

MENG LI

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Personal Information

Date of Birth: 24 August, 1988
Gender: Male
Citizenship: P. R. China

PhD Studies

Universidad Carlos III de Madrid (Spain), 2013-present
PhD Candidate in Economics,
Thesis Title: "Essays on Policy Studies"
Expected Completion Date: June 2017

References:

Matthias Kredler (Main Advisor)
Universidad Carlos III de Madrid
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Pre-PhD Studies

Master in Economic Analysis, Universidad Carlos III de Madrid (Spain), 2011-2013
Bachelor of Arts in Economics, University of International Business and Economics
(China), 2007-2011

Interest Area

Macroeconomics; Fiscal Policy; Business Cycle; General Equilibrium

Languages

Chinese Mandarin (Native), English (Fluent), Spanish (Basic)

Working Papers

"When to Tax Capital: Fiscal Policy with Idiosyncratic Investment Risks and Heterogeneous Agents" (Job Market Paper)

Abstract:

This paper examines the effect of fiscal policies on the investment and the welfare of heterogeneous agents over the business cycle. I embed business cycles and a government into

the framework of Angeletos (2007) with independent and identically distributed idiosyncratic investment risks whose volatility is assumed to be countercyclical. All entrepreneurs make identical saving and portfolio choices each period, allowing for exact aggregation which facilitates computation. The model matches income inequality and dynamics of the income distribution over the cycle compared to the US data. The government sets rules of capital income tax rate and debt as functions of current output fixing the steady state level. I calibrate the cyclicity of fiscal policy to the US data as the baseline and adjust the parameters indicating cyclicity to study the effect of counterfactual policy. A combination of capital tax and debt policy creates a welfare conflict between entrepreneurs and workers. The policy, which optimizes utilitarian social utility, specifies that the capital income tax rate should increase by 0.45% and the debt should decrease by 0.59% facing a 1% decrease in output. It is possible that the government should reduce the capital tax in the recession if it increases the weight of workers on social welfare. The impulse response of aggregate variables to a negative productivity shock indicates that in general, the higher capital tax rate and the less debt when the adverse shock hits, the more capital and output in the early stage after the shock. The result of the welfare conflict is robust to constant idiosyncratic investment risks, but not to the removal of idiosyncratic investment risks.

“Loss Aversion, Inefficiencies and Policy Interventions”

Abstract:

I study a standard production economy with loss aversion preferences which macroeconomists seldom consider. Loss aversion, justified by empirical researches, implies that agents tend to hold safe assets, which may shed lights on theoretical results and policy prescriptions. I uncover that the competitive equilibrium is inefficient as long as the agent is loss averse. Numerical results show that capital stock, consumption and output decrease as loss aversion parameters increase. The Ramsey allocation rationalizes a policy intervention: the government should subsidize capital accumulation.

Presentations in Conferences, Seminars and Workshops (Selected)

- June, 2016 Workshop of Dynamic Macroeconomics, Universidade de Vigo (Spain)
- March, 2016 Royal Economic Society Annual Conference, University of Sussex (UK)
- Dec, 2015 Annual Conference of the Spanish Economic Association, Universitat de Girona (Spain)
- Sep, 2015 Doctoral Workshop on Quantitative Dynamic Economics, Universität Konstanz (Germany)
- Aug, 2015 Singapore Economic Review Conference
- July, 2015 Annual Meeting of the Portuguese Economic Journal, Universidade dos Açores (Portugal)
- June, 2015 Annual Meeting of the Austrian Economic Association, Universität Klagenfurt (Austria)
- April, 2015 The Midwest Economic Theory Meeting, Ohio State University (US)
- March, 2015 ENTER PhD Students Jamboree, Universität Mannheim (Germany)
- Feb, 2015 ENTER Seminar, Tilburg University (Netherlands)

Teaching Experience

2012/2013	Markets and Environment, Teaching assistant (UC3M)
2013/2014	Topics of Public Interventions, Teaching assistant (UC3M)
2014/2015	Quantitative Macroeconomics, Teaching assistant (UC3M)
2015/2016	Economics I (Microeconomics), Teaching assistant (UC3M)
2015/2016	International Trade, Teaching assistant (UC3M)

Administrative Experience

2013-2015	Coordinator of Teaching Assistantship and Proctorship (UC3M)
April, 2016	Administrative Assistant in ENTER Jamboree (UC3M)

Honors and Scholarships

2011-2014	Beca Postgrada (Postgraduate scholarship), Universidad Carlos III de Madrid
2014-present	FPI Scholarship, Spanish government
July, 2015	Letter from Vice-chancellor of UC3M for excellent teaching
Jan, 2016	Letter from Vice-chancellor of UC3M for excellent teaching