

Research Statement

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I have very broad research interests in macroeconomics, international trade, economic development and the Chinese Economy. I consider myself to be a macroeconomist generally, but my research philosophy does not restrict me to any particular topic or methodology; rather, my ultimate goal is to answer interesting economic questions with grand implications, using the most suitable method. Currently, I am particularly interested in why there exists such a large productivity gap between developed countries and developing countries. I have studied topics such as the macroeconomic implications of occupational choices in developing countries, the link between skilled biased technology change and changing female labor force participation, and divergent productivities in the US.

My job market paper, "Aggregate Implications of Occupational Inheritance in China and India," documents occupational inheritance--interpreted as children inheriting their parents' occupations--in China, India, and the US. Sociologists have studied the inheritance of occupational status for decades; however, macroeconomists have been silent until now on such an important issue, with ultimately great implications on the differences between national income for developing and developed countries.

In this paper, I first document the statistically significant correlation between intergenerational occupational mobility rates and GDP per capita. That is, workers in poor countries are less likely to move away from their parents' occupations. However, I also find that the average wage ratio between high-paid occupations and low-paid occupations are much larger in China and India than in the US, which suggests that Chinese and Indian workers have an even greater incentive to move into higher paying occupations. Greater incentive to move but lower mobility leads to a puzzling contradiction. This contradiction suggests that in order to start a career in an occupation in which no senior family members have any experience or influence, young workers in developing countries must overcome obstacles much larger than those faced by their counterparts in developed countries. I classify these impediments into two categories: labor market frictions and barriers to acquiring human capital.

Both China and India have a very long history and have developed very unique socioeconomic conventions. This brings national pride but also may burden for economic development. The burdens discussed in the paper are "guanxi" (social network) and "hukou" (household registration) in China, and the caste system in India. These socioeconomic conventions impose labor market frictions that ultimately hurt productivity. On the other hand, the occupational inheritance problem in China and India also stems from inferior educational attainment and inadequate workplace training.

I then use a new occupational choice framework from Hsieh, Hurst, Jones, and Klenow (2013) to quantitatively evaluate the aggregate implications of the impediments mentioned above. My quantitative results suggest that if the barriers to intergenerational occupational mobility could be reduced to the US level, labor productivity would grow 57 to 73% in China and 441 to 465% in India. In addition, China has realized 60 to 74% of this growth potential from the 1980s to 2009.

The former result, i.e. the difference in labor productivity gains between China and India, can be traced back to the differences in socioeconomic conventions between these countries. The latter result indicates that China has made great economic progress due to a reduction in these barriers; however, China still needs to find other sources for sustainable growth going forward.

I have also written a paper linking job polarization and increased female labor force participation in the US, titled "Behind Job Polarization: A Quiet Revolution". This paper builds on three empirical facts for the period from 1980 to 2005: the 30% growth in low-skill service jobs, the 9% increase in female labor force participation, and almost constant average home production hours, conditional on employment status and gender. Linking all three facts, I propose a hypothesis for the growth in low-skill service jobs – that the increase in female labor force participation decreases economy-wide home production and leads households to purchase substitutable goods from the market. I present a simple accounting framework and produce a benchmark quantitative exercise using this framework to show that this theory can explain about 50% of the increase in low-skill service jobs.

I am currently working on two projects. The first documents productivity divergence in the US between different states. This is a counterintuitive result for the US because, for a country with well-developed and integrated market economy, traditional economic theories predict productivity convergence, i.e., beta convergence, with empirics verifying this conjecture for the years before the 1980s. However, we have systematically documented opposite empirical facts after the 1980s. We want to argue this is because technological innovation is concentrated in very small regions and diffuses gradually, leading to productivity divergence in the middle.

I am also working on a paper on city size distributions in China. Existing literature suggests that city size distribution across countries follow a certain power rule. The Chinese case is special in that it used to be strictly planned before the Open and Reform policy was implemented. However, in the past 30 years, immigrant workers have reshaped the city size distribution in China. This time varying component may imply great gains in productivity and social welfare. I would like to further explore the aggregate implications of the change of city size distribution in China.

In summary, I have very broad research interests in macroeconomics, international trade, economic development and the Chinese Economy. I pursue important and interesting economic research topics without too much self-restraint.

Reference

Hsieh, Chang-Tai and Hurst, Erik and Jones, Charles I and Klenow, Peter J, "The allocation of talent and us economic growth", National Bureau of Economic Research (2013).