



UNIVERSITY OF  
TORONTO

Burhan Kuruscu  
*Associate Professor and  
Placement Officer*

October 28, 2013

Dear Colleague:

Enclosed you will find the CV's and thesis abstracts of our PhD students on the job market this year. We would appreciate your giving these candidates serious consideration for any openings you may have in your department. Job market papers and other relevant information are located in each student's website. Links to all these pages can be found at:

<http://www.economics.utoronto.ca/index.php/index/graduate/jobCandidates>

Should you require any further information on these students, please do not hesitate to give me a call at (416) 978-8343 or email me at [burhan.kuruscu@utoronto.ca](mailto:burhan.kuruscu@utoronto.ca).

Sincerely,

Burhan Kuruscu

# Andre Boik

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<b>Citizenship</b>	Canadian
<b>Research Interests</b>	Industrial Organization Business Economics Antitrust Economics
<b>Teaching Interests</b>	Industrial Organization Business Economics Microeconomic Theory

## Education

2009-present	Ph.D. Candidate, Economics, University of Toronto (Expected 2014)  Dissertation: Essays in Industrial Organization Committee: Kenneth S. Corts (supervisor), Mara Lederman, Rahul Deb
2008-2009	MA, Economics, University of Alberta
2004-2008	BA (Honours), Economics, University of Calgary

## Awards

Graduate Fellowship, 2009-2013, University of Toronto  
Core Prize in Economics, 2009, University of Alberta

## Publications and Research Papers

Intermediaries in Two-Sided Markets: an Empirical Analysis of the U.S. Cable Television Industry (*Job Market Paper*)

The Effects of Platform MFNs on Competition and Entry (with Kenneth S. Corts)

Most-Favored-Nation Clauses in Health Care Provider Contracts

## Professional Experience

2013: Course Instructor, University of Toronto

- ECO310 (Industrial Organization)
- 3<sup>rd</sup> Year Undergraduate (joint with Zhe Yuan)

2009-2013: Teaching Assistant, University of Toronto

- Industrial Organization (Dept of Economics)
- Managerial Economics (Rotman School of Management)
- Undergraduate Microeconomics (Dept of Economics)

2008-2009: Teaching Assistant, University of Alberta

- Undergraduate Microeconomics (Dept of Economics)

## Conferences and Invited Seminar Presentations

2013: University of Guelph

## References

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## **Dissertation Abstract**

### **Intermediaries in Two-Sided Markets: An Empirical Analysis of the U.S. Cable Television Industry** *(Job Market Paper)*

The U.S. broadcast television industry is often cited as an example of a two-sided market because a local television station acts as a platform connecting advertisers to viewers and viewers to advertisers. While historically local stations connected directly to viewers by broadcasting their content free over-the-air, most viewers now access the content of stations through a distributor (such as a cable or satellite company). It is unclear how the presence of important intermediaries such as these distributors may change the nature of a station's optimal two-sided pricing strategy. Indeed, their presence can preclude a platform from pursuing a two-sided strategy at all; for example, cable distributors are required to bundle local stations and often do not vary the bundled price across local markets. By exploiting a novel dataset, I find that the presence and concentration of distributors strongly influences stations' pricing incentives in two ways. The first is that stations raise their fees to cable distributors because stations prefer that viewers access their content through satellite distributors with whom they do not compete in the local advertising market. The second is that station mergers lower stations' fees to distributors because mergers partially internalize a pricing externality among stations that results from the bundling of their content.

### **The Effects of Platform MFNs on Competition and Entry** *(with Kenneth S. Corts)*

In the context of sellers who sell their products through intermediary platforms, a platform MFN (most-favored-nation clause) is a contractual restriction requiring that a particular seller will not sell at a lower price through another platform than through the platform with which it has the platform MFN agreement. Contractual restrictions observed in ebook markets and in credit card transaction processing, among other settings, can be viewed as examples of this phenomenon. We show that platform MFNs typically raise platform fees and retail prices, and also curtail entry by potential entrants pursuing low-cost business models. This has important implications for competition policy, including cases currently being pursued in both of these markets.

### **Most-Favored-Nation Clauses in Health Care Provider Contracts**

The use of most-favored-nation (MFN) clauses in health care provider contracts has been contentious because it is believed to discourage discounting by medical providers. This paper shows that an MFN can improve welfare because while it reduces the magnitude of discounting by providers, these discounts extend across more insurers. Insurers who did not previously receive discounts now obtain cost savings that are partially passed through to consumers. However, an MFN can also be used to coordinate a provider cartel by discouraging providers' private incentive to support rival insurers, and welfare falls.

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<b>Citizenship</b>	Permanent Resident of Canada (Chinese)
<b>Languages</b>	English, Cantonese, Mandarin, French (Intermediate), Japanese (Intermediate)
<b>Research Interests</b>	Corporate Finance Behavioral Finance
<b>Teaching Interests</b>	Corporate Finance Investment Behavioral Finance

## Education

2006-	Ph.D., Financial Economics, University of Toronto (Expected completion in 2014)  Dissertation: Essays on Market Conditions and Corporate Investment Decisions Committee: Xiaodong Zhu (Co-Chair), Varouj Aivazian (Co-Chair), Martin Burda
2006	Master of Financial Economics, Department of Economics and Rotman School of Management, University of Toronto (2004-2006)
2004	Honours B.Sc., Computer Science (Specialist), Economics (Major), University of Toronto (2000-2004)

## Awards

Thesis Completion Award, University of Toronto, 2012  
H. Stanley Hunnisett Fund, University of Toronto, 2011  
Economics Graduate Scholarship, University of Toronto, 2011  
Edward B. Kernaghan Graduate Fellowship, University of Toronto, 2010  
University of Toronto Graduate Fellowship, 2006 - 2011  
Samuel Beatty In-Course Scholarship, University of Toronto, 2002  
University of Toronto Scholars Scholarship, 2000  
Mary Ellen Carty Scholarship, 2000

## Research Papers

Belief Dispersion and Investment Composition (Job Market Paper)

- To Present/Presented at: Doctoral Workshop in Applied Econometrics (Invited), University of Guelph Doctoral Workshop (Invited), Financial Management Association 2013 Meeting, Southern Finance Association 2013 Meeting

Booms, Busts, and the Market for Corporate Control (with M. Rahaman)

- Presented at: Northern Finance Association 2010 Conference, Financial Management Association 2010 Meeting

Do Financial Regulations Matter for Firm Performance? Evidence from Systemic Banking (with V. Aivazian and M. Rahaman)

- Presented at: Financial Management Association 2012 Meeting, Northern Finance Association 2013 Conference

## Work in Progress

Financial Regulations and Risk Taking of Banks (with V. Aivazian and M. Rahaman)

