



THE JOHNS HOPKINS UNIVERSITY

DEPARTMENT OF ECONOMICS

Tel:(410) 516-7601
Tel:(410) 516-7600

Dear Colleague:

Enclosed please find the packet containing an annotated list of the Johns Hopkins Ph.D. candidates in economics who are on the job market this year, along with their curriculum vitae and dissertation abstracts. Please note that the same information is available on our web site, <http://econ.jhu.edu/jobmarket.html>.

All of these candidates expect to complete their dissertations by September of next year and will attend the AEA meeting in January.

Feel free to contact me if you have questions regarding any of the candidates. Of course, you can also contact the candidates directly, or their advisors.

Sincerely,

Chris Carroll
Placement Officer
ccarroll@jhu.edu

**The Johns Hopkins University Department of Economics
Job Candidates 2008 (1)**

Last Name	First Name	E-mail	Thesis Title	Fields	Advisors
Ben-Shalom	Yonatan	yonit@jhu.edu	Maternal Employment, Household Nutrition, and Obesity	Labor and Demographic Economics, Applied Econometrics, Health Economics	Robert Moffitt Bruce Hamilton Nabeel Alsalam
Chan	Marc	marc.chan@jhu.edu	The Dynamic Effects of Time Limits in Welfare Reform	Labor Economics, Public Economics, Applied Microeconometrics	Robert Moffitt Matthew Shum Christopher Carroll
Chang	Su-Hsin	suhsin@gmail.com	Essays on Network Effects and Unobserved Heterogeneity in Duration Analysis	Applied Econometrics, Econometrics, Labor Economics, Demographic Economics, Development Economics	Robert Moffitt Tiemen Woutersen
Chi	Wendy	wendychi@jhu.edu	File Sharing, Technology Adoption and Policy Analysis	Industrial Organization, Applied Econometrics, Applied Microeconomics	Matthew Shum Joseph Harrington, Jr. Stephen Shore
De Pace	Pierangelo	pierangelo.depace@jhu.edu	Essays on Macroeconomic Comovement and the Term Structure	Time-Series Econometrics, Open Economy Macroeconomics, International Finance, Macroeconomics.	Jon Faust Tiemen Woutersen Jonathan Wright
Ismail	Kareem	kki@jhu.edu	The 'Dutch' Disease in Oil Exporting Countries	International Trade, Open Macroeconomics, Political Economy, Growth and Development Economics, Econometrics	Christopher Carroll Pravin Krishna

**The Johns Hopkins University Department of Economics
Job Candidates 2008 (2)**

Last Name	First Name	E-mail	Thesis Title	Fields	Advisors
Mazumder	Sandeep	smazumder@jhu.edu	Essays on Marginal Cost and Inflation	Macroeconomics, Monetary Economics, International Monetary Economics, Time-series Econometrics	Laurence Ball Jon Faust Louis Maccini
Saini	Viplav	viplav@jhu.edu	Competition and Collusion in Dynamic Procurement Auctions	Industrial Organization (Theory and Empirical), Applied Microeconomics, Applied Econometrics	Joseph E. Harrington, Jr. Matthew Shum Bruce Hamilton Louis Maccini
Sandri	Damiano	dsandri@jhu.edu	Implications of Risk for Saving, Investment and Welfare	Macroeconomics, Open Economy Macroeconomics, Economic Growth and Development, Applied Econometrics	Christopher Carroll Jon Faust Olivier Jeanne
Shiu	Ji-Liang	jishiu@jhu.edu	Dynamic Decision Making and Nonclassical Measurement Error	Labor Economics, Econometrics, Applied Econometrics, Empirical Industrial Organization	Robert Moffitt Tiemen Woutersen Yingyao Hu
Xiao	Wei	weixiao@jhu.edu	Essays on Innovation and Competition	Industrial Organization, Econometrics, Development Economics, Microeconomics	Matthew Shum Joseph E. Harrington, Jr. Robert Moffitt

**Department of Economics
Faculty 2008-2009**

NAME	OFFICE TELEPHONE	E-MAIL
Laurence Ball	410-516-7605	lball@jhu.edu
Christopher Carroll	410-516-7602	ccarroll@jhu.edu
Greg Duffee	410-516-8828	duffee@jhu.edu
Hlya Eraslan	410-516-6118	eraslan@jhu.edu
Jon Faust	410-516-7614	faustj@jhu.edu
Mark Gersovitz	410-516-7612	m.gersovitz@jhu.edu
Bruce Hamilton	410-516-7613	bruce.hamilton@jhu.edu
Joseph Harrington	410-516-7615	joe.harrington@jhu.edu
Yingyao Hu	410-516-7610	yhu@jhu.edu
Olivier Jeanne	410-516-7604	ojeanne@jhu.edu
Edi Karni	410-516-7608	karni@jhu.edu
Ali Khan	410-516-8545	akhan@jhu.edu
Louis Maccini	410-516-7607	maccini@jhu.edu
Robert Moffitt	410-516-7611	moffitt@jhu.edu
Stephen Shore	410-516-5564	shore@jhu.edu
Matthew Shum	410-516-8828	mshum@jhu.edu
Tiemen Woutersen	410-516-5767	woutersen@jhu.edu

Mailing address for all Faculty is:

Johns Hopkins University
Department of Economics
440 Mergenthaler Hall
3400 North Charles Street
Baltimore, MD 21218

Graduate Program Coordinator: Julia Ross
Telephone: 410-516-7570
Fax: 410-516-7600
E-mail: jross@jhu.edu

**Other References
For Job Candidates 2008**

NAME	OFFICE TELEPHONE	E-MAIL
Nabeel Alsalam	202-225-2639	nabeel@cbo.gov
Pravin Krishna	202-663-5733	pravin.krishna@jhu.edu

Yonatan Ben-Shalom

Johns Hopkins University
Department of Economics
3400 N. Charles St.
Baltimore, MD 21218, USA
Phone: (410) 516-7601
<http://econ.jhu.edu/jobmarket/2008/BenShalomY>

3041 N. Calvert St. Apt. A1
Baltimore, MD 21218, USA
Cell: (410) 710-9823
Email: yonib@jhu.edu
Citizenship: Israel
Visa: F1

EDUCATION

Ph.D. in Economics, Johns Hopkins University, June 2009 (expected)

Advisors: Professor Robert Moffitt (primary) and Professor Bruce Hamilton

Dissertation: *Maternal Employment, Household Nutrition, and Obesity*

M.A. in Economics, Johns Hopkins University, June 2006

B.A. in Economics & Computer Sciences, Ben-Gurion University, July 2004

RESEARCH AND TEACHING INTERESTS

Labor/Demographic Economics, Applied Econometrics, Health Economics

COMPLETED PAPERS

“Maternal Employment and Household Food Production: Implications for Nutrition and Obesity” (Job Market Paper)

“Estimating the Incidence of Federal Spending: First Steps Using Education,” (unpublished memo, with Nabeel Alsalam, Congressional Budget Office)

WORK IN PROGRESS

“Transitions in Maternal Employment and the Onset of Childhood Obesity”

“Transitions from Welfare to Work and Childhood Obesity in Low Income Families”

RESEARCH EXPERIENCE

Research Assistant, Johns Hopkins University,

Professor Robert Moffitt, Fall 2006 - Present

Professor Matt Shum, Fall 2005 - Spring 2006

Summer Associate, Congressional Budget Office,

Health and Human Resources Division, Summer 2006

PRESENTATIONS

Population Association of America (PAA) Annual Meeting (poster),
New Orleans, April 2008

International Association for Time Use Research (IATUR) Conference,
Washington D.C., October 2007

USDA Economic Research Service (ERS), Washington D.C., May 2007

Congressional Budget Office (CBO), Washington D.C., July 2006

Yonatan Ben-Shalom

TEACHING EXPERIENCE

Teaching Assistant, Johns Hopkins University,
Economics of Health, Professor David Bishai, Fall 2008
Elements of Microeconomics, Professor Bruce Hamilton, Spring 2006 and 2007
Population Economics, Dr. Scott Boggess, Fall 2005

Teaching Assistant, Ben-Gurion University,
Statistics for Economists, Fall 2003 and Spring 2004
Managerial Economics, Fall 2003 and Spring 2004
Introduction to Economic Information, Fall 2002 and Spring 2003

OTHER ACTIVITIES

Military Service, Israel Defence Forces (IDF), 1995-1998

ATTENDED WORKSHOPS

Data Users Conference, National Center for Health Statistics (NCHS),
Washington D.C., August 2008

Early Childhood Longitudinal Study - Kindergarten (ECLS-K) Database
Training Seminar, National Center for Education Statistics (NCES),
Washington D.C., June 2007

FELLOWSHIPS AND AWARDS

Department Fellowship, Johns Hopkins University, 2007 - Present
Blue Ribbon Award for Poster Presentation, PAA Annual Meeting, 2008
Bruce Hamilton Research Seminar Award, Johns Hopkins University, 2008
T. Rowe Price Fellowship, Johns Hopkins University, 2004 - 2007
Ehud Zuskovitch Memorial Scholarship, Ben-Gurion University, 2003
Head of Department Award, Ben-Gurion University, 2002
Suzan Zolotowski Fellowship for Freshmen, Ben-Gurion University, 2000

PROFESSIONAL ASSOCIATIONS

American Economic Association (AEA)
Population Association of America (PAA)

OTHER SKILLS

Programming: Stata, Matlab, SAS, L^AT_EX, Microsoft Office
Languages: Hebrew (Native), English (Fluent)

Yonatan Ben-Shalom

REFERENCES

Professor Robert Moffitt (primary advisor),
Johns Hopkins University, Department of Economics
Email: moffitt@jhu.edu, tel: +1 (410) 516-7611

Professor Bruce Hamilton,
Johns Hopkins University, Department of Economics
Email: bruce.hamilton@jhu.edu, tel: +1 (410)516-7613

Nabeel Alsalam,
Congressional Budget Office, Health and Human Resources Department
Email: nabeel@cbo.gov, tel: +1 (202) 225-2639

Maternal Employment, Household Nutrition, and Obesity

Yonatan Ben-Shalom

My job market paper explores the relationship between maternal employment, the combination of time and money used in household food production, and the consequences for the quality of food intake of both children and parents and for their risk of being obese. In the second paper I study the causal relationship between maternal employment and childhood obesity, using a large longitudinal survey of children followed from kindergarten through the 8th grade.

