

# DONGLING SU

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## EDUCATION

Ph.D., Economics, Boston University, Boston MA, May 2022 (expected)  
Dissertation Title: *Three Essays in Macroeconomics*  
Dissertation Committee: Jianjun Miao, Adam Guren, Stephen J. Terry

M.A., Economics, Peking University, Beijing, China, 2017

B.A., Economics, Nankai University, Tianjin, China, 2014

## FIELDS OF INTEREST

Macroeconomics, Financial Economics, Public Economics

## WORKING PAPERS

- “[Fiscal and Monetary Policy Interactions in a Model with Low Interest Rates](#),” (with Jianjun Miao) March 2021. Job Market Paper.
- “[Fiscal Stimulus under Average Inflation Targeting](#),” (with Zheng Liu and Jianjun Miao) Oct 2021.
- “[The Costs of Political Manipulation of Factor Markets in China](#),” (with J. Vernon Henderson, Qinghua Zhang, and Siqi Zheng), April 2021, submitted.
- “[Asset Market Equilibrium under Rational Inattention](#),” (with Jianjun Miao), August 2020. Forthcoming in *Economic Theory*.
- “[Revisiting the Supply-Side Effects of Public Debt in a Banking Model](#),” October 2019.

## WORK IN PROGRESS

“Bubbles and Bank Runs”, (with Zhouxiang Shen)

## OTHERS

“Student Solution Manual to Accompany Economic Dynamics in Discrete Time”, (with Yue Jiang, Jianjun Miao, Dongling Su, Zhiteng Zeng, and Fan Zhuo) MIT Press, March 2020.

## PRESENTATIONS

- Australasian Meeting of the Econometric Society, July 2021
- China Meeting of the Econometric Society, July 2021
- China International Conference in Macroeconomics, June 2021
- Asian Meeting of the Econometric Society, June 2021
- Jinan University, June 2021
- Green Line Macro Meeting, Boston, April 2021
- SMU Virtual Conference on Urban and Regional Economics, Singapore, 2020
- Mini Urban Economics and Policy Workshop at MIT, Cambridge, 2019
- Cities and Development conference at Harvard, Cambridge, 2018

## FELLOWSHIPS AND AWARDS

Teaching Fellowship, Boston University, 2018-2021  
Dean's Fellowship, Boston University, 2018  
Academic Scholarship, Peking University, 2014-2016  
Outstanding Graduates, Nankai University, 2014  
National Scholarship, Nankai University, 2011

## WORK EXPERIENCE

Overseas Consultant for LSE, Summer 2020  
Research Assistant for Pengfei Wang and Qinghua Zhang, Fall 2017  
Research Assistant for Puyang Sun, Fall 2013

## TEACHING EXPERIENCE

Teaching Assistant, EC 502 Macroeconomic Theory (Graduate), Department of Economics, Boston University, Fall 2018-Fall 2021  
Teaching Assistant, EC 102 Introductory Macroeconomic Analysis (Undergraduate), Department of Economics, Boston University, Spring 2020  
Teaching Assistant, Industrial Organizations (Undergraduate), Guanghua School of Management, Peking University, Spring 2016. *Outstanding Teaching Assistant Award*.  
Teaching Assistant, Introduction to Economic Growth (Undergraduate), National School of Development, Peking University, Spring 2016  
Teaching Assistant, Money and Finance, Guanghua School of Management (Undergraduate), Peking University, Spring 2015

## PERSONAL INFORMATION

Languages: Fluent in English, Native in Chinese  
Computer Skills: Matlab, Stata, Python, R, C++, Fortran  
Citizenship/Visa Status: Chinese/F1

## REFERENCES

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## **Fiscal and Monetary Policy Interactions in a Model with Low Interest Rates (Job Market Paper)**

*(with Jianjun Miao)*

We provide a dynamic new Keynesian model in which entrepreneurs face uninsurable idiosyncratic investment risk and credit constraints. Government bonds provide liquidity service and raise net worth. Multiple steady states with positive values of public debt can be supported for a given permanent deficit-to-output ratio. The steady-state interest rates are less than economic growth, and public debt contains a bubble component. We analyze the determinacy regions of policy parameter space and find that a large set of monetary and fiscal policy parameters can achieve debt and inflation stability given persistent fiscal deficits.

## **Fiscal Stimulus under Average Inflation Targeting**

*(with Zheng liu and Jianjun Miao)*

We study the effectiveness of fiscal stimulus under average inflation targeting (AIT)---a new monetary policy framework that the Federal Reserve has recently adopted---in a New Keynesian model featuring interactions between monetary policy and fiscal policy. AIT implies gradual adjustments in the policy interest rate that reacts to a history-dependent inflation target. In a monetary regime with active monetary rule and passive fiscal rule, government spending raises inflation on impact, reducing the real interest rate and boosting aggregate demand. Over time, however, monetary policy tightening is required to reduce inflation and keep average inflation at target. Thus, the real interest rate rises in future periods, crowding out private consumption, rendering the cumulative fiscal multiplier smaller than the impact multiplier. In a fiscal regime with an active fiscal rule and a passive monetary rule, an expansionary fiscal policy shock pushes up inflation persistently, with no inflation makeup because of weak reactions of monetary policy to average inflation. Thus, the real interest rate stays below steady state persistently, resulting in a larger cumulative multiplier than the impact multiplier. In a liquidity trap driven by a negative demand shock, increasing history-dependence of the inflation target shortens the duration of the liquidity trap. Since the interest rate stays at the zero lower bound (ZLB), a government spending shock that raises inflation would reduce the real interest rate, resulting in a fiscal multiplier that is larger than that in normal times. Under the monetary regime, however, greater history-dependence of the inflation target leads to a smaller fiscal multiplier because higher inflation now needs to be compensated by lower inflation later. Under a fiscal regime, there is no inflation makeup and the history-dependence of the inflation target has a nonlinear effect on the size of the government spending multipliers in a liquidity trap.

## **The Costs of Political Manipulation of Factor Markets in China**

*(with J. Vernon Henderson, Qinghua Zhang, and Siqu Zheng)*

Over the last forty years, China has undergone massive reform in output markets and experienced extraordinary growth. However, reforms of factor markets and city governance have been much slower. In this paper, we tackle the key issues of local political manipulation of land markets, objectives of local leaders, and constraints on the local budgetary process to finance infrastructure, along with capital market favoritism of certain cities, using a structural general equilibrium model with trade and migration frictions, based on prefecture level data. We model the political process of land misallocation within cities, which drives up housing prices, and estimate city-by-city local leaders' preferences over economic performance versus residents' welfare. Counterfactual analysis shows that equalizing capital prices across cities, changing the political scorecard for city leaders to reward just maximization of local consumer welfare, and relaxing local budget constraints together increase welfare of consumers and returns to capital by 16.0% and 2.3% respectively. Housing prices would decline in almost all cities; and the reforms would reduce the current excessive, often showcase investment in local public infrastructure by 48% nationally. These reforms would significantly reduce the population of cities like Tianjin and Beijing and raise the population of cities like Shenzhen and Dongguan.