediated cross-border payments, identifying market power inherent to correspondent banking relationships as the key friction reducing efficiency. After developing a simple model of correspondent banking, we consider two policy experiments: the introduction by one country of an internationally held central bank digital currency (CBDC), and development of an internationally interoperable settlement system. Both policies can at least attenuate the inefficiencies in cross-border payments, but neither is automatically a complete solution nor are they without difficulties. For an international CBDC, we identify a political economy barrier: banks of the country potentially introducing the CBDC disproportionately suffer losses while benefits tend to accrue to foreign depositors, so a central bank concerned with its domestic banks' profitability may be unlikely to take such an action. Interoperability does not face the same barrier, as benefits accrue more symmetrically, but we argue that technical and other issues inherent to interoperability may be difficult to overcome.