1 Maternal Employment and Household Food Production: Implications for Nutrition and Obesity (*Job Market Paper*)

This paper explores the mechanisms through which maternal employment affects the quality of household nutrition and the possible implications for adult and childhood obesity. In a simple theoretical model, I conceptualize the tradeoff between time and money in household food production and the implications for the nutrition of family members. Using the American Time Use Survey (ATUS), I find that time spent shopping for and preparing food in both married-couple and single-mother families falls with maternal employment. A parallel analysis of the Continuing Survey of Food Intake by Individuals (CSFII) reveals that the share of food expenditure spent on food prepared away-from-home rises with maternal employment. This substitution of money for time in household food production can have detrimental effects on the nutrition of both adults and children in the family if the dietary quality of away-from-home food is inferior to that of food prepared at home. I use the Healthy Eating Index (HEI) and the densities (per 1,000 calories) of 12 important nutrients and food components to assess the quality of dietary intake for CSFII sample persons. Reported height and weight are used to calculate BMI and determine obesity status. In married-couple families, in all subgroups studied, I find that the quality of food-intake falls with maternal employment, and that obesity sometimes, but not always, rises with maternal employment. In single-mother families my results suggest a weaker association between maternal employment, nutrition, and obesity. Overall, my findings suggest that maternal employment can explain very little of the time trend increase in obesity.

2 Transitions in Maternal Employment and the Onset of Childhood Obesity (in progress)

While recent studies have found a positive association between maternal employment and childhood obesity, the causal relationship between the two is still uncertain. Furthermore, all longitudinal studies of maternal employment and childhood obesity in the U.S. have used either the National Longitudinal Survey of Youth (NLSY) or the Panel Survey of Income Dynamics (PSID). The Early Childhood Longitudinal Study - Kindergarten Cohort (ECLS-K) follows a large nationally representative sample of children from kindergarten in 1998 through 8th grade in 2007. In this paper I exploit the panel data structure of the ECLS-K to further investigate the causal relationship between maternal employment and childhood obesity.

SU-HSIN CHANG

Johns Hopkins University
Department of Economics
3400 N. Charles St.
Baltimore, MD 21218 USA
(410) 516-7601
<http://econ.jhu.edu/jobmarket/2008/ChangS>

110 W. 39th St., Apt.1606
Baltimore, MD 21210 USA
Cell: (410) 209-7926
suhsin@gmail.com
Citizenship: Taiwan
(US Permanent Resident)

EDUCATION

Ph.D. in Economics, Johns Hopkins University, May 2009 (expected).

Dissertation: *Essays on Network Effects and Unobserved Heterogeneity in Duration Analysis*
Advisors: Robert Moffitt and Tiemen Woutersen

S.M. in Development Economics, Massachusetts Institute of Technology, May 2004.

Dissertation: *Science and Technology Policies, Competitiveness, and Economic Development - A Case Study of Taiwan*
Advisor: Alice Amsden

M.S. in Applied Economics, National Taiwan University, June 1997.

Dissertation: *Analysis of the Economic Impacts of a Carbon Levy - Using Computable General Equilibrium (CGE) Model*
Advisor: Shih-Hsun Hsu

B.S. in Economics, National Chengchi University, June 1995.

RESEARCH AND TEACHING INTERESTS

Research: Applied Econometrics, Econometrics, Labor Economics, Demographic Economics, Development Economics

Teaching: Statistics, Econometrics, Microeconomics, Macroeconomics, Labor Economics

COMPLETE RESEARCH PAPERS

“The Effect of Migrant Networks on Mexican Migration,” (Job Market Paper).

“Testing for the Presence and Correct Specification of the Unobserved Heterogeneity,” with Tiemen Woutersen.

PAPERS IN PROGRESS

“Estimating the Asymptotic Variance of the Maximum Rank Correlation Estimator”

“Nonparametric Identification of Regression Models with a Non-binary Misspecified Regressor without Instruments,” with Yingyao Hu.

“Semiparametric Estimation of the Causal Effect of Family Networks on Mexican Migration”

“Robust Estimator Against Incidental Parameter in a Context of Panel Data with Predetermined Regressors”

SU-HSIN CHANG

AWARDS

Studying Abroad Scholarship, Ministry of Education, Taiwan, Fall 2008 - 2009.

(Given to studying abroad PhD students with outstanding research)

Fellowship, Department of Economics, Johns Hopkins University, Fall 2004 - present.

Ministry of Education Graduate Fellowship, National Taiwan University, 1995 - 1997.

Cathy Life Scholarship, National Chengchi University, 1995.

PRESENTATIONS

Institute for Operations Research and the Management Sciences (INFORMS) Annual Meeting, October 12-15, 2008.

Johns Hopkins Department of Economics Applied Microeconomics Workshop, October 8, 2008.

Conference on Regional Trade Agreements, Migration and Remittances With Special Focus on CAFTA and Latin America, April 12-13, 2008.

Johns Hopkins Department of Economics Microeconomics Lunch Seminar, April 3, 2008.

RESEARCH EXPERIENCE

Research Assistant to Tiemen Woutersen

Department of Economics, Johns Hopkins University, September 2005 - May 2007.

Research Assistant to Jerry Hausman

Department of Economics, MIT, February 2004 - August 2004.

Research Assistant to Alice Amsden

Department of Urban Studies and Planning, MIT, April 2002 - August 2003.

Assistant Research Fellow

Taiwan Institute of Economic Research, Taipei, Taiwan, March 2000 - April 2001.

TEACHING EXPERIENCE

Teaching Assistant

Elements of Macroeconomics, Johns Hopkins University, Fall 2007, 2008.

Econometrics, Johns Hopkins University, Spring 2008.

Statistical Inference (Graduate), Johns Hopkins University, Fall 2005, 2006.

Macroeconomic Theory (Graduate), Johns Hopkins University, Fall 2005.

Statistics I, National Taiwan University, Fall 1997, 1998.

Statistics II, National Taiwan University, Spring 1998, 1999.

Advanced Econometrics (Graduate), National Taiwan University, Fall 1997.

Lecturer

Economics, National Open University, 1999.

SU-HSIN CHANG

PUBLICATIONS, CONFERENCE PAPERS AND ABSTRACTS

“The Effect of Migrant Networks on Mexican Migration,” accepted in *Econometrics and Empirical Economics Programme, Latin American Meeting of the Econometric Society*, 2008.

“Estimating Factors Determining Mexican Migration Behavior,” accepted in *Economics Programme, Institute for Operations Research and the Management Sciences*, 2008.

“The Causal Effect of Family Networks on Mexican Migration,” submitted to *Journal of Business Strategy - A Special Issue for Conference on Regional Trade Agreements, Migration and Remittances*.

“Enterprise Management Decisions in Knowledge-based Economy,” *Taiwan Economic Research Monthly*, Vol. 24, No. 2, 2001.

“The Impacts of the Proposed Tax Policies on the Industrial Competitiveness,” *Taiwan Economic Research Monthly*, Vol.23, No. 8, 2000.

SKILLS

Programming: MATLAB, STATA, SAS, GAUSS, SHAZAM, MINITAB, T_EX.

Languages: Mandarin (native), English (fluent).

PROFESSIONAL MEMBERSHIPS

American Economic Association

Econometric Society

Committee on the Status of Women in the Economics Profession

REFERENCES

Professor Robert A. Moffitt

Krieger-Eisenhower Professor of Economics, Johns Hopkins University
e-mail: moffitt@jhu.edu, Phone: (410) 516-7611

Professor Tiemen M. Woutersen

Assistant Professor of Economics, Johns Hopkins University
e-mail: woutersen@jhu.edu, Phone: (410) 516-5767

Professor Alice H. Amsden

Barton L. Weller Professor of Political Economy, MIT
e-mail: amsden@mit.edu, Phone: (617) 253-6254

Professor Yingyao Hu

Assistant Professor of Economics, Johns Hopkins University
e-mail: yhu@jhu.edu, Phone: (410) 516-7610

Essays on Network Effects and Unobserved Heterogeneity in Duration Analysis

Su-Hsin Chang

The first paper is applied work, in which I analyze the migrant network effects on Mexican migration to the United States by developing a migration model controlling for the endogeneity, based on duration models; the second paper is theoretic work, in which a test is developed to detect the presence of unobserved heterogeneity.

1 The Effect of Migrant Networks on Mexican Migration (Job market paper)

This paper analyzes the factors determining Mexican migration decision to the United States, focusing on the causal effect of family networks on the timing of a Mexican household head's migration. This paper contributes to the migrant network literature on relating family members' migration as a channel to the migrant networks and showing the econometric problems if the correlated migration behavior between family members is not considered. This paper proposes an econometric model incorporating the family factors based on the duration models, while no instrumental variables are needed. The estimates in extreme cases in the proposed model differ significantly from those in the model without taking the family factors into account. After correcting for endogeneity, I find that the complementary effect of family members' propensity to migrate outweighs the substitution effect of family members' migration, and therefore, the estimated network effect is de-exaggerated, as opposed to the upward biased network effect measured in previous studies.

