

Discussion of Bloom, Dirko, Van Reenan

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Impact of Chinese Exports

- First order question for international trade over the last 20 years: impact of China.
- A lot of work put into putting different datasets together: EPO, Hart-Hanks, Amadeus.
- A large number of mechanisms as well:
 - We need to through a lot of the pieces a bit more carefully.
 - What is the model that we have in mind.

Guide to Bloom, Marko, Van Reenan

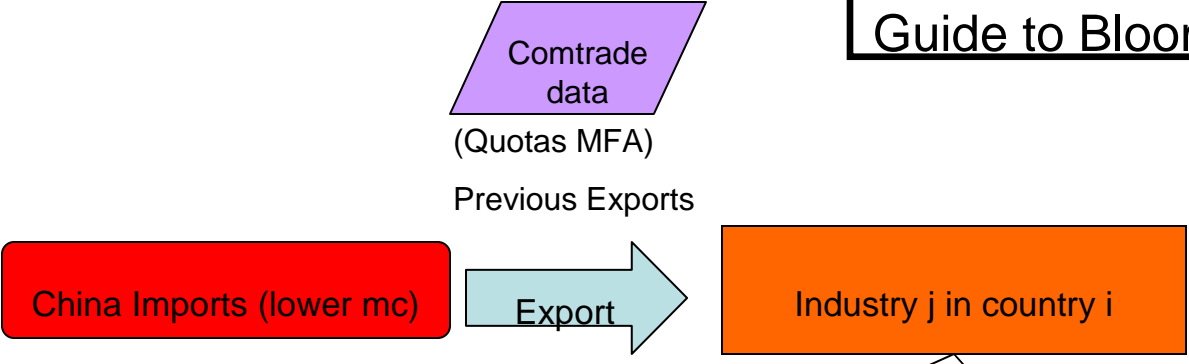
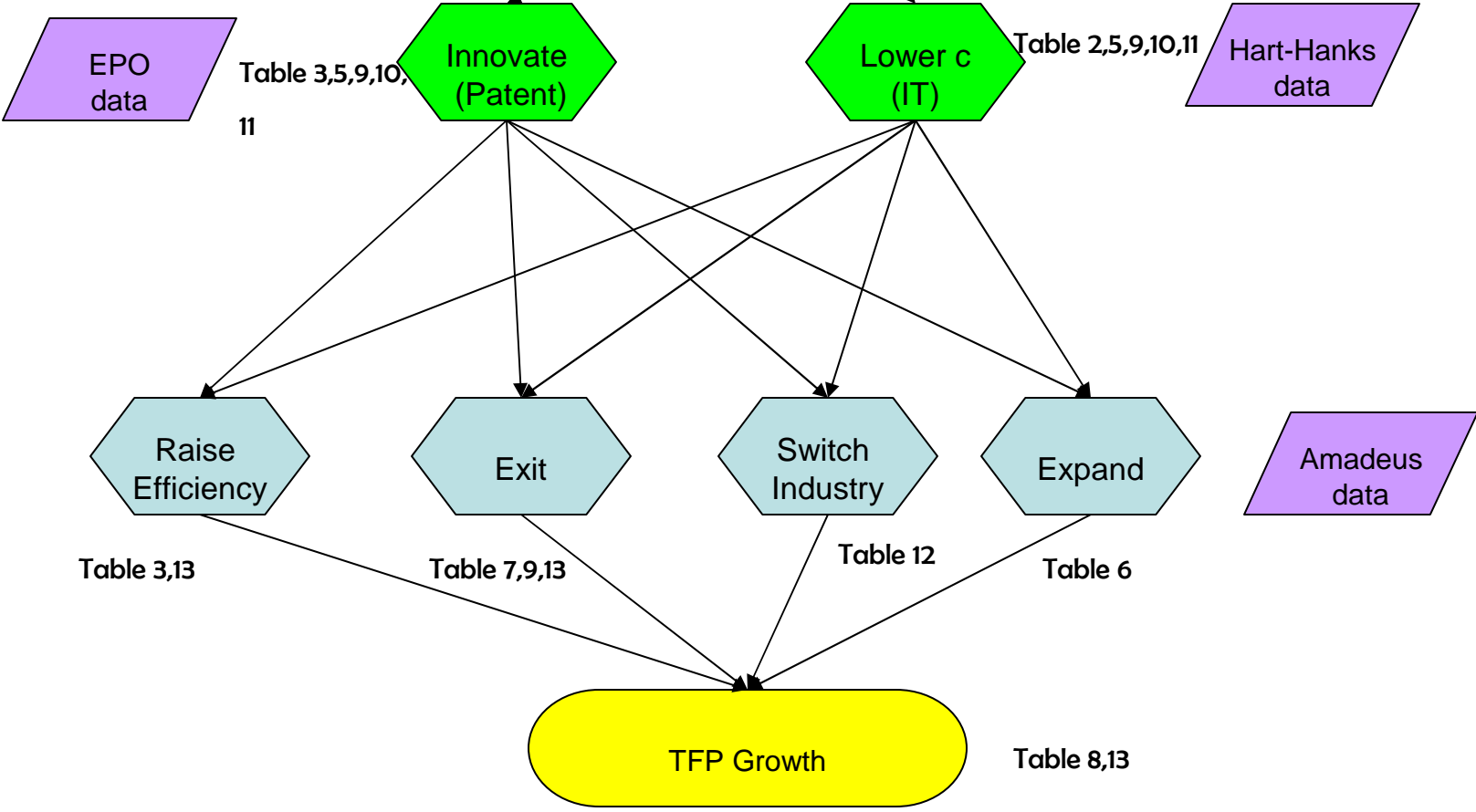


Figure 1



Model

- Reallocation Margin:
 - Does investment and exit become more correlated with productivity.
- Intensive Margin:
 - Investment in patents or IT.
 - Higher TFP.
- Extensive Margin:
 - Sector switching
 - Exit.

$$c_{ij}^c = c^c(\underbrace{q_{ij}^h}_{\text{prior experience}}, \underbrace{t_{ij}}_{\text{Tarriff}}) \quad (1)$$

Suppose domestic firms have marginal costs $c_{kji} + \omega$ which depend on use technology $\omega \in \{\underline{\omega}, \bar{\omega}\}$ at a cost $r(\underline{\omega}) > r(\bar{\omega})$. As well these costs have distribution $c_{kji} \sim F(\cdot)$.

Share of the market taken by China at t=2005:

$$s_{ij} = \int_{\omega_{kij}} F(c_{ij}^C, w) dw \quad (2)$$

Where the price of goods in sector $p_{ij} = c_{ij}^C$ if there are any exports.
Thus the firm needs to compare the following:

$$(c_{ij}^C - c_{kij} - \underline{\omega} + r(\underline{\omega}))1(c_{ij}^C > c_{kij} + \underline{\omega}) \geq \quad (3)$$

$$(c_{ij}^C - c_{kij} - \bar{\omega} + r(\bar{\omega}))1(c_{ij}^C > c_{kij} + \bar{\omega}) \quad (4)$$

Is China Different

- Focus on Share of exports from China versus share of exports from any country: what is special about China.
- Might want to look CPI-PPI in sectors which are exposed to Chinese competition as a way to talk about this.

Empirics

- Might want to use some diff-in-diff matching estimators: control for changes in IT use prior to the entry of Chinese exporters.
- Could add this to your two other controls.