

# Fangzhou Sha

Department of Economics, Southern Methodist University

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*Job Market Candidate, 2026–2027*

Fields: Macroeconomics; Monetary and Fiscal Policy; Inequality; Quantitative Macroeconomics

Job Market Paper: *Unfunded Fiscal Policy with Heterogeneity in Household Portfolios*

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## Education

- **Ph.D. in Economics**, Southern Methodist University, Dallas, TX 2021–Present  
Expected completion: May 2027  
Advisor: Nathan S. Balke  
Dissertation Committee: Rocío Madera Holgado, Ömer Özak, Michael Sposi  
Fields: Macroeconomics; Monetary and Fiscal Policy; Inequality; Quantitative Macroeconomics.
  - **M.A. in Economics**, Southern Methodist University, Dallas, TX 2023
  - **M.S. in Economics**, University of Wisconsin–Madison, Madison, WI 2021
  - **B.B.A. in Accounting**, Shanghai University of Finance and Economics, Shanghai, China 2019
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## Research Interests

Macroeconomics; Monetary and Fiscal Policy; Inequality; Heterogeneous-Agent Models; Quantitative Macroeconomics.

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## Job Market Paper

### • Unfunded Fiscal Policy with Heterogeneity in Household Portfolios

I examine the macroeconomic and distributional consequences of unfunded fiscal policy in a heterogeneous-agent New Keynesian model with incomplete markets, endogenous portfolio choice, and long-term nominal debt. Unfunded expansions—policies not fully backed by higher expected future primary surpluses—operate through price-level revaluation and portfolio rebalancing: inflation erodes the real value of outstanding nominal liabilities, shifts wealth from nominal creditors toward net debtors, and raises spending by high-MPC households. In the calibrated economy, unfunded government purchases and unfunded transfers have essentially the same short-run transmission and deliver materially larger multipliers than funded policies. Distributionally, unfunded policy compresses consumption inequality: bottom and middle consumption shares rise while the

top share falls, whereas within funded policy, transfers provide the strongest immediate support at the bottom and funded government purchases tilt the consumption distribution upward.

## Working Papers

- **Taylor Rules and Fiscal Attention to Inflation**

I study equilibrium determinacy in a New Keynesian model where the primary surplus rule responds to both inflation and government debt, and the surplus (deficit) enters the Euler equation so that fiscal policy directly shifts the intertemporal IS curve. When fiscal policy targets inflation but not debt, I derive an analytical condition linking the monetary and fiscal inflation responses and show that determinacy can be achieved even with a Taylor coefficient below one, provided fiscal policy reacts strongly enough to inflation. When fiscal policy also stabilizes debt, I use numerical methods to map the determinacy region and show that part of the fiscal inflation response is absorbed by debt stabilization, so monetary policy must react more than one-for-one to inflation, with the required Taylor coefficient rising in the degree of fiscal attention to inflation. These results extend Leeper's (1991) classical determinacy region to environments where fiscal behavior directly influences aggregate demand through the Euler equation.

- **Identifying the Effects of Funded vs. Unfunded Fiscal Shocks** (with Nathan S. Balke and Carlos Zarazaga)

We estimate a structural VAR for U.S. annual data (1959–2023) that uses a combination of zero and sign restrictions on the present value of primary surpluses and the market value of government debt to disentangle *funded* deficit shocks—those that leave the present value of current and future primary surpluses unchanged—from *unfunded* shocks resolved through price-level adjustment. The identification delivers impulse responses and historical decompositions showing that funded deficit shocks are approximately Ricardian and have little effect on economic activity, whereas unfunded deficit shocks raise inflation and real GDP growth, lower nominal returns on government debt on impact, and account for a moderate share of post-1960 inflation fluctuations.

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## Conference and Workshop Presentations

- **SEA Graduate Student Sessions**, November 2025

*Unfunded Fiscal Policy with Heterogeneity in Household Portfolios.*

- **North Texas Economics Conference (NTxEC)**, November 2025

*Unfunded Fiscal Policy with Heterogeneity in Household Portfolios.*

- **SMU Brown Bag**, April 2025

*Unfunded Fiscal Policy with Heterogeneity in Household Portfolios.*

- **SMU Macroeconomics Workshop**, December 2024

*Determinacy with a Comprehensive Taylor Rule.*

- **Third-Year Paper Presentation**, SMU, May 2024

*Unfunded Fiscal Policy with Heterogeneity in Household Portfolios.*

- **SMU Macroeconomics Workshop**, March 2024  
*Unfunded Fiscal Policy with Heterogeneity in Household Portfolios.*
  - **SMU Macroeconomics Workshop**, December 2023  
*How Does Fiscal Stimulus Reshape Inequality?*
  - **Moody School Leadership Academy**, SMU, 2025  
*Effective Teaching and Course Design for Graduate Instructors* (invited workshop for graduate students).
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## Teaching Experience

- **Instructor**, Southern Methodist University  
ECON 3302: Intermediate Macroeconomics Summer II 2024
  - **Teaching Assistant**, Southern Methodist University  
ECON 3302: Intermediate Macroeconomics Fall 2025, Spring 2025, Spring 2024, Fall 2023, Spring 2023, Fall 2022  
ECON 6352: Applied Econometric Analysis Spring 2025  
ECON 1312: Principles of Macroeconomics (Honors) Spring 2024  
ECON 6385: Micro Theory II Spring 2023  
ECON 6380: Predictive Analytics Spring 2022  
ECON 5375: Forecasting Spring 2022  
ECON 4365: State and Local Government Fall 2021
  - **Teaching Assistant**, University of Wisconsin–Madison  
ECON 312: Intermediate Macroeconomic Theory (Advanced Treatment) Spring 2021  
ECON 475: Economics of Growth Fall 2020
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## Teaching Interests

Macroeconomics (Principles, Intermediate, Money and Banking); Quantitative Economics and Forecasting; Econometrics and Predictive Analytics; International Macroeconomics; Inequality and Public Policy.

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## Awards and Honors

- **Outstanding Graduate Student Instruction Award**, Southern Methodist University 2025  
University-wide teaching award recognizing three graduate instructors per year (two teaching assistants and one graduate course instructor); sole graduate student lecturer recipient.
- **Nomination, Outstanding Graduate Student Award**, Southern Economic Association 2025

- **Best Third-Year Paper Award**, Southern Methodist University 2024
  - **Provost's Doctoral Candidacy Fellowship**, Southern Methodist University 2023–2026
  - **Full Tuition Scholarship and Teaching Assistantship**, Southern Methodist University 2021–2023
  - **Nomination, Best Master's Thesis**, University of Wisconsin–Madison 2021
  - **Xu Zhendan Scholarship**, Shanghai University of Finance and Economics 2018
  - **Third-Class People Scholarship**, Shanghai University of Finance and Economics 2018
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## Academic Service and Affiliations

- Member, Omicron Delta Epsilon National Honor Society in Economics 2022–Present
  - ACCA Campus Ambassador, Shanghai University of Finance and Economics 2017–2019
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## Technical Skills

- Programming: Matlab, Julia, Python, Stata
  - Languages: Chinese (native), English (fluent)
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