2 Testing for the Presence and Correct Specification of the Unobserved Heterogeneity (with Tiemen Woutersen)

We propose a test for detecting misspecification of unobserved heterogeneity in a wide class of models, including duration models. The test can also be used to detect the presence of unobserved heterogeneity and is based on the Hausman specification test. In particular, the paper shows the conditions under which the maximum rank correlation estimator is a regular estimator and compares this estimator to an efficient estimator.

MARC CHAN

The Johns Hopkins University
Department of Economics
3400 N. Charles St.
Baltimore MD 21218 USA
(410) 516-7601
<http://econ.jhu.edu/jobmarket/2008/ChanM>

104 W University Pkwy Apt G2
Baltimore MD 21210 USA
Cell: (706) 461-1550
Email: marc.chan@jhu.edu
Citizenship: China (HKSAR)
Visa Status: F-1

EDUCATION

Ph.D. in Economics, The Johns Hopkins University, May 2009 (expected).
Title of Dissertation: "The Dynamic Effects of Time Limits in Welfare Reform."
Advisors: Professors Robert Moffitt (primary) and Matthew Shum.
Bachelor of Economics (First-Class Honours), The University of Hong Kong, 2003.

RESEARCH AND TEACHING INTERESTS

Labor Economics, Public Economics, Applied Microeconometrics.

PAPERS

"The Dynamic Effect of Time Limits in Welfare Reform on the Economic Well-Being of Single Mothers," (Job Market Paper).
"A Forward-Looking Model of Time Limits in the TANF Program," *completed*, 2007.
"The Role of Employment Histories in the Labor Supply and Welfare Participation Behavior of Single Mothers," *in progress*.

PROFESSIONAL EXPERIENCE

Research Assistant, 2005-present:

Project: Estimating Marginal Treatment Effects in Heterogeneous Populations (Leader: Prof. Robert Moffitt).
- Analyzed data on the returns to education in the UK.
- Coded GNLS estimators from various heterogeneous effects models.
- Tested the performance of the estimators by Monte Carlo simulations.

Project: Numerical Methods for Solving Dynamic Stochastic Optimization Problems (Leader: Prof. Christopher Carroll).
- Coded and tested the endogenous gridpoints method.
- Coded various consumption-saving models and performed extensive editing/writing in lecture notes.

Teaching:

Instructor, Mathematics for Economists for incoming PhD students, August 2006-2008.
Teaching Assistant to Prof. Christopher Carroll, PhD Macroeconomic Theory, Spring 2005.
Teaching Assistant to Prof. Peyton Young, PhD Microeconomic Theory, Fall 2004.

AWARDS

Eugenio and Patricia Castillo Award for displaying the best performance among first and second year graduate students, Department of Economics, JHU, 2005.

Workshop on the National Longitudinal Surveys, Center for Human Resource Research, the Ohio State University, 2007.

SKILLS

Computer:

Thesis: Fortran and SAS; RA: Mathematica, Matlab and Stata; General: UNIX and Parallel Computing (MPI).

Languages:

Cantonese, Mandarin, Teochew, English and French.

REFERENCES

Professor Robert Moffitt, The Johns Hopkins University
Professor Matthew Shum, California Institute of Technology
Professor Christopher Carroll, The Johns Hopkins University

Email: moffitt@jhu.edu. Phone: (410) 516-7611.
Email: mshum@caltech.edu. Phone: (626) 395-4022.
Email: ccarroll@jhu.edu. Phone: (410) 516-7602.

The Dynamic Effects of Time Limits in Welfare Reform

Marc Chan

When TANF was introduced in welfare reform as a transfer program for single mothers in the late 1990s, it was accompanied by unprecedented reductions in welfare caseloads and a dramatic increase in the employment level of single mothers. Time limits are a major component of TANF and represent a radical departure from previous welfare systems. In this dissertation, I examine the short and long term effects of time limits on the labor supply, program participation, earnings, income, and nonmonetary well-being of single mothers.

To examine these issues in a unified framework, I construct a finite-horizon dynamic optimization model of labor supply, TANF participation and Food Stamp participation. The intertemporal linkage comes from time limits, which are summarizable as an option value to TANF participation in each period. I find that time limits lower the reservation wage for TANF or, equivalently, increase the participation cost for TANF. Both are functions of time and accumulated months on TANF.

I directly estimate this model using monthly panel data from the SIPP combined with data on TANF, Food Stamp, EITC, Federal taxes and economic conditions for the years 1996-1999. The effects of time limits are identified by variations in eligibility horizons and time limit lengths. Program benefits are computed from actual formulas. I control for observed and unobserved heterogeneities in the wage, taste for work, TANF cost and Food Stamp cost. In particular, I add a random effect in the TANF cost to model unobserved individual heterogeneity in welfare dependence. I develop a smoothed frequency simulator for this model and apply it to the method of Simulated Maximum Likelihood. Then I estimate a number of less structural models and compare them with the fully structural model.

I conclude that time limits quickly move single mothers off welfare but their employment and earnings only improve slightly. Their income falls because the total program benefit falls more than the increase in earnings. To examine the effect on nonmonetary well-being, I compute the equivalent variation of the transfer programs and break it down into monetary benefit, deadweight loss due to labor supply distortions, and direct utility loss due to program participation costs. I find that the deadweight loss constitutes roughly 25 percent of the monetary benefit. A small but nontrivial proportion of single mothers yield utility from TANF participation even when the benefit is zero. When time limits are implemented for a long time, the direct utility loss builds up quickly because some single mothers lose direct utility from TANF participation as they start to hit the limits.

I find large unobserved individual heterogeneity in welfare dependence, which is the most important factor in determining who hits the limits. The impacts on these time-limit leavers are three to four times larger than on the average population, and most of the impacts materialize at the moment when they hit the limits. Time limits have disproportionately large impacts on single mothers with high welfare dependence, but not as much on those with low wages. These distributional impacts can be alleviated by designing less stringent time limits for the more 'disadvantaged' subgroups of the population.

Wendy Chi

Johns Hopkins University
Department of Economics
3400 N. Charles St.
Baltimore, MD 21218, USA
Phone: (410) 516-7601
<http://econ.jhu.edu/jobmarket/2008/ChiW>

110 W39th St Apt 607
Baltimore, MD 21210, USA
Cell: (949) 573-4622
Fax: (410) 516-7600
Email: wendychi@jhu.edu
Citizenship: U.S.A.

EDUCATION

Ph.D. in Economics, Johns Hopkins University, Aug.2005-Jun.2009 (expected)

Dissertation: *File Sharing, Technology Adoption and Policy Analysis*

Advisors: Matt Shum (primary), Joe Harrington and Stephen Shore

M.A. in Economics, Johns Hopkins University, May 2007

B.A. in Economics, *magna cum laude*, Cornell University, May 2003

B.A. in Biological Sciences, *magna cum laude*, Cornell University, May 2003

Honors Thesis: *Reproductive Skew and Bidding Games*

Advisor: Hudson Kern Reeve

RESEARCH AND TEACHING INTERESTS

Research: Industrial Organization, Applied Econometrics, Applied Microeconomics

Teaching: Econometrics, Microeconomics, Industrial Organization, Game Theory

DISSERTATION RESEARCH

“Does File Sharing Crowd Out Music Purchases? Evidence from the Music Recording Industry” (*Job Market Paper*)

“Tax Policies and New Internet Goods: Evidence from a Natural Experiment,”
(*in progress*)

COMPLETED PAPER

“Reproductive Skew and Bidding Games,” May 2003

FELLOWSHIPS AND AWARDS

Department Fellowship, Johns Hopkins University, 2005 - Present

Cynthia Sherman Research Award, Cornell University, May 2003

(Given to the graduating senior with the most outstanding honors thesis)

Dean's List, Cornell University, 1999 - 2003

PROFESSIONAL EXPERIENCE

Research Assistant, Johns Hopkins Bloomberg School of Public Health

Professor David Bishai, Fall 2007 - Summer 2008

Professor Nan Astone, Fall 2007 - Summer 2008

Wendy Chi

Research Assistant, Johns Hopkins University

Professor Lawrence Ball, Fall 2006

Intern, NASA-Ames Research Center

Astrobiology Group, Summer 2003 and 2004

TEACHING EXPERIENCE

Teaching Assistant, Johns Hopkins University

Econometrics, Fall 2008

Elements of Microeconomics, Spring 2008

Financial Market and Institutions, Fall 2007

Macroeconomic Theory (Graduate), Spring 2006

Teaching Assistant, Cornell University

Principles of Biochemistry, Fall 2002

Computer Graphics and Molecular Biology, Fall 2002

PROFESSIONAL ASSOCIATIONS

American Economic Association (AEA)

SKILLS

Programming: Stata, Matlab, SAS, SPSS, EViews, L^AT_EX, Microsoft Applications (Excel, Word, Power Point, Publisher)

Languages: English (Fluent), Mandarin (Native)

REFERENCES

Professor Matthew Shum (primary advisor)

Division of Humanities and Social Sciences

California Institute of Technology

Email: mshum@caltech.edu, Phone: (626)395-4022

Professor Joseph Harrington, Jr.

