

Online Appendix
Markups and Inequality
Not For Publication

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This appendix formally defines the equilibrium, describes in greater detail additional derivations, the parameterization of the free entry model, the datasets we used in our empirical work and additional statistics not reported in the paper.

1 Equilibrium

A competitive equilibrium consists of: (i) aggregate prices W_t, R_t, r_t, D_t , (ii) consumption, saving and labor supply decisions for households $c_t^i(a, z, e)$, $a_{t+1}^i(a, z, e)$, $h_t^i(a, z, e)$, where $i \in \{e, c\}$ indexes the ownership status of the household, (iii) employment, capital, output and price choices of entrepreneurs $l_t(a, z)$, $k_t(a, z)$, $y_t(a, z)$, $p_t(a, z)$ and of corporations $l_t^c(z)$, $k_t^c(z)$, $y_t^c(z)$, $p_t^c(z)$, (iv) measures of households over their idiosyncratic states $n_t^i(a, z, e)$, (v) a discrete choice $\mathbb{I}(a, z, e)$ of whether to incorporate, and (vi) stock prices $Q_t(z)$ such that

1. Given prices, households and firms solve their optimization problems.
2. Total output satisfies the Kimball aggregator

$$\int \Upsilon \left(\frac{y_t(a, z)}{Y_t} \right) dn_t^e(a, z, e) + \int \Upsilon \left(\frac{y_t^c(z)}{Y_t} \right) dn_t^c(a, z, e) = 1.$$

3. Markets clear. The labor market clearing condition is

$$\int l_t(a, z) dn_t^e(a, z, e) + \int l_t^c(z) dn_t^c(a, z, e) = \sum_i \int e h_t^i(a, z, e) dn_t^i(a, z, e).$$

The asset market clearing condition is

$$\sum_i \int a_{t+1}^i(a, z, e) dn_t^i(a, z, e) = K_{t+1} + \int Q_t(z) S_{t+1}(z) dz + B_{t+1},$$

where recall that $S_{t+1}(z) = N_t^c(z) + \nu_t(z)$. The mass of incumbent firms is

$$N_t^c(z) = \int_{a,e} dn_t^c(a, z, e)$$

and the mass of new entrants is

$$\nu_t(z) = \eta \int_{a,e} \mathbb{I}(a, z, e) dn_t^e(a, z, e).$$

The capital market clearing condition is

$$\int k_t(a, z) dn_t^e(a, z, e) + \int k_t^c(z) dn_t^c(a, z, e) = K_t.$$

The goods market clears by Walras' Law.

4. The budget constraints of the financial intermediary and of the government are satisfied period by period.
5. The measures $n_t^i(a, z, e)$ evolve according to an equilibrium mapping dictated by the households' optimal choices and the stochastic process for entrepreneurial productivity, labor efficiency and exit.

2 Additional Derivations

Let

$$Y_t = Z_t K_t^\alpha L_t^{1-\alpha}$$

denote the aggregate production function, where Z_t is total factor productivity. Using the first order conditions for capital and labor and the expression for the marginal cost ϕ_t

$$\phi_t = \frac{1}{z_t} \left(\frac{R_t + \mu_t}{\alpha} \right)^\alpha \left(\frac{W_t}{1-\alpha} \right)^{1-\alpha},$$

we can write aggregate labor L_t

$$L_t = Y_t \int_0^1 \left(\frac{\frac{R_t + \mu_{it}}{\alpha}}{\frac{W_t}{1-\alpha}} \right)^\alpha \frac{q_{it}}{z_{it}} di$$

and aggregate capital K_t

$$K_t = Y_t \int_0^1 \left(\frac{\frac{R_t + \mu_{it}}{\alpha}}{\frac{W_t}{1-\alpha}} \right)^{\alpha-1} \frac{q_{it}}{z_{it}} di,$$

where $q_{it} = \frac{y_{it}}{Y_t}$.

