

# Chengying Luo

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## **EDUCATION**

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Ph.D. Candidate in Economics, University of Pittsburgh, May 2019 (Expected)  
*Thesis:* “Three Essays on Economic Impact of Firm Activity”  
*Thesis Committee:* Prof. Randall Walsh (Chair), Prof. Douglas Hanley, Prof. Daniel Berkowitz,  
and Prof. Jeremy Weber  
B.A. in Finance, Shanghai Jiao Tong University, Shanghai, China 2013

## **RESEARCH INTERESTS**

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Primary Fields: Urban Economics, Public Economics  
Secondary Fields: International Economics, Innovation

## **PUBLICATIONS**

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Capital Account Openness and Early Warning System for Banking Crises in G20 Countries (with Xiao Qin), *Economic Modelling*, 39 (2014): 190-194.

## **WORKING PAPERS**

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“Initial Public Offerings and Local Economic Activity: Jobs, Housing Markets and Demographics”  
(Job Market Paper)  
“Does Environmental Regulation Affect Innovation? Evidence from a Quasi-Natural Experiment  
in China” with Douglas Hanley and Mingqing Wu  
“Consumer Reviews and Employment Decisions: Evidence from Yelp.com”  
“International Competition in the Race to Clean Technology” with Douglas Hanley (draft available  
upon request)

## **WORK IN PROGRESS**

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“Geographic Clustering of Firms in China ” with Douglas Hanley and Mingqing Wu  
“Optimal Bailouts in Banking and Sovereign Crises” with Sewon Hur, Zeynep Kabukcuoglu, and  
Cesar Sosa-Padilla

## **RELEVANT POSITIONS HELD**

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<i>Research Assistant</i> for University Center of Social and Urban Research, University of Pittsburgh	2015-2016
<i>Research Assistant</i> for Prof. Federico Zincenko Department of Economics, University of Pittsburgh	Summer 2015
<i>Research Assistant</i> for Prof. Xiao Qin Antai College of Economics and Management, Shanghai Jiao Tong University	2011-2013

## **TEACHING EXPERIENCE**

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<i>Teaching Assistant</i> , Introduction to Microeconomic Theory	2015, 2017-2018
Overall teaching effectiveness: 4.41/5	
<i>Instructor</i> , Introduction to Money and Banking	Summer 2016, 2017
Overall teaching effectiveness: 4.43/5	

## **WORKING PAPER ABSTRACTS**

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### **“Initial Public Offerings and Local Economic Activity: Jobs, Housing Markets and Demographics”, *Job Market Paper***

Going public allows firms to raise capital, and gives employees and early investors an opportunity to cash out. This paper examines the impact of large initial public offerings (IPOs) in U.S. stock markets on local economic activity. Using business pattern data, housing transaction data, and zip-code demographic data, the paper shows that going public leads to an increased number of businesses in the IPO firms’ industries and higher employment, wages, and housing prices in the vicinity of the firms’ headquarters. Information aggregated in the IPO process plays an important role in explaining housing price dynamics at different stages of IPOs. Neighborhoods close to firm headquarters experience modest growth in income, a smaller share of low-income residents, and an increase in the number of nearby restaurants. These effects do not appear to reflect the wealth effect from people cashing out, but rather suggest that post-IPO firm investments give rise to an local agglomeration economies.

### **“Environmental Regulation and Enterprises’ Green Innovation: Evidence from a Quasi-natural Experiment in China”** with Douglas Hanley and Mingqing Wu

This paper examines whether stringent environmental regulations can motivate enterprises to generate more innovations. Chinese government implemented a Two Control Zone (TCZ) policy in 1998, and tougher environmental regulations are imposed in TCZ regions, while other regions are not. We link the universe of China patents from 1985 to 2016 to the China economic censuses, and we use a machine learning approach to classify them as sulfur dioxide (SO<sub>2</sub>) emission reduction or non-reduction patents. Using a difference-in-difference-in-differences framework, we find that environmental regulation leads to a significant increase in patents that can reduce SO<sub>2</sub> emissions in more polluting industries in TCZ regions. Meanwhile, we find that non-state-owned enterprises are more sensitive in patents related to SO<sub>2</sub> than state-owned enterprises. Our findings contribute to the effectiveness of the Porter Hypothesis in developing countries.

