Song Zhang

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CONTACT

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RESEARCH FIELDS

Political Economy of Finance, Banking, and Climate Finance

EDUCATION

Boston College 2017 – 2022 (Expected)
Ph.D. Candidate in Finance

Swiss Finance Institute 2015 – 2017
Ph.D. Candidate in Finance (Transferred)

Bocconi University 2012 - 2015
Master of Science in Finance

Lanzhou University 2008 - 2012
Bachelor of Science in Accounting

JOB MARKET PAPER

"Climate Change, the Partisan Divide, and Exposure to Climate Risk"

Abstract: I study how partisan-driven beliefs about climate change affect the distribution of climate risk across mortgage lenders. Using wildfires to capture climate exposure, I find that Republican-leaning lenders are more likely to approve mortgage applications in high wildfire risk areas than Democratic-leaning lenders. This difference in approval rates is only evident among second-lien and jumbo mortgage applications, highlighting how securitization affects risk incentives. Lastly, Republican-leaning lenders originate more climate-exposed second-lien and jumbo loans and thus hold more wildfire risk. Overall, the findings suggest that dispersion over climate change beliefs affects how institutional investors hold climate risks, potentially affecting financial stability.

PUBLICATIONS

"Do CEOs Affect Employees' Political Choices?" with Ilona Babenko and Viktar Fedaseyeu, *Review of Financial Studies*, 2020
Media Coverage: *Harvard Business Review, Harvard Law School Forum On Corporate Governance and Financial Regulation, New York Times, and Washington Post*

Abstract: We study the relation between CEO and employee campaign contributions and find that CEO-supported political candidates receive 3 times more money from employees than candidates not supported by the CEO. This relation holds around CEO departures, including plausibly exogenous departures due to retirement or death. Equity returns are significantly higher when CEO-supported candidates win elections than when employee-supported candidates win, suggesting that CEOs' campaign contributions are more aligned with the interests of shareholders than are employee contributions. Finally, employees whose donations are misaligned with their CEOs' political preferences are more likely to leave their employer.

"Banks as Lenders of First Resort: Evidence from the COVID-19 Crisis," with Lei Li and Philip E. Strahan, *Review of Corporate Finance Studies*, 2020

Abstract: In March 2020, banks faced the largest increase in liquidity demands ever observed. Firms drew funds on a massive scale from preexisting credit lines in anticipation of cash flow and financial disruptions stemming from the advent of the COVID-19 crisis. The increase in liquidity demands was concentrated at the largest banks, who serve the largest firms. Precrisis financial condition did not constrain large banks' liquidity supply. Coincident inflows of funds from both the Federal Reserve's liquidity injection programs and depositors, along with strong preshock bank capital, explain why banks were able to accommodate these liquidity demands.

WORKING PAPERS

"Executives in Politics," with Ilona Babenko and Viktar Fedaseyeu, Revise and Resubmit at *Management Science*
Media Coverage: *Harvard Law School Forum On Corporate Governance and Financial Regulation, ProMarket*

Abstract: We study the involvement of corporate executives in U.S. politics over the last forty years. First, we document that the share of business politicians in federal elected office increased from 13.3% in 1980 to 22.6% in 2018, with most of the increase occurring over the last two decades. Second, we find that business politicians enjoy an early fundraising advantage over their opponents, both because they are more likely to self-fund their campaigns and because they receive more campaign contributions from their firms. Third, the election of business politicians benefits their firms and industries, which experience positive abnormal stock returns when their executives win political office. We also find that business politicians, once elected, accumulate a voting record that shifts the balance of power toward corporate interests. Overall, our results indicate that corporate executives have become more involved in U.S. politics and that this involvement has benefited their firms and industries and affected aggregate legislative outcomes.

"Downsides of Corporate Political Spending: Evidence from Mass Shootings"
Abstract: This paper studies the negative impacts of corporate political spending on firm outcomes. Using data from 20 years of mass shootings, I find that when mass shootings take place, companies that primarily donate to pro-gun-rights politicians experience negative stock price reactions and worse operating performance. The negative impacts on companies' bottom line are stronger when incidents are more deadly. The decline in operating performance reverses within a couple of years. The findings are not driven by firms contributing to Republican politicians. Similarly, using Summary of Deposits data from FDIC, I find that banks primarily donating to pro-gun-rights politicians also experience higher deposit outflows around mass shootings. After incidents, firms significantly reduce corporate political donations to pro-gun-rights politicians. Overall, my findings highlight negative impacts on companies resulting from their political spending being disapproved by stakeholders.

PRESENTATIONS

2022: SWFA 2022

2021: Boston College, Tulane University, University of Delaware, University of Iowa, 4th Dauphine Finance Ph.D. Workshop
2020: Boston College, NBER*
2019: Boston College, Finance Down Under*, FIRS*
2018: Boston College, EFA*, Mitsui Finance Symposium*, NFA*, Santiago Finance Workshop*, SFS Cavalcade*, Tel Aviv Finance Conference*
2017: Finance Down Under*, Swiss Finance Institute
** presented by co-author*

AWARDS

Best Doctoral Paper in Financial Institutions, SWFA (2022)
Best Paper Award, Finance Down Under (2019)
Doctoral Scholarship, Boston College, 2017 - Present
Research Grant, Bocconi University, 2015 - 2016
Doctoral Scholarship, Swiss Finance Institute, 2015 - 2017
National and University Scholarships, Lanzhou University, 2008 - 2012

TEACHING

Teaching Assistant, Boston College

Fundamentals of Finance	2021
Money and Capital Markets	2019, 2020
Data Analytics in Finance	2018 - 2020
Microeconomics	2018

Instructor, Swiss Finance Institute

Advanced Corporate Governance	2016

ACADEMIC SERVICE

Referee: Review of Financial Studies, Journal of Banking and Finance

LANGUAGES

English, Chinese
Python, Stata, GIS, LATEX

REFERENCES

Philip E. Strahan (Chair)
Professor of Finance and John J. L. Collins, S.J. Chair in Finance
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