

# Baxter Robinson

**Address:**

Department of Economics  
Social Science Centre  
University of Western Ontario  
London, Ontario  
Canada, N6A 5C2

**Phone:** +1 (416) 889-8469**Email:** brobin63@uwo.ca**Website:** <https://sites.google.com/view/baxter-robinson>

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**Citizenship:** Canadian and British**Research Interests:** Macroeconomics, Entrepreneurship, Public Finance, Labour Economics**Teaching Interests:** Macroeconomics, Public Finance

## EMPLOYMENT

Assistant Professor, University of Western Ontario 2020 - present

## EDUCATION

Ph.D. in Economics, University of Toronto 2021 (Expected)

*Committee:* Gueorgui Kambourov (co-supervisor), Burhan Kuruscu (co-supervisor),  
Sebastian Dyrda

M.Phil in Economic Research, University of Cambridge 2012

B.Sc in Economics, Queen Mary, University of London 2011  
First Class Honours

## RESEARCH PROJECTS

**Risky Business: The Choice of Entrepreneurial Risk under Incomplete Markets**  
(Job Market Paper)

**Wealth Composition and the Determinants of Wealth Inequality: The Role of Housing** with Bulent Guler and Burhan Kuruscu

**Income Dynamics Before, During, and After Entrepreneurship: Evidence and Theory** with Gueorgui Kambourov and Burhan Kuruscu

## TEACHING EXPERIENCE

Instructor 2020 - present

- EC 2220A: Intermediate Macroeconomics I [Undergraduate]

Teaching Assistant 2013 - 2020

- ECO 2061: Macroeconomics [Graduate]
- RSM 1210: Managerial Economics [MBA]
- ECO 100: Principles of Economics [Undergraduate]
- ECO 206: Microeconomics [Undergraduate]
- ECO 208: Macroeconomics [Undergraduate]
- ECO 325: Advanced Economic Theory - Macroeconomics [Undergraduate]
- ECO 404: Managerial Economics [Undergraduate]

Lead Writing Teaching Assistant

2015 - 2018

- Responsible for running writing workshops for undergraduates, designing writing assignments, and training TAs to both teach and grade student writing.

## AWARDS AND GRANTS

Stephen A. Jarislowsky Research Grant (\$15,000  $\times$  6)

2020 - 2026

Productivity Partnership Research Grant (Co-applicant) (\$17,000)

2019

School of Graduate Studies Research Travel Grant (\$4,000)

2019

Ontario Graduate Scholarship (\$15,000)

2017

University of Toronto Doctoral Fellowship (\$12,000  $\times$  5)

2013 - 2017

## SEMINAR AND CONFERENCE PRESENTATIONS

2020: Bank of Canada, Finance Canada, Simon Fraser University, University of Western Ontario, State University of New York Buffalo, The Ohio State University, The University of Exeter

2019: CIREQ Ph.D. Students' Conference (Montreal), Annual Conference of the Canadian Economics Association (Banff), North American Summer Meeting of the Econometric Society (Seattle), Ryerson University

2018: Annual Conference of the Canadian Economics Association (Montreal)

2017: Annual Conference of the Canadian Economics Association (Antigonish), Fall Midwest Macroeconomics Meetings (Pittsburgh)

## ACADEMIC SERVICE

Graduate Advisory Committee, University of Toronto

2015 - 2017

Co-President Graduate Economics Union, University of Toronto

2014 - 2016

## LANGUAGES

English (native), French (basic)

*Programming:* Fortran 90/95, OpenMP, MATLAB, Stata

## REFERENCES

Gueorgui Kambourov  
Department of Economics  
University of Toronto  
150 St. George St.  
Toronto, Ontario  
M5S 3G7, Canada  
g.kambourov@utoronto.ca  
+1-416-978-8695

Sebastian Dyrda  
Department of Economics  
University of Toronto  
150 St. George St.  
Toronto, Ontario  
M5S 3G7, Canada  
sebastian.dyrda@utoronto.ca  
+1-416-978-4189