Let $\nu_{it} = \frac{R_t + \mu_{it}}{R_t}$. We can then write

$$L_t = Y_t \left(\frac{\frac{R_t}{\alpha}}{\frac{W_t}{1-\alpha}} \right)^\alpha \int \nu_{it}^\alpha \frac{q_{it}}{z_{it}} di$$

and

$$K_t = Y_t \left(\frac{\frac{R_t}{\alpha}}{\frac{W_t}{1-\alpha}} \right)^{\alpha-1} \int \nu_{it}^{\alpha-1} \frac{q_{it}}{z_{it}} di$$

Raising both to the respective elasticities gives

$$L_t^{1-\alpha} K_t^\alpha = Y_t \left(\int \nu_{it}^\alpha \frac{q_{it}}{z_{it}} di \right)^{1-\alpha} \left(\int \nu_{it}^{\alpha-1} \frac{q_{it}}{z_{it}} di \right)^\alpha,$$

which implies

$$Z_t = \left[\left(\int \nu_{it}^\alpha \frac{q_{it}}{z_{it}} di \right)^{1-\alpha} \left(\int \nu_{it}^{\alpha-1} \frac{q_{it}}{z_{it}} di \right)^\alpha \right]^{-1}.$$

Using the firm's first order condition we can write

$$p_{it} = \Upsilon'(q_{it}) D_t = m_{it} \phi_t = m_{it} \frac{\nu_{it}^\alpha}{z_{it}} \left(\frac{R_t}{\alpha} \right)^\alpha \left(\frac{W_t}{1-\alpha} \right)^{1-\alpha}.$$

Using the expressions in text for the aggregate labor and capital share, as well as the aggregate production function, we can write

$$\left(\frac{R_t}{\alpha} \right)^\alpha \left(\frac{W_t}{1-\alpha} \right)^{1-\alpha} = Z_t \Lambda_t^{-\alpha} M_t^{-(1-\alpha)}$$

Next, using that

$$\Upsilon'(q_{it}) = \frac{\sigma-1}{\sigma} \exp\left(\frac{1-q_{it}^{\varepsilon/\sigma}}{\varepsilon}\right)$$

we can thus write

$$\frac{\sigma-1}{\sigma} \exp\left(\frac{1-q_{it}^{\varepsilon/\sigma}}{\varepsilon}\right) = m_{it} \frac{\nu_{it}^\alpha}{z_{it}} \Omega_t,$$

where $\Omega_t = \frac{Z_t \Lambda_t^{-\alpha} M_t^{-(1-\alpha)}}{D_t}$. Solving for q_{it} we obtain

$$\frac{1-q_{it}^{\varepsilon/\sigma}}{\varepsilon} = \log\left(m_{it} \frac{\nu_{it}^\alpha}{z_{it}} \Omega_t \frac{\sigma}{\sigma-1}\right)$$

or, equivalently

$$q_{it} = \left[1 - \varepsilon \log\left(m_{it} \frac{\nu_{it}^\alpha}{z_{it}} \Omega_t \frac{\sigma}{\sigma-1}\right) \right]^{\frac{\sigma}{\varepsilon}}.$$

3 Parameterization of the Economy with Free Entry

Recall that in this version of the model we do not allow private business owners to incorporate. To ensure consistency between the model and the data, we now associate business owners (entrepreneurs) in the model with all business owners who actively manage a business in the data, including those who own a C-corporation. We therefore target a different set of moments describing this broader measure of entrepreneurs. Table 1 reports the moments we target and the parameters that minimize the distance between the model and the data. Notice that this version of the model predicts a smaller wealth and income share of firm owners and slightly less wealth inequality compared to our benchmark model and the data,

but the model matches most statistics we target quite well.

4 Data Appendix

Here we describe the datasets we used in our empirical work and document a number of features of the data.

4.1 Survey of Consumer Finances

The Survey of Consumer Finances (SCF) is a survey conducted by the National Opinion Research Center at the University of Chicago. This survey is well suited for characterizing the earnings, income, and wealth concentration at the top because it oversamples rich households.

The unit of observation we use is the household. Each wave of the survey samples more than 6,000 households and is representative of the US economy.

Sample Selection. As is standard in the literature, we exclude households with negative income. In addition, we focus on a sample of households in which the household head is between 22 and 79 years old.

