財政刺激對銀行資產質量的長期影響

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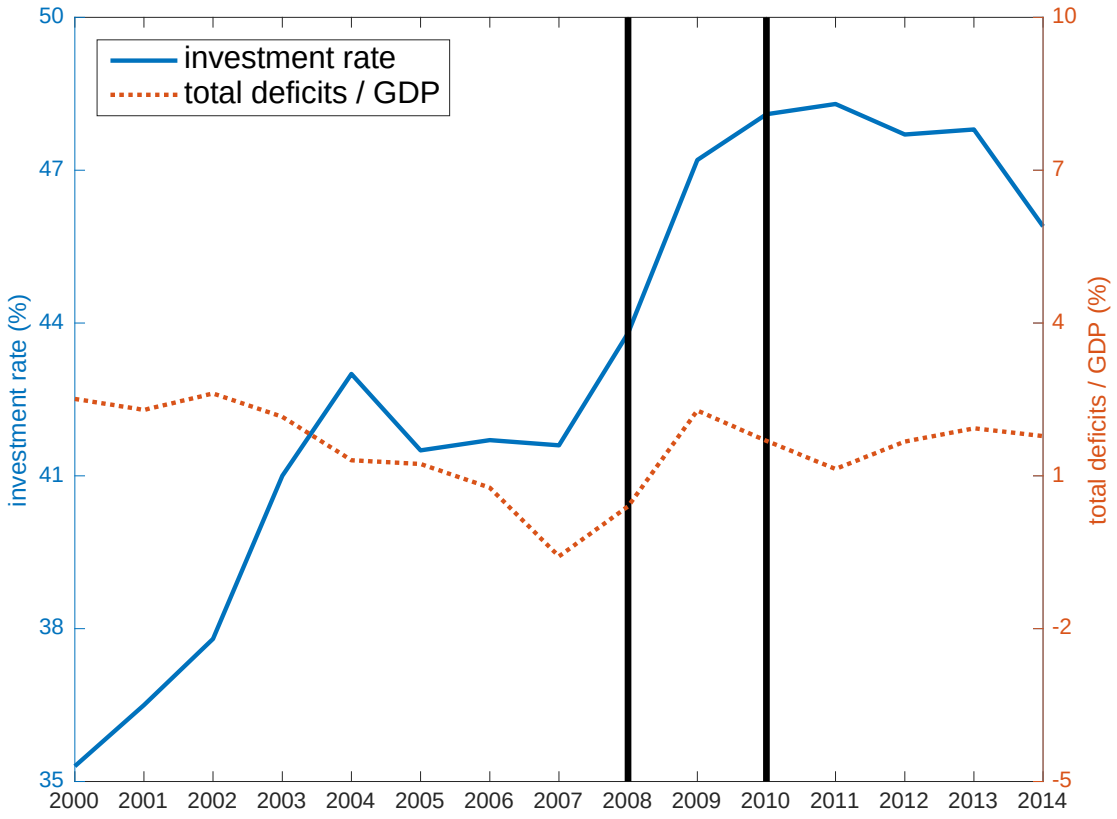
HKIMR, September 22, 2016

Based on “The Long Shadow of a Fiscal Expansion” for *Brookings Papers on Economic Activity* (with Chong-En Bai and Chang-Tai Hsieh)