## Teaching Experience

2011: Course Instructor, University of Toronto

- Financial Economics (Portfolio Theory and Asset Pricing, 3<sup>rd</sup> Year Undergraduate)

2004-Present: Teaching Assistant, University of Toronto

- Financial Markets and Corporate Finance (Undergraduate and Graduate)
- Macroeconomic Theory (Undergraduate and Graduate)
- Economics of Risk Management (Undergraduate and Graduate)
- Corporate Finance (Undergraduate and Graduate)
- Valuation & Business Finance (Graduate Professional Programs)

## Research Assistance

2011-Present: Professor Varouj Aivazian, Corporate Finance

2011-2012: Professor Xiaodong Zhu, Macroeconomics

2009-2011: Professor Michelle Alexopoulos, News Reports and Uncertainty

2007: Professor Luisa Fuster, Expenditure Incidence

2003-2005: Professor Michelle Alexopoulos, Technology Change and Innovations

## Industry Experience

2011-Present: Subject Area Consultant in Corporate Finance, Certified Management Accountants (CMA) of Ontario

2005-2009: Economist, Credit Risk Management, Canadian Imperial Bank of Commerce (CIBC)

2002-2003: Programmer Analyst Intern, Engineering & Corporate Finance, Celestica

**References**

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Professor Jason Wei  
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## Dissertation Abstract

### Belief Dispersion and Investment Composition

*(Job Market Paper)*

Investors have different beliefs about the uncertain returns from firm investments. I analyze the impact of dispersion in market beliefs on the ratio of high versus low risk investments and document an investment composition effect: firms that are subject to greater belief dispersions adopt an investment composition with greater risks. That is, when there is a high level of belief dispersion, firms increase relative shares of investment in Research & Development (R&D) and Mergers & Acquisitions (M&A), and decrease investment share in physical capital expenditure (CAPX). I find that a one standard deviation increase in belief dispersion raises investment shares of R&D and M&A by 0.11% and 0.47%, respectively, and decreases the share of CAPX by 0.57%. In order to establish a causal relationship, I use mergers of brokerage houses as a source of exogenous variation in belief dispersion. The results are consistent with the following theory: under price optimism, the stock price is increasing in the beliefs of optimistic investors. As a result, the manager's objective function features a component that grows with expected belief dispersion about the uncertainty of returns from projects. The manager therefore maximizes the stock price by allocating more investment in riskier projects. Overall, my results identify a novel effect on the allocation of investment across different projects.

### Booms, Busts, and the Market for Corporate Control

*(With M. Rahaman)*

We use economic recessions as a setting for 'creative destruction' to examine the efficiency of pro-cyclical capital reallocation via the corporate-control market. We find that the efficacy of mergers and acquisitions-related (M&A) investment activities is time- and intensity-varying over the business cycle: firms that concentrate most of their M&A activities in the good times (economic expansions) are more likely to exit inefficiently in a subsequent recession; whereas firms that distribute M&A investments to non-expansory times are less likely to exit. Our data shows that, an AAA-rated firm that makes one standard deviation more M&A bids than the average acquiring firm is likely to experience an increase in its exit risk that is equivalent to a one notch downgrade in its credit rating. We find that hyper-acquisitiveness in expansions is driven by equity misvaluation of acquirers, and such behavior results in heightened exit risk via the channels of increased cash-flow volatility and reduced firm productivity. Our results suggest that a substantial part of pro-cyclical capital reallocation via the corporate-control market does not maximize firm value.

### Do Financial Regulations Matter for Firm Performance? Evidence from Systemic Banking Crises

*(With V. Aivazian and M. Rahaman)*

Do financial market regulations affect firm performance? We use episodes of systemic banking crises across many countries as identification tools for unanticipated credit contractions to determine the effect of regulations. To evaluate firm-level effects, we assemble a cross-country dataset and compare firm investment, sales, and inventory growth during the crisis and the post-crisis periods with that of pre-crisis



averages. We exploit variations in our sample firms' external financial dependence and financial constraints to show that credit contractions are costly for firms. Additionally, we find that such costs are borne disproportionately by financially constrained firms, and also by firms that normally rely more on the external capital market for their financing needs. In effect, our results suggest that external financial dependence and financial constraints are two channels through which the degree of financial regulations affect firms: declines in investment, sales, and inventory growth are greater for an externally dependent and financially constrained firm if it is also embedded in an ex-ante repressively-regulated financial market, compared to a similar firm embedded in a reformed financial market. Our evidence show that financial reform plays a significant role in attenuating the propagation of adverse shocks from a banking crisis to the real sector.

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**Citizenship** Canadian

**Research Interests** Public Finance  
State & Local Finance & Governance  
Urban Economics  
Energy Economics & Utility Regulation

**Teaching Interests** Public Finance  
State & Local Finance & Governance  
Urban Economics  
Public Policy, Political Economy & Political Philosophy  
Environmental & Natural Resource Economics  
Industrial Organization  
Organizational & Personnel Economics

## Education

2014 Ph.D., Economics, University of Toronto (2008-)  
Dissertation: Essays in Municipal Finance  
Committee: Adonis Yatchew (supervisor), Enid Slack, Frank Mathewson,  
Kory Kroft

2008 M.A., Economics, University of Toronto (2007-2008)

2007 Hon.B.Sc., Economics & Mathematics, University of Toronto (2002-2007)

## Awards

**C. Lowell Harriss Dissertation Fellowship** – Lincoln Institute of Land Policy (2013-2014)  
**Doctoral Completion Award** – Department of Economics, University of Toronto (2012-2013, 2013-2014)  
**University of Toronto Fellowship** – School of Graduate Studies, University of Toronto (2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012)  
**Graduate Fellowship in Municipal Finance and Governance** – Institute on Municipal Finance and Governance, University of Toronto (2009-2010)  
**C.B. Macpherson Graduate Admission Award** – Faculty of Arts and Science, University of Toronto (2008-2009)

## Publications and Research Papers

The Effect of Commercial Property Taxes on Structure Investment and the Tax Base, (dissertation paper #3 and job market paper) (2013)

Business Property Taxes and the Marginal Effective Tax Rate on Capital, (dissertation paper #2) (2013)

What Gets Measured Gets Managed: The Economic Burden of Business Property Taxes, with Ben Dachis and Peter Tomlinson, C.D. Howe Institute. (2013)  
<http://www.cdhowe.org/what-gets-measured-gets-managed-the-economic-burden-of-business-property-taxes/23117>

Scale Economies in Fire and Police Services in Ontario, Institute on Municipal Finance and Governance, University of Toronto. (2012) (dissertation Paper #1)  
[http://munkschool.utoronto.ca/imfg/uploads/215/imfg\\_no\\_12\\_adamfoundonline\\_jan3.pdf](http://munkschool.utoronto.ca/imfg/uploads/215/imfg_no_12_adamfoundonline_jan3.pdf)

