

CIHANG WANG

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PRINCIPAL INTERESTS

Macroeconomics, International Economics, Regional Economics, and Spatial Economics

ACADEMIC BACKGROUND

University of Illinois at Urbana-Champaign (UIUC)

Ph.D. Economics

08/2019-

University of Illinois at Urbana-Champaign (UIUC)

B.Sc. Applied Mathematics, with Cum Laude High Distinction 2019

University of Illinois at Urbana-Champaign (UIUC)

B.A. Economics

2019

WORK IN PROGRESS

- “Destination- or Source-based Taxation? Spatial Misallocation and Local Protectionism in China” (with Jian Zou)

Description This paper develops a spatial equilibrium model to quantify the effect of China’s origin-based value-added tax system on domestic economic integration, compared to its destination-based counterpart. We employ the Business-to-VAT reform as a natural experiment to evaluate how VAT-induced incentive changes and how it is reflected in local governments’ land auction prices. In the future, we plan to simulate an economy to estimate the welfare implication under the counterfactual destination-based VAT system.

- “Regional Heterogeneity of the Monetary Policy in China”

Description I estimate the effect of China’s single monetary policy on GDP growth rates in different economic regions. Focusing on the differences between the East region and the rest of the country, I find that the impact of China’s monetary policy is less salient in the East region, which means the monetary policy seems to generate an inequality-reducing effect. But when I take a deep look at the mechanism, this result may not be as desirable as it looks.

- “Commodity Prices and Credit Cycles” (with Flavio Rodrigues and Vinicios Sant’Annas)

Description We study the transmission of fluctuations in global commodity prices to bank lending in Brazil by exploiting regional variations in exposure to the shock. Using bank-branch data at the micro-region level, we find that banks significantly increase the amount of outstanding loans in response to increases in commodity prices. In the future, we will turn to loan-level data to disentangle the supply and demand channel for credit, investigate the reallocation of credit across sectors, and construct a model to study its aggregate implications.

PUBLICATIONS

- “Four internal inconsistencies in Tversky and Kahneman’s (1992) Cumulative Prospect Theory paper: A case study in ambiguous theoretical scope and ambiguous parsimony”, *Advances in Methods and Practices in Psychological Science*, 2021 (with Michel Regenwetter and Maria Robinson)

Abstract Scholars heavily rely on theoretical scope as a tool to challenge existing theory. We advocate that scientific discovery could be accelerated if far more effort were invested into also overtly specifying and painstakingly delineating the intended purview of any proposed new theory at the time of its inception. As a case study, we consider Tversky and Kahneman (1992). They motivated their Nobel-Prize-winning cumulative prospect theory with evidence that in each of two studies, roughly half of the participants violated independence, a property required by expected utility theory (EUT). Yet even at the time of inception, new theories may reveal signs of their own limited scope. For example, we show that Tversky and Kahneman’s findings in their own test of loss aversion provide evidence that at least half of their participants violated their theory, in turn, in that study. We highlight a combination of conflicting findings in the original article that make it ambiguous to evaluate both cumulative prospect theory’s scope and its parsimony on the authors’ own evidence. The Tversky and Kahneman article is illustrative of a social and behavioral research culture in which theoretical scope plays an extremely asymmetric role: to call existing theory into question and motivate surrogate proposals.

- Are you an exception to your favorite decision theory? Behavioral decision research is a Linda problem! *Decision*, 2021 (with Michel Regenwetter and Maria Robinson)

Abstract Stylized characteristics, such as loss aversion, risk aversion for gains, risk seeking for losses, overweighting of small probabilities, and diminishing sensitivity permeate both popular science and scholarly treatises about how ‘people’ make decisions. This note highlights that behavioral decision research is, in effect, a large-scale Linda problem: The likelihood that a given individual satisfies the conjunction of many such stylized characteristics may be vanishingly small. We concentrate on a case study, namely the pervasive oversimplifications surrounding Amos Tversky and Daniel Kahneman’s Prospect Theory and Cumulative Prospect Theory (CPT). Focussing entirely on evidence from within the original papers, we show that each and every person may be an exception to (Cumulative) Prospect Theory as advertised. Similar problems afflict many other behavioral research paradigms. We call on scholars to relinquish overly simplified characterizations of choice behavior. Telling practitioners and laypersons in stylized fashion how ‘people’ think promotes conjunction fallacies on a huge scale. Rather than conceptualize individual differences as a mere add-on to a schematic decision theory of central tendencies, decision scholars should recognize heterogeneity as a major theoretical primitive when proposing new theories.

OTHER RESEARCH EXPERIENCE

University of Illinois at Urbana-Champaign (UIUC)

Research Assistant to Professor Shihan Xie

05/2020- Present

I start to work with Professor Shihan Xie at the end of my second-year Ph.D. Initially, my major tasks were to perform data visualization and cleaning using R. Later, I helped her to implement macro-econometric analysis, including local projections and vector autoregressions. I dealt with micro-level data such as panel data as well. Currently, we are jointly working on a research

project about how lifetime experience shapes household behaviors and their implication for the macro-economy in China.

CERTIFICATE

Tools for Macroeconomists The Essentials and Advanced Tools, (Computational Macro, Matlab), *London School of Economics and Political Science*

Time Series Model for Macroeconomic Analysis (Matlab), *Barcelona School of Economics*

Open Economy DSGE Modelling with Applications to Emerging Economies, *City University of London*

ÊSTIMATE, (applied econometrics), *Michigan State University*

Data Manipulation with R, *Data Camp*

**TEACHING
EXPERIENCE**

Assistant Instructor, Master level Statistics and Econometrics Fall 2022

Intermediate Microeconomics, Head Teaching Assistant Spring 2022

Intermediate Microeconomics, Head Teaching Assistant Fall 2021

Teaching Assistant, Intermediate Microeconomics Spring 2021*

Teaching Assistant, Intermediate Microeconomics Fall 2020*

* Awarded in the “List of Teachers Ranked as Excellent by their Students” based on teaching evaluations by the Center for Innovation in Teaching and Learning

Class Assistant, Introduction to Programming for Engineers and Scientists
Fall 2017

SERVICE

Department & Leadership: President of Economics Graduate Student Organization (EGSO)

Referee: Quarterly Journal of Economics and Finance

PROGRAMMING

R, Python, Matlab

LANGUAGE

Chinese (Native), English (Fluent), Japanese (Basic)