

CHRISTIAN FONS-ROSEN

LONDON SCHOOL OF ECONOMICS & POLITICAL SCIENCE

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DATE OF BIRTH: May 8th, 1980

SEX: Male

CITIZENSHIP: Spanish, German

COMPLETED STUDIES:

2002-2003 MSc Economics (London School of Economics)
• Overall grade: Distinction
• Specialisation: International Economics

1998-2002 BSc Economics (Universitat Pompeu Fabra, Spain)
• Overall ranking: 1st percentile
• 4-year undergraduate programme

CURRENT GRADUATE STUDIES:

London School of Economics

DATES: September 2003 - present

THESIS TITLE: "Essays on Knowledge Flows, International Economics, and Entrepreneurship"

EXPECTED COMPLETION DATE: Submitted: September 2009. Oral exam: December 2009

THESIS ADVISOR AND REFERENCES:

Prof Alwyn Young (Advisor)

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DESIRED TEACHING AND RESEARCH:

Primary Fields: Economics of Innovation, Labour Economics
Secondary Fields: International Economics, Corporate Finance

TEACHING EXPERIENCE:

2007-2009 Introduction to Economics (EC102). T.A. to Alwyn Young
2003-2005 International Economics (EC315-EC421). T.A. to Steve Redding, Gianluca Benigno

RELEVANT POSITIONS HELD:

2008-Present Research Assistant to Prof John Van Reenen in LSE/CEP Productivity Group
2007-2008 Research Assistant – Deutsche Bank Financial Regulation Roundtable (Prof Goodhart)
2006-2007 Research Assistant – ESRC Project “Stability of the Global Financial System: Regulation and Policy Response” (Headed by Prof Goodhart, Prof Hyun S. Shin)
2006-2007 Research Assistant – Bank of England
2006 Summer Internship at Bank of England
2004-Present Affiliated to the Centre for Economic Performance (CEP) at the LSE (Productivity Group)
2001-2002 Research Assistant – Spanish Ministry of Education during BSc Economics

LANGUAGES

Native: Spanish, German, Catalan. *Fluent:* English

HONORS, SCHOLARSHIPS AND FELLOWSHIPS:

2008 Prize for Best Paper in Spanish Finance Forum
2007 Financial Markets Group Gilbert de Botton Award in Finance Research - Shortlisted
2005-2007 Scholarship for Postgraduate Studies by Fundacion Rafael del Pino
2004-2005 Scholarship for Postgraduate Studies by Fundacion Ramon Areces
2002-2004 Scholarship for Postgraduate Studies by Bank of Spain
1998-1999 Fees exemption at BSc Economics due to Honours Award in Spanish Baccalaureate

COMPLETED PAPERS:

Job Market Paper:

Knowledge Flows Through FDI: the Case of Privatisations in Central and Eastern Europe

This paper uses the entry of foreign firms into Central and Eastern Europe (CEE) during the 1990s to analyse the effect on knowledge flows and identify the underlying transmission mechanism. Using patent citations as a measure of knowledge flows, the project analyses whether inventors located in CEE cite patents developed by foreign firms more often after these companies have established themselves in CEE. Apart from using patents data together with firm-level information from Amadeus/Orbis, I also collect data on foreign bidders of privatisation cases resolved by a public tender during the 1990s. Under the identifying assumption that losing bidders form a valid counterfactual to winning bidders, the paper estimates a difference-in-difference effect of FDI on citations received. After the privatisation case is resolved, winning bidders experience a 20% increase in citations received compared to losing bidders. To identify the mechanism driving knowledge flows, I build a panel of patent inventors and track them over time. Results show that foreign multinationals that reallocate inventors towards their R&D labs in CEE experience a further increase in citations received.

Other Papers:

Relative Factor Endowments and International Portfolio Choice *(joint with Alejandro Cunat, Revise and Resubmit at the Journal of the European Economic Association)*

This paper presents a model of international portfolio choice based on cross-country differences in relative factor abundance. Countries have varying degrees of similarity in their factor endowment ratios, and are subject to aggregate productivity shocks. Risk averse consumers can insure against these shocks by investing their wealth at home and abroad. In a many-good setup, the change in relative prices after a positive shock in a particular country provides insurance to countries that have dissimilar factor endowment ratios, but is bad news for countries with similar factor endowment ratios, since their incomes will worsen. Therefore countries with similar relative factor endowments have a stronger incentive to invest in one another for insurance purposes than countries with dissimilar endowments. Empirical evidence linking bilateral international investment positions to a proxy for relative factor endowments supports our theory: the similarity of host and source countries in their relative capital-labor ratios has a positive effect on the source country's investment position in the host country. The effect of similarity is enhanced by the size of host countries as predicted by the theory.