Hiding in Plain Sight: The Harmful Impact of Provincial Business Property Taxes, with Peter Tomlinson, C.D. Howe Institute. (2012) <http://www.cdhowe.org/hiding-in-plain-sight-the-harmful-impact-of-provincial-business-property-taxes/19828>

## Professional Experience

2007-2014: Teaching Assistant, Department of Economics, University of Toronto

- Urban Economics for third year undergraduates
- Developed course material, lectured occasionally and graded examinations

2012-2013: Research Assistant, Institute on Municipal Finance and Governance, University of Toronto

- Assisted Professor Enid Slack and Professor Richard Bird
- Compiled and analyzed municipal data

2006-2007: Research Assistant, Department of Economics, University of Toronto

- Assisted Professor Mathew Turner and Professor Gilles Duranton
- Searched for and compiled transportation data

2007-2014: Consulting and Quantitative Analysis

- Toronto Association of BIAs & Ontario BIA Association (2013)
- Policy and Advocacy Advisory Group, Toronto Financial District BIA (2013)
- Provincial-Local Finance Division, Ministry of Finance of Ontario (2007-2009)
- Toronto Board of Trade (2007,2009)
- Urban Strategies – Midtown Urban Growth Centre, Town of Oakville (2008)
- GHK Consultants – Toronto-York Spadina Subway Extension, City of Toronto (2007,2011)

## References

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## **Dissertation Abstract**

### **Essays in Municipal Finance**

#### **Scale Economies in Fire and Police Services in Ontario**

This paper analyzes economies of scale for two municipal services by considering how per-household municipal costs are affected by a municipality's size. An econometric model is used to estimate costs associated with fire and police services using data for 445 municipalities in the Province of Ontario. The results show that the costs per household of fire services are minimized for municipalities with a population of about 20,000 residents. For police services, costs are minimized with a population of about 50,000 residents. Based on these results, implications are drawn for municipal amalgamation policy.

#### **Business Property Taxes and the Marginal Effective Tax Rate on Capital**

For over 25 years, the literature has continued to exclude the business property tax from the marginal effective tax rate (METR) on capital investment. Before that, it was included only at the national level and using unreliable, imprecise and opaque data and empirical methods that did not account for the potential benefit tax nature of the municipal portion of the business property tax. Addressing these issues, I recast the METR theory as it relates to the business property tax and then update and compute 2013 estimates of the METR for all 10 provinces in Canada with provincial business property taxes included. Building on these estimates, I then compute the METR inclusive of municipal business property taxes for the largest municipality in each province. I find the business property tax to be substantially damaging to municipal, provincial and international competitiveness as indicated by the METR. With the business property tax representing over 60% of the Canadian METR, among the various capital taxes it is by far the largest contributor to Canada's investment barrier.

#### **The Effect of Commercial Property Taxes on Structure Investment and the Tax Base**

**\*\*\*Job Market Paper\*\*\***

This paper models and estimates the responsiveness of structure investment and the tax base to commercial property taxes, taking a new step toward resolving the "benefit view" vs. "capital tax view" debate within the literature. Using a first-difference structural model to analyze 2006-2013 municipal data for the Province of Ontario, I improve upon past studies and build onto the literature in a number of ways. I find that commercial structure investment and tax base are highly sensitive to the property tax with Ontario's assessment-weighted average tax elasticity (and tax-base elasticity) ranging from -0.80 to -0.90 at 2011 taxation levels. These results along with others emergent from the analysis strongly support the capital tax view of the business property tax, building onto the growing consensus that business property taxes do indeed have a substantial negative impact on investment in structures and the value of the tax base.

# Paul Karapanagiotidis

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**Citizenship** Canadian, Greek

**Languages** English

**Research Interests** Financial and Macro Econometrics  
Commodity Prices and Derivative Products

**Teaching Interests** Time Series Econometrics  
Introductory Economics

## Education

2009-Present PhD, Economics, University of Toronto (expected completion 2014)  
Dissertation: Essays in Financial and Macro Econometrics  
Committee: Christian Gourieroux (supervisor), Martin Burda, John Maheu

2008-2009 MA (Doctoral Stream), Economics, University of Toronto

2004-2008 BA (Honours), Economics, University of Guelph

## Awards

S.S.H.R.C. M.A. Graduate Research Scholarship	2008
Jack Madden Economic History Medal	2008
3M Company Scholarship	2007
Alberta Centennial Premier's Scholarship	2007
John Vanderkamp Memorial Scholarship in Economics	2006
John Kenneth Galbraith Scholarship in Economics	2006
Guelph College of Social Sciences, Alumni Heritage Scholarship	2006
Guelph College of Social Sciences, Dean's Scholarships	2005-2007

## Publications and Research Papers

“Dynamic Modeling of Commodity Futures Prices,” (Job market paper)

- Presented at the 1<sup>st</sup> annual Doctoral Workshop on Applied Econometrics, April 13<sup>th</sup>, 2013, Ryerson University, Toronto, Canada.

“Improving Bayesian VAR Density Forecasts Through Autoregressive Wishart Stochastic Volatility”

- Presented at the Rimini Conference in Economics and Finance, August 17-18<sup>th</sup>, 2012, Toronto, Canada.

“Dynamic State-Space Models” (Work in progress)

“Historical Time Series Methods” (Work in progress)

## Professional Experience

2013-Present: Course Instructor, University of Toronto

- *Forecasting Methods in Macroeconomics and Finance* (2013, taught twice)

2009-Present: Teaching Assistant, University of Toronto

- *Master of Financial Economics program, Econometrics course*, with Professor Angelo Melino (Fall 2013)
- *Financial Econometrics*, with Professor Christian Gourieroux (Fall 2012 and 2013)
- *Law and Economics*, with Instructor Robert Barber (Summer 2010, 2011, and 2013)
- Head Teaching Assistant, *Introductory and Intermediate Economics*, with Instructor William Wolfson (2009-Present)

2012-Present: Research Assistant, University of Toronto

- Worked with Professor Martin Burda (Summer 2012 and 2013)

## Computational Skills

Extensive knowledge of: *R Statistical Package, Fortran and C programming, Wolfram Mathematica, and Nvidia CUDA Parallel GPU programming*

**References**

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## Dissertation Abstract

### Essays in Financial and Macro Econometrics

#### **Dynamic Modeling of Commodity Futures Prices (Job Market Paper)**

Theory suggests that commodity futures prices may exhibit nonlinear features such as bubbles and various types of asymmetries. This paper investigates these claims empirically by introducing a new time series model apt to capture such features. The data set is composed of 25 individual, continuous contract, commodity futures price series, representative of a number of industry sectors including softs, precious metals, energy, and livestock. It is shown that the linear causal ARMA model with Gaussian innovations is unable to adequately account for the features of the data. In the purely descriptive time series literature, often a threshold autoregression (TAR) is employed to model cycles or asymmetries. Rather than take this approach, we suggest a novel process which is able to accommodate both bubbles and asymmetries in a flexible way. This process is composed of both causal and noncausal components and is formalized as the mixed causal/noncausal autoregressive model of order  $(r, s)$ . Estimating the mixed causal/noncausal model with leptokurtic errors, by an approximated maximum likelihood method, results in dramatically improved model fit. Moreover, these estimation results demonstrate that noncausality is unidentified in the linear causal ARMA model with Gaussian innovations. Comparisons of the estimated unconditional distributions of both the purely causal and mixed models suggest the mixed causal/noncausal model is more representative of the data according to the Kullback-Leibler measure. Finally, a strategy for computing the multiple steps ahead forecast of the conditional distribution is discussed.

