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To
Adrien Auclert, Bence Bardóczy, Matthew Rognlie,
Ludwig Straub

March 20, 2023

Dear Organizers,

I hope this letter finds you well. I am writing to apply for the opportunity to attend the Graduate Student Workshop on Heterogeneous-Agent Macroeconomics. My name is Xincheng Qiu, and I am a graduating Ph.D. candidate from the University of Pennsylvania. I understand that the workshop is mainly designed for graduate students, so I wanted to bring to your attention that my case may be a bit special as I will become an assistant professor at Arizona State University this fall. I am interested in attending the workshop as I think it is a promising direction to take the Sequence-Space Jacobian method to the quantitative macro-labor literature, the field I primarily work in. I have discussed my case with Professor Matthew Rognlie, who has kindly encouraged me to still apply for the workshop.

Please see the top of this page for my complete contact information. Should you need a reference, my advisor is Iourii Manovskii (manovski@sas.upenn.edu). I attach my CV (including a list of completed Ph.D. courses in macroeconomics as requested in the application guidance) and a statement of motivation following this cover letter.

Thank you for your time and consideration. I look forward to hearing from you, and please do not hesitate contacting me in case you have any questions for me. Take care and wish to see you in Cambridge in June!

Best regards,

Xincheng Qiu

encl: Curriculum Vitae, Letter of Motivation

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Education

Department of Economics, University of Pennsylvania:

Ph.D. in Economics (2023). Dissertation: Macroeconomics of Labor Markets.

Committee: Hanming Fang (co-chair), Iourii Manovskii (co-chair), Dirk Krueger, José-Víctor Ríos-Rull.

Guanghua School of Management, Peking University:

B.A. in Economics and B.S. in Mathematics (2015), M.A. in Economics (2017).

Academic Position

2023– Assistant Professor of Economics, W. P. Carey School of Business, Arizona State University.

Honors & Awards

2022 School of Arts and Sciences Dissertation Completion Fellowship, University of Pennsylvania.

2022 Dean's Scholar, University of Pennsylvania.

2021 Hiram C. Haney Fellowship Award in Economics (*for the best third-year paper*), University of Pennsylvania.

2019 Joel Popkin Graduate Student Teaching Prize in Economics, University of Pennsylvania.

2018 Lawrence Robbins Prize in Economics (*for the best first-year student*), University of Pennsylvania.

2017 Xinmei Zhang Fellowship, University of Pennsylvania.

Under Revision

1. Coordinated Firm-Level Work Processes and Macroeconomic Resilience, with Moritz Kuhn, Jinfeng Luo, and Iourii Manovskii, March 2023, Revise and Resubmit at *Journal of Monetary Economics*.
2. "Golden Ages": A Tale of the Labor Markets in China and the United States, with Hanming Fang, February 2022, Revise and Resubmit at *Journal of Political Economy Macroeconomics*.

Working Papers

3. Vacant Jobs, October 2022, *Job Market Paper*.
4. The Geography of Job Creation and Job Destruction, with Moritz Kuhn and Iourii Manovskii, March 2022, *NBER Working Paper 29399*.
5. Precautionary Mismatch, with Jincheng Eric Huang, October 2022.
6. Intra-Household Insurance and Intergenerational Transmission of Income Risk, with Francesco Agostinelli, Domenico Ferraro, and Giuseppe Sorrenti, November 2022.
7. Job Recalls and Worker Flows over the Life Cycle, with Justin Franco Lam, July 2021.
8. Female Labor Force Participation and Structural Change, with Moritz Kuhn and Iourii Manovskii.
9. "Growing Pains" in China's Social Security System, with Hanming Fang and Yi Zhang.

Teaching

Economics Ph.D. Math Camp, University of Pennsylvania, Summer 2020–2021.

Ph.D. Microeconomic Theory, Recitation Instructor, University of Pennsylvania, Fall 2018.

Guest Lecture

Models of Labor Market Monopsony, Topics in Empirical Macroeconomics (Iourii Manovskii, Penn), Spring 2022.

