

# Thibault FALLY

## Paris School of Economics

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## Education:

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<b>2005-2009</b>	PhD EHESS - Paris School of Economics (Expected: April 2009) Topic: "Essays on Firms, Globalization and Financial constraints"
<b>2004-2005</b>	Harvard University, Special Student at the Department of Economics
<b>2002-2004</b>	M.A. Economics, Analyse et Politique Economiques (EHESS-PSE)
<b>2003-2004</b>	ENSAE, Paris Graduate School of Economics, Statistics and Finance
<b>2001-2002</b>	B.A. Mathematics, Ecole Normale Supérieure - Rue d'Ulm (Paris)

## References:

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Department of Economics  
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Harvard University  
Department of Economics  
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## Teaching and Research Fields:

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Primary Fields: International Economics, Economic Growth  
Secondary Fields: Development

## Teaching Experience:

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<b>Spring 2006</b>	Macroeconomics (undergraduate), Teaching Fellow for Prof. Frank Malherbet
<b>Fall 2005</b>	Microeconomics (undergraduate), Teaching Fellow for Prof. David Ettinger Cergy-Pontoise University, France

## Research Experience and Other Employment:

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<b>Spring 2006</b>	OECD, Intern at the Development Center
<b>Summer 2005</b>	CEPREMAP (Paris), Research Assistant for Professor Daniel Cohen Bank of France, Intern

## Honors, Scholarships and Fellowships:

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<b>2005-2008</b>	EHESS Graduate Fellowship
<b>2004-2005</b>	Harvard - ENS Exchange Fellowship
<b>2001-2005</b>	Ecole Normale Supérieure, Full Fellowship
<b>1999</b>	Bronze Medal, 40th International Mathematical Olympiad, Bucarest

## Conference and Seminar Presentations:

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- 2008 Harvard University, Bocconi University (EEA-ESEM), Catholic University of Louvain,  
Renmin University, Paris I University, Nottingham University, University of Barcelona  
2007 Catholic University of Louvain, European Central Bank, World Bank

## Referee Activity:

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*The Economics of Transition, The B.E. Journal of Economic Analysis and Policy*

## Job Market Paper:

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“Global Sourcing under Imperfect Capital Markets”, with Juan Carluccio

Abstract: We develop a simple model to study the interactions between a supplier’s financial constraints and contract incompleteness in a vertical relationship. Production complexity increases the extent of contract incompleteness and the hold-up problem, which generates a cost when the supplier needs financial participation from the downstream firm. Vertical integration alleviates the impact of financial constraints but reduces the supplier’s incentives. We apply the model to an analysis of multinational firms’ sourcing strategies and predict that (1) complex and specific inputs are more likely to be sourced from financially developed countries and (2) multinationals are more likely to integrate suppliers located in countries with poor financial institutions, especially when trade involves complex goods. We examine and validate these predictions using firm-level trade data on multinational firms with operations in France. We provide evidence that financial development generates a comparative advantage in the supply of complex goods. Moreover, we find higher shares of intra-firm imports of complex inputs from countries with a lower level of financial development. The findings are robust to different measures of complexity and specificity, and are not driven by industry differences in fixed costs or traditional measures of external financial dependence. Quantitatively, we find that financial development is as important as contract enforcement in alleviating hold-up problems.

## Research Articles:

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“Credit Constraints as a Barrier to the Entry and Post-Entry Growth of Firms”, with Philippe Aghion and Stefano Scarpetta, *Economic Policy*, Vol. 22, No. 52, pp. 731-779, October 2007.

Abstract: This paper examines the effects of financial development on the entry of new firms and the expansion of successful new businesses. Drawing from harmonized firm-level data for 16 industrialized and emerging economies, we find that access to finance matters most for the entry of small firms and in sectors that are more dependent upon external finance. This finding is robust to controlling for other potential entry barriers (labor market regulations and entry regulations). On the other hand, financial development has either no effect or a negative effect on entry by large firms. Access to finance also helps new firms expand if successful. Both private credit and stock market capitalization are important for promoting entry and post entry growth of young businesses.

“Economic Geography and Wages in Brazil: Evidence from Micro-Data”, with Rodrigo Paillacar and Cristina Terra, 2008, second revision for the *Journal of Development Economics*.

Abstract: This paper estimates the impact of market and supplier access on wage disparities across Brazilian states, incorporating the control of individual characteristics to the new economic geography methodology. We estimate market and supplier access disaggregated by industry, and we compute separately access to international and internal markets. We find a strong correlation between market access and wages differentials, even after controlling for individual characteristics, firm productivity, the source of market access (international, national or local), and using instrumental variables. Furthermore, market access turns out to be more important than supplier access.

“Multinationals, Technological Incompatibilities and Spillovers” with Juan Carluccio, 2008, submitted.

Abstract: Empirical studies provide evidence of positive spillovers from multinational firms to upstream suppliers coupled with negative spillovers to firms in the same industry. This paper shows that these empirical regularities can be rationalized in a model with incompatibilities between foreign and domestic technologies. When foreign technologies require specialized inputs, some local suppliers self-select into production for multinational firms. This “technological segmentation” in the upstream industry magnifies the productivity advantage of multinationals by restricting backward and forward linkages to groups of firms using the same technology. In this setting we study the role of heterogeneity among domestic firms. We show that only the best suppliers adopt the foreign technology and cater to multinationals. In the long run, technology adoption by the most productive downstream firms creates complementarities with multinationals that can offset the negative impact of segmentation.

“Financial Constraints, Technology Transfer and Organizational Form”, with Juan Carluccio, 2008.

“Unequal exchange within countries: An Analysis of Firm-Level Productivity Differences in Indonesia, Morocco and France”, with Daniel Cohen and Cécile Valadier, mimeo, 2006.

“In Favor of Fund to Stabilize Commodity Exporters’ Income”, with Daniel Cohen and Sébastien Villemot, *CEPR Discussion Paper Series*, No. 5550, 2006.

## Languages:

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French (native), English (fluent), German (good knowledge).