#### **Improving Bayesian VAR Density Forecasts Through Autoregressive Wishart Stochastic Volatility**

Dramatic changes in macroeconomic time series volatility pose a challenge to contemporary vector autoregression (VAR) forecasting models. Traditionally, the conditional volatility of such models had been assumed constant over time or allowed for breaks across long time periods. More recent work, however, has improved forecasts by allowing the conditional volatility to be completely time variant by specifying the VAR innovation variance as a distinct discrete time process. For example, Clark (2011) specifies the volatility process as an independent log random walk for each time series in the VAR. Unfortunately, there is no empirical reason to believe that the VAR innovation volatility process of macroeconomic growth series follow log random walks, nor that the volatility of each series is independent of the others. This suggests that a more robust specification on the volatility process—one that both accounts for co-persistence in conditional volatility across time series and exhibits mean reverting behaviour—should improve density forecasts, especially over the long run forecasting horizon. In this respect, I employ a latent Inverse Wishart autoregressive stochastic volatility specification on the conditional variance equation of a Bayesian VAR, with U.S. macroeconomic time series data, in evaluating Bayesian forecast efficiency against a competing log random walk specification by Clark (2011).

## Leo Karasik

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### Research Interests

International Economics  
Macroeconomics

### Teaching Interests

International Economics  
Macroeconomics  
Development

### Education

2007-present      Ph.D., Economics, University of Toronto, Toronto, Canada  
(Expected completion: December 2013)

Dissertation: Three Essays in International Trade  
Committee: Daniel Trefler (supervisor), Peter Morrow, Kunal Dasgupta

2006-07            M.A., Economics, Queen's University, Kingston, Canada

### Research Papers

New Exporters during the Great Recession, *job market paper*

Regional Portfolios and the Affiliate Location Decision of Multinational Firms, *working paper*  
The Impact of Labor Market Institutions on Markups and Export Market Performance when  
Firms and Countries are Heterogeneous, *working paper*

## Professional Experience

Referee for *Journal of International Economics*

## Teaching Experience

2013 International Monetary Economics (3rd year undergraduate), University of Toronto

## Academic Awards

2012 Dorothy J. Powell Graduate Scholarship in International Economics, University of Toronto  
2012 Doctoral Completion Award, University of Toronto  
2007-11 University of Toronto Graduate Fellowship  
2006-07 Queen's University Graduate Fellowship

## Conference Presentations

2012 Rimini Conference in Economics and Finance, Toronto, Canada

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## Dissertation Abstract

### New Exporters during the Great Recession (Job Market Paper)

It is widely believed that firms are required to pay large upfront costs to begin exporting. Since new exporters generate a large share of long-run export growth, it is important to obtain a clearer understanding of their entry decisions. Large investments are typically postponed in times of economic distress and uncertainty, such as the economic downturn of 2008-2009. Hence, one would expect to have seen fewer entrants during this period if entry costs are large. Using firm-level data for Peru, I show that entry remained robust during the Great Recession. I attribute continued entry to two temporary marginal cost shocks. Entry picked up among firms operating in industries with large inventories due to the counter-cyclical impact of inventories on marginal cost. A similar pattern is found for firms operating in industries with greater product homogeneity, which is attributable to a sharp drop in shipping costs. My findings emphasize the importance of temporary marginal cost adjustments in stimulating export market entry and cast doubt upon the hypothesis that high entry costs are the primary barrier for entry into exporting.

### Regional Portfolios and the Affiliate Location Decision of Multinational Firms

Wholesale affiliates account for a significant share of the foreign earnings of multinational firms. Yet little is known about them since empirical work on multinationals typically focuses on manufacturing affiliates. Instead, it has been presupposed that wholesale affiliates are a form of exporting by the parent company, and not a form of foreign direct investment. This paper presents evidence to the contrary. Using hand-collected data on French multinationals, I show that wholesale affiliates are strategically located in proximity to a multinational firm's manufacturing affiliates. The purpose of many wholesale affiliates is to serve as conduits for the exports of nearby manufacturing affiliates, not those of the parent company. Extensive case study evidence on the prevalence of this mechanism is presented. My findings indicate that wholesale affiliates are a form of foreign direct investment that complements manufacturing affiliates. This conclusion is further reinforced by the finding that a firm is more likely to establish a wholesale affiliate than a manufacturing affiliate in a more distant country once I condition on its operations in geographic proximity. Since a firm's preference for a manufacturing affiliate over exporting is greater in more distant countries, the latter finding further dispels the notion that wholesale subsidiaries are simply a means of exporting by the parent company.

### The Impact of Labor Market Institutions on Markups and Export Market Performance when Firms and Countries are Heterogeneous

This paper studies how differences in labor market institutions impact firms in an open economy. I construct a model of trade between two countries in which firms face hiring costs. In one of the countries the labor force is also unionized. The model should be expected to replicate the findings of Helpman and Itskhoki (2010), i.e., the country with lower labor costs should have a higher survival cutoff and a larger

proportion of firms that enter the export market. That may not necessarily be the case. Introducing distortions into the model alters the markup charged by firms. Since labor market institutions differ across countries, so do the markups. The survival cutoff and the fraction of firms that export may therefore be higher in either country, depending upon the relative values of the two markups. I use these findings to show that it is possible to overturn some of the fundamental results of the Melitz (2003) model. Specifically, I show that trade liberalization can lower the survival cutoff and the average productivity of active firms. I also show that it is possible for trade liberalization to lower export sales of existing exporters — even with CES preferences — when the gap between the two markups is sufficiently large. My results show that due to firm heterogeneity, the impact of trade liberalization is highly sensitive to the degree of product market competition when the countries involved have different labor market institutions.

