Discussion of:

Why Do High-Income Parents Raise More Entrepreneurs?

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82nd Annual Congress of the International Institute of Public Finance

August 25, 2026

Summary

Question: Why do high-income parents raise more entrepreneurs?

- Large differences in entrepreneurial activity at the top
- Prior ownership stands out as an important correlate

Especially appreciated

- A model with choice between employment, ownership and entrepreneurship
- Rich analysis that characterises the entrepreneurs

A unifying narrative

- Many interesting results—but not always clear how they come together
- Introduce a framework early on to help guide through the paper

Some questions (that may have been answered)

- Why the focus on top 1%?
- What kind of prior ownership contributes the most?
- What are the possible policy implications?

Why the top 1%?

Question

What can we learn new from top 1% compared to top 10%?

My takeaway: the decision process and outside options may be very different

- Could appreciate the model discussion sooner
- Potential extension: active/passive ownership
  - 66% of owners are “active” (CEO/board), but 15% - entrepreneurs
- Nearly identical income between owners and entrepreneurs
  - What other margin may be important besides income?

What kind of ownership matters?

- Family and non-family ownership show similar patterns
- Paper discusses how ownership can help develop various skills, but limited by data
- Maybe other characteristics of prior ownership could help shed some light?
  - Industry similarity, size, profitability, age
  - Passive or active ownership
  - Number of owned firms, length of ownership
- Staff overlap: do the entrepreneurs bring employees from ownership firms?
- Also might be interesting
  - how many firms are founded (over time)?
  - does 5-/10-year attrition happen for different reasons (closure vs merge)?

Minor comments

- **Child entrepreneur:** robustness with relaxed the employment condition
- **Parent entrepreneur:** require fewer entrepreneurial years—or use ownership
- **Consistency:** some analyses use the top 1%, others the top 5%
- **Education:** which schools matter for bottom 50% vs top 1%?
- **Possible extension:** could cousins offer something useful for IGM?