

# **The 10<sup>th</sup> Biennial Conference of Hong Kong Economic Association**

Xiamen, China

December 14-15, 2018

Organized by

Hong Kong Economic Association (HKEA)

The School of Economics, Xiamen University

Wang Yanan Institute for Studies in Economics, Xiamen University

Gregory and Paula Chow Center for Economic Research, Xiamen University

Co-organized by

Department of Economics, Hong Kong Baptist University

Department of Economics, Lingnan University

Department of Economics, The Chinese University of Hong Kong

Department of Economics, The Hong Kong University of Science and Technology

Department of Economics and Finance, City University of Hong Kong

Faculty of Business and Economics, The University of Hong Kong

School of Accounting and Finance, The Hong Kong Polytechnic University

## Welcome Message from Hong Kong Economic Association



Dear Colleagues and Friends,

On behalf of the Hong Kong Economic Association (HKEA), I would like to welcome all of you, from near and far, to join the Association's 10th Biennial Conference at Xiamen University. It is a great honor for the Association to co-organize this event with the School of Economics, Xiamen University.

This year marks the 40<sup>th</sup> anniversary of China's economic reform and opening-up. HKEA has always been committed to promote the science of economics and its applications to tackle the challenges that the global economy is facing. This Conference offers an excellent opportunity for scholars and researchers to share their recent research findings, discuss economic issues of common concern, and thus extend the frontiers of economic knowledge. It also provides an ideal platform to stimulate exchange of ideas and research collaboration pertaining to various dimensions of economics, and to discuss how we should strive towards sustainable economic development amidst global uncertainty, especially under the US-China trade war.

I would like to express my heartfelt thanks to all the participants for your support to this Conference. Your active participation will contribute immensely to its success. I wish you a great experience at the Conference as well as the vibrant city of Xiamen.

With warmest regards,

A handwritten signature in black ink, appearing to read 'Larry D Qiu', written in a cursive style.

Larry D Qiu  
President, Hong Kong Economic Association  
Chung Hon-Dak Professor in Economic Development, HKU

## Keynote Speakers



### **Kaushik Basu**

Professor of Economics and Carl Marks Professor  
of International Studies  
Cornell University

**Kaushik Basu** is Professor of Economics and the C. Marks Professor of International Studies at Cornell University, and former Senior Vice President and Chief Economist of the World Bank (2012-16). From December 2009 to July 2012 he served as the Chief Economic Advisor (CEA) to the Government of India at the Ministry of Finance. Till 2009 he was Chairman of the Department of Economics and during 2006-9 he was Director of the Center for Analytic Economics at Cornell.

Earlier he was Professor of Economics at the Delhi School of Economics, where in 1992 he founded the Centre for Development Economics in Delhi was its first Executive Director. He is also a founding member of the Madras School of Economics.

He is currently President of the International Economic Association (2017-2020). He was (the fourth) President of the Human Development and Capabilities Association, which was founded by Amartya Sen. He has held advisory posts with the ILO, the World Bank, the Reserve Bank of India and was, for several years, member of the steering committee of the Expert Group of Development Issues set up by the Swedish Government. He has also served as member of the Board of Directors of the Exim Bank of India.

He has been Editor of *Social Choice and Welfare*, and served or serves on the Editorial Boards of *the Journal of Economic Perspectives*, *Journal of Development Economics*, *World Bank Economic Review* and *the Japanese Economic Review*.

A Fellow of the Econometric Society, Kaushik Basu has published widely in the areas of Development Economics, Industrial Organization, Game Theory and Welfare Economics.

In May 2008 he was awarded one of India's highest civilian awards, the Padma Bhushan, by the President of India.

He has received several honorary degrees, including doctorates from IIT Bombay, Fordham University New York and Bath University, England.



**SONG Zheng, Michael**

Professor

Chinese University of Hong Kong

**Michael Zheng Song** is a professor at the Department of Economics, Chinese University of Hong Kong (CUHK), an outstanding fellow of the Faculty of Social Science at CUHK, a co-director of CUHK-Tsinghua Joint Research Center for Chinese Economy and a distinguished visiting professor at the School of Economics and Management, Tsinghua University.

His research focuses on Chinese economy and macroeconomics. He published papers on leading academic journals including *American Economic Review* and *Econometrica*. His paper “Growing like China” won Sunyefang Economic Science Award and the Best Paper Award for Chinese Young Economists.

Before joining CUHK, Prof. Song was an associate professor of economics at Chicago Booth. Prof. Song is also a co-editor of *China Economic Review*, an associate editor of *Econometrica* and *Journal of European Economic Association* and an academic committee member of China’s Economics Foundation.



