

Cynthia Mei Balloch

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Education

PhD in Economics, Columbia University	2018 (expected)
Master of Public Administration in International Development, Harvard Kennedy School	2011
Bachelor of Science (<i>cum laude</i>) in Engineering Sciences, Harvard University	2005

Honors and awards

Dissertation Fellowship, Department of Economics, Columbia University	2017-2018
Macro Financial Modeling Group Dissertation Fellowship	2015
Harriss Prize for Best Second Year Paper, Columbia University	2014
Dean's Fellowship, Columbia University	2012-2017

Fields Macroeconomics, International Macro, Finance

Job Market Paper

Inflows and Spillovers: Tracing the Impact of Bond Market Liberalization

Abstract: As bond markets grow, this affects not only the financing decisions of firms, but also the lending behavior of banks, and the resulting equilibrium allocation of credit and capital. This paper makes three contributions to understand the impact of bond market liberalization. First, it uses Japanese data from the 1980s and reforms that gave selective access to bond markets to exogenously determine the impact this had on bank-firm ties. It shows that firms that obtained access to the bond market used the funds from bond issuance to pay back bank debt. This large, positive funding shock led banks to increase lending to small and medium enterprises and real estate firms. Second, it proposes a new model of financial frictions that can match these findings, in which borrowers select into forms of financing based on their assets and productivity, and banks are subject to funding limits. The model predicts that bond liberalization combined with financial repression can significantly worsen the quality of the pool of borrowers, and so lower the profitability of banks. Third, using the model I study the ways in which bond markets interact with other forms of capital account liberalization and financial shocks. My results suggest that Japan's bond market liberalization contributed to both the real estate bubble in the 1980s and bank problems in the 1990s.

Working Papers

Default, Commitment, and Domestic Bank Holdings of Sovereign Debt

Abstract: How do the incentives of domestic banks and sovereign governments interact? This paper presents a model of government default and banks that invest in the debt of their own sovereign. In the model, banks demand safe assets to use as collateral, and default affects bank equity. These losses inhibit banks' ability to attract deposits, leading to lower private credit provision, and lower output. This disincentivizes the sovereign from defaulting. The extent of output losses depends on characteristics of the banking system, including sovereign exposures, equity, and deposits. In turn, bank exposures are affected by default risk. The model is also used to show that policies such as financial repression can improve welfare, but worsen output losses in the event of default.

Bank-Firm Matching, Leverage, and Credit Quality

Abstract: We observe considerable differences between banks in practice. What effects do these differences have, in theory? This paper explores the effect of bank heterogeneity on lending in a static assignment model, in which borrowers are assumed to be heterogeneous firms. Firms are assumed to differ in terms of productivity, and borrow from banks and uninformed investors in order to invest and produce. Banks are assumed to vary in terms of monitoring efficiency, and faced with the problem of deciding to whom to lend, among heterogeneous firms. The model is then used to explore patterns of bank-firm matching, and demonstrate why it may be that changes in the characteristics of banks and firms lead to changes in lending, leverage, and credit quality.

Research and Teaching Experience

Teaching Assistant

Columbia University

Intermediate Macroeconomics for Jon Steinsson, Spring 2017

Introduction to Econometrics for Seyhan Erden and Miikka Rokkanen, Fall 2016

Political Economy for Alessandra Casella, Fall 2014

Corporate Finance for Emily Breza, Spring 2014 and Mauricio Larrain, Fall 2013

Harvard Kennedy School

Economics of International Financial Policy for Jeffrey Frankel, Spring 2012 (TF)

Advanced Macroeconomics for the Open Economy for Jeffrey Frankel, Fall 2010 and Fall 2011 (CA)

Advanced Microeconomic Policy Analysis II for Asim Khwaja, Spring 2011 (CA)

Research Assistant

Ricardo Reis (2014-16), Dani Rodrik (2011-12), Jeffrey Freiden (2011-12), and Jeffrey Frankel (2010-12).

Employment

International Finance Corporation, World Bank, Investment Analyst (Hong Kong) 2008-2009

J.P. Morgan Securities Asia Pacific Limited, Investment Banking Analyst (Hong Kong) 2005-2007

Presentations Ridge Workshop in Buenos Aires (2015).

Refereeing American Economic Review, Journal of Monetary Economics.

Personal

Canadian and UK Citizen.

Languages: English (native), French (fluent), Spanish (proficient), Mandarin (proficient).

References

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