The Four-Trillion “Fiscal” Stimulus

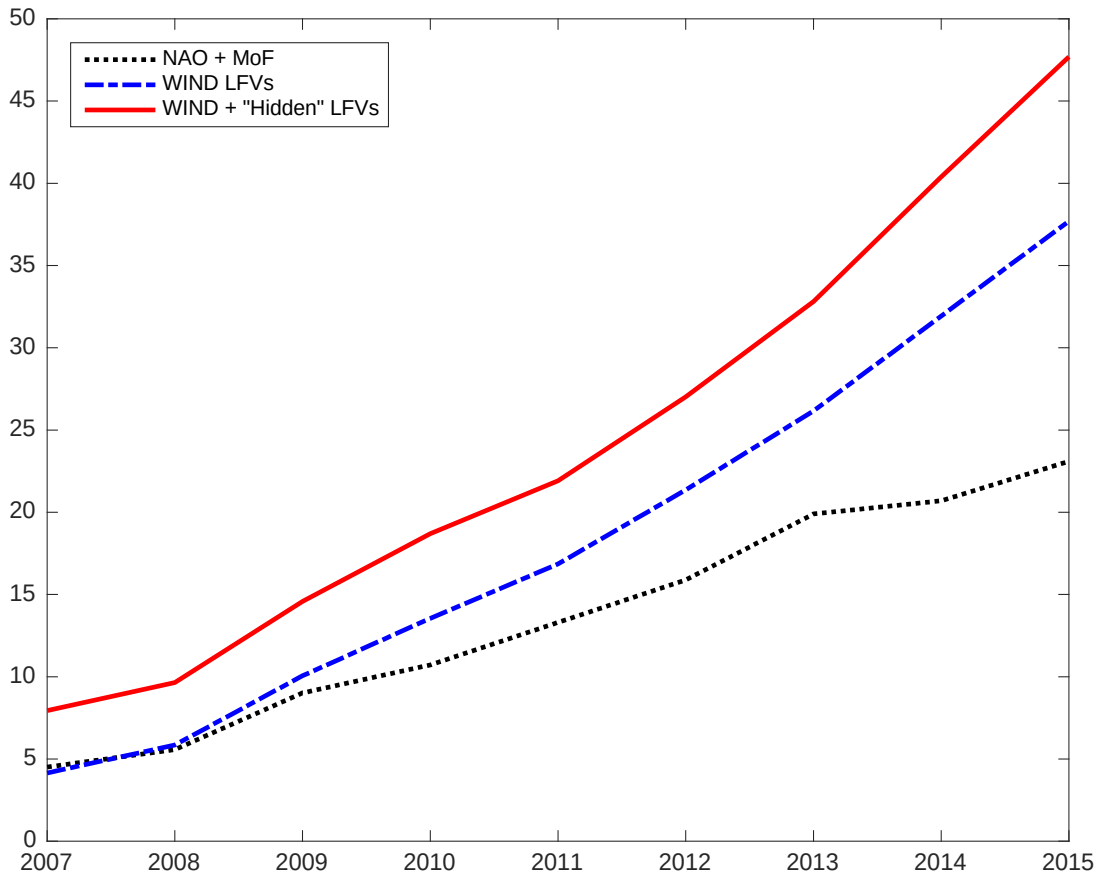


The Nature of the Stimulus

- Three quarters financed by off-budget revenue of local government
  - Mostly through Local financing vehicles (LFVs)

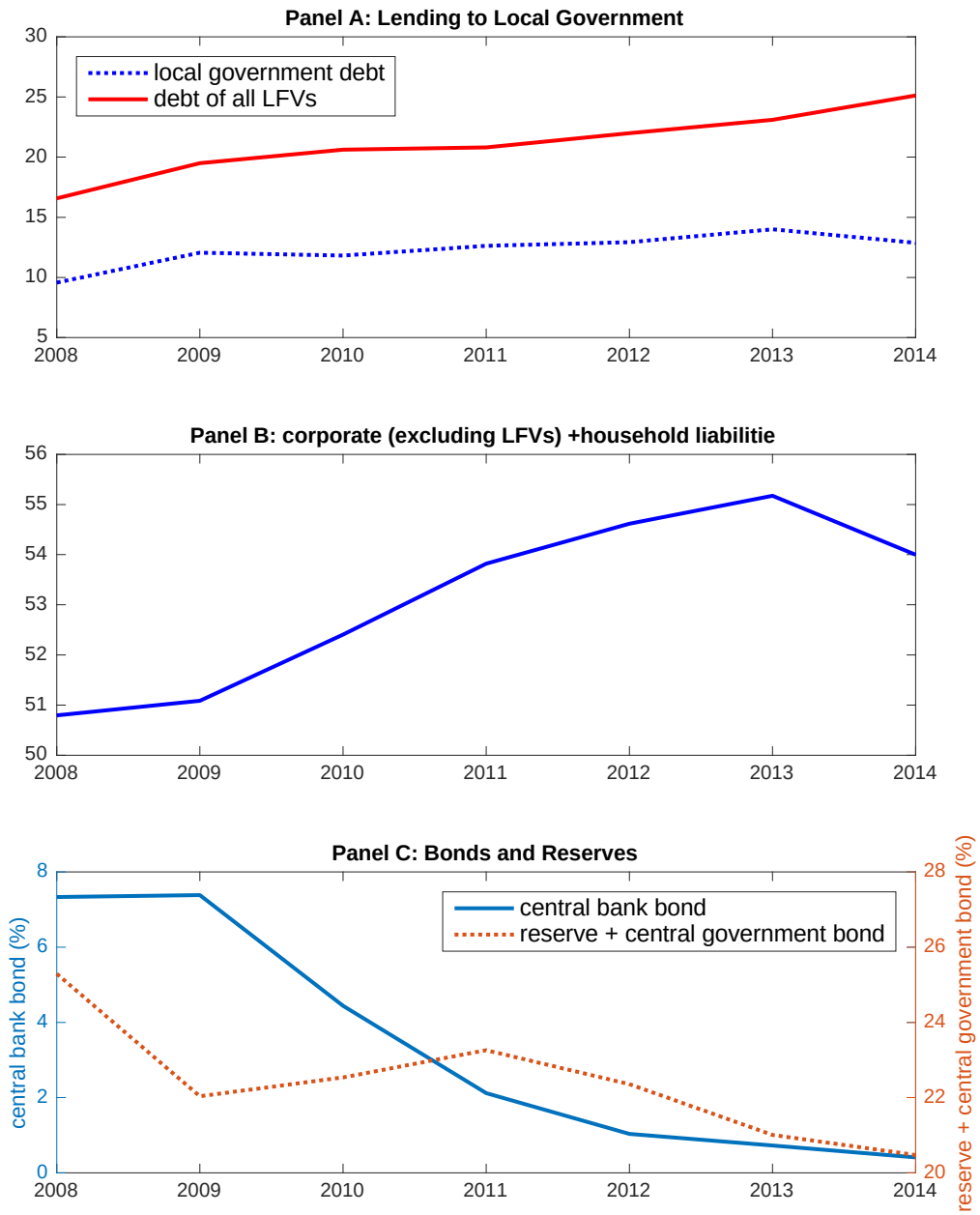
- Long-lasting effects on fund allocation
  - and resource allocative efficiency