Wealth. Our measure of household wealth is the variable constructed by the Federal Reserve for its Bulletin article which accompanies each wave of the SCF. Wealth is defined as total net worth, which equals assets minus debt. Assets includes both financial and non-financial assets. Financial assets include checking and savings accounts, stocks held directly and indirectly, bonds, etc. Non-financial assets, among others, include the value of houses and other real state, the value of farm and private businesses owned by the household.³ Debt include both housing debt (e.g. mortgages), debt from lines of credit or credit cards, installment loans, etc. Table 2 presents descriptive statistics for wealth and its components.

Income. Our measure of income includes all sources of income excluding government transfers (e.g. social security and unemployment benefits) and excluding other (non classified) sources of income. Thus, we include wage income, income from businesses, income from interests and dividends, from capital gains, rent income and income from pensions and annuities. Table 3 presents descriptive statistics for income and its components.

Entrepreneurs and C-corporation Owners. We follow [Cagetti and De Nardi \(2006\)](#) in identifying firm owners as households in which the household head (1) owns a business, (2) is actively engaged in managing the business and (3) is self-employed.⁴ In order to have a better match between the model and the data, we distinguish between C-corporations and

³The value of houses, real state and businesses is self-reported. E.g. with respect to housing the survey asks: “What is the current value of this (home and land/apartment/property)?”. For businesses the survey asks: “What is the net worth of (your share of) this business?”

⁴The exact questions in the survey are: (1) (does the household head) “own privately-held businesses?”, (2) (were the household head) “ever involved in the active management of the business??”, (3) (does the household head) “work for someone else, (is he or she) self-employed, or something else?”.

non C-corporations business owners.⁵ As a robustness check, in Table 4 we report the results presented in Table 1 regarding entrepreneurs and C-corp owners shares across the wealth and income distributions for alternative definitions. Finally, in Tables 7 and 8 we report the composition of wealth and income for the whole sample of households, entrepreneurs and C-corp owners.

4.2 Comparison With Other Sources of Data

Here we compare the numbers in the SCF data with those from alternative data sources. For household wealth we consider data from the Flow of Funds Accounts (FF). One disadvantage of this latter dataset is that it reports balance sheet information for households and nonprofit organizations combined. For household income we use data from the National Income and Product Accounts (NIPA). Both the FF and NIPA data report aggregate variables. To make these alternative data sources comparable with the SCF, which is at the household level, we divide the aggregate variables by the total number of households obtained from the St. Louis Fed Federal Reserve Economic Data (FRED). In this way we obtain per household variables which are comparable to the household level averages we obtain from the SCF.

4.2.1 Wealth in the Flow of Funds Accounts

Figure 1 compare the time series of household average wealth in the SCF vs. per household wealth in the FF. As expected, because wealth in the FF includes both household and nonprofit organizations wealth, the numbers in the FF are slightly larger than the ones for household average wealth in the SCF. Nonetheless, the trend in these variables is very similar.

4.2.2 Income in the National Income and Product Accounts

We next analyze income in the SCF vs. different income variables in the NIPA. Specifically, from NIPA, we consider the Gross Domestic Product (GDP), Gross National Product (GNP), National Income (NI), and National Income minus Personal current transfer receipts (NI-T).⁶ This last variable is the most comparable to our total income measure in the SCF as we

⁵The SCF reports the legal status of up to two businesses own by the household. We identify households as owner of C-corporations if at least one of their businesses is reported to be a C-corporation.

⁶Personal current transfer receipts includes: Government social benefits to persons (e.g. Social security, Medicare and Medicaid, Unemployment Insurance) and Other current transfer receipts.

exclude income from government transfers. Recall the following national income identities:⁷

$$\text{GNP} = \text{GDP} \pm \text{payments to the rest of the world}$$

$$\text{NI} = \text{GNP} - \text{consumption of fixed capital}$$

$$\text{NI-T} = \text{NI} - \text{personal current transfer receipts}$$

Figure 2 presents the time series for the per household NIPA variables vs our total income measure in the SCF. For all years NI-T is above total income in the SCF by around 10k per year. To understand what explains this difference, Figure 3 presents time series for different components of income in NIPA's NI-T that are comparable to the components of income we consider in our measure of total income in the SCF.⁸ This figure shows that most of the difference between the income variable in NIPA and the one in the SCF is Interest and Dividends and Capital gains. Both wage, business and rent income exhibit similar levels and trends in both sources of data.

