The Division of Economics and the Economic Growth Centre cordially invite you to a seminar by Dr Yang Lu

Speaker: Dr Yang Lu  
Assistant Professor of Economics  
Hong Kong University of Science and Technology

Topic:  “Great Leap To Reform: The Good and The Bad Of Regional Tournament and The Role of Decentralization”

Chairperson: Assistant Professor Laura Wu  
Division of Economics  
School of Humanities & Social Sciences  
Nanyang Technological University

Date: Tuesday, 30 September 2014

Time: 2:30 pm – 4:00 pm

Venue: HSS Meeting Room 6 (HSS 04-91)  
Nanyang Technological University  
School of Humanities and Social Sciences  
14, Nanyang Drive  
Singapore 637332

About the Speaker:

Yang Lu is Assistant Professor of Economics at Hong Kong University of Science and Technology. Prior to joining HKUST, she was a Max Weber Fellow at European University Institute. Lu’s research interests are information and learning in Macroeconomics and Finance. She has published papers on Journal of Economic Theory, Journal of Money, Credit and Banking, and Journal of Empirical Finance.

Lu earned her PhD in Economics from Boston University. She also holds a BA in Economics from Fudan University.

Abstract:

A large and growing literature has examined how, by promoting incentives of regional government officials, regional tournament facilities China’s economic performance; it nevertheless has yet explained why the very same regional tournament had once led to a colossal economic disaster during the great leap forward. To address the two sides of regional tournament, this paper expands the existing literature in two dimensions. First, regional government officials not only have a choice between promoting regional economic performance and self-dealing, but also can choose to manipulate local economic performance. Second, it takes into account of the fact that the very incentive regional tournament creates for regional government officials rests with the latter’s aspiration to climb up the government hierarchy and hence succeed the existing leader. In a stylized over-lapping generation model with a two-tier hierarchical government, we show that regional tournament yields drastically different equilibrium outcomes depending on the allocation of decision power between the top leader and the regional governments. That is, the extent of decentralization will be a key factor impacting the outcome of regional tournament. And the impact takes place through the following three channels: (1) how regional government officials choose among hard and honest effort, self-dealing, and performance manipulation, given the same tournament structure; (2) how these choices of regional government officials in turn shape the selection of the top leader and hence his quality; (3) how, taking into account the aforementioned two consequences, the economic performance of this non-democratic regime evolves over time.

Reservation:

Admission is free. Please reply to Director-EGC, e-mail: d-egc@ntu.edu.sg to confirm your attendance.