Total Debt of Local Government and LFVs



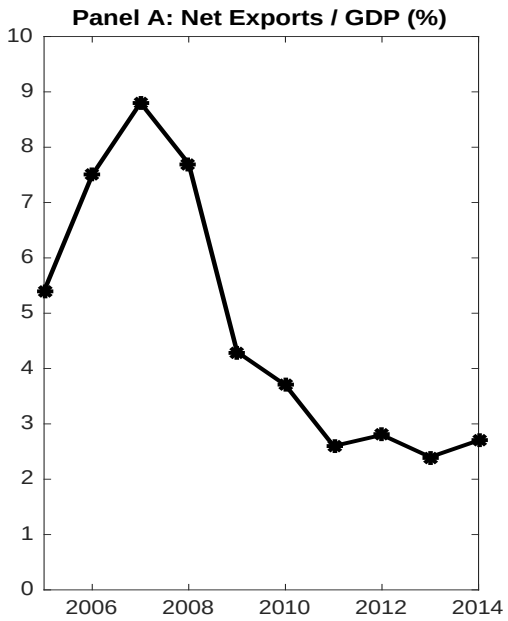
Composition of “Narrowly Defined Assets” of China’s Banking Sector

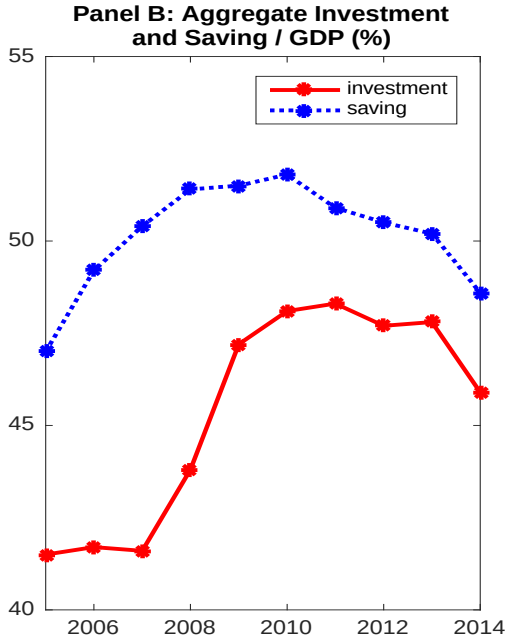
	2008	2014	Source
Total Assets	58.2	160.8	
Reserve Assets	9.4	23.3	Balance sheet of other depository corporations
Central Bank Bonds	5.3	9.6	Balance sheet of other depository corporations
Domestic Government Bonds	4.3	0.7	China Statistical Yearbook
Lending to the Non-Financial Sector	39.2	127.2	China’s National Bureau of Statistics
Lending to Households	5.7	22.9	Balance sheet of other depository corporations
Total Lending to LFVs	9.6	47.7	WIND
"Official" Lending to LFVs	5.7	22.9	National Audit Office and Ministry of Finance
Lending to Firms (excluding LFVs)	23.8	56.6	Residual of lending to households and LFVs


Panel A: Lending to Local Government
local government debt
debt of all LFVs
30
25
20
15
10
5
2008
2009
2010
2011
2012
2013
2014
Panel B: corporate (excluding LFVs) +household liabilitie
56
55
54
53
52
51
50
2008
2009
2010
2011
2012
2013
2014
Panel C: Bonds and Reserves
central bank bond
reserve + central government bond
central bank bond (%)
reserve + central government bond (%)
8
6
4
2
0
28
26
24
22
20
2008
2009
2010
2011
2012
2013
2014

