YINGYAN ZHAO

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Date of Birth: July 5, 1988
Citizenship: China

Education

PhD. Economics, Penn State University — 2013-
Expected Completion Date: August 2019
Thesis: Essays on International Trade and Development
Committee: Stephen Yeaple (chair), Kala Krishna, James Tybout

M.A. Economics, Guanghua School of Management, Peking University — 2010-2013

B.A. Economics, School of Economics, Fudan University — 2006-2010

Research Interests

International Trade; Development Economics; Industrial Organization

Research Experience

2016-2018	Research Assistant, Prof. James Tybout, NSF-Project, "International Buyer-Seller Matches"
July 2015 - August 2015	Research Assistant, Prof. Kala Krishna,

Honors and Awards

Fall 2016	Rosenberg Fellow, Pennsylvania State University
Spring 2015	Bates & White Fellow, Pennsylvania State University

Presentation

2017	Washington University in St. Louis (12th Economics Graduate Students' Conference)

Skills

Computer: STATA, Matlab, C++, Python, LaTeX
Languages: Chinese (native), English (fluent)

References

Stephen Yeaple (Advisor)	**Kala Krishna**	**James Tybout**
Professor of Economics	Professor of Economics	Professor of Economics
Email: sry3@psu.edu	Email: kmk4@psu.edu	Email: jxt32@psu.edu

Working Papers

Your (Country's) Reputation Precedes You:
--- Information Asymmetry, Externalities and the Quality of Exports (Job Market Paper)

Abstract: The problems of moral hazard and adverse selection can seriously impede the development of export markets for firms from less developed countries. Importing firms have little recourse in developing country courts should their suppliers provide sub-quality goods, and they face great difficulty in distinguishing good firms from bad ones. My paper is the first to develop and estimate a dynamic structural model that incorporates both features of asymmetric information, namely moral hazard and adverse selection. In the model, the information asymmetry is high for new entrants but then gradually fades as idiosyncratic fixed cost shocks drive inefficient firms from the market. Thus, a firm's tenure in export markets is a signal of its efficiency, and consequently the price that it can obtain rises with tenure. Market-wide shocks to fixed costs, as occur when product safety regulations are imposed, flatten the price-tenure gradient as they disproportionately induce inefficient firms to exit. Using a triple-difference strategy, I show that these predictions hold in firm-level Chinese export data. This variation in the data also allows me to estimate my model and use it for counterfactual analysis. I show that the problem of information asymmetry is severe for Chinese entrants into export markets and that the problem is made worse by government export subsidies. Reducing these subsidies would raise aggregate export profits for Chinese firms.

Agglomeration, Geographic Industry Distributions and Local Industry Policies (joint with Chong Liu)

Abstract: Many countries use location-based policies, such as regional tax breaks and/or subsidies, to promote local economies. For instance, in China there are significant differences in corporate income tax rates across regions and across industries within a region. Accessing the welfare impacts of such policies requires a general equilibrium analysis as resources diverted to one region's use are not available elsewhere. We develop a general equilibrium model that features two agglomeration forces, Marshallian externalities and input-output linkages, to study the welfare implications of the creation and diversion of economic activity caused by variation in local tax policy. In the model, heterogeneous firms choose their location on the bases of observed local productivity, factor prices, access to markets for outputs and inputs, and on the local tax policy. Crucially, local productivity, factor prices, and access to markets for outputs and inputs are all affected by the agglomeration forces. We calibrate the model to the data and find that the status quo tax policy reduces welfare by 0.26% relative to an alternative in which the central government imposed uniform corporate taxes across regions and industries. Intuitively, competitive tax policy leads to an inefficiently dispersed production so that agglomeration benefits are not fully realized. Failing to account for agglomerative forces would underestimate the welfare costs by nearly 60%.

Class size and performance: At what cost? Evidence from Greece (joint with Désiré Kédagni, Kala Krishna, Sergey Lychagin, Rigissa Megalokonomou)

Abstract: Using data on Greek high schools and a nonparametric approach, we show that there is some evidence of an inverse shaped U in this relationship, suggesting that very small class sizes might not be beneficial to learning. We then use Hoxby's approach to estimate a nonlinear relationship between class size and GPA. We also estimate a dynamic structural model of class size choice with hiring and firing costs where the authorities want to maximize learning subject to costs. We find reasonable estimates of hiring and firing costs concerning teacher's salaries and estimate the cost of improving GPA given these estimates.