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<b>Citizenship</b>	Canadian
<b>Languages</b>	English, Chinese (Mandarin)
<b>Research Interests</b>	International Economics International Macroeconomics and Finance Macroeconomics and Monetary Economics Macroeconomic Aspects of International Finance Computational Economics
<b>Teaching Interests</b>	International Monetary Economics, Macroeconomic Theory and Policy, Computational Methods, Money, Banking, and Financial Markets,
<b>Education</b>	
2007-	PhD, Economics, University of Toronto (expected completion in 2014)  Dissertation: Sovereign Default, Self-Control and Policy Implications  Committee: Shouyong Shi (supervisor), Jordi Mondria, Burhanettin Kuruscu
2007	MA, Economics, University of Guelph (2006-2007)
2006	M1 Program, Economics, University of Windsor (2005-2006)
2004	BA, Business Administration, Zhongnan University of Economics and Law (2000-2004)
<b>Awards</b>	
	Doctoral Completion Award, 2012-2013 SGS Conference Grant, 2012 Lawrence and Tracy Smith Bursary, 2011-2012 Department of Economics Student Award, 2012 University of Toronto Graduate Fellowship, 2007-2010 Economics Alumni Masters Scholarship for the Highest Cumulative Average MA Program, 2007

## Research Papers

“Sovereign Defaults and Interest Rate Spread in the Presence of Self-Control Problem” (job market paper)

“Welfare Implications of Consumption Tax for Sovereign Default”

“Increasing Borrowing Limit in the Presence of Self Control Problem: Policy Implications for the U.S”

## Professional Experience

Textbook Revision for *Pearson Canada: Business* (7th Canadian Edition) R.W. Griffin, R.J. Ebert, F.A. Starke & M.D. Lang

2007-2013 Teaching Assistant, University of Toronto

- Advanced Economic Theory – Macro
- Intermediate Macroeconomic Theory
- Topics in Money, Banking, and Finance
- Money, Banking and Financial Markets
- International Monetary Economics
- Intermediate Microeconomics Theory
- Development Policy
- Quantitative Methods in Economics
- Industrial Organization
- Introduction to Management

2010-2013 Research Assistant, University of Toronto

- Professor Burhanettin Kuruscu, Macroeconomics, Political Economy
- Professor Shouyong Shi, Macroeconomics, Monetary Theory
- Professor Jordi Mondria, International Finance
- Professor Christian Breunig, Political Science
- Professor Philip Oreopoulos, Labour Economics, Applied Econometrics
- Professor Lu Han, Real Estate Economics

2006-2007 Research Assistant, University of Guelph

- Professor David Prescott, Econometrics

## Conferences and Seminar Presentations

2013 International Conference on Computing in Economics and Finance, Vancouver  
2013 Georgetown Center for Economic Research Biennial conference, Washington, DC  
2013 Midwest Macroeconomics Meeting, Urbana-Champaign  
2012 Rimini Conference in Economics and Finance, Toronto  
2012 Canadian Economics Association, Calgary  
2011 Canadian Economics Association, Ottawa  
2012 PhD Workshop in Economics, Guelph

## Computer Skills

C++, Fortran, Matlab, Stata, Gauss, S-Plus, R

## References

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## **Dissertation Abstract**

### **Three Essays in Sovereign Default, Self-Control and Policy Implications**

#### **Sovereign Defaults and Interest Rate Spread in the Presence of Self-Control Problem**

##### **(Job Market Paper)**

Conventional sovereign default models with exogenous output fluctuations leave some main features of Argentina unexplained. These features are output dynamics around default events, high sovereign debt ratio and average high interest rate spread, especially during the boom episodes. In order to capture these stylized facts, I introduce self-control preferences (Gul and Pesendorfer, 2001) into the standard setup. With a self-control problem, the decision maker borrows a higher level of debt than normal: the next period's larger repayment restricts the consumption set and, hence, reduces temptation in the non-default regime, which comes at a cost of a higher probability of default. This richer model captures the main unexplained trends and successfully matches Argentina's sovereign default history. The identification of self-control problems guides the search for the efficient level of consumption tax in order to minimize sovereign default risk. I also contribute to the literature by introducing the genetic algorithm (GA) and tripartite method, combined with the techniques of multiple sections and function transformation to significantly improve the efficiency and precision in solving this class of models.

#### **Welfare Implications of Consumption Tax for Sovereign Default**

Sovereign default is prevalent in emerging markets. This paper shows that consumption tax can be welfare improving when the defaults are generated by self-control problems of the representative household. Specifically, consumption tax reduces over-consumption and the sovereign default risk. When the sovereign levies consumption tax and pays the outstanding external loans with this tax collection, the representative household faces a higher price of current consumption relative to savings at any period, holding wealth constant. This rise in relative price reduces the attractiveness of the temptation from consumption. Thus, consumption reduces, leading to fewer defaults, and the sovereign is charged a lower interest rate. When the degree of self-control problem exceeds a certain level, consumption tax would improve welfare in spite of the price distortion.

#### **Increasing Borrowing Limit in the Presence of Self-Control Problem: Policy Implications for the U.S.**

The U.S. has been increasing its borrowing limits over the last three decades. In a standard model, welfare improves if borrowing limit has been increased when a binding credit constraint is relaxed. This conclusion can be reversed if the decision maker has a self-control problem. To make this argument, I compare two cases where the decision maker has her credit constraint binding versus non-binding. I show that welfare decreases as the credit constraint is relaxed in the non-binding case. For the binding case, there are two effects. The increase in temptation to spend causes a decrease in welfare that offsets the welfare gain from relaxing a binding credit constraint. The overall effect can only be positive if the constraint relaxation is small, and if the decision maker's discount factor is low relative to the market.

# Eric Mak

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**Citizenship**                      British (born in Hong Kong)

**Languages**                        English, Chinese (Cantonese and Mandarin)

**Research Interests**            Labor Economics  
    Economics of Family  
    Applied Econometrics

**Teaching Interests**            Labor Economics  
    Economics of Family  
    Applied Econometrics

## Education

2008-                                  Ph.D., Economics, University of Toronto (expected completion 2014)  
  
    Dissertation:    Three Essays on Youth Maturation  
    Committee:    Aloysius Siow (supervisor), Philip Oreopoulos, Robert McMillan

2007                                    M.Phil., Economics, University of Hong Kong (2005-2007)

2005                                    B. Econ and Finance, University of Hong Kong (2002-2005)

## Awards

Doctoral Completion Grant (2012, 2013)  
Canada Labour Market and Skills Researcher Network Fellowship (2012)  
Edward B. Kernaghan Fellowship (2012)

### Research Papers

Measuring Youth Maturation in the Presence of Unobserved Heterogeneity (Job Market Paper)

The Road to Maturation: Co-Residence Reversal of Youths (Working Paper)

Measuring Skill Formation across Countries: Evidence from the U.S. and Canada (joint with Philip Oreopoulos, work in progress)

