

Xinyu FAN

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Employment Assistant professor of economics, Cheung Kong Graduate School of Business 2018-

Interests Game Theory, Political Economy, Industrial Organization, Economic History

Education **PhD in Economics** 2018

University of California, Los Angeles

M.A. in Economics 2014

University of California, Los Angeles

Bachelor of Economics and Finance 2012

The University of Hong Kong, preparatory year at Tsinghua University, Beijing

Publication **Strategic Promotion, Reputation, and Responsiveness in Bureaucratic Hierarchies**

with Feng Yang, forthcoming at *Journal of Theoretical Politics*

When a superior officer and a subordinate jointly determine a noisy performance, and the superior cares about his reputation among the audience outside the organization, promotion becomes a signaling tool for the superior. The superior can strategically postpone promoting a good subordinate to shift blame and enhance his own reputation. Moreover, the superior has more incentives to shirk when having the tools of strategic promotion to manipulate reputation, which decreases governmental responsiveness. We provide supportive evidence using data on provincial official turnovers in China.

Research **Elite Persistence, Power Struggle and Coalition Dynamics** (working paper)

Why do social and political hierarchies often prove extremely difficult to eradicate? This paper studies the persistence of elites in coalition dynamics after power struggles. Players use their power to eliminate others and split resources. Players can also strategically give away power to invite new alliances or buy off key members to avoid expulsion. In equilibrium, the weak players cede power to the strong in order to deter regime changes. This ensures the survival of the weak, at the cost of increased inequality. We characterize the equilibrium power structures and study their robustness. Interestingly, perturbations on power structures follow the Iron Law of Oligarchy: power often ends up more concentrated to a few elite members regardless of the immediate effects of power shifts. The model helps to explain why revolutions that aim to install social equality quickly reproduce the same type of hierarchies that the revolutionaries sought to destroy. We also discuss how elite persistence is influenced by economic development, external threats and international cooperation.

The Economic Motives of Foot-binding (with Lingwei Wu, working paper)

What are the origins of gender-biased social norms? As a painful custom that persisted in historical

China, foot-binding targeted girls whose feet were reshaped during early childhood. This paper presents a unified theory to explain the stylized facts of foot-binding, and investigates its historical dynamics driven by a gender-asymmetric mobility system in historical China (the Civil Examination System). The exam system marked the transition from heredity aristocracy to meritocracy, generated a more heterogeneous composition of men compared to that of women, and triggered intensive competition among women in the marriage market. As a competition package carrying both aesthetic and moral values, foot-binding was gradually adopted by women as their social ladder, first in upper class and later by lower class. However, since foot-binding impedes non-sedentary labor but not sedentary labor, its adoption in lower class exhibited distinctive regional variation: it was highly prevalent in regions where women specialized in household handicraft, and was less popular in regions where women specialized in intensive farming, e.g. rice cultivation. Empirically, we conduct analysis using county-level Republican archives on foot-binding to test the cross-sectional predictions of our theory, and major findings are robust and consistent with key theoretical predictions.

The Promotion Club (working paper, with Shuo Chen and Zhitao Zhu)

We consider a tournament-like incentive scheme called the "promotion club": Principal selects, from n agents, m top-performing ones into a club, and then promote one from within a club based fully on principal's idiosyncratic preference ("mindset"). Intuitively, $m=1$ indicates a tournament, and $m=n$, cronyism. We show that a proper ($m>1$) promotion club often helps alleviate the loyalty-competency trade-off, for two reasons: 1. effort features an inverted-U shape with club size; 2. larger club size makes it easier to recruit a potential crony. However, principal always tends to oversize the club, leading to effort distortions.

We further show that the existence of some publicly known crony/well-connected agents may lead to two equilibria: a shirk equilibrium when club size is large and all agents shirk; and a work equilibrium where club size is small and well-connected agents may work even harder than in a tournament. We use promotion data of Chinese governments at different levels to test our model predictions. Our theory and empirical evidence helps to explain how a regime with centralized personnel control (e.g. China) manages to incentivize subordinates while maintaining high degrees of discretionary power at the top.

Monitoring Dynamics in Fighting Corruption (work in progress)

When an anti-corruption investigator can take costly efforts to investigate both current and past actions of a potentially corrupt agent, he "signs a deal with the devil": he may turn a blind eye to corruption behavior in early periods, allowing the agent to build up punishable wealth, then use the threat of confiscation to enforce future good actions.

Investment with News Arrivals (work in progress)

When multiple firms compete to launch a new product whose market potential is unknown, firms may wait and acquire costly news to learn. We show that when the market only accommodates one product,

the best firm always launches new product first. We also solve for the optimal launching time. When there are room for multiple products, the best firm may adopt a "wait and see" strategy: allowing others to test the product in the market, and entering later when the market potential is proven.

Frenemies: War and Peace in Power Struggles (work in progress)

Arm Strategies in Power Struggles (work in progress)

The Old King Is Dead, Long Live the King? Power transitions and span of control (with Shuo Chen, work in progress)

Optimal Belief Hierarchy of Tolerance (with Wayne Yuan Gao, work in progress)

The Clash of Legitimacies: theory and evidence of Early Regime Power Struggles (with Shuo Chen, work in progress)

Conferences	Econometric Society, Asian Meeting	2019
	Conference on Political Selection, Peking University NSD (Session Chair)	2019
	Chinese Economy stream, ATINER, Athens, Greece (Session Organizer)	2019
	Invited seminar, Fudan University School of Management	2019
	Fudan University School of Economics Workshop	2019
	Invited seminar, Shantou University	2018
	Invited seminar, Peking University	2018
	Conference on Political Selection, Peking University NSD	2018
	Ronald Coase Institute Workshop of Institutional Analysis	2017
	The 5th International Workshop on Economic Analysis of Institutions, Xiamen, China	2017
	Economic History Association Annual Meeting (Poster Session)	2016
	Midwest Political Science Association Annual Conference, Chicago, USA	2015

Teaching

At CKGSB:

Executive MBA

Information Economics and Political Economy 2019

At UCLA

Interim Instructor

Economics of E-commerce and Technology 2015, 2016

Industrial Organization 2014, 2015

Teaching Assistant/Associate/Fellow

	Economics of Entrepreneurship	2015-2017
	Economics of E-commerce and Technology	2013-2016
	Game Theory	2015
	Market Design	2016
	Intermediate Macroeconomic Theory	2016
	Intermediate Microeconomic Theory	2014
Awards	UCLA Dissertation Year Fellowship	2017
	UCLA Economic Departmental Teaching Assistantship	2013-2016
	UCLA Department of Economics Excellence in Teaching, First Prize	2016
	UCLA Teaching Assistant Award	2015
	UCLA Economic Departmental Fellowship	2012
	UCLA Departmental Travel Grants	2015, 2017
	HKU Foundation Scholarship for Outstanding Mainland Students (Full Scholarship)	2009-2012
	HKU Dean's Honors List	2009-2012
	HKU Worldwide Exchange Scholarship	2011
	HKICPA QP Case Analysis Competition Winner and Best Presenter Award	2010
	Tsinghua University Challenge Cup Research Competition, Third Prize	2009
	Tsinghua University Departmental Freshman Research Competition, First Prize	2009
Services	Organizer, Theory Proseminar, Department of Economics, UCLA	2015-2017
	Organizer, Lunch with Theory Workshop Speakers, Department of Economics, UCLA	2015-2017
	Founding Chair, Rights and Interests Committee, CSSAUD, HKU	2010-2012
Personal	Date of Birth: 08/25/1989; Nationality: China	

Last updated: July. 28, 2019