

# Linchuan Xu

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## EDUCATION

PhD in Economics, London School of Economics and Political Science (LSE)	Expected 2026
Fields: Development Economics, Environmental Economics, Macro-Development	
MRes in Economics (Distinction), LSE	2022
MSc in Economics (Distinction), LSE	2020
BA in English Literature, Beijing Foreign Studies University	2018

## WORKING PAPERS

### **The Middlemen of Development? Evidence from China’s Labor Recruitment Agencies**

**Abstract:** Can profit-driven middlemen arise endogenously to correct aggregate misallocations and promote development? This paper studies the role of recruitment agencies in facilitating spatial labor reallocation in China. Using a newly constructed dataset, I find that such profit-driven labor intermediaries established branches to arbitrage away pre-existing inter-regional wage disparities. Exploiting the staggered rollout of agencies in difference-in-differences and IV designs, the analysis shows that the expansion of agency networks facilitated temporary mobility of low-skilled workers and reduced regional wage dispersion by 10%. This translates into 3% aggregate output gains by 2010, of which agencies appropriated 40% as profits. I develop a neoclassical growth model with endogenous agency dynamics, where initial misallocations create pecuniary incentives for agencies who in turn speed up regional convergence. Promoting agency workers’ transition into the permanent labor force in receiving regions can generate large efficiency gains while also ensuring these gains are more widely shared.

### **Organizational Form and River Quality: Theory and Evidence from China**

**Abstract:** Should the government set up a separate ministry for all environmental issues, or ask all the existing decentralized and regional political organizations to have an environment mandate? This paper studies how organizational forms, i.e. the “shell” of the bureaucracy, incentivize political agents to internalize environment related externalities. The theory of M-form versus U-form organizations features negative spillovers among different bureaucratic tasks, as well as spatial pollution externality that one region generates to another. I show that the optimality of organizational form depends crucially on the intensity of these externalities, and M-form reform may work to deliver better environmental performances only when spatial pollution externality is less salient, and when task spillovers and yardstick competition among bureaucrats are stronger. I examine the empirical setting of River Chief System in China as a shift from U-form to M-form in river management. With water quality observations from monitoring stations and environmental management information from 2015 to 2020, the empirical results emphasize the heterogeneity of the effectiveness of M-form reform on river quality, which are largely consistent with the theoretical predictions.

### **The Ecological Inequality Trap**

**Abstract:** This paper develops a theory of biological resource extraction, where wealth inequality jointly evolves with ecological dynamics. It features an equilibrium *ecological inequality trap* where the rich operate capital-intensive technology to extract high-value resources while the poor rely on labor-intensive capture of alternative resources. When the initial wealth distribution is highly unequal, the laissez-faire economy falls into this trap while a constrained social planner reaches an egalitarian steady state, by transiently suppressing the rich’s resource and conserving the poor’s. The framework is applied to Lake Victoria, where the invasive Nile perch was introduced in the 1960s to commercialize the fishing industry but caused severe biodiversity loss of native species. The results highlight the efficiency–equity tradeoff of biodiversity conservation policies central to the current debate: one-sided protection of certain species may work against the economic interests of those who depend on them, even in the long run.

**Empowerment or Financialization? The Gains from Financial Inclusion** with Timothy Besley, Konrad Burchardi, and Maitreesh Ghatak

**Abstract:** Expanding credit market access is a potential source of economic empowerment and can also have equilibrium effects on wages so that the gains from financial development are widely shared. But others see credit market expansion as an unwelcome process of “financialization” with many of the gains being appropriated by financial institutions. This paper explores the consequences of financial sector expansion for profits, wages and entrepreneurial activity using a calibrated general equilibrium model with financial frictions, endogenous default, and wealth inequality. The model examines how the surplus created in the real economy by expanding financial markets is shared between borrowers, lenders, and workers. We show that competition and the contracting environment are important determinants of the gains from financial inclusion.