### Professional Experience

2008-2013: Teaching Assistant, University of Toronto

Labor Economics (Graduate level, guest lecture on skill formation models)

Family Economics (Third year undergraduate, lectures and exam design)

Microeconomics and Quantitative Methods (Second year undergraduate)

2011: Research Assistant, University of Toronto

Assisted Professor Aloysius Siow and Professor Angelo Melino

Programmed GMM models of sibling peer effects

2007: Research Assistant, University of Hong Kong

Assisted Professor Wing Suen

Programmed numerical simulations for a microeconomic model

### Refereeing Experience

Journal of Labor Economics, Canadian Journal of Economics

### Conferences and Invited Seminars

Canadian Economic Association Annual Meeting

Ph.D. Econometrics Workshop (Ryerson University)

Ph.D. Workshop (University of Guelph)

**Programming Skills** R, Matlab, Stata, C

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## **Dissertation Abstract**

### **Three Essays on Youth Maturation**

#### **Measuring Youth Maturation in the Presence of Unobserved Heterogeneity (Job Market Paper)**

In the standard model of risky behavior by adolescents, unobserved heterogeneity explains static within-person correlations across risky behaviors. Maturation is modelled as a deterministic age trend. I introduce stochastic maturation to explain within-person co-movements in late-adolescence. Specifically, I formulate individual maturation as a two-state process, immature versus mature, where transition to the mature state is stochastic and irreversible. The onset of maturation simultaneously affects multiple risky behaviors. The idiosyncratic onset is identified in the presence of age and unobserved heterogeneity. I also develop an iterative algorithm for estimation. I use the NLSY97 to estimate my maturation model, explaining the incidences of criminal activity, smoking, unsafe sex and alcohol consumption among adolescents as they age. My estimates show that half of the population is mature by the age of 20, and the maturity effects are all significantly negative for all the risky behaviors which I considered. Across gender/socioeconomic status, there are small differences in onset, and large differences in maturity effects. For prediction, I report an adolescent's maturation probability conditional on his/her contemporaneous risky behaviors, demographic characteristics and age. In a Planner-Doer model, I justify the use of protective policies by showing that the Planner has an incentive to monitor the immature Doer.

#### **The Road to Maturation: Co-Residence Reversal of Youths**

Youths leave home as they mature, but reversals are observed for many of them. The insurance hypothesis (Kaplan, 2009) explains such reversals by adverse labor market outcomes for high school dropouts. My paper documents three facts. First, the same phenomenon holds for youths in college. Second, co-residence is negatively correlated with substance use, and is positively correlated with GPA. Third, given age and characteristics, reversals are less likely for whites and females. These facts lead to a parental monitoring hypothesis. Specifically, I construct a Planner-Doer model where the naive Doer is unaware of his myopia. The naive Doer leaves home, suffers from a lack of self-control, learns sophistication through the experience, and returns home until he truly matures. This mechanism creates reversals without appealing to external factors, and predicts a negative correlation between naiveté and reversals. If innate naiveté is random, strict parenting style would be negatively correlated with reversals.

#### **Measuring Skill Formation across Countries: Evidence from U.S. and Canada (Joint with Philip Oreopoulos, work in progress)**

Across countries and age groups, skills have different measurements which prevent quantitative comparisons to be made. Following Hanushek and Kimko (2000), we use international test scores to calibrate skill distributions of U.S. and Canada. We use a similar strategy to calibrate across age groups, depending on repeated measurements and variation in age at measurement. Following calibration, we track the skill formation of Canadian individuals since childhood with restricted National Longitudinal Survey of Canadian Youths (NLSCY) data. We compare our Canadian results to the existing literature on the United States.

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<b>Citizenship</b>	Canadian, Greek
<b>Languages</b>	English, French, Greek
<b>Research Interests</b>	International Trade Labour Economics
<b>Teaching Interests</b>	International Trade Labour Economics Econometrics

## Education

2008-Present	PhD, Economics, University of Toronto (Expected 2014)  Dissertation: Three Essays on Firm Organization and Trade Committee: Gilles Duranton (supervisor), Peter Morrow, Kunal Dasgupta
2007-2008	MA, Economics, McGill University
2002-2007	BComm, Economics (Honours) & Mathematics (Major), McGill University

## Awards

2013-2014	Graduate Completion Award, University of Toronto
2012-2013	AMSE Pre-Doctoral Fellowship, Aix Marseilles School of Economics
2012	SGS Travel Grant, University of Toronto
2008-2012	Arts and Sciences Fellowship, University of Toronto
2008	C.B. Macpherson Graduate Admission Award, University of Toronto
2007-2008	Master's Scholarship, McGill University
2007	Finestone Economics Prize, McGill University
2007	First Class Honours in Economics, McGill University

**Publications and Research Papers**

Sorting in French Production Hierarchies (job market paper)

The Impact of Market Size on Firm Organization (in progress)

Teams, Trade and Comparative Advantage (in progress)

Analysis of the Canadian Foreign Wage Premium (in progress)

**Visiting Position**

2012-2013      Pre-Doctoral Research Fellow, Aix Marseille School of Economics

**Professional Experience - Teaching Assistant**

2011-2012:      Teaching Assistant, University of Toronto

- Introductory Economics for first year undergraduate students
- International Trade for third year undergraduate students
- International Financial Markets for graduate students
- International Monetary Economics for third year undergraduate students
- Global Managerial Perspectives for MBA students
- Conducted tutorials and graded examinations

2010-2011:      Teaching Assistant, University of Toronto

- International Economic Institutions and Policy for first year undergraduate students
- Introductory Economics for first year undergraduate students
- International Trade for third year undergraduate students
- International Monetary Economics for third year undergraduate students
- Conducted tutorials and graded examinations

2009-2010:      Teaching Assistant, University of Toronto

- Principles of Economics for Non-Specialists for first year undergraduate students
- Quantitative Methods for second year undergraduate students
- Conducted tutorials and graded examinations

2008-2009:      Teaching Assistant, University of Toronto

- Introductory Economics for first year undergraduate students
- Urban Economics for third year undergraduate students
- Conducted tutorials and graded examinations

2007-2008: Teaching Assistant, McGill University

- Money and Banking for third year undergraduate students
- Conducted tutorials and graded examinations

### Professional Experience - Research Assistant

Summer 2012: Research Assistant, University of Toronto

- Assisted Assistant Professor Kunal Dasgupta
- Analyzed trade data and estimated models of bilateral trade

2010-2012: Research Assistant, University of Toronto

- Assisted Associate Professor Bernardo Blum
- Analyzed trade data and estimated models of bilateral trade

Summer 2009: Research Assistant, University of Toronto

- Assisted Assistant Professor Peter Morrow
- Analyzed dataset
- 

**Programming Skills:** Stata, SAS, Matlab

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## Dissertation Abstract

### Sorting in French Production Hierarchies (Job Market Paper)

I use an administrative dataset of French workers to study the organization of manufacturing firms. First, I test whether high ability workers are employed in the higher layers of firms. Second, I test whether there is positive assortative matching between workers in the different layers of firms. Finally, I test whether high ability workers allow their managers to increase their span of control and employ larger teams. To do this, I first classify employees into as residing in different organizational layers such as production workers, supervisors senior managers, and CEOs using occupational codes. From a panel wage regression I then obtain estimates of workers' ability as in Abowd, Kramarz, and Margolis (1999). I then study how workers sort into teams and across layers with other workers. I emphasize three results. First, high ability workers are employed in the higher layers of firms. Second, I find evidence of positive assortative matching between workers in the different layers of firms. Finally, I find weak evidence that high ability workers allow their managers to increase their span of control and employ larger teams.