Completed Ph.D. Courses in Macroeconomics

Macroeconomic Theory I (Dirk Krueger & Guido Menzio) • Macroeconomic Theory II (José-Víctor Ríos-Rull & Jeremy Greenwood) • Quantitative Macroeconomic Theory (Jesús Fernández-Villaverde) • Search Theory and Applications (Benjamin Lester) • Topics in Labor, Health and Family Economics (José-Víctor Ríos-Rull) • Economic Growth (Jeremy Greenwood) • Consumption and Saving: Theory and Evidence (Dirk Krueger) • Topics in Quantitative Macroeconomics (Joachim Hubmer) • Topics in Empirical Macroeconomics (Iourii Manovskii)

Professional Activities

Organization

Labor, Firms, and Macro Reading Group/Workshop 2019–present

Referee

International Economic Review • Macroeconomic Dynamics • Management Science • Review of Economic Studies

Other Reviewing

Management Science Reproducibility Project • Young Economist Symposium

Seminar Visits

2023 Toronto • UCL • CREI • U Barcelona • Einaudi • Stockholm IIES • UC Santa Barbara • Northwestern • Minnesota • Arizona State

Conference Presentations

NBER Summer Institute: 2022 (Macro Perspectives).

Society for Economic Dynamics: 2022 (Wisconsin–Madison).

Essex/RHUL/Bristol Junior Search and Matching Workshop: 2022.

BSE Summer Forum: 2021 (Macroeconomics of Labor Markets).

Dale T. Mortensen Centre Conference: 2021.

Letter of Motivation

My research focuses on the macroeconomics of the labor market. In my job market paper, "Vacant Jobs," I study the nature of vacancies and their relation to labor supply. Canonical theories of a frictional labor market conceptualize separations as job destruction and vacancies as job creation. This paper shows that the act of workers exiting the labor force and vacating their positions is an empirically important source of both separations and vacancies. Incorporating this vacating channel of vacancies brings novel insights into several important labor market issues. First, common practice presumes that the labor force participation margin does not matter much in the business cycle theory of unemployment. In contrast, this paper shows that procyclical employment-to-nonparticipation quits cause job-finding fluctuations through the vacating channel of vacancies, and account for about one-third of unemployment fluctuations. Second, this paper finds that massive labor force outflows in three episodes in the past century with large negative aggregate labor supply shocks led to skyrocketing vacancies due to the vacating channel. Third, conventional wisdom maintains that higher real interest rates depress vacancies and hence elevate unemployment. This paper shows that although the standard creation channel of vacancies, as an investment activity, is responsive to changes in the real interest rate, the vacating channel is not. Thus, the aggregate effect depends on the dominant source of vacancies, shedding light on the possibility of a "soft landing"—raising interest rates without causing high unemployment—during the "Great Resignation," a period featuring abundant vacated vacancies. The vacating channel is absent in standard models where vacancies are a jump variable and isomorphic to flow recruiting efforts. In contrast, I document three facts about vacancy dynamics that point to an alternative view of vacancies. First, I provide evidence at the sector, state, and establishment level that workers' voluntary quits lead to vacancies. Second, using multiple data sources, I show that vacated vacancies are more prevalent and procyclical than newly created vacancies. Third, I utilize vacancy data from various countries and document a robust finding that vacancy outflow accounts for most vacancy fluctuations over the business cycle. The key for vacancy behavior to be consistent with these facts and for the vacating channel to be operative, is to model vacancies as "vacant jobs" that embody sunk investment to physical or organizational capital.

Here on-the-job search was modelled in a simplistic way, known as the "Godfather shock," a common trick used in the literature as a shortcut to get around of the computational challenges induced by explicit job ladders in the presence of aggregate shocks, which typically require tracking distributions over the business cycle. Nevertheless, such simplification is at the cost of abstracting away interesting equilibrium forces such as the macrodynamics of sorting between heterogeneous workers and firms. The Sequence-Space Jacobian method the organizers develop, in my view, provides a promising direction in pushing forward this literature.

Attending the workshop will for sure benefit my research. I am also looking forward to passing the knowledge acquired at the workshop to my future students and participants in the reading group on "Labor, Firms, and Macro" that I have been organizing.