**Organizational Purpose and the Dynamics of Motivation** with Timothy Besley and Maitreesh Ghatak

**Abstract:** This paper builds a theoretical framework for understanding the dynamics of motivation and the missions adopted by profit-maximizing firms. The approach is useful for thinking about the dynamic consequences of missions that stress such things as Diversity, Equity, and Inclusion (DEI) or Environment, Social, and Governance (ESG) goals. By embedding these ideas in a model of cultural evolution, we explore when, in the long-run, such goals can become consistent with profit-maximization even if they generate pecuniary costs. But the incentives of firms owners can be important with more patient and mission-oriented ownership playing a role in making a mission long-run sustainable. However, there is the possibility of hysteresis whereby how a firm behaves in its formative years can have long-run consequences that are robust to changes of ownership. Throughout the paper, we focus on cases where the mission choice is voluntary. However, we also discuss the case for regulations that impose requirements to adopt such missions at the firm level.

## SELECTED WORK IN PROGRESS

**Making Green Transition Work: Adoption of Electric Vehicles in India** with Lachi Singh

**Abstract:** There is a growing literature on electric vehicles (EVs) adoption in developed countries, but not much discussion on what that transition path would be for the developing world. The transportation sector in India is characterized by a wide variety of vehicles (two-wheelers, three-wheelers, etc.) with different ownership structure and driving usage. Combining the vehicle registration dataset with measures of pollution, traffic congestion and government subsidies, we explore the effect of subsidies on EV adoption and environment outcomes in India. We use a quantitative framework to explore how complementary policies, such as congestion zones and charging station subsidies, could better facilitate the green transition. We emphasize a unique channel that can contribute to a better understanding of the environmental effects of EV adoption policies in developing countries: a reduction in clean vehicle price due to subsidies could increase vehicle ownership and therefore lead to more traffic congestion. Gasoline vehicle drivers will spend more time on the road generating higher pollution. The overall environmental benefits from EV subsidies will crucially depend on the ownership effect and the speed of substitution from dirty to clean vehicles.

**Inequality of Growth and Growth of Inequality** with Maitreesh Ghatak

**The Global Reforestation Atlas** with Yifan Wang

## TEACHING EXPERIENCES

Teaching Fellow for EC428 Development and Growth (MSc), LSE, 2023-2026

Teaching Fellow for PP440 Micro and Macro Economics for Public Policy (MPP and MPA), LSE, 2024-2025

Teaching Fellow for PP450 Public Organization: Theory and Practice (MPP and MPA), LSE, 2022-2024

Teaching Fellow for EC411 Microeconomics (MSc), LSE, 2022-2023

Graduate Teaching Assistant for EC201 Microeconomic Principles (BSc), LSE, 2021-2022

## **GRANTS, SCHOLARSHIPS, AND AWARDS**

LSE Class Teacher Awards, 2026  
STICERD Morishima Travel Support (£700), 2025  
STICERD PhD Grant (£4683), 2025  
IGC Research Grant (£6970) with Lachi Singh, 2025  
LSE Excellence in Education Award, 2023  
Departmental Teaching Bonus, 2022, 2025  
LSE Economics PhD Scholarship, 2020-2025

## **RELEVANT POSITIONS HELD**

Research Assistant, Institute for Fiscal Studies, 2023  
Research Assistant to Professor Catherine Boone, 2021-2022  
Research Assistant to Professor Maitreesh Ghatak, 2019-2020  
Research Assistant to Professor Frank Cowell, 2019

## **SEMINARS AND CONFERENCES (\* SCHEDULED)**

**2026:** ASSA Poster Session, Manchester, Econometric Society Asian Meeting, Bristol Applied Economics Meetings, Durham, IEA World Congress\*, RES Annual Conference\*, SED Annual Meeting\*, Stanford SITE\*.

**2025:** NEUDC, Econometric Society European Winter Meeting, LSE/UCL/IFS Development Seminar

**2024:** LSE Environment Week, RES PhD Conference

## **POLICY ARTICLES**

**Trends in Economic Inequality in India** with Maitreesh Ghatak and Ramya Raghavan, The India Forum, 2022

## **PROFESSIONAL SERVICES**

Referee service: *Economica*, European Association of Young Economists  
Organizing committee, LSE Environment Camp 2025  
Co-Organizer, LSE Development student seminar, 2023-2024  
Academic Mentor for Economics PhD Applicant Mentoring Program (AMP), 2023-25.

## **MISCELLANEOUS**

**Language Skills:** English (fluent), Mandarin (native)

**Citizenship:** Chinese