Department of Economics, Johns Hopkins University

Email: joe.harrington@jhu.edu, Phone: (410) 516-7615

Professor Stephen Shore

Department of Economics, Johns Hopkins University

Email: shore@jhu.edu, Phone: (410) 516-5564

File Sharing, Technology Adoption and Policy Analysis

Wendy Chi

The increasing use of the Internet over the last twenty years has changed the way people purchase goods and services, including physical and digital music. The main goal of this dissertation is to investigate the extent to which online activity crowds out purchases. The first essay explores whether illegal file sharing crowds out or complements both online and offline music purchases. The second essay investigates whether Internet purchases, because they are tax free, reduce offline purchases.

1 Does File Sharing Crowd Out Copyrighted Goods?

Evidence from the Music Recording Industry (*Job Market Paper*)

This paper examines the extent to which Internet file sharing crowds out purchases of both physical and digital music. The existing evidence on the effect of file sharing on music sales has been mixed and focused mainly on the period 1999-2001. Using a representative survey for 2004-2006, I find that, in contrast to the previous studies, illegal downloads and legal music purchases are positively correlated across individuals. Since this correlation could reflect an unobserved taste for music, I instrument for the propensity to download illegally with the interaction of measures of ethical behavior and comfort with computer technology. Using both a standard probit estimation and a semiparametric rank correlation based estimation, I find legal music purchases and illegal music downloads are complements.

A second related issue, which has not been explored by previous studies, is the impact of illegal downloads on attendance at live performances. Revenue from live performances is increasingly significant to performing acts. The previous model is modified to explore to what extent illegal downloads are complements to attendance at live performance.

2 Tax Policies and New Internet Goods: Evidence from a Natural Experiment (*in progress*)

This paper investigates the effect of a change in local tax policy on Internet purchases and whether a reduction in sales tax increases offline purchases. Empirical research on tax policies and Internet goods has been limited. Goolsbee (2000) finds people living in high sales taxes locations are more likely to buy goods over the Internet. This paper exploits an unexpected decline in the New York state sales tax in June 2005 as a natural experiment. While the treatment group is the New York state residents, I choose the control group to be either residents of neighboring states or everyone else in the United States. I examine the consumption of Internet goods, including automobiles, groceries and nonprescription drugs, before and after the unexpected change in local tax policy.

PIERANGELO DE PACE

Johns Hopkins University
Department of Economics
3400, N Charles St
Baltimore, MD 21218, USA
Phone: +1 (410) 516-7601
<http://pierangelo.depace.googlepages.com>
<http://econ.jhu.edu/jobmarket/2008/DePaceP>

Citizenship: Italy (F1 Visa)
Date of Birth: 09/19/1978
Mobile: +1 (443) 570-9510
Home Phone: +1 (410) 889-5704
Office Phone: +1 (202) 452-2886
Email: pierangelo.depace@jhu.edu

EDUCATION

Ph.D. in Economics, Johns Hopkins University - 06/2009 (expected).

M.A. in Economics, Johns Hopkins University - 05/2005.

M.Sc. in Economics, Bocconi University, Milan (Italy) - 07/2003.

B.A. in Economics, Bocconi University, Milan (Italy) - 10/2002.

RESEARCH AND TEACHING INTERESTS

Research: Time Series Econometrics, Open Economy Macroeconomics, International Finance, Macroeconomics.

Teaching: Econometrics, Time Series Econometrics, Macroeconomics.

PUBLICATIONS AND COMPLETE PAPERS

“Currency Union, Free-Trade Areas, and Business Cycle Synchronization,” (Job Market Paper, Submitted). (PDF)

“Do European Capital Flows Comove?,” with Silvio Contessi (Submitted). (PDF)

“An Enlarged Economic and Monetary Union: Effects and Policy Implications,” with Carlo Altomonte. In *“The Economics of EU Enlargement,”* by Franco Praussello, Edizioni Franco Angeli, pp. 77-112. (Pre-Grad Paper). (PDF)

CURRENT RESEARCH

“The Cyclical Properties of Disaggregated Capital Flows,” with Silvio Contessi and Johanna Francis. (Available upon Request). (PDF)

“GDP Growth Predictions through the Yield Spread. Time-Variation and Structural Breaks”. (PDF)

“The Performance of the Anderson-Rubin Statistic in the Presence of Conditional Heteroscedasticity,” with Tiemen Woutersen and Jonathan Wright. (PDF)

OTHER COURSES ATTENDED

8th ERS-IASC International Summer School - “Statistical Models in Financial Time Series” - Barcelona, Spain - Department of Statistics and Operations Research (Uni-

versitat Politecnica de Catalunya) and Department of Business Economics (Universitat Autònoma de Barcelona) - 07/17 to 07/22 2005.

Summer School of Econometrics 2005 - Centro Interuniversitario di Econometria, Bertinoro (FC), Italy - "A Course in Bayesian Analysis", "Quantitative Models in Marketing Research", "Topics in Panel Data Econometrics" - 06/20 to 07/02 2005.

CONFERENCE AND SEMINAR PRESENTATIONS

IF Workshop - Board of Governors of the FED System, IF Division - 10/23/2008.

83rd Annual Conference of the Western Economic Association International (WEAI) - Honolulu, HI, USA - Also served as a Discussant. 06/29/2008.

Workshop on "The Implications of European Integration" - European Union Studies Association (EUSA, Economics Section) and FRB of St. Louis - FRB of St. Louis, Research Division - Also served as a Session Chair. 05/15 and 05/16 2008.

Graduate Course of Microeconometrics - Johns Hopkins University, Department of Economics - 11/21/2007.

Macroeconomics Seminar - Johns Hopkins University, Department of Economics - 12/08/2006 and 10/18/2007.

Economics Seminar - FRB of St. Louis, Research Division - 08/13/2007.

2003 Congress of the European Economic Association and Econometric Society (EEA-ESEM 18th Annual Congress) - Stockholm University (Sweden) - 08/21/2003.

International Conference: "EU Enlargement: the Endgame Economic Issues" - Jean Monnet European Centre of Excellence, University of Genoa (Italy) - 11/15/2002.

PROFESSIONAL EXPERIENCE

Dissertation Internships

Board of Governors of the FED System, IF Division - 09/08 to 12/19 2008.

Federal Reserve Bank of St. Louis, Research Division - 07/01 to 09/07 2007.

Research Assistantships

Applied Microeconometrics, to Prof. H. Peyton Young - 08/2005 to 07/2007.

Microeconomic Theory, to Prof. Tiemen Woutersen - 08/2005 to 10/2006.

TEACHING

Courses Taught Independently

Elements of Macroeconomics, Johns Hopkins University (Summer 2007).

International Trade, Johns Hopkins University (Summer 2006).

Teaching Assistantships

Elements of Macroeconomics, to Prof. Louis J. Maccini (Fall 2007) and Prof.

Laurence M. Ball (Fall 2005 and Fall 2006).

Econometrics, to Prof. Tiemen Woutersen (Spring 2008) and to Dr. Elliot Williams (Spring 2006 and Spring 2007).

Macroeconomic Theory, to Dr. John Driscoll (Spring 2005).

International Trade, to Dr. Frank D. Weiss (Fall 2004).

FELLOWSHIPS

Johns Hopkins Graduate Fellowship, Department of Economics - 2003 to today.

Fondazione Romeo ed Enrica Invernizzi Fellowship, Bocconi University - 2002.

ISU Bocconi Fellowships, Bocconi University - 1997 to 2001.

AWARDS

Golden Medal for best grade on graduation, Bocconi University - 11/2003.

15th Fausto Vicarelli Prize for the best dissertation on topics regarding Economics and Economic Policy - Fausto Vicarelli Association, Salerno (Italy) - 10/2003.

BAK Prize 2003 for the best dissertation in Applied Quantitative Economics, BAK Basel Economics, Basel (Switzerland) - 06/2003.

SKILLS

Programming: MATLAB, EViews, Stata, Gauss, WinBUGS, T_EX.

Languages: Italian (native), English (fluent).

REFEREEING ACTIVITY

Scottish Journal of Political Economy.

PROFESSIONAL MEMBERSHIPS

American Economic Association, European Economic Association, European Union Studies Association, Euro Area Business Cycle Network.

REFERENCES

Professor Jon Faust, Johns Hopkins University
e-mail: faustj@jhu.edu, Phone: +1 (410) 516-7614

Professor Tiemen Woutersen, Johns Hopkins University
e-mail: woutersen@jhu.edu, Phone: +1 (410) 516-5767

Professor Jonathan Wright, Johns Hopkins University
e-mail: wrightj@jhu.edu, Phone: +1 (410) 516-5728

Professor H. Peyton Young, University of Oxford and Johns Hopkins University
e-mail: peyton.young@nuffield.ox.ac.uk, Phone: +1 (202) 797-6025 or +44 1865-271086

Essays on Macroeconomic Comovement and the Term Structure

Pierangelo De Pace

Currency Union, Free-Trade Areas, and Business Cycle Synchronization (*Job Market Paper*). Since the 1970s the characteristics of international business cycles have changed and deeper economic integration has modified the features of cross-country comovement. We formally test for correlation shifts in measures of real economic activity and economic/financial integration. Especially for some specific subgroups of countries, we find evidence of higher correlations in Europe following the creation of the EMU in 1999. We detect more pronounced correlations at least between Mexico and the US in North America after the enforcement of the NAFTA in 1994. We do not, however, find rising synchronization between Hong Kong and the US pursuant to the introduction of a linked exchange rate system – still in effect today – at the end of 1983. Results are derived from an econometric framework based on nonparametric iterated stationary bootstrap methods, whose statistical reliability and performance we carefully assess.

