

Research Statement

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My current research focuses on three avenues related to applied theory: 1. Power allocation and evolution in organizations; 2. Strategic relationships within bureaucratic hierarchies; 3. Economic motives behind cultural traditions. I am interested in applying the frameworks and techniques in contract theory to uncover the economic forces behind political economy and cultural economics questions where the practices of interest are effectively contracts imperfectly enforced by institutions, social norms, etc. I also collaborate with applied economists and political scientists to explain the stylized facts in these fields, generate new insights and test model predictions to solidify the insights.

My job market paper “*Elite Persistence, Power Struggle and Coalition Dynamics*” follows the first research avenue. I explore the reason behind the persistence of social and political hierarchies. Hierarchies often prove extremely difficult to eradicate. In many cases, revolutions that aim to install social equality quickly reproduce the same type of hierarchies that the revolutionaries sought to destroy, such as the Bolshevik Revolution and the French Revolution. While the durability of hierarchy has usually been attributed to culture or to the rapacious energy of dominant individuals, my paper argues that strategic behavior of far-sighted rational individuals in power struggle can explain the resurgence and persistence of hierarchies. The winners from the last regime change may fight among themselves in the future, and the potential losers in future power struggle may give away power today for survival, thus re-establishing inequality in equilibrium. As in George Orwell’s terms, it turns out that “Some animals are more equal than others.” Furthermore, perturbations on equilibrium structure exhibit the Matthew effect: power often ends up more concentrated to a few elite members regardless of whether the initial perturbation makes the elite stronger or weaker.

Looking forward on this avenue, I would like to apply the model to further explore the tradeoff between extractions from power struggle and economic growth. While an intuitive

tradeoff exists between enlarging the pie versus splitting a large share of the pie, power struggle introduces additional concerns of survival for the rulers. When an extraction policy is a choice in a dynamic environment, a strong ruler is expected to follow a “reap and sow” strategy: he should aim for economic development for some time, then initiate power struggle before the potential opponents become too powerful, and resume economic development afterwards. The strategy could explain the variations and sometimes the cyclicity of development policies seen across time in the same regimes or across different regimes.

My second paper, “*Bureaucratic Control, Information Management and Governmental Responsiveness*” (joint with Feng Yang) follows the second avenue of taking formal models of political economy and organizational economics to empirics. In particular, we look at the strategic use of personnel control in organizations. When a mid-tier leader and his team jointly determine a noisy performance, whether the mid-tier officer promotes the subordinate becomes a signal of the promoter’s quality, because weaker leader tends to need more help. If a weak mid-tier leader cares about his reputation in the eyes of the boss, he should strategically postpone promoting a good subordinate to shift blame. Moreover, the mid-tier leader has more incentives to shirk with the personnel control tools to manipulate reputation. We provide supportive evidence using data on provincial officials turnovers in China.

Looking forward on this avenue, there are several directions to explore: first, organizational hierarchies are usually multi-layered, it is interesting to explore how the “chain of promotion” works from a theoretical perspective; second, from an empirical perspective, the question to be answered is whether strategic promotion plays a significant role in corporations as well.

My third paper “*The Economic Motives of Foot-binding*” (joint with Lingwei Wu) follows the third avenue of using economic theory to explain cultural traditions and other interesting practices. In particular, we examine foot-binding, a painful custom persisted in historical China that reshaped girls whose feet were systematically reshaped during early childhood. This paper models foot-binding as a pre-marital investment in the marriage market, investigating its emergence, diffusion, and decadence. Foot-binding emerged with a gender-biased shock in the elite recruitment system that made men’s quality distribution more heterogeneous than women’s, which intensifies women’s competition in the marriage market. Foot-binding was then taken up as a tool of competition and thrived as the elite recruitment system became a major channel for men’s upward mobility. We further use data in the Republican China archives to test our theoretical predictions.

Looking forward on this avenue, a related puzzle in marriage market competition is the

long-run co-existence of rising dowry sizes and rising infanticide rates of girls in both India and China. From an intuitive supply and demand perspective, if rising dowry sizes make a daughter's marriage unaffordable, infanticide rates of girls should rise in the short run. However, in the long run, the decreased supply of girls should reduce dowry sizes, which contradicts the reality. I want to explain the puzzle by arguing that when the underlying social mobility of men changes, the effective supply of girls for high-quality men is not in shortage, which leads to the ever-rising dowry sizes.