4.3 Entrepreneurial and Corporate Firms Across Industries

This section analyzes the distribution of entrepreneurial and corporate firms across production sectors in the US. We use data from the Public Use Microdata Sample (PUMS) of the Survey of Business Owners (SBO), which is available for the year 2007. The PUMS version of the SBO is representative of all nonfarm private businesses in the US.⁹ We use the SBO data to represent all private firms and the Compustat data to represent corporate firms.

To analyze the relative importance of entrepreneurial and corporate firms we merge the variables for employment and sales in the SBO and Compustat datasets.¹⁰ As an initial check, we compare the aggregate figures we obtain against other sources of data. Specifically, we compare the share of the corporate and private sectors in the aggregate economy, as measured by employment and sales, implied by the SBO-PUMS and Compustat datasets and the ones reported in the aggregate statistics of the SBO.¹¹ Table 9 shows that the relative sizes of private and corporate firms align relatively well with the aggregate numbers.¹²

⁷For details about national accounts and its components see NIPA's handbook: <https://www.bea.gov/sites/default/files/methodologies/nipa-handbook-all-chapters.pdf#page=6>.

⁸Specifically, for wage income we consider Compensation of employees; for business income we use Proprietors' income with inventory valuation and capital consumption adjustments; for interest and dividends plus Capital gains income we consider Personal income receipts on assets; finally for Rent income we consider Rental income of persons with capital consumption adjustment.

⁹The SBO covers all nonfarm businesses filing IRS tax forms as individual proprietorships, partnerships, or any type of corporation with receipts of \$1,000 or more. However, businesses classified in the SBO as publicly owned are not included in the PUMS version.

¹⁰To compute sector and aggregate level variables in the SBO we use the sample weights reported in the PUMS.

¹¹Importantly, the aggregate data of the SBO includes all firms, including the private firms, reported in the SBO-PUMS dataset, and corporate firms.

¹²A potential explanation for the discrepancy in the shares is that Compustat only reports data for publicly listed corporations. Thus, our analysis misses all the non-publicly listed corporations.

Figure 4 presents the employment and sale shares of entrepreneurial and corporate firms in different industries.¹³ Even though corporate firms are disproportionately more prevalent in Manufacturing and less prevalent in Other Services, both types of firms co-exist in each sector of the economy, with relatively homogeneous weights across sectors.

References

Cagetti, Marco and Mariacristina De Nardi, “Entrepreneurship, Frictions, and Wealth,” *Journal of Political Economy*, 2006, 114 (5), 835–870.

¹³To ease exposition we collapse the 2-digit NAICS codes reported in both the SBO and Compustat datasets into 6 categories.

Table 1: Parameterization

A. Moments Used in Calibration

Moments Group 1	Data	Model	Moments Group 2	Data	Model
Aggregate markup	1.15	1.15	Percentage entrepreneurs	7.1	7.1
Average debt to capital ratio	0.35	0.35	Wealth to income ratio	6.1	6.0
Percentage of corporate firms	4.9	4.8	Wealth share of entrepreneurs	0.37	0.24
Sales share of corporate firms	0.63	0.63	Income share of entrepreneurs	0.21	0.19
Top 5% sales concentration, corp.	0.66	0.66	Gini wealth, all hhs	0.81	0.79
Average income tax rate	0.23	0.23	Gini income, all hhs	0.58	0.55
Average income tax rate p95-99	0.27	0.27	Gini wealth, entrepr.	0.76	0.85
Average income tax rate p99-99.5	0.31	0.30	Gini income, entrepr.	0.69	0.75
Average income tax rate p99.5-99.9	0.33	0.33	Gini wealth, workers	0.78	0.76
			Gini income, workers	0.53	0.50