### The Impact of Market Size on Firm Organization (in progress)

This paper investigates the effect market toughness has on the organization of manufacturing firms. To understand this relationship I develop a monopolistically competitive model with endogenous markups and heterogeneous firms. As in Caliendo and Rossi-Hansberg (2012), production requires physical labour and knowledge. Firms optimally decide on the number of layers, the knowledge and number of employees in each layer. Firms are hierarchical in the sense that higher layers contain fewer workers who earn greater wages. In the model, market size affects markups which then affects how firms organize production and ultimately their productivity. The response to tougher competition is heterogeneous across firms. Further I analyse how the distribution of layers varies across markets of different sizes. The model predicts that in larger markets firms will have more layers. I use an administrative French dataset to verify the prediction of the model. To do this I classify employees into organizational layers using occupational codes. I find that in more densely populated markets, firms have more layers.

### Teams, Trade and Comparative Advantage (in progress)

This paper investigates the relationship between income inequality and international trade. To understand this relationship I extend Garicano and Rossi-Hansberg (2004) to two goods and two countries. Production can occur in teams, composed of one manager and many production workers. A competitive equilibrium exists in both the closed and open economy. In such an equilibrium there is positive sorting, the earnings function is convex, and the sets of managers and workers are connected. This model yields the result that in an open economy, identical workers located in different countries do not earn the same income. This paper demonstrates that from trade liberalization, in a given sector, the returns to managers and production workers change in the same direction. Finally, this paper concludes that whether international trade increases or decreases income inequality depends on the cost of communication between managers and workers.

## **Analysis of the Canadian Foreign Wage Premium (in progress)**

This paper seeks to understand the impact foreign acquisitions have on domestic wages. Using a Canadian matched employer-employee dataset I first document that foreign acquired firms pay higher wages. I then create a measure of management practices. I find that domestic firms with better management practices are acquired by foreign firms. Further I find that after controlling for management practices, the magnitude of the wage premium associated with foreign acquired firms is reduced and is sometimes insignificant.

# Hidenori Takahashi

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**Citizenship** Japanese

**Languages** English, Japanese

**Research Interests** Industrial Organization  
Applied Microeconomics  
Auction

**Teaching Interests** Industrial Organization  
Applied Econometrics

## Education

2014 PhD, Economics, University of Toronto (2009 - Current)

Dissertation: Design in Auction

Committee: Victor Aguirregabiria (supervisor), Ettore Damiano, Junichi Suzuki

2009 MA, Economics, University of Toronto (2008-2009)

2008 BA, Economics (Honours), The University of Winnipeg (2005-2008)

## Awards

University of Toronto Graduate Fellowship, University of Toronto, 2008-2009 & 2011- Current

Japan-IMF Scholarship for Advanced Studies, International Monetary Fund, 2009-2011

Erica Rogers Scholarship in Economics, University of Winnipeg, 2007

## Research

### Completed Paper

Strategic Design under Uncertain Evaluations: Theory and Evidence from Design-Build Auctions  
(job market paper)

## Work in Progress

Multi-Attribute Auctions: Institutions, Models, and Empirical Evidence

Product Differentiation and Design-Build Auctions: A Structural Approach to Identify Efficient Mechanisms (with Victor Aguirregabiria and Junichi Suzuki)

## Professional Experience

2011-current: Teaching Assistant, University of Toronto

- Applied Econometrics (Undergraduate)  
Delivered tutorials, graded examinations and term papers
- Quantitative Methods in Economics (Undergraduate)  
Delivered tutorials and graded examinations
- International Trade (Undergraduate)  
Delivered tutorials and graded examinations

2011-current: Research Assistant, University of Toronto

- Assisted Prof. Junichi Suzuki  
Helped learning complex geographical data

Summer 2012: Summer Intern, International Monetary Fund

- Assisted Dr. Abdul Abiad  
Compiled cross-country bilateral financial linkage data

## Conferences

XXVIII Jornadas de Economía Industrial, Segovia, September 2013

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## **Dissertation Abstract**

### **Strategic Design under Uncertain Evaluations: Theory and Evidence from Design-Build Auctions** *(Job Market Paper)*

This paper investigates firms' competition over price and product design in the context of Design-Build (DB) procurement auctions. In a DB auction, bidders submit both a price and a design proposal for an infrastructure project. A set of reviewers, determined by the auctioneer, independently evaluate each design bid and assign a score, before knowing the price bid. The bidder with the lowest price per design score wins the project, and receives his price bid upon completion of the project. Using data on DB auctions from the Florida Department of Transportation, I find substantial variation in reviewers' evaluations of the same design. I argue that this discrepancy between reviewers' evaluations is unknown to bidders at the time of making their bids, and I study the implications of this source of uncertainty on the outcome of DB auctions. I propose and estimate a structural model of firm competition in DB auctions that endogenizes a bidder's design decision and incorporates uncertainty in reviewers' evaluations. Based on the estimated model, I show that an increase in uncertainty in the design evaluation induces a higher average winning price and winning design quality with greater dispersion. I propose a simple alternative auction mechanism that, without worsening the expected outcomes, reduces the auctioneer's uncertainty in the pay amount and the quality of a design proposal by 40% and 60%, respectively.

### **Multi-Attribute Auctions: Institutions, Models, and Empirical Evidence**

Procurement auctions often solicit bids not only on price but also on attributes of the project. This paper reviews and surveys the rapidly growing literature on multi-attribute auctions. The focus of the paper is given to econometric techniques applied to answer questions and empirical findings. I conclude with policy relevant questions, both theoretical and empirical, that have not been answered in the literature.

