

Heyu Xiong

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Fields Economic History, Applied Microeconomics

Education Ph.D., Economics, Northwestern University, 2019 (*anticipated*)
Dissertation: Essays in Applied Microeconomics
Committee: Joel Mokyr (Chair), Matthew Notowidigdo (Chair), Nancy Qian, Joseph Ferrie
B.A., Economics and Mathematics *cum laude*, Cornell University, 2012

Fellowships & Awards Dissertation Year Fellowship, Northwestern University, 2018-2019
Economic History Association Exploratory Travel and Data Grant, 2017
WEAI Graduate Student Workshop Grant, 2017.
HCEO SSSI Travel Grant, University of Chicago, 2016
Multidisciplinary Program in Education Sciences Fellow, 2015-2018
Northwestern Graduate Fellowship, 2013-2015

Teaching Experience Teaching Assistant, Northwestern University, Fall 2014
Economic History of the United States Since 1865
Teaching Assistant, Northwestern University, Winter 2015
Environmental Economics
Teaching Assistant, Northwestern University, Spring 2015
History of Economic Thought

Research Experience Research Assistant, Kirabo Jackson, Northwestern University, 2015-2018

Conferences 2018: Trans-Atlantic Doctoral Conference; EHA Annual Meeting (Poster); ASREC, Chapman University; DEVPEC, UC Berkeley; MPSA
2017: NBER Chinese Economy Meeting; EHA Annual Meeting; CAGE, EHES & IAS Summer School, University of Warwick; World Congress of Cliometrics; WEAI Graduate Student Workshop; Empirics and Methods in Economics, University of Chicago (Discussant); Georgetown CBPP Freight Rail Economics and Policy Colloquium
2016: SSSI, HCEO, University of Chicago (Poster); SSHA; LSE; DEVPEC, UC Berkeley; Frontiers in Urban Economics, Columbia University
2015: IEA

Refereeing AEJ: Economic Policy, Journal of Human Resources, Journal of Labor Economics

Job Market Paper

“Displacement in the Criminal Labor Market: Evidence from Drug Legalizations”

Abstract: It is widely hypothesized that legalization disrupts illicit markets and displaces illegal suppliers, but the consequences for those who are displaced remain poorly understood. In this paper, I use comprehensive administrative data on the universe of offenders in three states that legalized marijuana to estimate the effect of this policy change on the subsequent criminal activity of convicted dealers. I find that marijuana legalization increased the 9-month recidivism rate of marijuana offenders by 6 percentage points relative to a baseline rate of 13 percent. The results are not explained by changes in enforcement. Rather, the increased recidivism is driven by substitution to the trafficking of other drugs, consistent with a Becker-style model where individuals develop human capital specific to the drug industry. To learn about potential mechanism behind these results, I use detailed transaction data to estimate the effect of legalization on average prices and price dispersion. I provide suggestive evidence that both the price level and residual variance declined following legalization, which is consistent with legalization eroding rents earned in the illicit marijuana market. Lastly, I explore the generalizability of my findings in a distinct legalization experiment from history: the end of National Prohibition. I replicate the main insights at an organizational level and show that, in response to the repeal of Prohibition, the Italian-American Mafia shifted personnel from bootlegging to narcotics. Overall, the results in this paper suggest that an unintended consequence of selective legalization is a re-allocation of drug criminals to other illicit activity.

Working Papers

“The Political Premium of Television Stardom”

Abstract: This paper examines the career of Ronald Reagan to study the political consequences of television celebrity. I exploit quasi-experimental variation in television reception to provide causal estimates of celebrity media exposure on political outcomes. I find that Ronald Reagan’s tenure as the host of a 1950s entertainment television program translated into electoral support during his initial bids for the presidency nearly two decades after the show’s last airing. The effect is especially pronounced in Republican primaries relative to the general election and dissipates entirely in locations where Reagan was a known political entity. I find evidence consistent with two distinct, but not necessarily exclusive, mechanisms. For those who are relatively politically uninformed, non-political media acted through the channel of name recognition. For the uninformed and informed alike, celebrity exposure idealized perception of Reagan’s traits and personalized political considerations in elections featuring him.

“Mass Persuasion and the Ideological Origins of the Chinese Cultural Revolution” with Susan Ou

Abstract: We study the role of media in the transmission of ideology during the Cultural Revolution. We develop a novel identification strategy by interacting the strength of radio signals and linguistic compatibility of local dialects to the broadcast language, Mandarin. A stronger signal is found to increase revolutionary intensity in counties where Mandarin was better understood. Through investigation of participation in the Send Down Movement, we provide evidence that one mechanism underlying our findings is the direct effect of exposure on individuals, even absent differences in local policies induced by media. The effects of propaganda are persistent, as evidenced by Communist Party membership in later life.

“Sectarian Competition and the Market Provision of Human Capital” with Yiling Zhao

Abstract: In the latter half of the 19th century, America experienced a significant expansion in its collegiate infrastructure. By 1890, more institutions of higher learning existed in the United States than all of Europe. In this paper we study the role of denominational competition in the market provision of higher education. Specifically, we document nearly all colleges established in this time period had denominational roots or origins. The empirical analysis reveals a robust positive relationship between an area’s religious fragmentation and the number of colleges established locally. We argue that denominational affiliation facilitated enthusiasm to build colleges through gains to differentiation from standard Hotelling channels. We formulate a model of school choice, entry, and denominational affiliation. We find evidence that differentiation softened the extent of tuition competition and mediated an “excess” entry of colleges. We conclude by showing that the higher equilibrium quantity of schools, associated with increased entry, had persistent effect on institutional quality; thus, religious diversity precipitated educational investment.

“Do School Spending Cuts Matter? Evidence from The Great Recession” with Kirabo Jackson and Cora Waggener

Abstract: During the Great Recession, public-school per-pupil spending fell by roughly seven percent nationally, and some states experienced declines of over fifteen percent. While increased public-school spending has been linked to improved student outcomes, the impact of large education funding cuts is not well-understood. To examine this, first, we document that the drop in spending after the recession coincided with the end of decades-long national test score growth. Next, we show this stalled educational progress was particularly pronounced in those states that experienced larger recessionary budget cuts for plausibly exogenous reasons. Specifically, to isolate school budget cuts that were unrelated to (a) other ill-effects of the recession or (b) endogenous state policies, we use State’s historical reliance on State taxes to fund public schools interacted with the timing of the recession as instruments for reductions in school spending. Cohorts exposed to these spending cuts had lower test scores and lower high-school completion rates. Our effects are similar in magnitude to those in studies based on spending increases. Surprisingly, these spending cuts had similar impacts on both high- and low-income children.

Work In Progress

“Labor Supply Decisions on Digital Labor Platforms: Evidence from Twitch.tv”

“Covert Advertising in New Media: Evidence from Patreon” with Aniket Panjwani

“Entrepôts and Economic Geography: Evidence from U.S. Railroads” with Hugh Montag

Languages

English (native), Mandarin (fluent)

References

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