

Ferdinand RAUCH

LONDON SCHOOL OF ECONOMICS & POLITICAL SCIENCE

Department of Economics

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DATE OF BIRTH: Nov 17,1983

SEX: Male

CITIZENSHIP: Austria

EDUCATION

PhD in Economics, *University of Vienna, 2007 - 2010*, awarded October 2010, distinction
Advisors: Maarten Janssen and Klaus Gugler

MSc in Economics, *London School of Economics (LSE)*, July 2007, merit

Undergraduate studies (Master degree) in Economics, University of Vienna, July 2006, distinction

REFERENCES:

Dr. Guy Michaels
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DESIRED TEACHING AND RESEARCH

Primary Field: International trade and economic geography

Secondary Field: Applied microeconomics

RELEVANT EMPLOYMENT

Research Officer (postdoctoral position), **London School of Economics** (LSE), June 2010-present

Research consultant at the **World Bank**, Development Economics Research Group, Trade Section, Washington DC., March 2009 – March 2010

Visiting researcher, **Princeton University**, January 2011-February 2011

Research Assistant to **John Naisbitt**, Vienna, June 2005 – October 2006

TEACHING EXPERIENCE

Mathematics for economics, undergraduate level, University of Vienna
Course designer and lecturer
2008/09, 2009/10, 2010/11

Industrial organization, economics masters course, University of Vienna
Class teacher
2007/08

LANGUAGES

German
(Native)

English
(Fluent)

Spanish
(Advanced)

PRIZES, SCHOLARSHIPS AND AWARDS

University of Vienna Initiativkolleg (IK)

Three year full PhD funding, 2007-2010

Pro Scientia Austria

PhD Scholarship, 2008-2009

World Bank FPD Academy award

From the Financial and Private Sector Developing Network (FPD) at the World Bank, awarded in 2011, given to best highly policy relevant research paper

PAPERS

Job Market Paper:

“Advertising expenditure and consumer prices”

This paper studies the effect of a change in the marginal costs of advertising on advertising expenditures of firms and on consumer prices. I make use of a policy change in Austria, that involved an increase of the taxation of advertising in parts of the country, and a simultaneous decrease in other parts. I show that advertising expenditures of firms move quickly in the opposite direction to the marginal costs of advertising. Consumer prices increase with advertising in some industries, and decrease in others, depending on how informative or persuasive advertisements in different industries are. This is consistent with a model of advertising that combines informative and persuasive forces.

Accepted papers:

“Urbanization and Structural Transformation” (joint with Guy Michaels and Stephen Redding)
Conditionally accepted at the ***Quarterly Journal of Economics***.

We examine urbanization using new data that allow us to track the evolution of population in rural and urban areas in the United States from 1880-2000. We find a positive correlation between initial population density and subsequent population growth for intermediate densities, which increases the dispersion of the population density distribution over time. We use theory and empirical evidence to show this pattern of population growth is the result of differences in agriculture’s initial share of employment across population densities, combined with structural transformation that shifts employment away from agriculture.

Other papers:

“Trade as an Engine of Creative Destruction” (joint with Leonardo Iacovone and L. Alan Winters)
Revise and resubmit at the ***Journal of International Economics***.

This paper exploits the surge in Chinese exports from 1994 to 2004 to evaluate the effects of a unilateral low wage trade and competition shock to producers in Mexico. We find that this shock causes selection and reallocation at both firm and product level as its impact is highly heterogeneous at the intensive and extensive margins. Sales of smaller plants and more marginal products are compressed and they are more likely to cease. This implies a reallocation in terms of market shares between products, within firms and between firms. We also show that the impact of expanded access to cheaper Chinese intermediate inputs has a similar effect with larger plants benefiting more from the availability of cheaper imported inputs.

“Cities as spatial agglomerations” (sole author)
Under review.

This paper shows how Zipf's Law for cities can emerge as a property of a clustering processes. If initially uniformly distributed people chose their location based on a gravity equation as found in trade studies, they will form cities that follow Zipf's Law in expected value. This view of cities as spatial agglomerations is supported by the observation that larger cities are surrounded by a larger hinterland area and larger countryside populations.

“Success and failure of African exporters on export markets” (joint with Olivier Cadot, Leonardo Iacovone and Denisse Pierola)
World Bank Working Paper 5675.

Using a novel dataset with transaction-level export data from four African countries (Malawi, Mali, Senegal and Tanzania), this paper uncovers evidence of a high degree of experimentation at the extensive margin associated with low firm survival rates in the export markets, consistent with existing high and middle income country evidence. We focus on what determines success and survival beyond the first year and find that survival probability rises with the number of firms exporting the same product to the same destination from the same country, suggesting the existence of cross-firm synergies. We find evidence that those synergies may be driven by information spillovers. We also find that firms more diversified in products or markets are more likely to be successful and survive beyond the first year.

RESEARCH IN PROGRESS

"Cities and worker interactions" (Joint with Guy Michaels and Stephen Redding).

"Innovation of Mexican firms" (Joint with Leonardo Iacovone and Wolfgang Keller).

How does trade liberalization that raises a country's import competition affect the innovative activity of its firms? We exploit the strong growth of Chinese exports resulting from China's entry into the World Trade Organization in 2001 as a competitive shock to, specifically, Mexican manufacturing firms. Innovation is captured through information on the adoption of detailed firm level production techniques such as Just-in-Time inventory methods, quality control measures, and job rotation among the Mexican firms. Our results indicate that China's rise in global trade did not greatly affect Mexico's rate of innovation. At the same time, there is striking heterogeneity in the responses across firms for different productivities, with productive firms innovating more and less productive firms innovating less, which leads to positive selection in that initial differences in firm performance are sharpened by the advent of new competition. We discuss the implications of these findings for theories of trade and innovation.

PRESENTATIONS AT RESEARCH SEMINARS AND CONFERENCES

2011:

Princeton Economics Department, Trade Lunch Seminar; Princeton (January);
London School of Economics, Industrial Economics Work in Progress Seminar, London (May);
Rocky Mountains Empirical Trade Conference (RMET), Banff (May);
Forum for research in empirical international trade (FREIT), Ljubljana (June).

2010:

The **World Bank** Africa Section, Washington DC (January);
QED (**quantitative economics doctorate**) conference, Alicante, Spain (May);
London School of Economics, **Centre for Economic Performance** conference, Brighton (May);
Annual meeting of the **Austrian Economic Association (NOEG)**, Vienna (May);
Forum for research in empirical international trade (FREIT), Ljubljana (June);
London School of Economics, International Economics Seminar, London (June);
Econometric Society World Congress, Shanghai (August);
European Economic Association, Glasgow (August);
European Trade Study Group conference (ETSG), **Lausanne** (September);
Latin American and Caribbean Economic Association (LACEA), Costa Rica (September).

2009:

Midwest Economic Meetings, Penn State University (October);
United States International Trade Commission (USITC), Washington DC (October);
University of Vienna staff seminar, (October);
European Trade Study Group (ETSG) conference, Rome (September);
The World Bank Trade Seminars, Washington DC, (November).

2008:

University of Vienna graduate and staff seminar (June);
Pro Scientia Austria, Vienna (November).

October 2011