Welfare Implications

- Upside: Less US T bills with zero returns



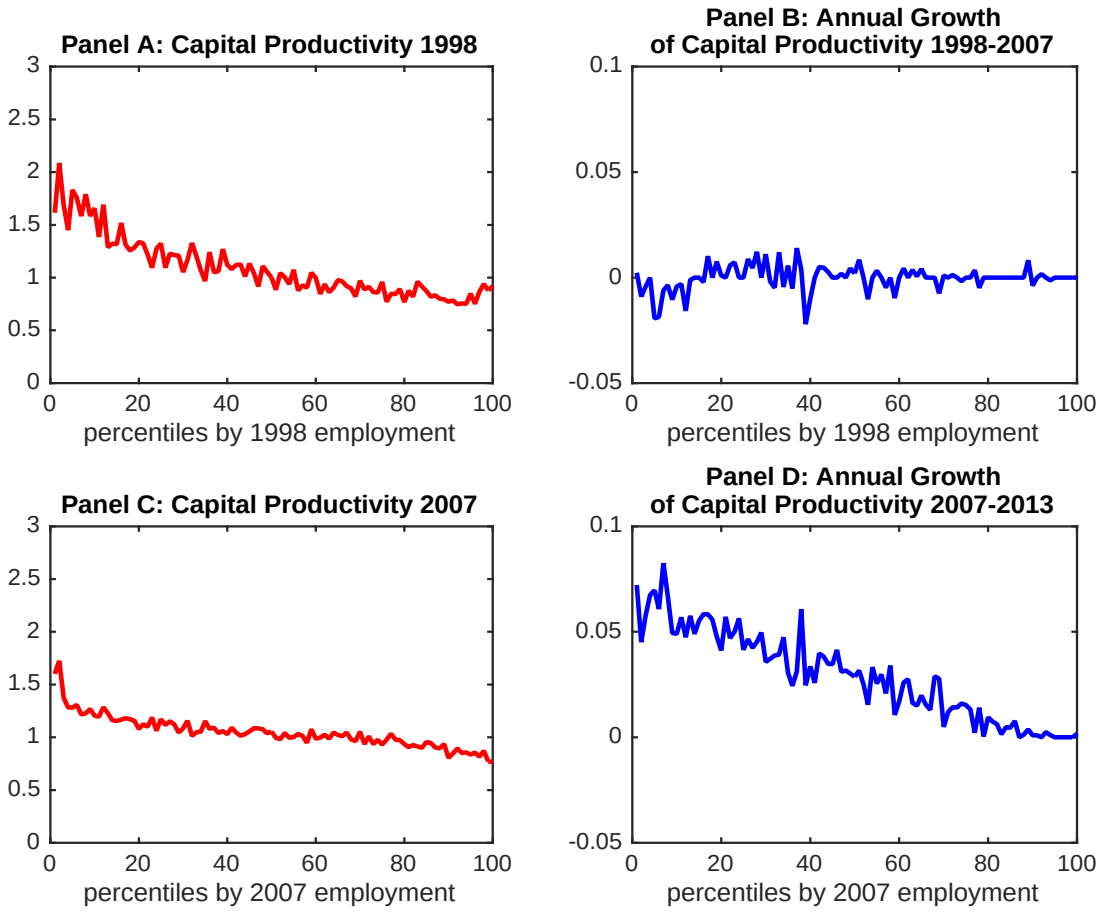


- But how about fund allocative efficiency in China?

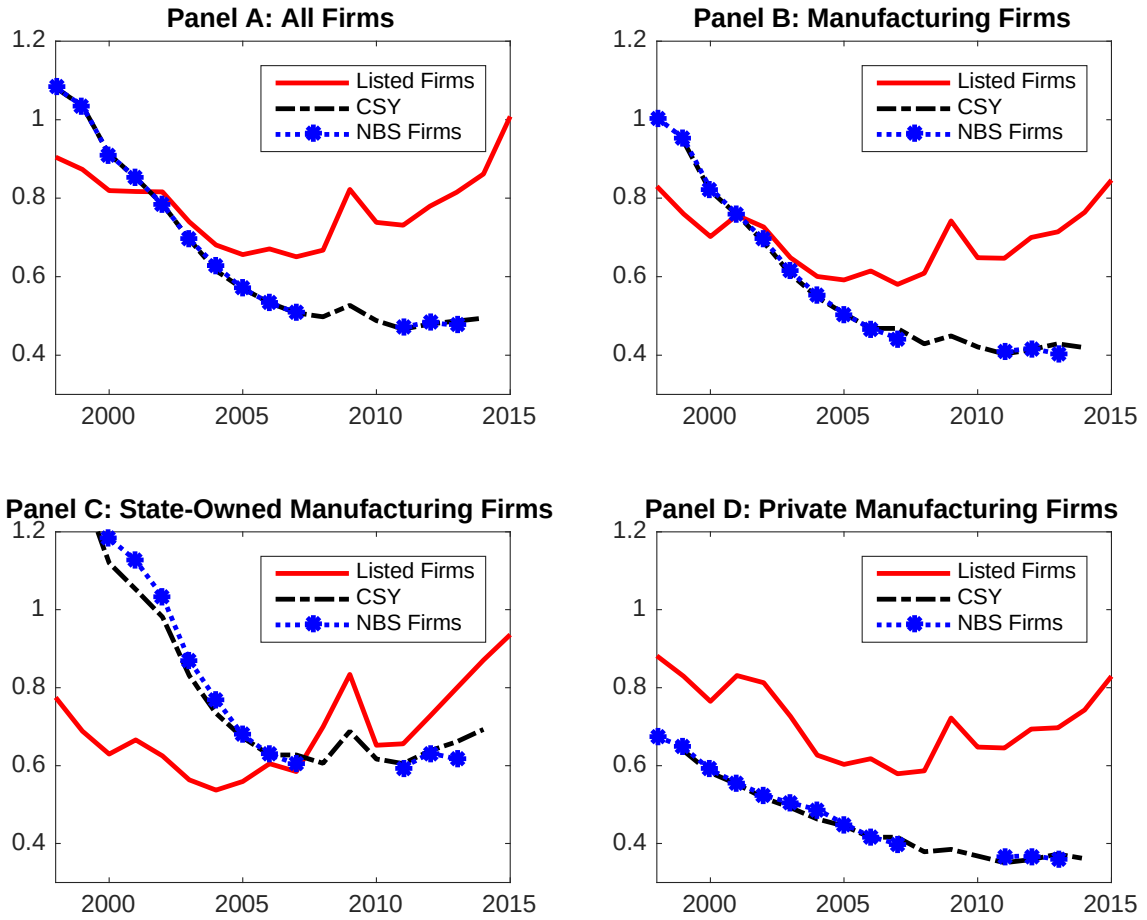
Worsened Capital Misallocation in Industrial Firms

