

RELEVANT POSITIONS	Research Assistant to Professor Xavier Gabaix, MIT Department of Economics	2003-2005
	Research Assistant to Professor Yasheng Huang, MIT Sloan School of Management	2002-2007
	Application Software Engineer, Ticketmaster-Citysearch, Inc.	2000-2002

FELLOWSHIPS, HONORS, AND AWARDS MIT Department of Economics Fellowship, 2003-2007
MIT Presidential Fellowship, 2002-2003

PROFESSIONAL ACTIVITIES Referee for *Economic Inquiry*

RESEARCH PAPER: **“Labor Market Institutions, Firm-specific Skills, and Trade Patterns” (Job Market Paper)**

This paper studies how cross-country differences in labor market institutions shape the pattern of international trade with a focus on workers' skill acquisition. I develop a model in which workers undertake non-contractible activities to acquire firm-specific skills on the job. I show that protective labor laws, by increasing workers' bargaining power, induce workers to acquire more firm-specific skills relative to general skills. Hence, when sectors differ in their levels of dependence on these two types of skills, workers' skill acquisition turns labor laws into a source of comparative advantage. To formalize this argument, I embed the model in an open-economy framework with heterogeneous firms, sectors with different levels of dependence on firm-specific skills, and countries with varying degrees of labor protection. The model predicts that countries with more protective labor laws export relatively more in firm-specific skill-intensive sectors through both the intensive and extensive margins of trade. While the intensive margin refers to the export volume per firm, the extensive margin refers to the number of exporting firms. To test these hypotheses, I construct sector measures of firm-specific skill intensity using estimated returns to firm tenure in the U.S. over 1985-1993. With these measures, I test the theoretical predictions by estimating sector-level gravity equations. Specifically, I implement a two-stage estimation procedure, with the first stage being a selection equation testing the extensive margin of trade, and the second stage being a trade flow equation testing the intensive margin. From a sample of 84 countries in 1995, I find supporting evidence for the predicted effects of labor market institutions on both margins of trade.

RESEARCH IN PROGRESS: **“Do Domestic Private Firms Benefit from Foreign Direct Investment? Firm-level Evidence from China”**

Developing countries often strive to promote foreign direct investments (FDI) hoping that knowledge brought by foreign firms will spillover to the domestic ones, and therefore increase their productivity. Based on a panel dataset of private firms in China over 1998-2001, I construct time-series measures of foreign presence in an industry (province) using employee-weighted averages of foreign equity participation across private firms within the industry (province). Using these measures, I find positive horizontal spillovers within provinces, but negative horizontal spillovers with industries. To examine whether spillovers take place across industries, I investigate whether spillovers happen through forward and backward linkages. In particular, I use coefficients derived from the Chinese input-output table to construct a measure of foreign presence in a firm's upstream and downstream industries. I find that spillovers take place from foreign firms in the downstream industries to domestic suppliers in the upstream industries (backward linkage). Furthermore, I find that this positive effect is more pronounced for firms which have less equity participation by governments.

“Political Regimes and the Structure of Tariffs” (joint with Hok-Wui Wong)

In this paper, we show both theoretically and empirically that democratic countries tend to have relatively lower tariffs on capital-intensive goods. We extend the Grossman-Helpman (1994) “Protection for Sale” model to incorporate industries with different capital intensity in production. We show that in democratic countries, governments emphasize more on aggregate welfare than political contributions due to election concerns, and set relatively lower tariffs on capital-intensive products in equilibrium. To test the hypothesis, we regress non-tariff trade barrier at the sector level on an interaction term between a country’s dummy of democracy and a sector’s measure of capital intensity, using a sample of 74 countries and 28 industries. Empirical results show that democratic countries have relatively lower non-tariff trade barriers for both capital-intensive and human-capital-intensive industries. These results are robust to the inclusion of the controls for the existing theories on tariff formation. Future research includes imputing time-series measure of non-tariff trade barriers by estimating the gravity equation at the sector level. Using these imputed measures, we can examine whether changes in political regimes are associated with changes in tariff structures.

“Economic Geography and Wages in China”

This paper estimates the agglomeration effects on wages in China. In particular, I separate the agglomeration effects into that of cost benefits due to proximity to the intermediate-input suppliers (the supply linkage), and that of market size effects due to proximity to the location of demand from consumers and other firms (the demand linkage). I use a detailed input-output table for China to construct measures of the supply and demand linkages for each industry across provinces. Based on the economic geography model developed by Krugman and Venables (1995), I derive estimating specifications to estimate the effects of agglomeration on wages through both the supply and demand linkages. In research in progress, I estimate the impacts of the two linkages on wages on a census sample of Chinese firms over 1998-2001.