**Rachel Ngai**

Associate Professor (Reader)

London School of Economics

**Rachel Ngai** is an Associate Professor in the Department of Economics at the London School of Economics and Political Science (LSE) and a member of Centre for Macroeconomics (CfM). She is also a Research Fellow at the Centre for Economic Policy Research (CEPR) and senior visiting fellow at the Institute of Advanced Study HKUST. She received a B.Sc. in Economics from Hong Kong University of Science and Technology in 1996 and a Ph.D. in Economics from University of Pennsylvania in 2001.

Her research interests span the theory of economic growth, labour markets and housing markets, with focus on the process of structural transformation and mobility barriers such as China's Hukou system, time allocation across gender and across countries, and search frictions in the housing market. She has published papers in *American Economic Review*, *American Economic Journal -- Macroeconomics*, *International Economic Review*, *Journal of European Economic Association*, *Journal of Monetary Economics*, *Journal of Economic Growth* and *Review of Economic Dynamics*.

# Conference Program

## 14 December 2018 (Friday)

8:30 – 9:00 Registration  
Venue: Outside N303

9:00 – 9:10 Welcome Remarks  
Larry Qiu, President, Hong Kong Economic Association, Professor, The University of Hong Kong  
Yongmiao Hong, Professor, Cornell University  
Venue: N303

9:10 – 10:10 **Plenary Session 1**  
Venue: N303  
Chairperson: Larry Qiu, The University of Hong Kong  
Speaker: Kaushik Basu, Cornell University  
Title: “Technology, Labor and Globalization: Contemporary Challenges”

10:10 – 10:30 Group Photo and Tea/Coffee Break (Sunwise Café)

10:30 – 12:10 **Concurrent Session 1**  
**Session 1A HKU Session**  
Venue: N303  
Chairperson: Stephen Chiu, The University of Hong Kong

1. “Dinosaur Judges: Conservative Experts in a Changing Society”, Yujing Xu, The University of Hong Kong.
2. “Reserve Price Signalling with Affiliated Values”, Steven Xu, The University of Hong Kong.
3. “Competition for Attention in the News Media Market” Heng Chen, The University of Hong Kong.
4. “Disclosure versus Discovery: When is Buyer Certification Optimal?” Stephen Chiu, The University of Hong Kong.

**Session 1B Applied micro theory**  
Venue: N302  
Chairperson Menghan Xu, Xiamen University

1. “Quality Competition and Ownership Structure in the Hospitals Sector”, Xinju He, Hong Kong Baptist University.
2. “Do Political Disputes Make Foreign Cuisines Less Appealing? Evidence from Chinese Online Data”, Li Yao, University of Colorado at Boulder.

3. “The Shine of Stars: The Effect of Analyst Awards on Market Reactions”, Siyu Chen, National University of Singapore.
4. “Organ Donation with Vouchers”, Menghan Xu, Xiamen University.

**Session 1C Econometrics, game theory and applications**

Venue: N401

Chairperson: Teng Li, National University of Singapore

1. “Equilibrium Delay in Bargaining with Buyer’s Outside Option”, Dongkyu Chang, City University of Hong Kong.
2. “Passive Cross-Holding in a Stackelberg Oligopoly”, Chenhang Zeng, Zhongnan University of Economics and Law.
3. “Optimal Partial Privatization in the Presence of FDI: The Role of Efficiency Differentials and Unemployment”, Yi Liu, Hunan University and Chinese Academy of Social Science.
4. “Symbolic Awards at Work: A Regression Discontinuity Design”, Teng Li, National University of Singapore.

**Session 1D Corruption and corporate finance**

Venue: N301

Chairperson: Xiaoran Huang, Xiamen University

1. “Corruption and Export: Theory and Evidence”, Mohan Zhou, Zhejiang University.
2. “Aggressive, Stable or Corrupt? Theory and Evidence of the Competition Driven Career Path in the Chinese Bureaucracy”, Xiaoshu Xu, Shanghai Jiao Tong University.
3. “The Asymmetric Effect of Non-recurring Gains and Losses on Chinese Executive Compensations”, Cindy Chen, California State University Long Beach.
4. “Greasy Incentives Removed—China’s Anti-Corruption Campaign Causes Overseas Direct Investment Slowdown”, Zhen Qi, Shantou University.

12:10 – 13:30 **Conference Lunch**

13:30 – 14:30 **Plenary Session 2**

Venue: N303

Chairperson: Yinggang Zhou, Xiamen University

Speaker: Michael Song, The Chinese University of Hong Kong

Title: “Institutional Foundation of China's Growth and Slowdown”

14:30-16:10 **Session 2A Lingnan University Session (1): Antitrust and Industrial Organization**

Venue: N303

Chairperson: Ping Lin, Lingnan University

1. “Tariff and Collusion: Evidence from Chinese Passenger Vehicle Market”, Junji Xiao, University of Technology Sydney.
2. “An Antitrust Analysis of International Airlines Cooperative Agreements”, Xiao Fu, Fudan University.
3. “Vertical Integration and Disruptive Cross-Market Innovation”, Ping Lin, Lingnan University.