Dispersion of Average Product of Capital (variance of log)

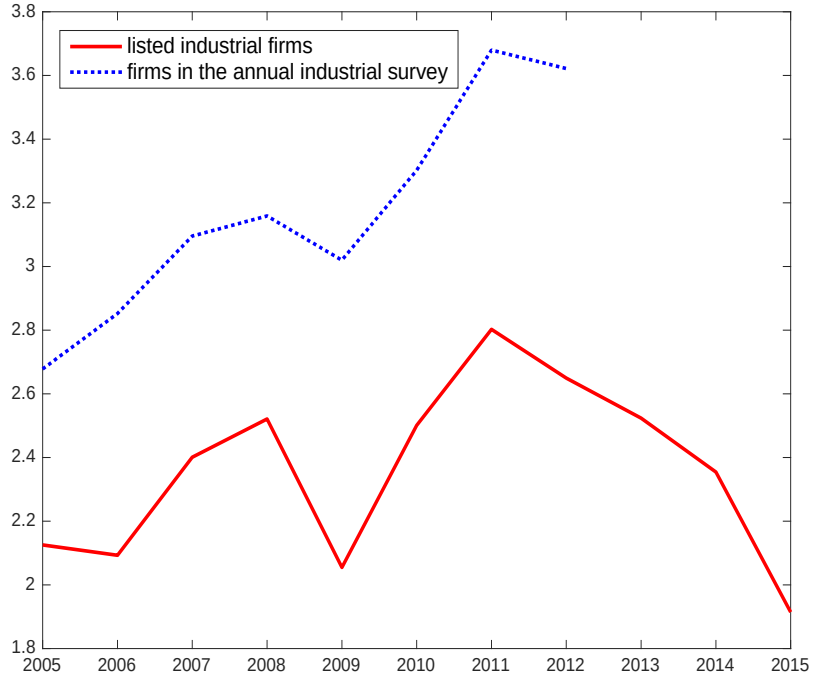
Too Much Fund for Big Firms



Debt Revenue Ratios for Listed Firms

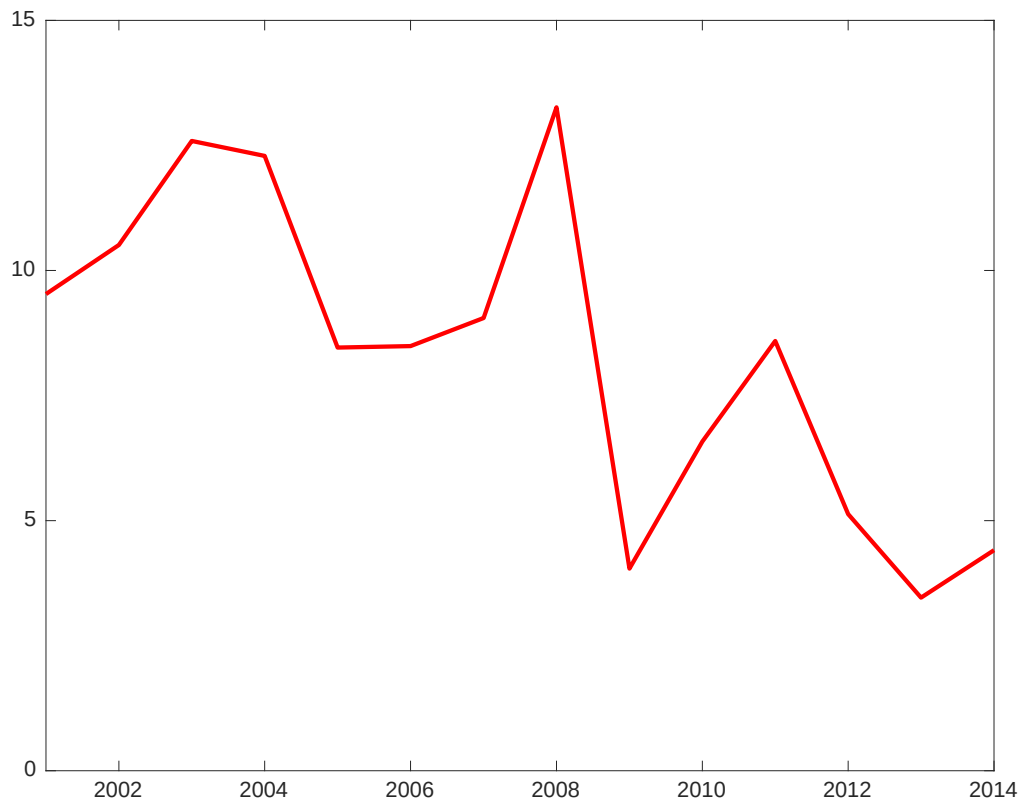


