Lieyuan Yang

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Employment

Renmin University of China, School of Economics — 2026–present
Assistant Professor of Economics

University of Minnesota, Department of Economics — 2022–2026
Research Assistant

Education

University of Minnesota, Twin Cities — 2026
Ph.D. in Economics
Committee: Kjetil Storesletten, Loukas Karabarbounis, Kyle Herkenhoff

Beijing Normal University — 2020
B.A. in Business Administration

Research Interests

Macroeconomics, Economic Growth, Public Economics, Chinese Economy

Working Papers

Growth with Regional Redistribution

This paper studies interregional fiscal redistribution and regional economic growth. In China, the central government collects a substantial share of local tax revenue and reallocates resources across regions. I model this redistribution as a progressive tax on local fiscal revenue and document a sharp increase in progressivity. Using the 2002 tax reform in an event-study design, I show that increased central tax claims reduced local infrastructure investment and slowed regional growth. To quantify the effects of increased redistribution, I develop a general equilibrium growth model with local fiscal policy under progressive redistribution. Rising progressivity accounts for 43% of the decline in the cross-provincial variance of log GDP per capita while reducing aggregate TFP by 0.5 percentage points. Finally, I use the framework to characterize the determinants of optimal progressivity.

A Politico-Growth Theory of Local Fiscal Policy and Regional Redistribution

This paper develops a politico-economic theory of regional dynamics in a set of small open economies. Local governments allocate fiscal spending between public goods and investment without commitment, while the central government persistently redistributes fiscal resources across regions. I analytically characterize local fiscal policy, aggregate dynamics, and the steady state under a progressive redistribution scheme. I then use the framework to compute the time path of optimal progressivity subject to political implementability constraints.

GDP Misreporting and Economic Convergence

I use nighttime lights and electricity consumption to detect GDP misreporting and reassess economic convergence. In China, official data imply an annual convergence rate of 2.1% after the 2000s, compared with 1.7% using the constructed measure. Following the 2002 tax reform, the central government expanded redistribution from high- to low-income regions, increasing the cost of overreporting and reducing GDP overstatement by rich provinces. This pattern contributes to artificially rapid convergence in official statistics. Extending the analysis globally, I find stronger evidence of convergence in Africa and the Americas when growth is better measured.

Work in Progress

A Friction-Robust Estimator of Capital–Labor Substitution, with Yutong Zhong

Honors and Awards

Bert and Susan Hill Gross Fellowship, Department of Economics, University of Minnesota	2022
Warwick Fellowship, Department of Economics, University of Minnesota	2021

Miscellaneous

Software: Stata, Julia, MATLAB, Python, LaTeX
Languages: English (fluent), Chinese (native)