

Faculty Profile: Thibault Fally



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Assistant Professor

Department of Agricultural and Resource Economics

UC Berkeley

Thibault Fally joined the faculty of the Department of Agricultural and Resource Economics at UC Berkeley as an assistant professor in July 2013. Prior to coming to Berkeley, Thibault earned a Ph.D. from the Paris School of Economics in 2009 and taught at the Economics Department at the University of Colorado in Boulder.

His research interests mainly relate to firm decisions and trade, which includes various topics such as supply chains, foreign direct investment, institutions (financial development in particular), economic geography, income inequalities, industrial organization, and firm structure. His work has been published in the *Quarterly Journal of Economics*, the *Review of Economics and Statistics*, and the *Journal of International Economics* among other journals.

His work on financial development (access to finance) investigates whether and how it can foster various outcomes such as entrepreneurship, firm size,

firm growth, and trade. This includes a first paper (with co-authors) on firm creation, showing that improved access to finance can lead to the entry of smaller firms and foster the post-entry growth of these new firms.

A second paper related to financial markets (with Juan Carluccio) examines how multinational firms choose their suppliers depending on their access to finance such as local banks. An interesting implication is that financial constraints can give rise to the vertical integration of their suppliers and foreign investment inflows to mitigate financial constraints facing their suppliers. The authors build a model with predictions on import flows depending on product complexity and access to finance in the source country, which they test using detailed data on French multinational firms. Thibault is now working on a new project where they examine how trade affects entrepreneurship using detailed data on French firms.

Another important part of his research agenda is to understand how firms interact along supply chains or across different supply chains, and their impact on wages. One of his papers relates to Ann Harrison's research (his predecessor in international economics at UC Berkeley ARE) on the impact of foreign multinational firms on domestic firms in host countries, examining why some firms and industries tend to be negatively affected while others see an increase in efficiency. In this vein, a second paper examines how access to suppliers and consumers affects differences in wages across regions in Brazil, using both firm-level and worker-level data in the light of new economic geography models.

More recently, Thibault's work has examined how cross-industry

input-output tables can provide useful information on supply chains. In a series of three papers, he has developed a model and various indexes to describe the length and integration of supply chains, and the specialization of countries along those chains.

Finally, another line of his research emphasizes the role of demand in shaping production and trade patterns. His paper with Justin Caron and James Markusen is described in this issue of the *ARE Update*. In an ongoing project, also briefly described in this issue, Thibault and Justin examine how much of the cross-country differences in CO2 emissions can be explained by consumption patterns.

Thibault is excited to start new research projects with his new colleagues and students at UC Berkeley ARE and other departments on the UC Berkeley and UC Davis campuses. Aside from research and teaching, Thibault and his wife, Alexandra, enjoy what the Bay Area has to offer: a sensational variety of restaurants (Californian, French, Japanese, Peruvian, Laotian, etc. with occasional detours to In-and-Out), nearby wineries, beautiful hikes, great tennis courts, nautical activities, etc. Thibault and Alex live up in the hills in Oakland, trying their best to avoid driving on deer, skunks, and bears on their way home! They also don't miss any opportunity to go out in the East Bay or San Francisco to meet up with friends and colleagues.

Thibault Fally can be contacted by email at fally@berkeley.edu and his research papers can be found at <https://are.berkeley.edu/~fally/>