Gap of Capital Returns

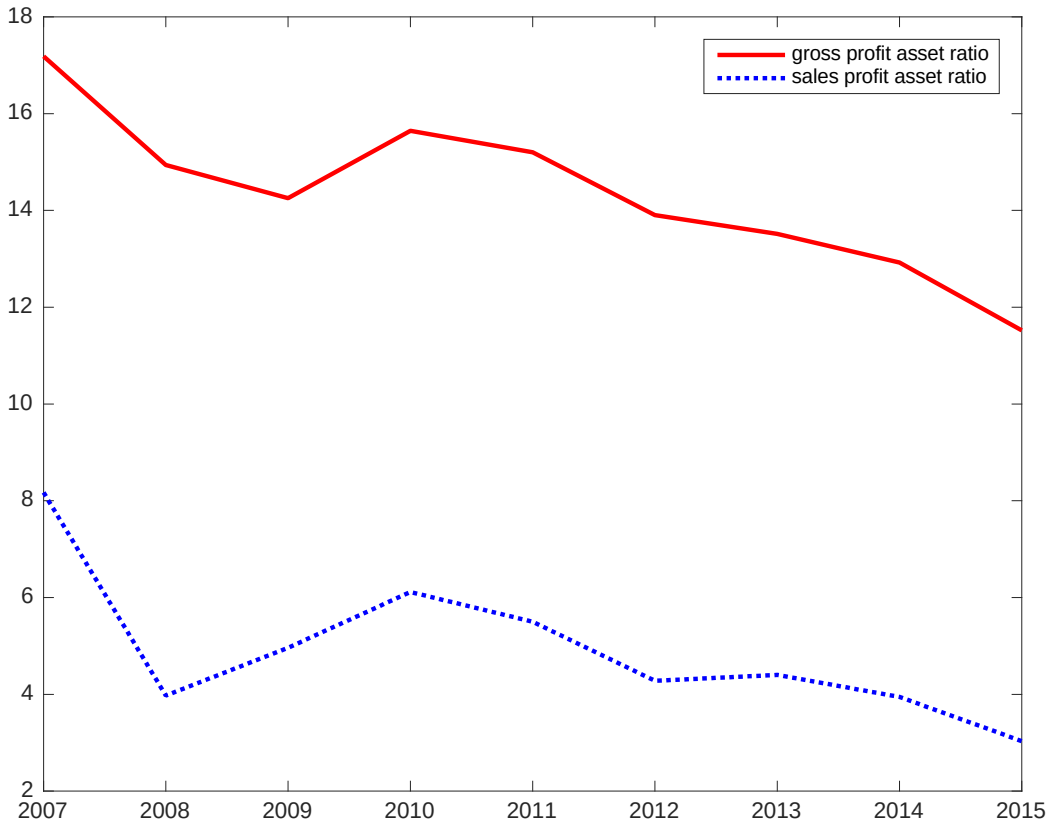


Aggregate Implications: Falling Returns to Capital

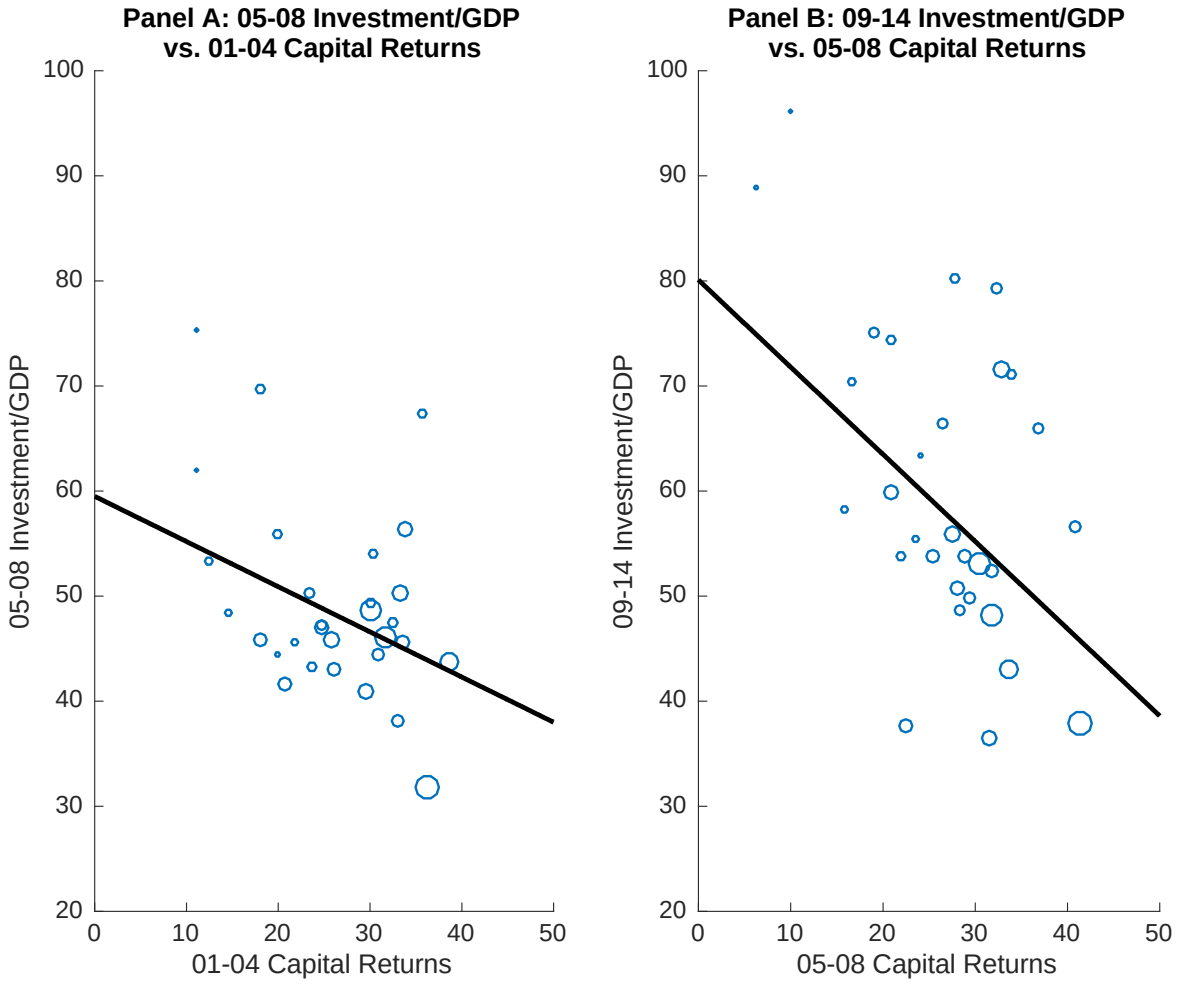
Aggregate Returns to Capital



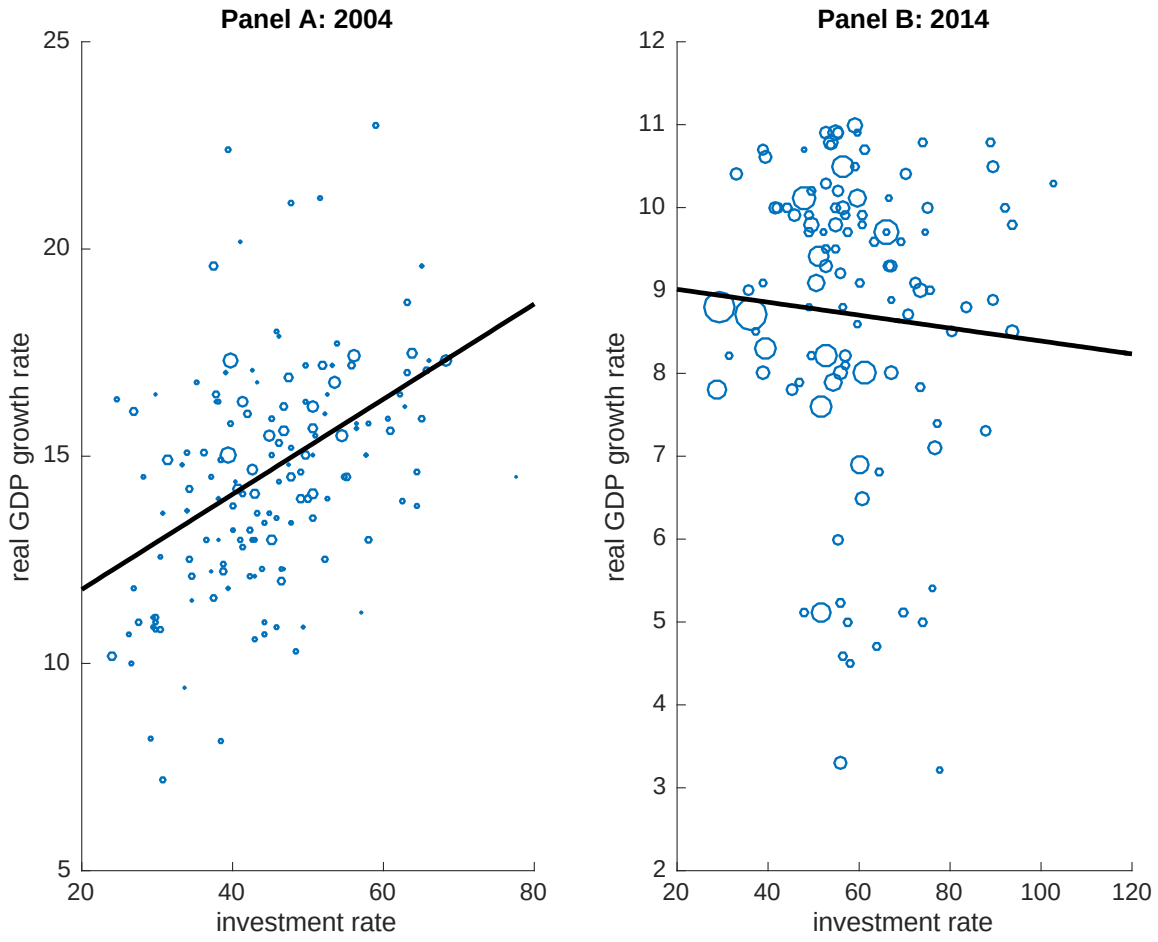
