

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, submitted. Job Market Paper.
- “[Fiscal Stimulus under the AIT Rule](#),” (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 Siqu Zheng), April 2021, submitted.
- “[Asset Market Equilibrium under Rational Inattention](#),” (with Jianjun Miao), August 2020. R&R, *Economic Theory*.
- “[Revisiting the Supply-Side Effects of Public Debt in a Banking Model](#),” October 2019.

WORK IN PROGRESS

- “Optimal Fiscal and Monetary Policy in a Model with Low Interest Rates”, (with Jianjun Miao)
- “Bubbles and the Public Debt Valuation Puzzle: Estimates from a DSGE Model”, (with Jianjun Miao)
- “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.

Asset Market Equilibrium under Rational Inattention

(with Jianjun Miao)

We propose a noisy rational expectations equilibrium model of asset markets with rationally inattentive investors. We extend the literature to incorporate any finite number of assets with arbitrary correlation. We also do not restrict the signal form and show that investors optimally choose a single signal, which is a noisy linear combination of all risky assets. This generates comovement of asset prices and contagion of shocks, even when asset payoffs are negatively correlated. The model also provides testable predictions of the impact of risk aversion, aggregate risk, and information capacity on the security market line, the portfolio dispersion, and the abnormal return.

The Costs of Political Manipulation of Factor Markets in China

(with J. Vernon Henderson, Qinghua Zhang, and Siqi 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.