

## **SHANGSHANG LI**

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### **EDUCATION**

D.Phil. Candidate in Economics, University of Oxford 2018-  
▪ Expected Completion Date: June 2023  
M.Phil. in Economics (Distinction), University of Oxford 2016-2018  
B.A. in Economics (First Class Honours), University of Durham 2013-2016

### **RESEARCH INTERESTS**

Macroeconomics, Monetary Economics, International Finance, Political Economy, Macroeconometrics

### **REFERENCES**

Professor Andrea Ferrero  
Department of Economics  
University of Oxford  
andrea.ferrero@economics.ox.ac.uk

Professor Sophocles Mavroeidis  
Department of Economics  
University of Oxford  
sophocles.mavroeidis@economics.ox.ac.uk

Dr Francesco Zanetti  
Department of Economics  
University of Oxford  
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### **JOB MARKET PAPER**

#### *What Hinders Structural Reforms*

Abstract: This paper builds a macroeconomic political economy model to show that political costs associated with structural reforms hinder reform implementation. I first illustrate the main mechanism in a two-period model and then embed it into an infinite-horizon heterogeneous-agent model which is calibrated to Spain. In the model, the effects of product market deregulation create their own resistance, and the resistance generates endogenous political costs to impair deregulation. In addition, adverse initial conditions are associated with more reform progress, which is consistent with the empirical literature. A higher proportion of liquidity-constrained agents and a higher use of fixed-term contracts raise market regulation. By contrast, gradual implementation, compensation schemes, labour market reform, and strong government leadership in negotiation help deregulation. Lastly, I use the model to discuss why product markets are more deregulated in some European countries than in others.

## **WORKING PAPER**

### *Testing the effectiveness of unconventional monetary policy in Japan and the United States*

with Daisuke Ikeda, Sophocles Mavroeidis, Francesco Zanetti

Resubmitted to American Economic Journal: Macroeconomics

Abstract: Unconventional monetary policy (UMP) may make the effective lower bound (ELB) on the short-term interest rate irrelevant. We develop a theoretical model that underpins our empirical test of this ‘irrelevance hypothesis’ based on the simple idea that under the hypothesis, the short rate can be excluded in any empirical model that accounts for alternative measures of monetary policy. We test the hypothesis for Japan and the United States using a structural vector autoregressive model with the ELB. We firmly reject the hypothesis but find that UMP has had strong delayed effects.

## **WORK IN PROGRESS**

### *Global Financial Transmissions and the International Dimension of Monetary Policy*

Abstract: This paper evaluates the gains from international monetary policy cooperation in a two-country New Keynesian DSGE model with global financial transmissions. If the two countries cooperate to implement the optimal cooperative policy, the global welfare is generally improved over the welfare under optimal non-cooperative policy and various monetary policy rules. However, at the individual country level, the optimal cooperative policy cannot make one country better off without making the other country worse off. Importantly, the cross-border financial flows enlarge the welfare gains and losses for both countries. Absent from cooperation, if either country’s monetary policy rule moves unilaterally from pure domestic stabilisation to responding to exchange rate movements, there will still be a cost for the other country or its own welfare.

### *Capital Flows and Exchange Rates: A Quantitative Assessment of the Dilemma Hypothesis*

with Ambrogio Cesa-Bianchi and Andrea Ferrero

Abstract: In response to an unanticipated monetary policy tightening in the US, real GDP and exports of a typical small open economy fall, despite the depreciation of the local currency. The reason is that the financial channel of the transmission of monetary policy shocks across countries dominates over the traditional expenditure-switching effect. The dominant role of the reserve currency in trade and global financial transactions can account for the evidence in an otherwise standard two-country open economy model with nominal and real rigidities. Even in the presence of a global financial cycle, the exchange rate regime matters. In particular, a peg substantially increases macroeconomic volatility. Conversely, the introduction of an additional policy instrument to manage capital flows dampens economic fluctuations. A tax on domestic credit achieves nearly equivalent results.

## **SCHOLARSHIPS, HONOURS AND AWARDS**

One-Year Departmental Doctoral Bursary, University of Oxford	2022-2023
David Walton Distinguished Doctoral Scholarships, University of Oxford	2021-2022
Graduate Scholarship, Trinity College, University of Oxford	2020, 2021, 2022
Graduate Prize, Trinity College, University of Oxford	2019
Oxford-Sir Ivor Roberts Graduate Scholarship, University of Oxford	2018-2021
Two-Year Departmental Doctoral Bursary, University of Oxford	2018-2020
George Webb Medley Prizes, University of Oxford	2018

- For best overall performance in exams in MPhil Year 2

Best Overall Performance in Examinations Prize, University of Oxford	2017
<ul style="list-style-type: none"> <li>For best overall performance in exams in MPhil Year 1</li> </ul>	
Adam Smith Academic Achievement Award, University of Durham	2016
<ul style="list-style-type: none"> <li>For best overall performance in the final year examinations</li> </ul>	
Barclays Capital Award, University of Durham	2016
<ul style="list-style-type: none"> <li>For the highest mark in the Monetary Economics module</li> </ul>	
Vice-Chancellor's Scholarship for Academic Excellence, University of Durham	2015
<ul style="list-style-type: none"> <li>For the best overall performance in Year 2 examinations</li> </ul>	

### **RESEARCH EXPERIENCE AND OTHER EMPLOYMENT**

Summer Associate, Goldman Sachs International (London)	2021
Research Assistant for Prof. Andrea Ferrero, University of Oxford	2018-2020
Research Assistant for Prof. Sophocles Mavroeidis, University of Oxford	2018-2020
Research Assistant for Prof. Nigar Hashimzade, University of Durham	2014

### **TEACHING EXPERIENCE**

Graduate Teaching Assistant, St. Hugh's College, University of Oxford	2020-2023
<ul style="list-style-type: none"> <li>Prelims Macroeconomics (Undergraduate Year 1)</li> <li>Core Macroeconomics (Undergraduate Year 2)</li> </ul>	
Graduate Teaching Assistant, Department of Economics, University of Oxford	2020-2021
<ul style="list-style-type: none"> <li>Macroeconomics (MPhil Year 1)</li> </ul>	
Teaching Assistant, Oxford Economics Summer School, University of Oxford	2021, 2022
<ul style="list-style-type: none"> <li>Practical sessions in International Finance</li> </ul>	

### **PROFESSIONAL EXPERIENCE**

Referee: *Economica*

### **IT SKILLS**

Matlab, Dynare, OxMetrics, EViews, LaTeX, Python, Microsoft Office

### **LANGUAGE SKILLS**

Mandarin Chinese (native), English (proficient), French (intermediate), Cantonese (advanced), German (intermediate), Spanish (intermediate), Japanese (beginner)