

CHENYUE LEI

Department of Economics, Boston University
270 Bay State Road
Boston MA 02215 USA
Cell: (479) 200-2325
Email: cylei@bu.edu
Website:

EDUCATION

Ph.D., Economics, Boston University, Boston MA, May 2023 (expected)
Dissertation Title: *Essays on Firm Dynamics, Financial Frictions and Macroeconomics*
Main advisor: Stephen James Terry

B.S., Economics *with highest honors*, and B.S., Statistics, Pennsylvanian State University
University Park, PA, 2016

FIELDS OF INTEREST

Macroeconomics, Finance, International Economics

WORKING PAPERS

“Financial Frictions, Tax Shield, and the Macroeconomy”, September 2022, Job Market Paper

WORK IN PROGRESS

“The Survival of Zombies: Evidence from the European Sovereign Debt Crisis”

RESEARCH REPORTS

“Gaps and opportunities: supporting Boston’s BIPOC small businesses” (with David Glick, Katharine Lusk, Stacy Fox, and Madeline Webster), Boston University Initiative on Cities Research Reports, 2022

PRESENTATIONS

Boston University Macro Dissertation Workshop, Boston MA, 2019-2021

FELLOWSHIPS AND AWARDS

Dean's Fellowship, Boston University,	2016-2021
Paterno Fellow, Pennsylvanian State University	2016
The Evan Pugh Scholar Senior Award, Pennsylvanian State University	2016
Robert W. Lewis Scholarship, Pennsylvanian State University	2015

WORK EXPERIENCE

Research Fellow, Initiative on Cities, Boston University	Spring 2022
Intern, International Monetary Fund, Remote	Summer 2020
Research Assistant to Professor Yuhei Miyauchi, Boston University	Fall 2019
Research Assistant to Professor Kala Krishna, Pennsylvanian State University	Fall 2015

TEACHING EXPERIENCE

Department of Economics, Boston University	
Teaching Fellow, Introductory Microeconomic Analysis	Spring 2019

Teaching Fellow, Introductory Macroeconomic Analysis	Fall 2018
Teaching Assistant, International Trade (master-level)	Spring 2021
Teaching Assistant, Public Control of Business (master-level)	Spring 2021
Teaching Assistant, Urban Economics	Spring 2020
Teaching Assistant, Intermediate Macroeconomic Analysis	Fall 2020
Morgan Academic Center for Student-Athletes, Pennsylvania State University	
Economics and Math Tutor	Fall 2015

LANGUAGES

Mandarin (native), English (fluent)

COMPUTER SKILLS: Proficient in STATA, MATLAB, R, LaTeX and Basic in Python, Julia

CITIZENSHIP/VISA STATUS: China/F1

REFERENCES

**Professor Stephen James
Terry**

Department of Economics
Boston University
Phone: (617) 353-4455
Email: stephent@bu.edu

**Professor David
Lagakos**

Department of Economics
Boston University
Phone: (617) 358-8903
Email: lagakos@bu.edu

**Professor Tarek Alexander
Hassan**

Department of Economics
Boston University
Phone: (617) 353-7082
Email: thassan@bu.edu

CHENYUE LEI

Financial Frictions, Tax Shield, and the Macroeconomy (Job Market Paper)

This paper evaluates the aggregate effects of financial frictions. Previous studies indicate that removing financial frictions will stimulate investment and reduce misallocation. However, with tax shield of debt financing, the macroeconomic implications of financial frictions can be different. I build a quantitative general equilibrium dynamic investment model of heterogeneous firms. Firms face two types of financial frictions: (a) borrowing constraints and (b) costly equity issuance. To identify the borrowing constraint parameter, I propose to target the slope of investment with respect to the debt-to-EBITDA ratio. My quantification results show that in the presence of the tax benefit, financial frictions have a non-monotonic effect on firm-level cross-sectional moments and aggregate productivity.

effect on TFP or misallocation is also non-monotonic. To explain the results, I analyze the role of the tax shield. I demonstrate that on one hand, the tax shield can boost investment and output growth when constraints are tight. On the other hand, the tax shield leads to excessive borrowing and worsens the misallocation problem when firms become less financially constrained. This highlights the importance of understanding the interaction between financial frictions and taxes to evaluate the real effects of financial frictions.