CONG XIE

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Dear Professor Hellman,

This summer camp offers an education on entrepreneurship choice, innovation and entrepreneur financing. My research interest is in entrepreneurship, innovation and transfer of knowledge. Currently I have been working on the valuation of research intense entrepreneurial firms and its optimal R&D policy, which I described in more details in the essay. This summer camp will offer me a great chance to enhance my understanding in this field as well as to improve my empirical and theoretical knowledge on entrepreneurships and firm performance.

On top of this, I have completed first year training in Econ PhD program, a further year training in the field of Economic Theory, IO, Macroeconomics, and exposures to finance courses which could be found in my course list. With the areas and topics I am working on and the trainings I have completed, I would be a good candidate for this camp.

My reference letter will be provided by Professor Hugo Hopenhayn.

Sincerely,

CONG XIE



Mar-29-2013

CONG XIE

University of California Los Angeles
Department of Economics
Los Angeles CA 90025

email : ecxie@ucla.edu

Education

- 2009- present: University of California at Los Angeles
  M.A, Ph.D. Economics
  Advisors: Andy Atkeson, Hugo Hopenhayn
- 2005-2009: Hong Kong University of Science and Technology
  B.Sc. Economics and Finance, first class honor
  Minor in Mathematics
- 2008: University of California at Berkeley
  Exchange student at Economics department

Fellowships, Honors and Awards

- 2012: Palevsky fellowship
- 2010: Howard endowed fellowship in economics
- 2005-2009: University fellowship

Research interests

Entrepreneurship, innovation, patents, merger and acquisition

Meetings and Conference

Princeton finance initiative 2012

Papers

Selling information to conflicting parties

Personal

Hong Kong Young Entrepreneurs Development Council Entrepreneur's Challenge Business plan competition, first prize 2009

IT skills

Stata, SAS, MySQL, Matlab, Python, C++

Language

Mandarin(Native), English (fluent)

List of PhD economics courses

Berkeley

Econ 202B

Macroeconomics first year sequence

HKUST

Econ 531

Empirical IO, covers BLP, dynamic discrete choice structural models

UCLA

Econ 201A, B,C

Microeconomic Theory, first year micro sequence Consumer theory and producer theoryGame theory, auction theory and mechanism design General equilibrium

Econ 202 A,B,C

Macroeconomic Theory, first year macro sequence Dynamic programming, RBC models Bewley Economy , firm dynamic models, Global Game

Econ 203 A,B,C

Econometrics, first year econometrics sequence Probability theory, identification OLS,GMM,MLE,and simulated GMM and MLE

Econ 271 A

Contract theory

Econ 271 B

Industrial Organization II, Firm dynamics, shake out, mergers, spinoff

Econ 271 C

Empirical IO, structural models, estimation of Games and auctions, Discrete choice models

Special Seminar

Estimation and Structural models by Moshe Buchinsky

Econ 212 B

Dynamic experiments, bandit problems, information economics

Econ 221 A

Search Theory

Econ 221 B

Sovereignty Debt

Econ 281 A,B

International Trade theory

MGMT 298

Organizational Economics, theory of boundaries of the firm

MGMT 239

Covers micro structures and some empirical finance topics

Econ 241

Economic history of Western Europe

Math 235 J

Probability Models and Markov chain Monte Carlo

I first became aware of this camp through a conversation with a former participant of the ERBC. There are many overlaps between this summer camp and my interests. My primary research interest is the transfer of knowledge associated with mergers and acquisitions.

One recent trend in high tech industries is that established incumbents frequently acquire small entrepreneurial research-intensive firms paying high premiums for their knowledge assets and research capability.

To confirm these facts, I cleaned up the USPTO patent reassignment data and matched it with SDC platinum merger and acquisition data, NBER patent citation data, compustat firm data and inventor dataset. I found that merger and acquisition is indeed an important way of transferring knowledge, which accounts for around 40% of total patent transactions from 1976 to 2012. Secondly, inventors from the acquired firm were maintained after the merger for several years. Finally, complementing the results of Serrano that patents are traded directly between small firms, I found that larger firms are more likely to use merger to access the patent than directly trading them. In other words, large firms use market for firms to gain knowledge while small firms use market for patents to transfer knowledge.

After summarizing those facts, I am currently working on a general equilibrium framework to quantitatively assess and explain the internal versus external R&D choice of the firms and why we frequently observe merger and acquisition as a way to transfer knowledge. The model could also explain the premium paid by the acquirers and how this encourages the entrepreneurship behavior and promotes R&D investment for the entrepreneurs.

A future project I planned to work on is the how firm's boundary affect the knowledge diffusion speed. Currently I found firm's internal knowledge diffusion is faster than external diffusion for about 0.5-1.2 years (measured by citation). I will study what factors determined this lag and its cross sectional differences.

Participating this summer camp will offer me an extensive exposure to frontier methodology, dataset deployed by the researchers in the field of entrepreneurships as well as a better understanding of the research interests. Specifically, it will provide a training on treatments with firm level data, patent data and data of entrepreneurship, and an introduction of the frameworks to discuss those issues together, both of which are important to my current and future research. This summer camp also provides an opportunity to communicate with peers who are conducting research in this field and to share opinions and get feedback.

I am really excited in applying this summer camp to learn more in the field of entrepreneurship and looking forward to the chance of exchanging ideas with peers.

UNIVERSITY OF CALIFORNIA, LOS ANGELES **UCLA**

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March 28, 2014

To whom it may concern

I wanted to tell you that I strongly support Richard Xie's application to NBER's Boot Camp in entrepreneurship. I am Richard's advisor and have been following his research over the past two years. Richard is interested in the role of knowledge transfer in firm growth. Combining several datasets he has documented what I think is a new fact: patent transfers through firm acquisitions are as important as direct patent sales. Moreover, while smaller firms are involved in the latter, acquirers are usually large. In addition, he shows that the R&D teams that are acquired as part of the merger stay in the firm for a long time.

Richard continues refining his empirical work and is building an equilibrium model that includes both channels of knowledge transfer. His research is innovative in particular drawing new attention to M&A as a source of knowledge transfer. I am sure he would be a great asset to your Entrepreneurship Research Boot Camp and would benefit tremendously from this opportunity. Of all my students, he is the one currently doing the most interesting work. In addition, Richard is tooled up both in empirical analysis and in the modeling, is extremely enthusiastic and hard working. For all these reasons, I recommend him very strongly.

Sincerely,



Hugo A. Hopenhayn
Professor of Economics
UCLA