

# Baxter Robinson

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**Citizenship:**

Canadian and British

**Research Interests:**

Macroeconomics, Entrepreneurship, Public Finance, Labour Economics

**Teaching Interests:**

Macroeconomics, Public Finance, Microeconomics

## EDUCATION

Ph.D. in Economics, University of Toronto 2020 (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

**Optimal Fiscal Policy under Imperfect Commitment**

## PROFESSIONAL EXPERIENCE

Teaching Assistant 2013 - present

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

Lead Writing Teaching Assistant	2015 - 2018
<ul style="list-style-type: none"> <li>Responsible for running writing workshops for undergraduates, designing writing assignments, and training TAs to both teach and grade student writing.</li> </ul>	
Research Assistant	2014 - 2015
<ul style="list-style-type: none"> <li>Michelle Alexopoulos: Textual Analysis</li> <li>Ismael Mourifie: Numerical Simulation of Matching Models</li> </ul>	

## AWARDS AND GRANTS

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 × 5)	2013 - 2017

## CONFERENCE PRESENTATIONS

North American Summer Meeting of the Econometric Society (Seattle)	2019
Annual Conference of the Canadian Economics Association (Banff)	2019
CIREQ Ph.D. Students' Conference (Montreal)	2019
Annual Conference of the Canadian Economics Association (Montreal)	2018
Fall Midwest Macroeconomics Meetings (Pittsburgh)	2017
Annual Conference of the Canadian Economics Association (Antigonish)	2017

## ACADEMIC SERVICE

Graduate Advisory Committee, Faculty of Arts and Sciences	2015 - 2017
Co-President, Graduate Economics Union	2014 - 2016

## LANGUAGES

English (native), French (basic)  
*Programming*: Fortran 90/95, OpenMP, MATLAB, Stata

## REFERENCES

Gueorgui Kambourov	Burhan Kuruscu
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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.

## **Optimal Fiscal Policy under Imperfect Commitment**

This paper examines how a government's incentives to keep or break their commitments change with the state of the economy. I provide a model where governments with different abilities to commit to future policies face a time-inconsistency problem. Governments would like to tax capital in the short run because it has already been accumulated. However, if private individuals expect to face capital taxes in the long run they will accumulate less, leading to real output losses. Reputation provides an incentive for governments with no ability to commit to partially overcome the time-inconsistency problem. I explore under what conditions this reputational mechanism provides stronger or weaker incentives for governments to commit. I find that government commitments are more difficult to keep whenever the economy is expanding or when the need for government expenditure is low. This suggests that governments should receive additional scrutiny during periods of fiscal surplus to prevent harm to long term economic outcomes. I also find that commitments are more difficult to keep when the economy has substantially less than steady state level of capital.