

**CONTACT INFORMATION**

Office: M323, Savery Hall, University of Washington  
Mailing Address: Department of Economics, Box 353330, 302 Savery Hall, Seattle, WA  
98195  
Email: lanshi@u.washington.edu  
Webpage: <http://faculty.washington.edu/lanshi/>  
Phone: (206) 543-8983 (office)

**CURRENT EMPLOYMENT**

Assistant Professor of Economics, Department of Economics, University of Washington

**EDUCATION**

Ph.D., Business Economics, Graduate School of Business, the University of Chicago,  
August 2004  
M.B.A, Graduate School of Business, University of Chicago, June 2004  
M.A., Economics, Beijing University, Beijing, China, July 1997  
B.A., Economics, Wuhan University, Wuhan, China, July 1993

**RESEARCH INTERESTS**

Empirical Information Economics, Personnel Economics, Corporate Finance, Economics  
of Organization

**BUSINESS AND OTHER EXPERIENCE**

Ph.D. Student, Department of Economics, University of Southern California, Los  
Angeles, CA, August 1997-August 1999  
Loan Officer and Relationship Manager, the Loan and the International Departments,  
China Merchants Bank, Shenzhen, China, July 1993–July 1995

## PAPERS

### Finished/Submitted Papers

- **“Does Oversight Reduce Policing? Evidence from the Cincinnati Police Department After the April 2001 Riot” (2005)**  
Oversight of a bureaucracy induces its agents to yield to consumers' demands excessively. Oversight is initiated by consumer complaints and consumers complain about an agent if they are wrongly denied the resource under allocation. This paper tests this prediction in a police setting. A riot erupted in Cincinnati after a white officer shot dead an unarmed African-American male in April 2001. The sharply increased media attention and an ensuing federal investigation provided exogenous variation in oversight. Compared to the period from January 1999 to March 2001, arrests during the remaining period of 2001 fell substantially. The decline was more significant for offenses where police officers had more discretion. Communities with a higher percentage of African-Americans experienced greater arrest reductions. Felony crime (violent crime and property crime) surged during the same period.
- **“Responsible Risk and Incentives: Evidence from Executive Compensation” (2004)**  
Traditional agency theory treats risk as pure measurement error, yielding the standard prediction of risk-incentive tradeoff. This paper proposes a model in which the agent can respond to risk: he can exert effort to collect information about the underlying state in order to make correct decisions. Such effort is thus more valuable in a riskier environment, and the implication is that incentives can increase with the risk that the agent can respond to. Moreover, since the agent makes investment decisions based on the collected information about the state, the variability of investments increases with “responsible” risk. I test the model using data on CEOs. Market-wide risk is used to capture more risk for which CEOs' effort is not particularly valuable, and industry- and firm-specific risk are used to represent more “responsible” risk. I find that incentives for CEOs decrease with the former and increase with the latter. As the definition of the industry is broadened, the positive relation between incentives and industry-specific risk diminishes. I also find empirical support for the prediction that the variability of firms' investments increases with “responsible” risk.

### Working Papers

- **“Past-Output Based Performance Standard As An Insurance Mechanism” (2004)**  
Past-output based performance benchmark has a well-understood cost of "ratchet effect." By introducing uncertainty in agents' abilities, this paper highlights the insurance benefit of such scheme: past-output based performance benchmark can help filter out risk in agents' abilities. Peer-output based performance benchmark, although being able to filter out risk in common environment, may exacerbate the risk in abilities. Whether to use benchmark or not and which scheme to use, thus, depend on the cost-benefit tradeoff.

## **TEACHING EXPERIENCE**

*Current Teachings*, Department of Economics, University of Washington

Industrial Organization, Upper division undergraduate course, Winter 2005  
Economics of Contracts and Organizations: Empirics, Ph.D. course, Winter 2005

*Teaching Assistant*, Graduate School of Business, University of Chicago

Managing the Workplace, MBA course, Winter, 2001-2003, Professor Canice Prendergast  
Managing the Workplace, MBA course, Fall 2002, Professor Robert Topel  
Comparative International Organizations, MBA course, Spring, 2001-2003, Professor Canice Prendergast  
Financial Statement Analysis, MBA course, Fall 2000, Professor Richard Leftwich

*Teaching Assistant*, Department of Economics, University of Southern California

Microeconomics II, Ph.D. course, Spring 1999, Professor Michael Magill  
Microeconomics I, Ph.D. course, Fall 1998, Professor Bentley MacLeod  
Microeconomics, undergraduate course, Fall 1997, Spring 1998, Professor Peter Rosendorff

## **SEMINARS AND CONFERENCES**

*Academic Seminars*

- “Responsible Risk and Incentives: Evidence from Executive Compensation”  
University of Washington, Dept. of Accounting, October 2004  
University of Illinois-Urbana-Champaign, Dept. of Finance, February 2004  
University of Toronto, School of Management, February 2004  
University of Washington, Dept. of Economics, January 2004  
Chicago GSB, Workshop of Theory of Organization, October 2003  
Northwestern Kellogg, Zell Center "Brown Bag" Lunch, October 2003  
3rd Trans-Atlantic Doctoral Conference, London Business School, May 2003
- “Does Oversight Reduce Policing? Evidence from the Cincinnati Police Department After April 2001 Riot”  
University of Washington, Dept. of Economics, October 2004  
University of Washington, Center for Statistics and the Social Sciences, November 2004

*Conference Participation*

World-at-Work Compensation Summer Camp, Utah, July 2001  
American Economic Association Annual Meeting, San Diego, January 2004

## HONORS AND AWARDS

Oscar Mayer Dissertation Fellowship, 2003-2004  
Summer Research Grant, Graduate School of Business, University of Chicago, 2000  
Doctoral Fellowship, Graduate School of Business, University of Chicago, 1999-2003  
Distinction in Ph.D. Qualifier Exam, University of Southern California, 1998  
Scholarship for Academic Excellence, School of Economics, Beijing University, 1996  
University Scholarship, Wuhan University, 1990-1993  
Bronze-medal Winning Team, National Physics Contest, China, 1989

## REFERENCES

*Canice Prendergast (principal advisor)*  
W. Allen Wallis Professor of Economics  
Graduate School of Business, University of Chicago. (773) 702-9159  
1101 E. 58th St., Chicago, IL 60637  
[canice.prendergast@gsb.uchicago.edu](mailto:canice.prendergast@gsb.uchicago.edu)

*Marianne Bertrand*  
Professor of Economics and Neubauer Family Faculty Fellow  
Graduate School of Business, University of Chicago. (773) 834-5943  
[marianne.bertrand@gsb.uchicago.edu](mailto:marianne.bertrand@gsb.uchicago.edu)

*Tobias Moskowitz*  
Associate Professor of Finance  
Graduate School of Business, University of Chicago. (773) 834-2757  
[tobias.moskowitz@gsb.uchicago.edu](mailto:tobias.moskowitz@gsb.uchicago.edu)

*Abbie Smith*  
Boris and Irene Stern Professor of Accounting  
Graduate School of Business, University of Chicago. (773) 702-7295  
[abbie.smith@gsb.uchicago.edu](mailto:abbie.smith@gsb.uchicago.edu)