### **Session 2B Macroeconomics**

Venue: N302

Chairperson: Fahad Khan, Asian Development Bank

1. “Sunspot Bank Runs and Fragility: The Role of Financial Sector Competition”, Jiahong Gao, University of Alabama.
2. “Debt-Ridden Borrowers and Economic Slowdown”, Daichi Shirai, The Canon Institute for Global Studies.
3. “Policy Conflicts and Inflation Targeting: The Role of Credit Markets”, David Cook, Hong Kong University of Science and Technology.
4. “Conditions for Effective Macprudential Policy Interventions”, Fahad Khan, Asian Development Bank.

### **Session 2C Trade and FDI**

Venue: N401

Chairperson: Chaoqun Zhan, Sun Yat-sen University

1. “FDI Forward Spillovers in China: The Myths and Truths”, Shi He, Huazhong University of Science and Technology and City University of Hong Kong.
2. “Multi-dimensional Skills and Matching Implications for International Trade and Wage Inequality”, Chihiro Inaba, Kansai Gaidai University and Kobe University.
3. “How Does Railway Construction Affect the FDI Enterprises’ Market Entry?”, Jian Lu, Southwestern University of Finance and Economics.
4. “Trade Liberalization and Domestic Vertical Integration: Evidence from China”, Chaoqun Zhan, Sun Yat-sen University.

### **Session 2D Macroeconomics**

Venue: N301

Chairperson: Mouhua Liao, Xiamen University

1. “What Drives Household Borrowing and Credit Constraints? Evidence from China”, Rongrong Sun, Henan University.
2. “Hong Kong’s New Keynesian Phillips Curve: Sticky Information or Sticky Price?”, Tsz Hin, Hung, City University of Hong Kong.
3. “Synthesizing Development and Competitiveness Studies to Analyse Economic Structure”, Chun-kei Tsang, Hong Kong Baptist University.



4. “Digital Financial Inclusion and Consumption Smoothing in China”, Jennifer T. Lai, Guangdong University of Foreign Studies.

16:10 – 16:30 Tea/Coffee Break (Sunwise Café)

16:30 – 18:10 **Concurrent Session 3**

**Session 3A Economic growth and media**

Venue: N303

Chairperson: Leung Wing Fai, Chu Hai College

1. “Policies to Ignite Sustained Economic Growth: Trade, Government Investment or Both”, Mo Pak-Hung, Hong Kong Baptist University.
2. “The Efficiency of High-density Urban Residential Markets: Evidence from the Private Housing Market in Hong Kong”, Vivian Kong, Chu Hai College.
3. “Short-form infomercial and Attitudes towards Advertising”, Leung Wing Fai, Chu Hai College.

**Session 3B Development and income**

Venue: N302

Chairperson: Yanan Li, Beijing Normal University

1. “A Financial Kuznets Curve in the Transitional Economy: The Tale of China”, Mingming Jiang, Shandong University.
2. “On the Expected Earnings Hypothesis Explanation of the Aggregate Returns-Earnings Association Puzzle”, Huiwen Lai, Hong Kong Polytechnic University.
3. “The First Moment of Income Density Function and Estimation of Single-Parametric Lorenz Curve”, Liang Frank Shao, Henan University.
4. “Land Inequality and the Provision of Public Works”, Yanan Li, Beijing Normal University.

**Session 3C Migration, birth control and environment**

Venue: N401

Chairperson: Guojun He, The Hong Kong University of Science and Technology

1. “Sons or Daughters? The Impact of Children’s Migration on the Health and Well-being of Parents Left Behind”, Chuhong Wang, University of Southampton.
2. “Does the One-Child Policy Improve Chinese Human Capital? An Empirical Evidence from China Household Finance Survey”, Ziqi Wang, University of Bath and Southwestern University of Finance and Economics.
3. “Assessing the Effect of International Trade on CO2 Emissions from the GVCs’ Perspective”, Jing Wang, Chongqing Technology and Business University.
4. “The Impact of Clean Drinking Water on Infant Mortality”, Guojun He, The Hong Kong University of Science and Technology.

18:30 Conference Dinner

**15 December 2018 (Saturday)**

9:00 – 10:40 **Concurrent Session 4**

**Session 4A Trade, corporate finance and tax**

Venue: N303

Chairperson: Xiaoyi Han, Xiamen University

1. “Intellectual Property Enforcement, Exports and Productivity of Heterogeneous Firms in Developing Countries: Evidence from China”, Lei Yang, Hong Kong Polytechnic University.
2. “Bayesian Lassos for Spatial Durbin Error Model with Smoothness Prior: Application to Detect Institutional Spillovers of China's Treaty Ports”, Xiaoyi Han, Xiamen University.
3. “On the Factors that Determine Private Conversation’s Characteristics: A Perspective of Heterogeneous Institutional Investors”, Yixiao Zhou, Curtin University.
4. “Why the Shape of Laffer Curve for Consumption Tax Is Different from that for Labor Income Tax?”, Kengo Nutahara, Senshu University; Kazuki Hiraga, Tokai University.

