

# Marc-Antoine Schmidt

## Business Address

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| <b>Citizenship</b>        | Canadian   |
| <b>Languages</b>          | English, French (native)   |
| <b>Research Interests</b> | Labor Economics<br>Public Economics<br>Applied Microeconomics  |
| <b>Teaching Interests</b> | Labor Economics<br>Quantitative Methods in Economics<br>Public Economics<br>Programming for Economists |

## Education

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|------|---|
| 2019 | PhD in Economics, University of Toronto (2013–present, expected July 2019)<br><i>Dissertation:</i> Understanding Short-Term Labor Supply Decisions<br><i>Committee:</i> Robert McMillan (supervisor), Kory Kroft, Aloysius Siow |
| 2012 | MA in Economics, University of British Columbia (2011–2012)   |
| 2011 | BSc in Economics, Université de Montréal (2008–2011) <ul style="list-style-type: none"><li>• Graduated with honours</li></ul>   |

## Awards

Ontario Graduate Scholarship, 2016–2017  
Royal Bank Graduate Fellowships in Public and Economic Policy, 2016  
University of Toronto Graduate Fellowship, 2013–2018  
University of British Columbia Fellowship, 2011–2012  
Roger-Dehem Award in Microeconomics, 2010  
Outstanding Teaching Assistant Award, 2010

## Conferences and Workshops

- NBER Summer Institute 2018, Labor Studies and Public Economics, Cambridge, MA
- Annual Conference of the Canadian Economic Association 2016, Ottawa, Canada
- Conference of the Société Canadienne de Science Économique 2016, Québec City, Canada

### Research Papers

- Valuing Discretionary Rest Breaks (**job market paper**)
- The Daily Labor Supply Response to Worker-Specific Earnings Shocks

### Work in Progress

- What Does the Meter Say? A New Approach to Quantifying Congestion Costs (with Jonathan Hall and Robert McMillan)
- Valuing Reputation: Evidence from Online Scams (with Daniel Ershov and Scott Orr)

### Professional Experience

2013-2018: Teaching Assistant, University of Toronto

- ECO339 – Labour Economics
- ECO446 – Advanced Public Economics
- ECO333 – Urban Economics
- ECO331 – Behavioural and Experimental Economics
- ECO372 – Applied Regression Analysis

2015-2018: Research Assistant, University of Toronto

- Supervisor: Jonathan Hall (2015–2018)
- Supervisor: Kory Kroft and Yao Luo (2017–2018)

2012-2013: Economist, Bank of Canada, Montréal, Québec

- Main research: The Impact of Fiscal Policy in Recessions

### References

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## Dissertation Abstract

### Valuing Discretionary Rest Breaks (*Job Market Paper*)

As flexible work arrangements become increasingly prevalent in the labor market, more and more workers have discretion over when they take rest breaks. Flexibility over short-term labor supply decisions may be part of the reason for the exponential growth of the ‘gig’ economy. Yet we do not know the value that workers place on the ability to *decide* when to take rest breaks, nor is there any formal economic model of the process by which a worker makes this decision. To fill the gap, I develop and estimate a behavioral model of labor supply with discretionary rest breaks. The model incorporates several factors that influence the decision to take breaks: fatigue, opportunity costs, preferences across hours of the day, and random shocks. To estimate the model, I employ high-frequency data on millions of taxi trips covering over 15,000 drivers in NYC. For each of them, the dataset contains the labor supply decisions of about 4,000 30-minute periods during an entire year. This allows me to characterize heterogeneity across drivers in a flexible and transparent way by estimating the model separately for each driver. Using the estimated parameters, I evaluate the welfare loss to workers if discretionary breaks are replaced by scheduled breaks. My results show that flexibility is valued highly; the average driver in my sample would require a 25 percent increase in revenue to accept a counterfactual fixed work schedule. Further, I find substantial heterogeneity in this valuation, suggesting that, for some workers, discretionary breaks bestow a large non-pecuniary benefit while others are indifferent between discretionary and scheduled breaks. I then use the model to study the effects of a realistic ‘mandatory breaks’ policy on the frequency of breaks and labor supply. Counterfactual evidence shows that such a policy would substantially increase the frequency of breaks but would reduce labor supply by 7 to 20 percent. This result highlights the need to weigh the benefits of break-oriented policies—including a reduction in accidents—with the negative consequences for labor supply and the welfare of workers. While I use a specific industry to estimate the model, the proposed framework is quite general and can be applied to other sectors of the labor market.

### The Daily Labor Supply Response to Worker-Specific Earnings Shocks

This paper presents empirical evidence indicating that the daily labor supply response of workers in response to small windfall gains (i.e. worker-specific income shocks) is large and negative, contrary to the prediction of the standard neoclassical model. I use microdata covering the universe of New York taxi trips to reconstruct drivers’ daily work shifts in 2013. In the main specification, I identify windfall gains using tips received by drivers and find that they respond to these shocks by *decreasing* their labor supply substantially. Because tips are very common for American taxi drivers, I restrict the analysis to tips that are larger than average but still represent a negligible part of a driver’s monthly or weekly earnings. I obtain similar results when using trips from Manhattan to JFK Airport as an indicator of positive idiosyncratic earnings. I also find that these shocks do not affect future labor supply, indicating that standard neoclassical income effects cannot explain this result. In contrast, a positive shock to average hourly earnings causes drivers’ labor supply to increase, consistent with optimizing rational agency. The large and negative response to small windfall gains suggest that they can have significant effects and should not be neglected when designing labor policies, especially when tips, commissions, or bonuses are involved.