### **“Consumer Reviews and Employment Decisions: Evidence from Yelp.com”**

How do consumer reviews affect employment decision? Internet review platforms increasingly inform consumers about product quality and shift consumer demand. Meanwhile, these reviews are

also frequently read by business owners and may be used to monitor their employees. I investigate this question by combining reviews from Yelp.com and information on the employment and wages of local businesses in Pittsburgh. Using a regression discontinuity framework that exploits Yelp's rounding thresholds, I find that an extra star rating leads to about 3.5 increase in the quarterly number of employees and \$2,800 increase in the quarterly total wage bill, while it does not affect average wage per worker. This effect also holds for other service industries. By analyzing consumer review content on services with the text-mining approach, my results show that consumer reviews on customer services do not seem to change employment decisions significantly.

**“International Competition in the Race to Clean Technology”** with Douglas Hanley (draft available upon request)

We build a two-country, two-sector (clean, dirty) trade model in which clean and dirty technologies compete in production. Research and carbon tariffs encourage production and innovations in clean technology, though carbon taxes may encourage dirty innovation abroad and generally cannot avoid the carbon leakage. We estimate the parameters of the model using US and China micro-data on firm-level output, R&D, and patents. We then characterize the optimal bilateral/unilateral policy path that using carbon taxes, research subsidies and tariffs. Finally, we quantify each country's decision allowing for game-theoretic interactions on policies.

## **RESEARCH IN PROGRESS**

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**“Optimal Bailouts in Banking and Sovereign Crises,”** with Sewon Hur, Zeynep Kabukcuoglu and Cesar Sosa-Padilla

We study the optimal design of bailout policies in the presence of banking and sovereign crises. First, we use European data to document that asset guarantees (i.e. conditional capital injections) are the most prevalent way in which sovereigns intervene in distressed banking sectors. Then, we build a model of sovereign borrowing with limited commitment where domestic banks hold government debt and also provide credit to the private sector. Shocks to the banks' capital can trigger banking crises and so the government may find it optimal to extend guarantees over those assets. Larger bailouts improve domestic financial markets and increase output, but they also imply larger fiscal needs for the government and may end up increasing default risk.

**“Geographic Clustering of Firms in China”** with Douglas Hanley and Mingqing Wu

This paper examines a causal relationship between geographical clustering and firm productivity. An extensive empirical literature has considered the effect of agglomeration economics (Henderson et al, 1995; Ciccone and Hall, 1996; Rosenthal and Strange, 2003; Duranton and Overman, 2005). This paper makes two contributions to the empirical literature on agglomeration economies. First, we treat space as continuous and built the clustering index based on the specific geographical locations of each manufacturing firm. Secondly, we use two instrument variables to deal with the endogeneity of clustering. One is the population in ancient capital cities in Qing Dynasty in 1776, and two is the distance of each firm to the ancient capital cities.

## **SEMINAR AND CONFERENCE PRESENTATIONS**

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AREUEA International Conference, Jinan University, Guangzhou,  
University of Pittsburgh Brown Bag Applied Microeconomics,

2018  
Spring and Fall, 2016

**HONORS AND AWARDS**

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Andrew Mellon Predoctoral Fellowship, University of Pittsburgh,	2016-2017
Best Second Year Paper, University of Pittsburgh,	2016
Graduate Student Summer Research Fellowship, University of Pittsburgh,	2015, 2016
Graduate Fellowship, University of Pittsburgh	2013-2014
Excellent Bachelor's Thesis Award (top 1%), Shanghai Jiao Tong University	2013
National Scholarship, China's Ministry of Education	2012
Academic Excellent Scholarship (First-Class), Shanghai Jiao Tong University	2011

**Skills**

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Languages: English (Professional), Chinese (Native)

Programming & Software: Python, STATA, R, GIS, SQL, MATLAB, L<sup>A</sup>T<sub>E</sub>X

**PERSONAL INFORMATION**

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**Date of Birth:** August, 1990 **Sex:** F **Citizenship:** China (F-1 Visa)

**REREFENCES**

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Prof. Randall Walsh  
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 University of Pittsburgh  
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Prof. Jeremy Weber  
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 International Affairs  
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**PLACEMENT OFFICERS**

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