

# DONGWEI XU

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## EDUCATION

Ph.D., Economics, Boston University, Boston MA, May 2021 (expected)  
Dissertation Title: *Essays on Macroeconomics and Asset Pricing*  
Main advisor: Marianne Baxter

M.S., Finance, Washington University in St. Louis, St. Louis, MO, 2013

B.A., Economics, Peking University, Beijing, China, 2012

B.S., Mathematics, Beijing Jiaotong University, Beijing, China, 2012

## FIELDS OF INTEREST

Macroeconomics, Asset Pricing, International Economics

## WORKING PAPERS

“Labor Adjustment Cost: Implications for Asset Prices,” October 2020, Job Market paper.  
“Labor Commitment,” October 2020.

## WORK IN PROGRESS

“Long-run Stockholder Consumption Risk and Risk-Aversion” (joint with Marianne Baxter)  
“The Hours Premium in U.S. Asset-Pricing”  
“Firm-Level Political Risk in China”

## TEACHING EXPERIENCE

Instructor, Introductory Macroeconomic Analysis, Department of Economics, Boston University, Summer 2018, Summer 2019  
Teaching Assistant, Empirical Economics, Department of Economics, Boston University, Fall 2016, Spring 2017, Fall 2017, Spring 2018, Spring 2020  
Teaching Assistant, Introductory Macroeconomic Analysis, Department of Economics, Boston University, Spring 2019

## WORK EXPERIENCE

Research Assistant for Marianne Baxter, Boston University, Summer 2018, Fall 2018, Summer 2019, Fall 2019, Summer 2020, Fall 2020  
Research Assistant for George-Levi Gayle, Washington University in St. Louis, Fall 2014, Spring 2015

Financial Analyst, Arch Grants, St. Louis, MO, 2014  
Risk Management Consultant, Wells Fargo Advisors, St. Louis, MO, 2013

**FELLOWSHIPS AND AWARDS**

Dean's Fellowship, Boston University, 2015-2020  
Outstanding Undergraduate Student Award, Beijing Jiaotong University, 2012  
Outstanding Student Leadership Award, Beijing Jiaotong University, 2012

**LANGUAGES**

Chinese (native), English (fluent)

**COMPUTER SKILLS**

MATLAB, Python, STATA, LaTeX

**CITIZENSHIP/VISA STATUS**

China/F1

**REFERENCES**

**Professor Marianne Baxter**

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Boston University  
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## **Labor Adjustment Cost: Implications for Asset Prices (Job Market Paper)**

This paper studies the asset pricing implications arising from the labor adjustment cost. I implement a novel crosswalk linking three micro-level datasets and measure the hours margin of a firm's labor input. At the firm level, a 1 percent increase in hours is associated with a 0.6 percent decrease in future equity value. A production-based asset pricing model incorporating non-convex, linear, and convex labor adjustment cost components matches key firm-level moments of real quantities and asset prices. Consistent with the data, the model implies that (1) firms face labor adjustment costs mostly in the form of disruption to production and that (2) a macroeconomic shock that reduces labor adjustment costs leads to high marginal utility states.

## **Labor Commitment**

I propose a novel economic mechanism that embeds the decrease of hours during recessions and the time-variation and countercyclicality in risk premium. Central to the mechanism is the concept of labor commitment, a measure of a representative, forward-looking agent's life-time hours. Recovered from intertemporal marginal rate of substitution from model equilibrium, the stochastic discount factor takes labor commitment as additional state variable, and implies a linear factor model. I test this linear factor model using Fama-French portfolios and obtain R-squared of 0.74 and pass of alpha test. I set labor commitment-consumption ratio the conditional variable to three factors model and find that, compared to unconditional specification, the three factors model improves from R-squared from -0.28 0.77 in pricing industrial portfolios.