Burhan Kuruscu  
Department of Economics  
University of Toronto  
150 St. George St.  
Toronto, Ontario  
M5S 3G7, Canada  
burhan.kuruscu@utoronto.ca  
+1-416-978-8343

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# Abstracts

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## **Risky Business: The Choice of Entrepreneurial Risk under Incomplete Markets** (Job Market Paper)

This paper studies how the uninsurable nature of entrepreneurial risk reduces entrepreneurial activity and affects aggregate output, productivity, and the distribution of wealth. I model the occupational choice of individuals who can choose to become workers or entrepreneurs. Individuals that choose to be entrepreneurs also choose how risky a business to start, with higher-risk businesses leading to higher expected productivity. My model features two distinct financial frictions. First, a missing market for entrepreneurial risk prevents entrepreneurs from insuring themselves against their income risk and the risk of business failure. Second, borrowing constraints limit the size of an entrepreneur's business. I contribute to a literature on financial frictions and entrepreneurship by studying the missing market for entrepreneurial risk and its interaction with borrowing constraints, which have been extensively studied. I calibrate the strength of these two financial frictions using micro data on new U.S. firms from the Kauffman Firm Survey. I find that completing the missing market for entrepreneurial risk improves aggregate productivity by 9%, which is more than twice the increase that results from relaxing the borrowing constraints. I also find that completing the missing market for entrepreneurial risk reduces the share of wealth held by the wealthiest 1% by two thirds. In a policy experiment, I show that a partial insurance scheme for unsuccessful entrepreneurs can increase aggregate productivity and output by encouraging entrepreneurs to start riskier businesses.

## **Wealth Composition and the Determinants of Wealth Inequality: The Role of Housing** with Bulent Guler and Burhan Kuruscu

This paper studies wealth inequity by analyzing the composition of household wealth over the wealth distribution. We document four key facts in the Survey of Consumer Finances. First, the share of wealth invested in housing follows a hump-shaped pattern over the wealth distribution. It rises below median net-worth because wealthier households are more likely to own a home. The subsequent decline is due to the fact that, conditional on owning a home, wealthier households tend to have a lower share of their wealth invested in housing. Second, the share of wealth invested in businesses is increasing over the wealth distribution. Third, the ratio of mortgage debt to housing assets decreases over the wealth distribution. Fourth, we observe that many wealthy households have assets they could use to prepay their mortgage debts but choose not to. Based on these facts, we build a life-cycle model of heterogeneous households. These households choose to either rent or buy houses, can take out long-term mortgage debt, invest in risky assets, and save in a risk-free asset. We use the model to compare

two different theories of wealth inequality. In the first, superstar income shocks give extremely large but temporary incomes to some households. In the second, persistent differences in ability allow some households to earn higher rates of return on their investments. We evaluate the two theories based on their ability to generate both the composition and distribution of wealth that we observe in the data.

## **Income Dynamics Before, During, and After Entrepreneurship: Evidence and Theory**

with Gueorgui Kambourov and Burhan Kuruscu

We study the income dynamics of entrepreneurs using the Canadian Employer-Employee Dynamics Database. This linked employer-employee administrative data allows us to observe both the employment and entrepreneurial incomes of individuals before they start a business, while running their business, and, if they exit, after shutting down a business. Based on prior labour market or entrepreneurial experience, we analyze the patterns of selection into entrepreneurship and how total earnings initially change as individuals start new businesses. As these businesses grow, we document the correlation between entrepreneurial income growth and firm growth in assets, profits, and employment. For unsuccessful entrepreneurs, we compare the characteristics of those that return to the labour market with those that start subsequent businesses and measure how earnings after shutting down the business compare to earnings prior to starting the business. Lastly, we estimate a joint process for entrepreneurial and labour market ability. Informed by these facts, we build a life-cycle model of occupational choice. The model allows us to quantify the role of labour market experience and entrepreneurial experience in the success of new businesses. Finally, we evaluate the efficacy of government policy designed to encourage entrepreneurship, such as loan programs and the differential tax treatment of business income.