Research Statement

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I am a macroeconomist who studies how public policy can increase the number of venture capital-backed startups, and how venture capital shapes the top tail of outcomes: the largest fortunes and long-run innovation.[1] My job market paper addresses the first question: it ranks two ways a government can spend on venture capital, paying for more investors and paying for bigger deals, and shows that, dollar for dollar, more investors add far more startups. The reason is risk: a founder cannot diversify the risk of her one startup, so she values a bigger deal at a fraction of its expected payoff. Successful founders who become investors widen the gap. On the second question, a second paper shows that when founders are matched with investors more closely by rank, top wealth shares can rise within decades, where the standard random-growth theory needs far longer. Joint work with Leo Lam links venture deals in SDC Platinum to firm records in Orbis, creating a panel of venture capital-backed startups, and uses it to measure how the financing conditions a startup meets relate to its innovation a decade later. A new project uses the 2025 expansion of the qualified-small-business-stock exclusion to ask whether a tax break for angel investors complements or substitutes for venture capital funding.

Venture capital-backed firms matter far beyond their number. Only about 0.1% of new US firms are venture-financed (Puri and Zarutskie, 2012), yet among US public companies founded after 1968 that went public after 1978, venture capital-backed firms account for most of the market value and 92% of research and development spending (Gornall and Strebulaev, 2021). They also create many of the newest large fortunes: by my count, adapting the definition of Kaplan and Rauh (2013), at least 13 of the 65 self-made founders among the 100 richest Americans on the 2025 Forbes 400 raised institutional venture capital before their company went public or was sold. Venture capital in turn draws a growing share of its early-stage money from wealthy individuals, many of them former founders, so today's successful founders finance tomorrow's startups, the feedback at the center of my job market paper.[2]

Job market paper: more investors, not bigger deals.

Because so few new firms account for so much value and research, governments spend public money to increase the number of venture capital-backed startups. They do so in many ways; "More Investors, Not Bigger Deals: How Public Money Can Increase the Number of Venture Capital-Backed Startups When Founders Become Investors" considers two. The first pays for more investors: in 2021 the US reauthorized the State Small Business Credit Initiative at nearly $10 billion, and states have allocated up to $3 billion of it to venture capital programs, many of which back new and emerging fund managers. With more investors, a founder meets one sooner and bargains a better deal. The second pays for bigger deals: the European Angels Fund invests alongside each selected angel, which

[1] Venture capital returns are extremely concentrated: the modal venture returns almost nothing to its founder (Hall and Woodward, 2010), while a few investments earn about half of venture capital's gross return (Kerr, Nanda, and Rhodes-Kropf, 2014). One fact ties these together: a founder's wealth sits in an undiversified stake in one risky firm, which is why she values a bigger deal at a fraction of its payoff and why, because the heaviest-tailed assets set the tail of the wealth distribution (Gabaix, 2009), venture capital shapes top wealth inequality. Because venture capital also finances young, innovative firms, this tail matters for innovation.

[2] The share of US early-stage financing supplied by high-net-worth individuals tripled between 2004 and 2022 (Gocmen, Martínez-Toledano, and Mittal, 2025); a majority of surveyed accredited angels had been the founder or CEO of a startup (Huang et al., 2017); and when Dodd–Frank tightened the accredited-investor wealth threshold, states that lost more accredited households saw fewer new businesses (Lindsey and Stein, 2026).

raises the money each funded startup receives and with it the startup's expected payoff. I ask which use of a public dollar adds more venture capital-backed startups.

In a calibrated search and bargaining model, founders search for investors as workers search for jobs, and an investor able to back one more startup is a vacancy. Founders with good enough ideas seek funding; the rest take a safe job. Risk decides the ranking. Most startups fail, and a founder cannot diversify the risk of her one startup, so she values her equity stake at a small fraction of its expected payoff: at most 11% for a representative founder, and 4.9% for a founder with a mean-size claim, just below the 5.1% that Azevedo et al. (2025) imply, a moment the model does not target. A bigger deal therefore adds little in her eyes. Founders whose exits clear the accredited-investor wealth threshold become investors themselves, so each vacancy a policy adds multiplies into 2.1 vacancies, counting itself. This feedback supplies 52% of the effect of a marginal dollar spent on more investors and 46% of one spent on bigger deals; it widens the lead of more investors but does not decide it, yet removing founder-investors altogether would lower founder welfare by 53%.

At equal cost, a 5% increase in investors who are not former founders raises the number of new venture capital-backed startups by 3.8%, against 0.2% for bigger deals; startups rise with the number of founders who seek funding, because in steady state every founder who searches is eventually funded. Founder welfare, by which the paper ranks the policies, rises by 2.9% against 0.4%. Evaluations of venture policy study one program at a time (Lerner, 2009; Howell, 2017); the paper's contribution is to rank policies by founder welfare per dollar when part of the supply of venture capital comes from founders' own exits, building on Hellmann and Thiele (2019), and to measure the multiplier this feedback creates.