**Session 4B Money and financial crises**

Venue: N203

Chairperson: Kenta Toyofuku, Nihon University

1. “Bank Lines of Credit, the Financial Crisis, and Marginal Value of Cash Holdings”, Liang Chang, Guangdong University of Foreign Studies.
2. “Why was Asia Hit Badly by Financial Crisis in 1997-98 but Not in 2007-09?”, Chun Kwok LEI, University of Macau.
3. “Can A Trade-related International Payment System Prevent Speculative Currency Crises?”, Helen Huixian Zhang, The University of Auckland.
4. “Unit of Account, Sovereign Debt, and Optimal Currency Area”, Kenta Toyofuku, Nihon University.

#### **Session 4C International political economy**

Venue: N401

Chairperson: Donald Bertulfo, Asian Development Bank

1. “Impact of the Belt and Road Initiative on China’s International Image: Preliminary Evidence”, Thomas Voon, Lingnan University Hong Kong.
2. “How does information matter in fighting against profit shifting? The implication of Country-by-Country Reporting”, Fangying Xu, Goethe University Frankfurt.
3. “Relations between China and the US - a game theoretic approach”, Jan Klingelhöfer, Henan University.
4. “Assessing the Impact of the Trade Conflict on Developing Asia”, Donald Bertulfo, Asian Development Bank.

10:40 – 11:00 Tea/Coffee Break

#### **11:00 – 12:00 Plenary Session 3**

Venue: N303

Chairperson: Linlin Niu, Xiamen University

Speaker: Rachel Ngai, London School of Economics

Title: “China’s Structural Change and Mobility Barriers”

12:00 – 13:30 Lunch

#### **13:30 – 15:10 Concurrent Session 5**

##### **Session 5A Lingnan University Session (2) : Industrial Organization and Organizational Economics**

Venue: N303

Chairperson: Tianle Zhang, Lingnan University

1. “The Effects of Pre-Play Communication in a Coordination Game with Incomplete Information”, Lan Zhang, Southwestern University of Finance and Economics.
2. “Peer Effects and the Structure of Teams”, Bin R. Chen, Sun Yat-sen University.
3. “Tort Law Reform, Multidimensional R&D and Innovation”, Tianle Zhang, Lingnan University.

### **Session 5B Corporate finance**

Venue: N203

Chairperson: Xiaoran Ni, Xiamen University

1. “Dynamic correlations between stock market returns and the asymmetric impact of volatility expectations for the international Fisher effect in China”, Mu-Shun Wang, Kainan university in Taiwan.
2. “Technical versus Scale Inefficiency of the Tourism Sector in China”, Sung Ko Li, Hong Kong Baptist University.
3. “Executive Integrity and Accounting Irregularities”, Jianchuan Luo, The Hong Kong Polytechnic University.
4. “Cash-Flow Sensitivities and the Allocation of Internal Cash Flow: Insights from Chinese Listed firms”, Xiaoran Ni, Xiamen University.

### **Session 5C Education, work incentive and inequality**

Venue: N401

Chairperson: Samuel M. Jung, State University of New York at Cortland

1. “Effects of Cohort Size on College Premium: Evidence from China's Higher Education Expansion”, Chenxu Hu, Nanjing Audit University.
2. “The effectiveness of animated videos and written text resources for undergraduate economics: A laboratory experiment”, Alice Shiu, Hong Kong Polytechnic University.
3. “The Inequality-housing Price nexus in Tourist Resorts: Theory and Evidence”, Guoqiang Li, University of Macau.
4. “Financial Development and Income Inequality: Evidence from a Chinese Database between 1998 and 2014”, Samuel M. Jung, State University of New York at Cortland.

15:10 – 15:30 Tea/Coffee Break

## Scientific Committee

- **Haiqiang Chen**  
Xiamen University
- **Yuk Shing Cheng**  
Hong Kong Baptist University
- **Stephen Chiu**  
University of Hong Kong,
- **Ying Fang**  
Xiamen University
- **Shihe Fu**  
Xiamen University,
- **Linlin Niu**  
Xiamen University
- **Kang Shi**  
Chinese University of Hong Kong,
- **Yong Wang**  
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- **Xinpeng Xu, Co-chair**  
Hong Kong Polytechnic University
- **Yinggang Zhou, Co-chair**  
Xiamen University