The Cyclical Properties of Disaggregated Capital Flows (with Silvio Contessi and Johanna Francis). We describe the second-moment properties of the components of international capital flows and their relationship (covariance and correlation) to business cycle variables of 22 emerging and OECD countries. Disaggregated flows have different volatility properties, with debt being the most volatile and FDI the least volatile. We show that (a) inward flows are procyclical, outward and net outward flows are countercyclical for most industrial and emerging countries while, for the G-7, both inward and outward flows are procyclical and net outflows are countercyclical; (b) inward FDI flows are procyclical in industrial countries, countercyclical in emerging countries; and (c) there is no clear pattern for other equity flows and debt. Using formal statistical tests, we document changes in variability, covariance, and correlation of capital flows with a set of macroeconomic variables for G-7 countries. We find mixed evidence of changes over capital account liberalization episodes and breaks in international business cycles, and a clear increase in variance for all types and signs of flows. We estimate breaks at unknown dates in the conditional variance of each capital flow to find that they differ considerably from the breaks associated with capital account liberalization and financial globalization.

GDP Growth Predictions through the Yield Spread. Time-Variation and Structural Breaks. We use TVP models and real-time data to describe the evolution of the leading properties of the yield spread for output growth in five European economies and in the US. We evaluate the predictive performance of the yield curve and investigate whether the recent disappearance of the leading properties in the US can be linked to the reduction of perceived inflation risk in bond markets. Furthermore, we identify structural breaks in the marginal processes of term spreads and 10-year government bond yields to document how they relate to the dynamics of the predictive power of the term structure. Econometric analysis shows that: (i) the marginal predictive content of the term spread is not always significant over time and across countries, (ii) to some extent, the term spread often contributes to the forecast performance of simple models in Europe, not in the US, (iii) inflation risk exhibits instability and generally declines over time. This is compatible with the view that a decreased variability of shocks to spreads and yields at long maturities may have accompanied the vanishing of the leading properties.

KAREEM K. ISMAIL

Johns Hopkins University
Department of Economics
3400 N. Charles St.
Baltimore, MD 21218 USA
Phone: 1(410)516-7601
econ.jhu.edu/jobmarket/2008/IsmailK/
kki@jhu.edu

250 S. Whiting St., Apt.921
Alexandria, VA 22304 USA
Cell: 1(732)476-8730
Fax: 1(410)516-7600
Citizenship: Egypt/US
Date of Birth: April 30, 1982

EDUCATION

Ph.D. in Economics, Johns Hopkins University, June 2009 (expected).

Advisors: Prof. Christopher Carroll and Prof. Pravin Krishna

M.A. in Economics, Johns Hopkins University, May 2006.

B.Sc. in Electrical and Computer Engineering and Economics, Carnegie-Mellon University, May 2003 (*University Medal and College Honors*).

RESEARCH AND TEACHING FIELDS

International Trade, Open Macroeconomics, Political Economy, Growth and Development Economics, Econometrics.

WORKING PAPERS

“How And Why The Dutch Disease Affects Countries Differently” (PDF).

“When Is the Dutch Disease Really A ‘Disease’: An Endogenous Growth Analysis” (*in progress*).

“Income Inequality and Trade Barriers”

PROFESSIONAL EXPERIENCE

Economist, IMF Internship Program,
Strategy, Policy and Review Department/PDR
Surveillance Review Division

International Monetary Fund, Washington DC, Summer 2008.

Adjunct Professor of Economics, Johns Hopkins University,
Mathematical Methods for Economists for M.A. in Applied Economics, 2007–present.

Instructor, International Trade, Johns Hopkins University, Summer 2007.

Instructor, Elements of Macroeconomics, Johns Hopkins University, Summer 2006.

TEACHING ASSISTANTSHIPS

Teaching Assistant to Prof. Frank Weiss, International Trade, Johns Hopkins University, Fall 2006 and Fall 2007.

Teaching Assistant to Prof. Bruce Hamilton, Elements of Microeconomics, Johns Hopkins University, Spring 2005, Spring 2006 and Spring 2007.

Kareem K. Ismail

Teaching Assistant to Prof. Mark Gersovitz, Economic Development, Johns Hopkins University, Fall 2005.

Teaching Assistant to Prof. Patrick Sileo, Principles of Economics, Carnegie-Mellon University, Spring 2003.

RESEARCH ASSISTANTSHIPS

Research Assistant to Prof. Lawrence Pileggi, Department of Electrical and Computer Engineering, Carnegie Mellon University, 2002–2003. Research on asynchronous channel design in microprocessors published in the following peer-reviewed conference proceedings. “Power Comparison of Throughput Optimized IC Busses”, *IEEE Computer Society Annual Symposium on VLSI*, (with Malley, Salinas and Pileggi) Feb 2003 (Abstract).

Research Assistant to Dr. John Dolan, The Robotics Institute, Carnegie Mellon University, 2001.

SEMINAR PRESENTATIONS

IMF-wide Seminar, SPR, International Monetary Fund (October 2008).

Division Seminar, Surveillance Review Division, Policy Development and Review Department, International Monetary Fund (September, 2008).

The Macroeconomics Workshop, 2008, Johns Hopkins University.

SKILLS

Programming Languages: C/C++, JAVA, ML.

Packages: MATLAB, Stata, EViews, T_EX.

Languages: Arabic (native), English (fluent), French (intermediate).

HONORS AND AWARDS

Fellowship, Johns Hopkins University, Department of Economics, 2003–present.

Carnegie Institute of Technology Undergraduate Research Honor, 2003.

Member, The National Electrical and Computer Engineering Honor Society, inducted 2002.

REFERENCES

Professor Christopher Carroll, Johns Hopkins University
e-mail: ccarroll@jhu.edu, Phone: 1(410) 516-7602

Professor Pravin Krishna, Johns Hopkins University
e-mail: pravin.krishna@jhu.edu, Phone: 1(202) 663-5733

Professor Mark Gersovitz, Johns Hopkins University
e-mail: m.gersovitz@jhu.edu, Phone: 1(410) 516-7612

Dr. Ketil Hviding, Deputy Division Chief, International Monetary Fund
e-mail: KHviding@imf.org, Phone: 1(202) 623-4544

The ‘Dutch Disease’ In Oil Exporting Countries

Kareem K. Ismail

A key current policy issue for oil exporting economies is how much to spend domestically out of their windfall. The right answer depends in part on the size of the so-called ‘Dutch Disease’ effect, which measures the decline in non-oil tradable production due to spending out of resource income. This thesis quantifies the Dutch disease in oil exporting countries in response to petroleum price shocks. The work explores the Dutch disease both theoretically and empirically and adds to the study of its consequences and the different scenarios under which it can be particularly debilitating to non-oil tradable production.

1 How And Why The ‘Dutch Disease’ Affects Countries Differently (*job market paper*)

This chapter models the Dutch disease under open and closed capital markets. I show that capital mobility offsets pressures on the real exchange rate while still resulting in a Dutch disease as windfall increases. I show that the Dutch disease effect can result in smaller shrinkage in manufacturing in the case of open capital markets depending on the factor intensity of nontradables. The result stresses the importance of labor and capital movements in finding the Dutch disease impact. Previous studies have found ambiguous evidence on the size (and even existence) of the Dutch disease using aggregate data. This chapter finds cross-country evidence of the Dutch disease using disaggregated data. In my data, manufacturing shrinks in output on average by 3.5 percent in response to a 10 percent increase in oil price. This chapter also explores two features of the Dutch disease that have not previously been examined in the literature. The first feature is industrial costs of adjustment accumulated as sectors shrink and expand in response to resource boom and bust. The second feature is changes to the factor intensity of production in response to windfall shocks. This effect in a two sector Heckscher-Ohlin model, increases marginal productivity of labor in response to the Dutch disease when nontradables are labor intensive.

2 When Is The ‘Dutch Disease’ Really A Disease: An Endogenous Growth Analysis (*in progress*)

Models of the Dutch disease that have attempted to explain the slower growth of resource rich countries are based on learning-by-doing external to the firm from manufacturing production (Matsuyama 1992, Sachs and Warner 1995). These models assume that learning-by-doing only depends on the magnitude of production. However, if learning-by-doing exists, then it probably depends not only on the amount of production, but also on the productivity of labor employed in the sector. Ismail (2008) shows that the Dutch disease may lead to changes in the method of production through the capital-labor ratio which in turn affects the marginal productivity of labor. This paper formulates a model of endogenous growth that accounts for changes in the method of production as well as its magnitude in modeling learning-by-doing. It shows that when nontradables are labor intensive, a small amount of Dutch disease can lead to higher growth rates in the long run.

SANDEEP MAZUMDER

Johns Hopkins University
Department of Economics
3400 N. Charles St.
Baltimore, MD 21218, USA
(410)516-7601
<http://econ.jhu.edu/jobmarket/2008/MazumderS/>

116 West University Parkway
Apt. 1401
Baltimore, MD 21210, USA
Cell: (443)831-4440
smazumder@jhu.edu

PERSONAL INFORMATION

Citizenship: UK
Visa Status: F1 (Green card expected, Fall 2009)
Date of Birth: July 28, 1982

EDUCATION

Ph.D. in Economics, Johns Hopkins University, July 2009 (expected).
Advisors: Laurence Ball, Jon Faust.
M.A. in Economics (honorary), Cambridge University, March 2007.
M.A. in Economics, Johns Hopkins University, May 2006.
B.A. (w/ honors) in Economics, Cambridge University (St. Catharine's College),
June 2003.

RESEARCH AND TEACHING INTERESTS

Macroeconomics, Monetary Economics, International Monetary Economics, Time-Series Econometrics.

RESEARCH PAPERS

Completed

"The New Keynesian Phillips Curve and the Cyclicalities of Marginal Cost," September 2008 (SSRN Abstract #1273595, Job Market Paper).

