Fangzhou Sha

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Education

Southern Methodist University
Ph.D. in Economics — Expected 2027
Committee: Nathan S. Balke (Chair), Rocío Madera, Ömer Özak, Michael Sposi
M.A. in Economics — 2023
University of Wisconsin–Madison, M.S. in Economics — 2021
Shanghai University of Finance and Economics, B.B.A. in Accounting — 2019

Research Fields

Macroeconomics; Monetary Economics; Applied Macroeconomics
Interests: Monetary-fiscal interaction, inflation and inequality

Research

Job Market Paper

Fiscal Backing and Heterogeneous Household Portfolios [Paper]
Presented at: Federal Reserve Bank of Cleveland RISE Conference (2026)
Outstanding Graduate Student Award, Southern Economic Association (2025)
Best Third-Year Paper, Department of Economics, SMU (2024)

Previous quantitative work emphasizes differences in households' marginal propensities to consume (MPCs) as the main driver of fiscal inflation. In a more realistic model, I find that households' expectations about whether current deficits will be covered by future primary surpluses are a quantitatively more important driver of fiscal inflation. Earlier models allow households to save only in nominal government liabilities. My heterogeneous-agent New Keynesian model also allows households limited access to illiquid real capital, which is protected from inflation. When deficits lack fiscal backing, households reduce their demand for nominal government liabilities and rebalance toward real capital. This portfolio-reallocation channel amplifies investment, inflation, and output responses, strengthening the quantitative importance of fiscal backing. Fiscal backing also shapes the distribution of consumption across households. Unfunded deficits reduce consumption inequality by raising consumption for households at the bottom and middle of the consumption distribution and lowering it for those at the top.

Working Papers

Fiscal Policy, Inflation Stabilization, and Monetary-Fiscal Interaction [Paper]
DOI: 10.2139/ssrn.6865964

Derives a closed-form threshold for fiscal debt feedback that determines whether monetary and fiscal responses to inflation are substitutes or complements in ensuring equilibrium determinacy. At the threshold, fiscal policy alone determines local equilibrium uniqueness.

Identifying the Effects of Funded vs. Unfunded Fiscal Shocks [Slides]
With Nathan S. Balke and Carlos Zarazaga.
Uses parsimonious restrictions on the market value of government debt in a structural VAR with long-run U.S. data to distinguish funded from unfunded fiscal shocks and estimate their effects on inflation and economic activity. Also uses large language models to help read over 50,000 news articles and build a database of U.S. fiscal expectations.

Work in Progress

Financial Frictions, Firm Exit, and Aggregate Dynamics
With Nathan S. Balke and Enrique Martínez-García.

High-Dimensional Predictive Regression with Cointegration
With Zhan Gao.

Selected Presentations

RISE Conference, Federal Reserve Bank of Cleveland, Cleveland, OH 2026
Southern Economic Association Graduate Student Sessions, Tampa, FL 2025
North Texas Economic Conference, University of Texas at Arlington 2025

Awards and Fellowships

Dean's Dissertation Fellowship, Southern Methodist University 2026–2027
Provost's Doctoral Candidacy Fellowship, Southern Methodist University 2023–2026
Melody Rice Memorial Award, Southern Methodist University 2026
Outstanding Graduate Student Award, Southern Economic Association 2025
Outstanding Graduate Student Instruction Award, Southern Methodist University 2025
Provost's Summer Research Grant, Southern Methodist University 2025
Best Third-Year Paper Award, Department of Economics, Southern Methodist University 2024
Nomination, Best Master's Thesis, University of Wisconsin–Madison 2021
Xu Zhendan Scholarship, Shanghai University of Finance and Economics 2018

Teaching Experience

Southern Methodist University

Outstanding Graduate Student Instruction Award 2025
Invited Speaker, Teaching Strategies and Tools Workshop 2025
Invited as a teaching award recipient to share classroom experience and teaching strategies with first- through third-year Ph.D. students. Workshop jointly organized by SMU's Moody School Leadership Academy and Center for Teaching Excellence.
Instructor of Record, Intermediate Macroeconomics Summer 2024
Teaching Assistant: Intermediate Macroeconomics; Applied Econometric Analysis; Principles of Macroeconomics (Honors); Micro Theory II; Predictive Analytics; Forecasting.

References

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