

Lintong Li

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Office Contact Information

Julis Romo Rabinowitz Building
Department of Economics
Princeton University
Princeton, NJ 08544

Graduate Studies

Princeton University

2017-present

PhD Candidate in Economics
Expected Completion Date: June 2024

Prior Education

Peking University

B.S. in Physics, B.A. in Economics

2017

Fields

PRIMARY Macroeconomics
SECONDARY Macro-Finance, Labor

Job Market Paper

“Aggregate Demand and Irreversible Investment”

Misallocation measured by dispersion in revenue to inputs ratio rises in recessions. Can first moment shocks drive business cycles that are consistent with countercyclical misallocation and credit spread? This paper tries to study this question using a quantitative general equilibrium model populating with heterogeneous firms facing monopolistic competition and endogenous default risk. The existence of partial irreversibility constraint on fixed capital limits cash flow to finance working capital while the existence of financial friction enlarges the investment inaction zone and disinvestment fire-sale zone. Therefore, default risks and credit spread are higher and rise in recessions particularly for firms with higher leverage. Default and endogenous liquidation leads to further pressure on collateral value through active capital price. Misallocation and extra default leads to drop in aggregate output which further drags down aggregate value added productivity through aggregate demand externality. I find strong sectoral and firm level empirical evidence that are consistent with the model. Quantitative results show that a countercyclical fiscal policy can mitigate the recession by boosting aggregate demand, resulting from a rich interaction between liquidity, asset price and financial frictions.

Working Papers

1. “Richer and Busier? The Facts, Causes and Consequences of Labor Supply in China” With Qing Huang.
2. “Impacts of Wars Over Life-Cycle: Evidence From World War II” With Wei Huang.

Research Experience

2018 Research Assistant to Prof. Stephen Redding
2016 Research Assistant to Prof. Richard Freeman

Teaching

Princeton ECO 315: Topics in Macroeconomics
TA for Prof. Kiyotaki, Spring 2021, Spring 2022, Spring 2023

ECO 301: Intermediate Macroeconomics
TA for Prof. Aguiar, Fall 2021; TA for Prof. Zaidi, Spring 2023

ECO 101: Introduction to Macroeconomics
TA for Prof. Blinder, Fall 2019

Presentations

2023 Peking University, CCER SI

Honors, Scholarships Fellowships, and Grants

Mr. and Mrs. Yan Huo *94*95 Graduate Fellowship, Princeton University	2023–2024
Princeton University Graduate Fellowship, Princeton University	2017–2023
Tung OoCL Scholarship, Peking University	2015
Freshman Scholarship, Peking University	2013

Languages

Chinese (native), English

Last updated: August 2023