

Statement of Research Interests

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My research interests lie in international economics, industrial organization, and the economics of conflict. In my job market paper entitled “Transportation Costs and Trade Imbalance: Theory and Evidence,” I build a model of international trade with heterogeneous firms and test it against aggregate data. In the paper, I model how trade imbalance puts extra cost on international trade and conclude that costs from imbalance are better proxies of bilateral trade costs compared to traditionally used variables such as distance. In a joint paper with Braymen and Chang, “Tax Policy, Regional Trade Agreement, and FDI: A Welfare Analysis,” we examine how firms’ behaviors of FDI would be affected in a three country model and find that both wage differentials and tax policies contribute to the complexity of decision-making. In a coauthored paper with Gayle entitled “Choosing between Order-of-Entry Assumptions in Empirical Entry Models: Evidence from Competition between Burger King and McDonald’s Restaurant Outlets,” we estimate a static entry model with heterogeneous firms and infer that different order-or-entry assumptions are not statistically distinguishable between each other due to the high correlation of the profit functions of McDonald’s and Burger Kings.

These projects prepare me for my future research topics related to entry, exit, and productivity evolution of heterogeneous multinational firms. With appropriate firm-level and customs data, I can analyze firms’ decisions in exporting, importing intermediates, foreign direct investments, and etc. These analyses of firm behaviors under globalization will lead to a better understanding of international trading patterns, which is essential for countries making good decisions on international relations that affect firm efficiency and industrial development. Firm level analyses also have important inferences on wage, unemployment, exchange rates, and other macroeconomic variables. Further, a growing body of literature is focusing on international relations under insecure property rights using analytical tools developed in the literature of the economics of conflict. My background in the economics of conflict will become a nice addition to my future research projects in international economics.