### **Product Differentiation and Design-Build Auctions: A Structural Approach to Identify Efficient Mechanisms** *(with Victor Aguirregabiria and Junichi Suzuki)*

We investigate efficient mechanisms for delivering customized products using data on Design-Build (DB) procurement auctions. In a DB auction, bidders submit both a price and a design proposal for an infrastructure project. A set of reviewers, determined by the auctioneer, independently evaluate each design bid and assign a score to determine the winner of the project. Using data on DB auctions from the Florida Department of Transportation (FDOT), we estimate the efficient cost-quality frontier and the client's preference. Reviewers' evaluations reveal information on the client's preference while bidders' decisions reveal information on the cost. Combining these two pieces of information, we attempt to back out the efficient frontier allocations of projects regardless of the winner selection rule. Based on the estimated efficient frontier, we compare a variety of mechanism, including DB auction and first-price low-bid auction, to examine which mechanism is close to the efficient frontier.

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<b>Citizenship</b>	Canadian
<b>Languages</b>	English, Chinese (Mandarin)
<b>Research Interests</b>	Macroeconomics Labor Economics International Economics
<b>Teaching Interests</b>	<i>Graduate:</i> Macroeconomics, Quantitative Methods <i>Undergraduate:</i> Macro, Micro, Econometrics, Labor, International

## Education

2014 expected	PhD, Economics, University of Toronto (2006-)
	Dissertation: Human Capital and Occupational Mobility Committee: Diego Restuccia (supervisor), Gueorgui Kambourov, Shouyong Shi
2006	MA, Economics, McGill University (2004-2006)
1999	BA, Accounting, Wuhan University, China (1995-1999)

## Certificates and Awards

John Deutsch International Executive Certificate on Investment Appraisal & Risk Analysis, 2013  
Edward B. Kernaghan Fellowship, 2011  
University of Toronto Doctoral Thesis Completion Grant, 2011  
University of Toronto Graduate Fellowship, 2006–2010  
Canada Social Sciences and Humanities Research Council Graduate Scholarship, 2005  
Best Thesis Award at Bank of Communications' Youth Forum (China), 2002  
Management School Fellowship (Wuhan University, China), 1997  
Wuhan University Undergraduate Fellowship (China), 1996

## **Research Papers**

A Directed Search Model of Occupational Mobility (job market paper)

The U.S. Occupational Mobility from 1988 to 2003: Evidence from SIPP

General Occupational Tenure and Its Returns (in progress)

Emerging Market Economies' Choice of Monetary Instrument: Evidence from China and India  
(MA graduation paper)

## **Conference Presentations**

“A Directed Search Model of Occupational Mobility”

Canadian Economic Association 46<sup>th</sup> Annual Conference (Calgary, June 2012)

Rimini Conference in Economics & Finance 2012 (Toronto, August 2012)

## **Professional Experience**

2006-2013: Teaching Assistant, University of Toronto

- Introductory Economics
- Macroeconomic Theory and Policy
- Macroeconomic Theory
- Advanced Economic Theory – Macroeconomics
- Money, Banking, and Financial Markets
- International Monetary Economics
- International Economic Institutions and Policy
- Personnel Economics
- History of Economic Thought
- Macroeconomic Theory (Graduate)
- International Financial Markets (Graduate)
- Applied Econometrics for Managers (Graduate)

2009-2012: Research Assistant, University of Toronto

- Professor Gueorgui Kambourov (with Andres Erosa and Luisa Fuster), “Towards a Micro-Founded Theory of Aggregate Labor Supply”, compiling data

- Professor Gueorgui Kambourov (with Andres Erosa and Luisa Fuster), “Household Risk and Insurance over the Life Cycle”, compiling data

1999-2003: Analyst, Section Chief, Bank of Communications (China)

- Research on managerial restructuring and banking industry competition at the Research and Development Department, Qingdao Headquarters

### **Programming Expertise**

Fortran; Matlab; Stata

### **Data Experience**

Survey of Income and Program Participation (SIPP)  
Current Population Survey (CPS)  
Dictionary of Occupational Titles (DOT)

### **References**

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## Dissertation Abstract

### A Directed Search Model of Occupational Mobility (Job Market Paper)

There has been considerable interest in the patterns of occupational mobility and their effect on various economic issues. In this paper, I utilize the unique interview structure of the longitudinal SIPP to uncover additional interesting facts on occupational mobility. I find that occupational behavior exhibits strong persistence not only among employed workers but also among non-employed workers; occupational switchers do not always switch to an occupation similar to their previous one; and the average length of transition duration workers spend before taking a new stable job varies with their previous occupation. Motivated by these facts I build a directed search model of occupational mobility, which includes both aggregate and idiosyncratic shocks, and features occupational human capital as well as search frictions. The model can account for the bulk (around 70%) of the patterns in the data and can match reasonably well the emphasized facts. The model is used to study (i) the importance of idiosyncratic vs. aggregate shocks, and (ii) the barriers to occupational mobility. I find that idiosyncratic shocks are the main determinant of occupational mobility whereas aggregate shocks are unimportant. Further, fixed mobility costs and search frictions constitute significant barriers to mobility while the transfer loss of occupational human capital is only of modest importance quantitatively.

### The U.S. Occupational Mobility from 1988 to 2003: Evidence from SIPP

This paper uses SIPP, an underutilized data set to analyze the occupational mobility in the U.S. from 1988 to 2003. Exploiting SIPP's detailed information on workers' occupation, I propose and calculate various extended versions of occupational mobility rate, with careful treatment of coding errors. Unlike works that treat occupational mobility homogeneously, I classify all occupational switches into three categories: horizontal, vertical and special. Numerous mobility rates are computed according to different definitions, categories and time intervals. I find that horizontal switches dominate vertical and special switches at all times, and that the mobility level and trend are generally consistent with other empirical works. I also examine the interaction between occupational mobility and labor market status, taking advantage of SIPP's high interview frequency. I develop an algorithm to extract non-employment information between jobs from SIPP. I find that most 3-digit occupational switchers do not experience non-employment between jobs, very similar to job changers without involving an occupational switch. As time goes by, this employment-to-employment mobility fraction is declining for both groups.

### General Occupational Tenure and Its Returns (in Progress)

Occupational human capital, measured by occupational tenure, and its returns are well studied in Roy-type models, where all occupations are deemed as uniformly distinctive. This paper follows another strand of literature and takes a task approach to examine the “distance” (similarity) across occupations. Occupational tenure is thus partially transferable, depending on the distance between the source and target occupations, and is therefore “general” as well as specific. Unlike papers that apply standard task approach, this paper does not investigate returns to different tasks in each occupation. Instead, I estimate returns to the general occupational tenure for every occupation, or a weighted average of task returns in each occupation, avoiding imposing heavy structural restrictions on task returns. SIPP data and the Dictionary of Occupational Titles (DOT) information are used to perform estimations on quadratic returns to 1-, 2-, and 3-digit general occupational tenure, under various transfer-function assumptions. I find that the intercept component dominates the linear and second-order components in all cases, and that for convex transfer-functions a clear tradeoff exists between intercept component and the rest for an occupational switcher.