In Progress

"A Generalized Derivation of the Price-Marginal Cost Markup," 2008.

"Cost-Based Phillips Curve Forecasts of Inflation," 2008.

PRESENTATIONS AND CONFERENCES

Spring 2008: *Eighth Annual Missouri Economics Conference*, hosted by the Federal Reserve Bank of St. Louis & the University of Missouri.

Fall 2008: *Macroeconomics Workshop*, Department of Economics, Johns Hopkins University.

Fall 2008: 78th *SEA Annual Conference*, Southern Economic Association.

PROFESSIONAL EXPERIENCE

Research Assistant (to Professor Laurence Ball): RA for upcoming undergraduate textbook, 'Money, Banking, and Financial Markets' (2008). Publisher: Worth Publishers, Fall 2005-Present.

Intern: Altua UK, Strategy Consulting, Summer 2001.

Proof-reader (to Dr. Sunil Bhaduri): Proof-read 'Microeconomic Theory' (2000) textbook. Publisher: New Central Book Agency, Fall 1999.

TEACHING EXPERIENCE

Teaching Assistant: to Prof. John Driscoll, Macroeconomic Theory, Fall 2008.

Instructor: International Monetary Economics, Summer 2008.

Head Teaching Assistant: to Prof. Laurence Ball, Macroeconomic Theory, Spring 2008.

Instructor: Individually Paced Math Sequence, Center for Talented Youth (JHU campus), Summer 2007.

Teaching Assistant: to Prof. Scott Boggess, Population Economics, Fall 2006.

SKILLS

Programming: MATLAB, Stata, Eviews, L^AT_EX.

Languages: English (native), Bengali (fluent), German (proficient).

FELLOWSHIP

Fellowship, Department of Economics, Johns Hopkins University, Fall 2004-present.

OTHER ACTIVITIES

JHU Macroeconomics Lunch Seminar Organizer, Fall 2008.

Awarded High School Natwest Bank Economics Prize.

Amateur Marathon Runner, member of Baltimore Road Runners Club.

REFERENCES

Professor Laurence Ball, Johns Hopkins University
e-mail: lball@jhu.edu, Phone: (410) 516-7605

Professor Jon Faust, Johns Hopkins University
e-mail: faustj@jhu.edu, Phone: (410) 516-7614

Professor Louis Maccini, Johns Hopkins University
e-mail: maccini@jhu.edu, Phone: (410) 516-7607

Professor Christopher Carroll, Johns Hopkins University
e-mail: ccarroll@jhu.edu, Phone: (410) 516-7602

Essays on Marginal Cost and Inflation

Sandeep Mazumder

Theoretical models of inflation argue that inflation depends on real marginal cost. However due to measurement difficulties, researchers typically assume that marginal cost is proportional to standard activity variables, such as the output gap. This approach has problems, and may not necessarily yield reliable results. Gali and Gertler's (1999) seminal paper was one of the first to attempt to measure marginal cost directly, in order to examine inflation dynamics. This dissertation attempts to apply this idea to better explain inflation behavior, by means of a more reasonable method of measuring real marginal cost.

1 The New Keynesian Phillips Curve and the Cyclicity of Marginal Cost (job market paper)

The labor income share is commonly used in place of real marginal cost in tests of the sticky-price New Keynesian Phillips Curve. However, this paper argues that the labor share is an inappropriate measure of real marginal cost for two reasons: it is countercyclical whereas theory predicts marginal cost should be procyclical, and it employs a counterfactual assumption that labor can be freely adjusted at a fixed real wage rate. I relax this assumption to a more realistic one, by examining the change in costs induced by a variation in hours worked. This leads to a measure of marginal cost that is markedly procyclical, which then produces results that are contradictory to the underlying model of the NKPC. Thus I conclude that the NKPC fails to give a sound explanation of inflation dynamics.

2 A Generalized Derivation of the Price-Marginal Cost Markup (in progress)

To this day, the benchmark for computing the markup of price over marginal cost is based on Hall's (1988) method. Hall's idea is based on the implicit assumption that labor can be flexibly adjusted at a fixed real wage rate; this is parallel to the assumption that I object to in chapter 1 of this dissertation. I relax this assumption, and derive a generalized expression for the markup, which I then apply to industry-level data. While evidence of market power remains strong, the generalized markup measure yields estimates that are very different than those produced by Hall and others who have used his methodology. This exercise demonstrates that much of the literature produces biased estimates of the price-marginal cost markup.

3 Cost-based Phillips Curve Forecasts of Inflation (in progress)

Stock and Watson (2008) argued that simple Phillips Curve forecasts of inflation do better at forecasting than other more complex models. I conduct quarterly Phillips Curve forecasts using the unemployment rate, the output gap, and manufacturing real marginal cost as activity variables. For almost all cases, the fit of the model, and the static and dynamic forecasts are best in the regressions with marginal cost. These results hold up when we add supply shocks, and at both the aggregate and manufacturing sector levels. Hence marginal cost improves forecasts of inflation, since it is one of the determinants of price.

VIPLAV SAINI

342 E University Pkwy
Baltimore, MD 21218, USA

Cell: (410) 952-0592

Fax: (410) 516-7600

E-mail: viplav@jhu.edu

<http://econ.jhu.edu/jobmarket/2008/SainiV>

Mergenthaler Hall 440

Johns Hopkins University

Department of Economics

3400 N. Charles St.

Baltimore, MD 21218, USA

(410) 516-7601

EDUCATION

Johns Hopkins University, Ph.D. in Economics, July 2009 (expected).

Advisors: Prof. Joe Harrington (primary) and Prof. Matt Shum

Dissertation: *Competition and Collusion in Dynamic Procurement Auctions*

Johns Hopkins University, M.A. in Economics, May 2006.

University of Delhi, M.A. in Economics, March 2003.

University of Delhi, B.A. in Economics (with First Class Honors), March 2001.

RESEARCH AND TEACHING INTERESTS

Research: Industrial Organization, Applied Microeconomics, Applied Econometrics.

Teaching: Industrial Organization, Micro Theory, Game Theory, Applied Econometrics.

RESEARCH PAPERS

“Endogenous Asymmetry in a Dynamic Procurement Auction,” (Job Market Paper).

“Dynamic Auction Design: Empirical Insights from Highway Procurement in California,” *in progress*.

“Distinguishing Collusion from Competition with Capacity Constraints in Procurement Auctions,”
with Joe Harrington, *in progress*.

CONFERENCES AND SEMINARS

“Endogenous Asymmetry in a Dynamic Procurement Auction” presented at

Federal Trade Commission,

Washington DC, 2008

International Industrial Organization Conference (IIOC),

Arlington, VA, 2008

Villa La-Pietra Mondragone Workshop (LPM),

Florence, Italy, 2008

Annual Meetings of the Canadian Economic Association (CEA),

Vancouver, BC, 2008

Campbell and Company (a hedge fund),

Towson, MD, 2007

Served as Session Chair and Discussant at the Annual Meetings of the Canadian Economic Association, Vancouver, BC, 2008.

Conference Participation: Conference on Auction, Procurement and Competition Policy at Penn State University, University Park, PA, April 3-6, 2008.

AWARDS

JHU Excellence in Teaching Award 2008 (annual award to the best teaching assistant in the Krieger School of Arts and Sciences at JHU)

T. Rowe Price Fellowship, 2003-2006 (highest award in year of admission to Department of Economics, JHU)

TEACHING

Independently designed and taught courses at JHU

Economics:

Industrial Organization, Fall 2008

Game Theory and the Social Sciences, Summer 2008

Elements of Microeconomics, Summer 2006-2008

Seminar in Financial Literacy (with Prof. Louis Maccini), Intersession 2007-2008

English:

Expository Writing: Understanding Globalization (writing-intensive), Fall 2005

Average student rating (across all courses): ≈ 4.3 on a scale from 0 to 5.

Courses supported as teaching assistant at JHU

Intermediate Microeconomics, *Elements of Microeconomics*, *Game Theory and the Social Sciences* and *Industrial Organization*.

OTHER EXPERIENCE

Research Assistant, for Prof. Joe Harrington. Wrote portions of the Instructor's Teaching Guidelines for *Games, Strategies and Decision Making* by Joe Harrington, Worth Publishers, 2008.

Business Analyst, GE Capital India Services, Bangalore, India, May-July 2003.

Summer Intern, ICICI Bank, Bombay, India, May-July 2002.

President, Economics Graduate Student Organization (EGO), JHU, 2005-2007.

REFERENCES

Professor Joseph E. Harrington, Jr. (primary advisor)

Department of Economics, Johns Hopkins University

E-mail: joe.harrington@jhu.edu, Phone: +1 (410) 516-7615

Professor Matthew Shum (secondary advisor)

Division of the Humanities and Social Sciences, California Institute of Technology

E-mail: mshum@hss.caltech.edu, Phone: +1 (626) 395-4022

Professor Bruce Hamilton (teaching reference)

Department of Economics, Johns Hopkins University

E-mail: bruce.hamilton@jhu.edu, Phone: +1 (410) 516-7613

Professor Louis J. Maccini (teaching reference)

Department of Economics, Johns Hopkins University

E-mail: maccini@jhu.edu, Phone: +1 (410) 516-7607

MISC. INFO

Programming Proficiency in: MATLAB and Stata.

Languages: bilingual in Hindi and English.

Citizenship: India.

US Visa: F-1.