The same model values a policy with no fiscal cost. The accredited-investor wealth thresholds set in 1982 were never indexed to inflation, so the share of US households that qualify rose from 1.8% in 1983 to 18.5% in 2022; restoring their 1982 real value would shrink the pool of founder-investors by two-thirds, lower the multiplier to 1.4 and cut founder welfare by a third.

Second paper (working paper): sorting and the speed of top wealth inequality.

Top wealth shares in the United States rose within a few decades, yet the workhorse random-growth theory moves the top tail only by diffusion, which takes far longer.[3] In "Who Matches with Whom: Sorting and the Speed of Top Wealth Inequality," I show that the matching of founders with investors acts as the scale dependence of Gabaix et al. (2016) and can move the tail quickly. A founder's fortune is an equity stake whose value combines her talent with the size of the fund that backs her, so the richest founders are exceptional founders matched with exceptionally large funds. When the market ranks founders more accurately before pairing them with funds, that joint extreme becomes less rare, and the Pareto exponent of founder wealth falls in closed form. How often matches re-form sets the speed, and the speed depends on direction: a rise in sorting fattens the tail as soon as matches re-form, whereas after a fall founders in old matches keep the fatter tail. The contribution is a closed-form map from sorting, a measurable statistic of the venture market, to the Pareto exponent of top wealth.

In a founder-only calibration, which bounds what this channel alone delivers and holds ranking accuracy around 1989 within the range implied by estimates from venture deals (Sørensen, 2007), a single linear rise in sorting from 1980 carries the top 0.1% wealth share to its 2001 and 2016 levels,

[3] Gabaix, Lasry, Lions, and Moll (2016) put the half-lives for top incomes at 40 to 100 years and show two departures that can be fast, type dependence and scale dependence; under scale dependence, a multiplier common to all units scales log wealth. They place scale dependence in a dynamic version of the assignment of chief executives to firms (Gabaix and Landier, 2008), in which a technology parameter moves; in my model the assignment itself moves.

with technology and the distribution of talent held fixed, but leaves part of its rise in the first decade to other sources.

Joint work (working paper, with Leo Lam): financing conditions and long-run innovation.

The leading evidence on hot venture markets and innovation (Nanda and Rhodes-Kropf, 2013) follows patents for startups that went public and tracks their innovation performance for a three-year window after first funding.[4] In "Venture Capital Financing Condition and Startup Innovation: Evidence from Matching Orbis and SDC Platinum," we extend the analysis by merging two datasets: SDC Platinum records startups' venture financing histories, while Orbis tracks their patenting activities. Although the two datasets lack a common identifier, we take the 32,668 US venture capital-backed startups first financed from 1980 to 2019 in SDC Platinum and link 6,467 of them to their patents in Orbis. We also contribute by extending the tracking window for innovation performance of the startups for up to ten years after first funding, which allows us to have a more comprehensive picture of their startup life cycles. With heat measured as the detrended number of startups receiving a first round in the quarter, startups first financed in a quarter one standard deviation hotter receive 0.139 more log total citations over their first ten years (wild bootstrap $p = 0.046$), about 15% more than startups first financed in an average quarter.

New project (in progress): do tax breaks for angels complement venture capital?

How strongly venture financing responds to investors' returns is hard to measure, because returns and funding move together. The qualified-small-business-stock (QSBS) exclusion removes federal tax on all or part of the capital gains that individual investors, angels among them, earn on qualifying startup stock. In July 2025, H.R. 1 raised the gross-assets cap for eligibility from $50 million to $75 million, raising angels' after-tax returns on newly eligible startups for reasons outside the venture market.[5] Whether the angel money this draws complements or substitutes for venture capital funding is unknown. I link 126,000 venture rounds of 30,000 startups, from the Fundraising Fox Open Dataset of startup funding rounds, to 631,000 SEC Form D filings from 2014 to 2026 and compare newly eligible startups with never-eligible ones of similar size, using a double machine learning difference-in-differences event study. A positive net effect on the venture funding startups raise would mean that angel money complements venture capital.

Agenda.

My next steps pursue the two questions I began with, and in particular how venture capital supplied by institutions differs from that supplied by wealthy households. First, I will bring the QSBS estimate into the job market paper, so that the response of individual investors to their returns is measured rather than assumed. Second, the job market paper takes the distribution of exit sizes as given; I will model it as random growth in firm value, to ask how financing conditions and policy change the largest exits and, through them, top wealth inequality. Third, with Leo Lam I will use our data, which follow venture capital-backed startups whether or not they go public, to study how these firms grow; a model in which the funding conditions a startup meets at its first round have persistent effects on its productivity growth is in progress.

[4] Nanda and Rhodes-Kropf (2013) find that startups first financed in hot markets fail more often yet, among those that go public, produce more highly cited patents.

[5] Edwards and Todtenhaupt (2020) study the 2010 full exclusion and round sizes, and Gocmen, Martínez-Toledano, and Mittal (2025) use an expansion of the exclusion to estimate its effects on startups and on top wealth inequality.