ROA of Listed Firms



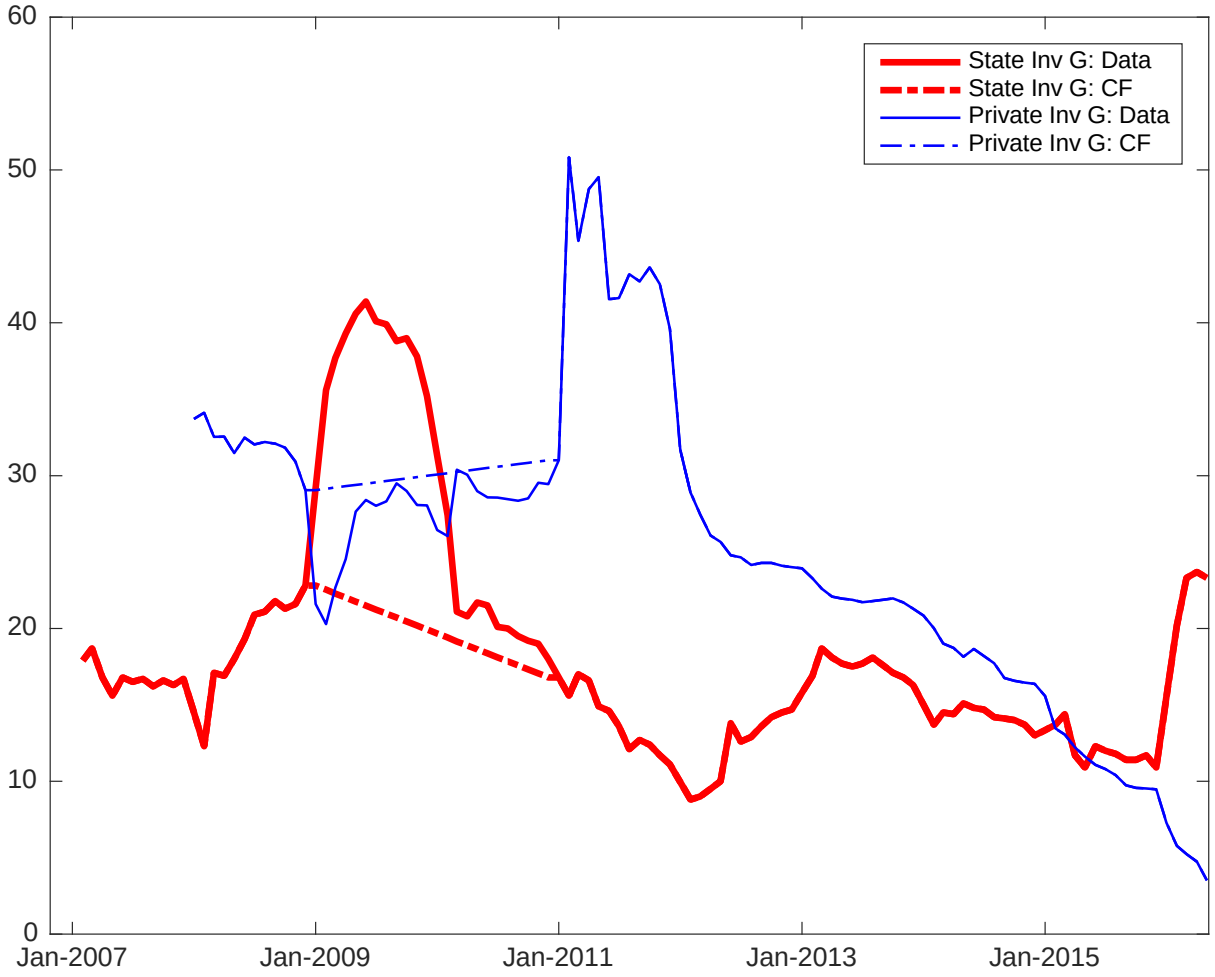
Aggregate Implications: More Distorted Spatial Allocation of Investment



The Disappearing of the Growth-Investment Correlation



Conclusion

- An institutional change led by the stimulus
- More fund allocated to LFVs and “connected” firms after the stimulus
- Evidence of worsened fund and capital misallocation
- A new round of “fiscal” stimulus?

Fixed Asset Investment by Ownership