Competition and Collusion in Dynamic Procurement Auctions

Viplav Saini

Many procurement markets are characterized by a small set of firms that compete repeatedly over a sequence of procurement auctions organized by a local procurer. Such firms have been found to experience capacity constraints whereby a firm's costs increase with its capacity utilization. When a capacity-constrained firm wins an auction, its future capacity utilization increases, and therefore its future costs also increase. Thus, when auctions are sequential, firms can endogenously become asymmetric in terms of their costs. This dissertation theoretically and empirically analyzes strategic behavior by forward-looking firms in the presence of endogenous asymmetry. It characterizes competitive and collusive bidding patterns and draws policy implications for procurement auction design.

1 Endogenous Asymmetry in a Dynamic Procurement Auction *Job Market Paper*

In this paper, I numerically solve for a competitive Markov Perfect Bayesian Equilibrium (MPBE) of an infinite sequence of first price procurement auctions. I find that the procurer is best off scheduling frequent auctions for small project sizes. The alternative, having fewer auctions but for larger projects, tends to make the firms more asymmetric and more capacity-constrained; this softens competition and increases procurement costs. I also find that farsightedness dampens the competition-softening effect of asymmetry; forward-looking firms compete more intensely than myopic ones. I show that this effect can undermine the intended goal of a bid-preferences-style affirmative action program: the more forward-looking the bidders are, the more intensely biased the bid preference program needs to be in order to be successful.

2 Dynamic Auction Design: Empirical Insights from Highway Procurement in California, *in progress*

Using a dataset on procurement auctions for road paving work in California, this paper calculates potential time and cost savings for the procurer from implementing alternative policies regarding auction scheduling and reserve prices. It develops techniques to numerically solve for the bidding strategies in a sequential first price procurement auction with more than two bidders and binding reserve prices. The cost distributions of the bidders are estimated using the method of Jofre-Bonet and Pesendorfer (*Econometrica*, 2003). Counterfactual policy environments are simulated using the estimated cost distributions.

3 Distinguishing Collusion from Competition with Capacity Constraints **(with Joe Harrington), *in progress***

As noted by Porter and Zona (*JPE*, 1993), in the presence of capacity constraints, competitive bidding can be indistinguishable from collusive bidding based on a bid rotation scheme. This paper develops a model of bidder collusion in the presence of capacity constraints in sequential procurement auctions. The key goal is to identify features of collusive bidding that distinguish it from competitive bidding with capacity constraints.

PUBLICATIONS

Journal Articles

“Measuring Distortions to Agricultural Incentives, Revisited,” with K. Anderson et al., *World Trade Review*, Vol.7, No.3, October 2008

“Distortions in Farmer Prices since the 1950s: South Africa in International Perspective,” with K. Anderson et al., *Agrekon*, Vol.46, No.4, December 2007

Book Chapters

“Evolution of Global Distortions to Agricultural Incentives since the 1950s,” with K. Anderson and E. Valenzuela, Ch.2 in *Political Economy of Distortions to Agricultural Incentives*, forthcoming

“Distortions to Agricultural Incentives in Ecuador,” with E. Valenzuela and S. Wong, Ch.7 in *Distortions to Agricultural Incentives in Latin America*, 2008

“Measuring Distortions to Agricultural Incentives,” with K. Anderson et al., Appendix 1 in the *Distortions to Agricultural Incentives* volumes for *Latin America* (2008), *Europe’s Transition Economies* (2008) and *Asia* (forthcoming)

ACADEMIC EXPERIENCE

Research Assistant to Professor C. Carroll, 2006, 2007, and Fall 2008

Teaching Assistant to Professor C. Carroll, Mathematical Methods in Economics II (graduate), Spring 2008

Research Assistant to Professor P. Krishna, December 2005

Teaching Assistant to Professor L. Ball, Elements of Macroeconomics (undergraduate), Fall 2005

Teaching Assistant to Professor N. Westelius, International Trade (graduate), Spring 2004

PROFESSIONAL EXPERIENCE

Intern, International Monetary Fund, Research Department, Washington DC, Summer 2008

Consultant, World Bank, Research Department, Washington DC, Summer and Fall 2006 and 2007

Intern, United Nations Development Programme, Bratislava Regional Center (Slovak Republic), Summer 2004

Pilot Officer Cadet, Air Force Academy, Naples (Italy), from August 1999 to October 2001

Damiano Sandri

REFEREE

Berkeley Electronic Journal of Macroeconomics

SKILLS

Programming: Mathematica, MATLAB, Stata, T_EX.

Languages: Italian (native), English (fluent), French (good)

DISTINCTIONS

Fellowship, Johns Hopkins University, Department of Economics, 2004–present

Castillo Award for *best PhD coursework performance*, Johns Hopkins University, Department of Economics, 2006

Scholarship, Einaudi Foundation, Turin (Italy), 2003

Club Optime Award, Industrialists Union, Turin (Italy), 2003

Valedictorian, Italian Air Force Academy, Naples (Italy), 2000 and 2001

Fratelli Ammannato Award for loyalty and dedication, Italian Air Force Academy, Naples (Italy), 2001

Honorary Peruvian Pilot License, as *top stunt pilot*, Italian Air Force Academy, Naples (Italy), 2000

REFERENCES

Professor Christopher Carroll (primary advisor)
Johns Hopkins University, Department of Economics
E-mail: ccarroll@jhu.edu, Phone: (410) 516-7602

Professor Jon Faust
Johns Hopkins University, Department of Economics
E-mail: faustj@jhu.edu, Phone: (410) 516-7614

Professor Olivier Jeanne
Johns Hopkins University, Department of Economics
E-mail: ojeanne@jhu.edu, Phone: (410) 516-7604

Professor Pravin Krishna (additional contact)
Johns Hopkins University, School of Advanced International Studies
E-mail: pravin.krishna@jhu.edu, Phone: (202) 663-5733

Implications of Risk for Saving, Investment and Welfare

Damiano Sandri

I study how financial market incompleteness and risk influence saving, investment and welfare. The first paper develops a model with entrepreneurial risk which can explain the positive correlation between growth and current account surpluses common to developing countries; in the second paper I test the key implications using household data. The third paper shows that hedging can lead to substantial welfare gains for commodity exporters.

1 Growth and Capital Flows with Risky Entrepreneurship (job market paper)

Contrary to the prediction of benchmark neoclassical models, growth accelerations in developing countries tend to be associated with current account improvements, resulting from larger increases in saving than in investment. I argue that this can be driven by the behavior of entrepreneurs facing incomplete financial markets and risky investment. The uninsurable risk of losing invested capital forces entrepreneurs to rely on self-financing to build up their firms. As new business opportunities open up, entrepreneurs increase their saving to finance the investment that produces growth. The key insight is that saving has to rise more than investment in order to allow also for the accumulation of precautionary assets. As a consequence, entrepreneurs generate a net saving increase that sustains persistent net capital outflows. Plausibly calibrated simulations produce sizeable quantitative effects. I then show that the introduction of insurance reduces capital outflows, speeds up growth and leads to substantial welfare gains.

2 Saving and Investment in Developing Countries (in progress)

This paper uses household level data to investigate the determinants of rising saving rates in fast growing developing countries. Instead of relying on standard demographic factors (which have been found to have little explanatory power), I argue that during a period of high growth investment opportunities may play a crucial role in stimulating saving. Preliminary results from Taiwan show that the increase in aggregate saving has been almost entirely driven by the rising saving rates of high income households who, under incomplete financial markets, are the ones more likely to start up an investment.

3 Macro-Hedging for Commodity Exporters (with Olivier Jeanne and Eduardo Borensztein, in progress)

This paper shows that forward contracts and options can substantially reduce the optimal net foreign asset position of commodity exporters and boost national welfare. We compute welfare gains as a function of the maturity of the hedging instrument and three key parameters of the commodity price process: the autocorrelation coefficient, the shock variance and the worst possible shock realization (which determines the no-default borrowing constraint). The last element is particularly important since a large share of the total welfare gains comes from the relaxation of this constraint, rather than from the reduction in price variance.

JI-LIANG SHIU

Johns Hopkins University
Department of Economics
3400 N. Charles St.
Baltimore, MD 21218, USA
(410)516-7601

Fax: (410) 516-7600
Phone: (410) 206-6622
Citizenship: Taiwan (F1 Visa)
jishiu@jhu.edu
econ.jhu.edu/jobmarket/2008/ShiuJL/

EDUCATION

Ph.D. in Economics, Johns Hopkins University, June 2009 (expected).

Advisors: Robert Moffitt (primary), Tiemen Woutersen, and Yingyao Hu

Dissertation: *Dynamic Decision Making and Nonclassical Measurement Error*

Ph.D. in Mathematics, Indiana University, Bloomington, June 2004.

M.S. in Mathematics, National Tsing Hua University, June 1998.

B.S. in Mathematics, National Tsing Hua University, June 1996.

RESEARCH AND TEACHING INTERESTS

Research: Labor Economics, Econometrics, Applied Econometrics, Empirical Industrial Organization.

Teaching: Econometrics, Labor Economics, Microeconomics, Health Economics.

DISSERTATION RESEARCH

“A Dynamic Model of Employer-Provided Health Insurance and Job Mobility,”
October 2008 (Job Market Paper).

“Two-Step Sieve Estimator for Nonclassical Measurement Error Models,”
December 2008 .

“Identification and Estimation of Random Effect Nonlinear Panel Data Models,”
Spring 2009 (in progress).

WORK IN PROGRESS

“Estimation of Discontinuous Regression Model Using Interpolation Nonlinear Wavelet Method,” (with Yingyao Hu and Matthew Shum).

COMPLETE PAPER IN MATHEMATICS

“Characterizations of the Hardy Space H^1 and BMO ,” (with Wael Abu-Shammala and Alberto Torchinsky).