RESEARCH IN PROGRESS:

Innovation, Economic Geography:

Business Groups and Innovation: How is R&D Activity Allocated Across Countries? *(joint with Jan Bena and Katalin Szemeredi)*

This research project will examine the allocation of R&D activity within a business conglomerate. The main available datasets that will be intensively used include patent-level information from the European Patent Office and the U.S. Patent and Trademark Office, apart from a panel of corporate ownership information coming from Bureau Van Dijk's Amadeus and Orbis dataset.

We will explore how European and U.S. business conglomerates reorganise their R&D resources once new R&D centres are opened in Central and Eastern Europe (CEE) after the fall of Communism. In particular, we will aim to assess the impact of opening a new R&D centre in CEE on the level of activity in previously established centres within the same business conglomerate. We will examine whether there is a substitution effect whereby inventors and funds are reallocated towards new R&D centres. Additionally, we also aim to track inventors over time and contribute to the literature on teams and organisations. *[For more detailed information, see Research Agenda.]*

Labour Economics, Political Economy:

Washington's Revolving Door: Lobbying, Political Connections and the Market for Access *(joint with Jordi Blanes i Vidal and Mirko Draca)*

Spending on lobbying at the Federal level more than doubled from approximately \$1.5 billion to \$3.3 billion in the period between 1998-2008. The lobbying industry is a major locus for the employment of former political staffers, bureaucrats and politicians. This has led to concerns that a "revolving door" exists between political employment and lobbying, where lobbyists are rewarded as much for their political connections as for their expertise. Our paper aims to measure the rents earned from political connections using a 10 year worker-firm panel of approximately 12,000 lobbyists per year. We link this panel to a detailed database of political connections and career histories constructed from a number of new sources. As an identification strategy we consider the effects of exogenous changes in the value of a lobbyist's political network such as regime changes, political retirements, promotions, deaths and scandals. *[For more detailed information, see Research Agenda.]*

Corporate or International Finance:

Bureaucratic Start-up Costs, External Finance, and a Country's Production Structure

Financial Markets Group (FMG) Gilbert de Botton Award in Finance Research - Shortlisted

Using sector-country level data on manufacturing production, I find that countries with a low bureaucratic cost of starting a business have a greater share of value added and number of establishments in sectors with higher need of external sources of capital provided by the financial sector. A model based on Holmstrom and Tirole (1997) that incorporates start-up costs and where sectors differ in their return per unit of investment illustrates a mechanism leading to this theoretical prediction. In terms of policy implications, reductions in start-up costs leading to a shift in the production structure towards industries needing more external capital could give greater incentives for a country to improve its financial system.

External Balance Sheets and the International Transmission of Shocks *(with Chris Kubelec, forthcoming Bank of England Working Paper)*

This paper investigates the impact of the size and structure of external balance sheets for the international transmission of macroeconomic shocks. We assess the impact of these shifts on the transmission of shocks between OECD countries. Employing a dynamic panel error-correction framework from 1975 to 2004, we model the adjustment of external positions of 17 OECD countries in response to shocks to productivity and monetary policy. Our findings suggest that risk-sharing through increased cross-holdings of international assets have afforded OECD countries increased insulation from foreign shocks.

PROPRIETARY DATASETS:

Zephyr: Ownership Changes Database *(joint with Jan Bena and Peter Ondko)*

We describe Zephyr, the international dataset of ownership changes transactions compiled by Bureau van Dijk (BvD). It covers M&A, IPO, private equity, venture capital, and privatization deals. There are 333,914 deals announced between 1997 and 2007. The key advantage of Zephyr is that companies are assigned the same identification numbers in other BvD datasets such as Amadeus, Orbis or Osiris. This has two consequences: First, detailed balance-sheet and ownership information is available for several years before and after a deal appears in Zephyr. Second, firms that undergo ownership changes ("treatment group") represent a small fraction of the total number of firms ("control group") covered by Amadeus and Orbis. We transform the original deal-based data into a database of ownership changes transactions suitable for academic research. We describe the content and coverage of the resulting database.

European Pyramid Ownership Structures *(joint with Jan Bena and Jan Hanousek)*

We develop an original algorithm that uses direct ownership links between firms to create a database that describes pyramid ownership structures. The statistics include, for example, the depth of pyramids, and indirect vs. direct control among firms within a pyramid. We apply the algorithm on a unique European ownership data based on Amadeus. Since 2001, Amadeus comes with detailed ownership information. The resulting dataset spans 2001-2007 and gives a unique breadth of cross-sectional coverage over time.