

Xue Liu

Curriculum Vitae

University of California, Santa Cruz
Economics Department

Personal Contact Information:

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1156 High Street
Department of Economics
University of California, Santa Cruz
Santa Cruz, CA 95064

Major Fields of Concentration

International Finance, Capital Control, Illegal Capital Flow, International Macroeconomics

Dissertation

Title: Globalization: the Size and Substitution Effects on Trade Mis-invoicing

Committee: Joshua Aizenman (Chair), Carlos Dobkin, Michael Hutchison

Expected Completion: June, 2010

Abstract: Underground capital flows may undermine economic stability and distort both fiscal and monetary policies. Using panel data for 133 countries over 1980-2004, I examine the relation between the ongoing globalization and trade mis-invoicing, a major channel facilitating underground capital flows. The results suggest that trade mis-invoicing tends to increase as globalization evolves. There is a significant and positive association between trade integration and trade mis-invoicing. The findings have important policy implications for governments and international organizations in designing fiscal and monetary policies. Also, this paper illustrates a frequent misunderstanding of trade mis-invoicing, which is to obtain capital flow directions based on mis-invoicing.

Recent Research

Working papers:

Xue Liu “**Illegal Capital Flows via Trade—Causes and a Case Study of China**”

Summary: In this paper, I examine motivations for hot money flows in and out from China between 1995 and 2007. China’s trade mis-invoicing with its trade partners (117 countries) is used as a proxy for underground capital flows. The findings shows that these underground inflows tend to be associated with RMB appreciation expectation and deviation from interest parity. Underground capital inflows from surrounding Asian countries to China are more likely to respond to expectations of RMB appreciation.

With Adolfo Barajas, Lennart Andrew Erickson and Roberto Steiner “**Exchange rate Regime of Inflation Targeters – a Markov-Switching Approach**”

Education

University of California, Santa Cruz expected: 2010

PhD Candidate, Economics

Field Exams: International Finance, International Trade.

Hong Kong University of Science and Technology (HKUST) 2005

M.S. , Economics

Xi’an Jiaotong University; Xi’an, China 2004

B.A., Scientific English & B. E., Finance

Thesis: “Symbolism of ‘Moby Dick’” Advisor: Bai Xiaodong

“China’s Insurance Industry” Advisor: Li Heng