PROFESSIONAL EXPERIENCE

Research Assistant to Prof. Yingyao Hu, Johns Hopkins University, Summer 2008.

Research Assistant to Prof. Matthew Shum, California Institute of Technology,

JI-LIANG SHIU

June-October 2008.

FELLOWSHIPS AND GRANTS

Fellowship, Johns Hopkins University, Department of Economics, 2004–present.

Scholarship, Indiana University, Bloomington, Department of Mathematics, 1998–2004.

TEACHING EXPERIENCE

Teaching Assistant, Johns Hopkins University : Statistics (Graduate), Research in Financial Markets, Microeconomic Theory, Labor Economics, Econometrics (Graduate) 2005-2008.

Teaching Assistant, Indiana University, Bloomington: Calculus 1 and Calculus 2, 2001-2004.

SKILLS

Programming: MATLAB, Stata, SAS, \TeX .

Languages: Mandarin (native), English (fluent).

OTHER ACTIVITIES

President, JHU Taiwanese Student Association, 2006–2007.

REFERENCES

Professor Yingyao Hu

Department of Economics, Johns Hopkins University

E-mail: yhu@jhu.edu, Phone: (410) 516-7610

Professor Robert Moffitt (Primary Advisor)

Department of Economics, Johns Hopkins University

E-mail: moffitt@jhu.edu, Phone: (410) 516-7611

Professor Matthew Shum

Division of the Humanities and Social Sciences, California Institute of Technology

E-mail: mshum@hss.caltech.edu, Phone: (626) 395-4022

Professor Tiemen Woutersen

Department of Economics, Johns Hopkins University

E-mail: woutersen@jhu.edu, Phone: (410) 516-5767

Dynamic Decision Making and Nonclassical Measurement Error

Ji-Liang Shiu

Sequential decision making or choices made over time under uncertainty appears naturally in economic problems. Modeling the phenomenon often requires dynamic models, which accommodate persistent effects of individuals' decisions and states. My first paper presents a dynamic model of the joint employment and health insurance decision to investigate job mobility. The model is motivated by lacking work on modeling how health insurance decision affects health status. My second paper proposes an alternative estimator for nonclassical measurement error models. My third paper provides a solution to identification and estimation of nonlinear panel data models.

1 A Dynamic Model of Employer-Provided Health Insurance and Job Mobility (job market paper)

This paper examines degrees of potential labor market distortions, job lock and job push. The model is based on a Markov decision process in which a hedonic wage approach provides an economic rationale for the different choices and health insurance serves as an input to the health production process. Including health transitions in the model helps us to understand how the availability of EPHI (positive job characteristic) and holding EPHI (the wage-health insurance tradeoff) enter into the individuals' decisions. The results show that the "pure" effects of holding EPHI are negligible, the "full" effects of EPHI are significant, and the measures of the inefficiency vary between 14% and 25% across different states.

2 Two-Step Sieve Estimator for Nonclassical Measurement Error Models

Many structural econometric models can be stated in the form of operators. I show that a two-step sieve estimator based on infinite conditional moment conditions derived from operators is consistent under the sup metric. Under the Fisher metric and additional assumptions, the sieve estimator is further consistent with a rate faster than $n^{-1/4}$ and asymptotically normal. The results are illustrated with nonclassical measurement error models, which are identified and estimated in Hu and Schennach (Econometrica, 2008).

3 Identification and Estimation of Random Effect Nonlinear Panel Data Models (in progress)

Dynamic panel data models are typically specified as the conditional distribution of the dependent variable, y_{it} , conditional on lagged values of y_{it} , a set of possibly time-varying explanatory variables x_i , and an individual unobserved variable v . I show that the conditional distribution $f_{Y_t|Y_{t-1}, X_i, V}$ is identified from the observed distribution $f_{Y_{t+1}, Y_t, Y_{t-1}, Y_{t-2}|X_i}$ by the unique eigenvalue-eigenfunction decomposition of an integral operator associated with joint densities under assumptions. A sieve maximum likelihood estimator can be obtained through the observed distribution.

WEI XIAO

Johns Hopkins University
Department of Economics
3400 N. Charles St.
Baltimore, MD 21218
USA
Phone: (410) 516-7601

Fax: (410) 516-7600
Cell: (410) 585-5253 (Primary)
Email: weixiao@jhu.edu
Citizenship: P.R.China (U.S. F-1 visa)
Date of Birth: December 19,1981
<http://econ.jhu.edu/jobmarket/2008/XiaoW>

EDUCATION

Ph.D. in Economics, Johns Hopkins University, USA, June 2009 (expected).

Thesis: *Essays on Innovation and Competition*

Advisors: Prof. Joe Harrington and Prof. Matt Shum

M.Phil. in Economics with Development, University of Cambridge, U.K., July 2004.

B.A. in Finance, Wuhan University, China, July 2001.

RESEARCH AND TEACHING INTERESTS

Industrial Organization, Econometrics, Development Economics, Microeconomics.

DISSERTATION RESEARCH

“The Competitive and Welfare Effects of New Product Introduction: The Case of Crystal Pepsi”, (Job Market Paper).

“A Dynamic Pricing Model of Durable Goods with Resale Markets”, with Viplav Saini and Haomiao Yu (in progress).

CONFERENCES AND PRESENTATIONS

Southern Economic Association Annual Meeting (Graduate Student Invited Session), Washington D.C., November 2008.

PROFESSIONAL EXPERIENCE

Consultant, South Asia Poverty Reduction and Economic Management, World Bank, Washington D.C., August 2008 - present.

Research Fellow, Food Marketing Policy Center, University of Connecticut, October 2007 - present.

Consultant, Wolfensohn Center for Development, Brookings Institution, Washington D.C., Summer 2007.

Analyst, China International Futures Co., Wuhan, Jan 2002 - June 2002.

WEI XIAO

RESEARCH EXPERIENCE

Research Assistant to Prof. Robert Moffitt, Johns Hopkins University, Fall 2005 - Spring 2007.

Research Assistant to Prof. Joseph Harrington, Johns Hopkins University, Summer 2004.

TEACHING EXPERIENCE

Teaching Assistant, Johns Hopkins University, Fall 2004 - Spring 2005.
Macroeconomic Theory (Graduate), Econometrics (Section Instructor)

Teaching Assistant, Johns Hopkins University, Fall 2007 - Spring 2008.
Public Finance, Game Theory and Social Science

FELLOWSHIPS AND AWARDS

Fellowship, Department of Economics, Johns Hopkins University, 2003–present.

Diversity Recognition Award, Johns Hopkins University, 2006.

SKILLS

Programming: MATLAB, Stata, T_EX.

Languages: English (fluent), Chinese (native).

OTHER ACTIVITIES

President (elected), Chinese Students and Scholars Association, Johns Hopkins University, 2005 - 2006.

Vice-Chairperson (elected), Students' Council of Business School, Wuhan University, 1999 - 2000.

REFERENCES

Professor Joseph E. Harrington (Advisor)
Department of Economics, Johns Hopkins University
e-mail: joe.harrington@jhu.edu, Phone: (410) 516-7615

Professor Robert A. Moffitt
Department of Economics, Johns Hopkins University
e-mail: moffitt@jhu.edu, Phone: (410) 516-7611

Professor Matthew Shum (Main Advisor)
Division of Humanities and Social Science, California Institute of Technology
e-mail: mshum@caltech.edu, Phone: (626) 395-4022

Essays on Innovation and Competition

Wei Xiao

The introduction of new products is an important method of competition in many markets. This thesis presents both empirical and theoretical insights towards understanding its impact on competition and welfare. The first paper empirically examines the effects of a new product, Crystal Pepsi, on social welfare. The second paper develops a theoretical framework of the optimal dynamic pricing of new durable goods when a perfect resale market exists.

1 The Competitive and Welfare Effects of New Product Introduction: The Case of Crystal Pepsi (job market paper)

This paper is the first to comprehensively examine the role of market structure in the impact of a new product on competition and social welfare.

Estimating a structural model of the soft drink market, the competitive effects of Crystal Pepsi's launch are decomposed into two parts: the effect on the prices of existing products from increased competition, and the effect of having additional product variety. I find that both producer and consumer surplus increased in response to the introduction of Crystal Pepsi, with the price effect accounting for nearly 90 percent of the gain in consumer surplus. The introduction of Crystal Pepsi is also used as an experiment to test the competitiveness of the soft drink market. Evidence of price collusion is found.

In comparing the welfare impact of introducing Crystal Pepsi under price collusion and price competition, I find that social welfare increases more under collusion. Under competition, rivals of PepsiCo increase prices and a new product introduction actually harms consumers; at the same time, PepsiCo's profit gain is smaller. This finding suggests that firms have a stronger incentive to invest in R&D when they collude in price than when they compete in price.

2 A Dynamic Pricing Model of Durable Goods with Resale Markets (with Viplav Saini and Haomiao Yu) (in progress)

Conventional wisdom suggests that the profit maximizing strategy for the producers of a durable good is to intertemporally price discriminate according to consumers' heterogeneous valuations of the product. However, in recent years, online auction sites like eBay and Amazon have created a well-functioning resale market. This raises the question: Is a skimming policy still optimal for producers when a perfect resale market exists?

Motivated by the Wii phenomenon and its superior performance in the game console market, this paper presents a dynamic pricing model of durable goods with a resale market in which the brokers can enter freely. We show that when a resale market exists, "skimming" is no longer the optimal pricing policy for producers. Instead, setting a relatively low and constant price leads to higher profit. Also, the presence of a resale market enhances the manufacturer's profit.