Drishan Banerjee

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Education

Ph.D. Economics, University of California, Santa Cruz, expected 2027
Fields: **Macroeconomics, International Finance, Climate Finance**.

M.S. Economics, Indira Gandhi Institute of Development Research (IGIDR), Mumbai
GPA: 3.98/4.00, Chancellor's Gold Medal, 2022.

B.S. Economics, Presidency University, Kolkata
GPA: 9.2/10.0, 2020.

Research

Job Market Paper

- **Over the Hills and Far Away: Macroprudential Policy and Firm Foreign Exchange Exposure**

  Macroprudential policies that strengthen domestic banks can also increase firms' exposure to external risk. Using balance sheet data for Indian non-financial firms, I show that when tighter macroprudential measures constrain domestic bank credit, bank-dependent firms substitute toward foreign currency debt. Firms holding more foreign currency debt then suffer larger losses and a higher likelihood of distress when the rupee depreciates. To analyze the welfare implications, I build a two-sector model in which both banks and firms can default which captures the trade-off between bank resilience and firm fragility. Calibrated to India, the welfare-maximizing capital requirement is close to 7.6 per cent, below the RBI's 9 percent minimum.

Working Papers

- **This Time Is (Mostly) Different: U.S. Tightening Cycles and Global Resilience in the 1980s vs 2020s** *(with Galina Hale & Harrison Shieh)*

  NBER Working Paper No. 35673; CEPR Discussion Paper No. 21874.

  Covered in the Financial Times; Featured Working Paper, NBER October 2026.

  Presented at: XXVII Annual Conference of the Central Bank of Chile, Santiago, 2024*; Western Economic Association International Annual Meeting, San Francisco, 2025*; CEPR International Macroeconomics and Finance Programme Meeting, 2026*.

  Post-pandemic inflation raised fears that U.S. monetary tightening would trigger a repeat of the 1982 sudden stop in capital flows to emerging economies. Yet as of 2026, the world has not experienced any economic recession. We document three differences between the 1980s and the 2020s, beyond the shift to flexible exchange rates: monetary policy effectiveness, fiscal space, and external vulnerabilities. We develop a Mundell-Fleming model with a fiscal space constraint to explain these differences. The model shows that fiscal space plays a central role in how increases in foreign risk-free rates affect domestic economies. Cross-country evidence confirms that fiscal space shapes economic outcomes following monetary tightening abroad.

*Presented by coauthor.

Work in Progress

- **Putting a Price on Adaptation: A Generalizable Framework for Valuing the Benefits of Climate Adaptation** *(with Galina Hale, Borja Gonzalez Reguero, Brook Constantz & Piyush Gandhi)*

  Public agencies and governments increasingly use benefit-cost analysis (BCA) to choose which climate adaptation projects to fund, but standard BCA values adaptation through avoided direct physical damage at expected values. This understates benefits in two ways: it ignores spillovers from direct damage and the value of reducing uncertainty. We develop a framework that works for any hazard. It maps losses to assets and the stakeholders who bear them, values each loss channel with public data available across the U.S., and fits a loss distribution to hazard-model output to estimate willingness to pay for reducing both expected losses and tail risk. Applying it to CoSMoS-Adapt storm-flood scenarios for dunes, submerged reefs, and seawalls in Santa Cruz, California, we find benefits three to five times those of standard BCA.

- **Sovereign Risk Networks: Mapping Financial Linkages Across Emerging and Advanced Economies**

  This paper uses measures developed in the finance literature to analyse sovereign risk networks of emerging and advanced economies. Using mixed-frequency data, I decompose sovereign bond yields into observed common and country-specific factors and unobserved idiosyncratic factors, and apply elastic net regularization (LASSO and ridge) to estimate high-dimensional network adjacency matrices in the presence of sparsity and multicollinearity. Network analysis of these factors reveals important linkages and dependencies between country groups that can be used for financial stability monitoring.

- **Where Finance Meets Faith, Rethinking the Finance-Growth Relationship** *(with Siong Hook Law & Nirvikar Singh)*

  Does religiosity shape the relationship between financial development and economic growth? Using cross-country panel data, this paper examines whether the growth effects of financialization depends on how religious a society is. We build on previous work that establishes a non-linear relationship between financial development and growth and find that this relationship is present in advanced economies and secular emerging economies: beyond a certain point, financialization is associated with lower growth. This pattern does not hold in more devout emerging economies even at similar levels of financialization. The findings suggest that the relationship between finance and growth depends not only on the extent of financial development but also on the social context.

Policy Reports

- **Assessing Cost Effectiveness of Coastal Climate Adaptation Solutions in California: CoSMoS Adapts** *(with Borja Gonzalez Reguero, Galina Hale, and others)*

  Technical report (peer-reviewed), California's Fifth Climate Change Assessment, University of California, Santa Cruz, 2026. Cited in the *Statewide Summary* of the Fifth Assessment.

Awards and Fellowships

- Eileen Brooks Memorial Award for Best Second-Year Paper (Runner-Up), UCSC, 2024.
- Best Teaching Assistant Award, Department of Economics, UCSC, Fall 2022 and Fall 2024.

- Regents Fellowship, UCSC, 2022.
- Chancellor's Gold Medal for highest GPA in M.S. Economics, IGIDR, 2022.

Research Experience

- Graduate Student Researcher, University of California, Santa Cruz, 2023–2026 *(for Galina Hale, Borja Gonzalez Reguero & Nirvikar Singh).*
- Research Assistant, Indira Gandhi Institute of Development Research, Mumbai, 2022 *(for Rajeswari Sengupta).*
- Graduate Research Intern, Department of Economic and Policy Research, Reserve Bank of India, 2021.

Teaching Experience

- Completed Course in **Active Learning in Economics**, W 2024

Primary Instructor at UCSC

- ECON 294A(R) – Applied Economics and Finance Laboratory (Graduate), W 2026.
- ECON 2 – Introductory Macroeconomics (Undergraduate), Su 2025, Su 2026.

Teaching Assistant at UCSC

- ECON 233 – Finance (Graduate), F 2025.
- ECON 100A – Intermediate Microeconomics (Undergraduate), Su 2025.
- ECON 2 – Introductory Macroeconomics (Undergraduate), W 2024, Sp 2026, F 2026.
- ECON 113 – Introductory Econometrics (Undergraduate), F 2023, Sp 2024, F 2024.
- ECON 101 – Managerial Economics (Undergraduate), Su 2024.
- COWL 52 – Personal Finance (Undergraduate), Su 2023, Su 2026.
- ECON 197 – Economic Rhetoric (Undergraduate), Su 2023.
- ECON 126 – Why Economies Succeed or Fail (Undergraduate), F 2022.

Professional Service

- Referee: *Journal of International Money and Finance*; *Review of World Economics*; *Scientific Reports* (Nature Portfolio).

Miscellaneous

Computer Skills Stata, R, MATLAB, Python, LaTeX

Languages English, Bengali, Hindi (all fluent)

References

Galina Hale (Chair)
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