B. Assigned Parameter Values

θ	2	CRRA
γ	1	inverse Frisch elasticity
α	1/3	capital elasticity
δ	0.06	depreciation rate
ε/σ	0.15	super-elasticity
τ_c	0.36	dividends tax schedule
φ	0.04	exit rate, corporations

C. Calibrated Parameter Values

Group 1			Group 2		
σ	30.90	demand elasticity	β	0.938	discount factor
λ	1.729	leverage constraint	ρ_z	0.980	AR(1) z
F	173.4	entry cost, corp., rel. Y	σ_z	0.101	std. dev. z shocks
\bar{z}_c	0.950	average log z corp. firms	ρ_e	0.960	AR(1) e
σ_{z_c}	0.399	std. dev. log z corp. firms	σ_e	0.310	std. dev. e shocks
τ	0.267	income tax schedule			
ξ	0.074	income tax schedule			

Table 2: Wealth and its Components, Descriptive Statistics

	Fr.=0	Mean	25th	50th	75th	90th	95th	99th
Wealth	0.01	544.7	8.9	80.7	329.4	981.5	1946.2	8127.6
Assets (+)	0.02	644.9	26.8	179.2	454.1	1168.7	2169.7	8632.2
Financial Assets	0.06	261.4	1.3	18.8	129.1	496.0	967.3	4057.4
Ch. and sav. acc.	0.07	32.7	0.5	3.4	16.5	55.7	106.2	438.2
Bonds	0.99	8.2	0.0	0.0	0.0	0.0	0.0	30.9
Stocks	0.49	134.9	0.0	0.1	37.1	231.0	511.7	2347.8
IRA, pensions	0.56	52.1	0.0	0.0	25.8	125.1	255.9	773.3
Other Financial	0.63	33.5	0.0	0.0	1.0	25.8	90.4	622.1
Nonfinancial Assets	0.08	383.5	14.4	132.3	300.1	643.4	1138.4	4905.9
Business	0.89	113.8	0.0	0.0	0.0	4.1	126.8	2204.5
Housing and real state	0.33	243.8	0.0	103.1	257.8	515.6	824.9	2515.9
Other Nonfinancial	0.09	25.9	5.9	14.8	28.9	48.3	67.0	171.2
Debt (-)	0.22	100.2	0.5	28.9	137.2	269.4	386.7	762.5
Housing, real state	0.53	83.0	0.0	0.0	116.5	237.2	360.9	710.4
Credit card, credit lines	0.59	3.1	0.0	0.0	1.5	7.7	14.4	37.3
Other debt	0.23	14.1	0.0	0.7	16.5	37.0	58.8	127.2

Notes: The numbers in the table are based on the 2013 SCF survey. With the exception of the first column, all variables are reported in thousands 2016 USD. Fr.=0 denotes the fraction of households with zero wealth, assets, or debt. Ch. and sav. acc. denotes checking and saving accounts held with a bank. Stocks include both directly and indirectly held. Other Financial assets include Directly held mutual funds, Savings bonds, Cash value of life insurance, Other managed assets, and other non-classified financial assets. Other Nonfinancial assets include Vehicles, and other non-classified nonfinancial assets (e.g. durable goods or jewelry). Other debt includes Installment loans and other non-classified debt.

Table 3: Income and its Components, Descriptive Statistics

	Fr.=0	Mean	25th	50th	75th	90th	95th	99th
Income	0.01	89.8	25.1	50.2	94.1	160.9	239.0	707.2
Wage	0.24	60.1	2.1	35.6	77.4	133.9	186.2	468.6
Business	0.81	11.8	0.0	0.0	0.0	11.5	37.7	209.2
Interest and dividends	0.78	2.9	0.0	0.0	0.0	0.8	4.9	58.4
Capital gains	0.92	4.2	0.0	0.0	0.0	0.0	0.6	50.2
Rent income	0.89	8.2	0.0	0.0	0.0	0.0	12.6	125.5
Pensions and annuities	0.67	10.5	0.0	0.0	11.5	34.5	53.4	106.9

Notes: The numbers in the table are based on the 2013 SCF survey. All income variables are for annual income. With the exception of the first column, all variables are reported in thousands 2016 USD. Fr.=0 denotes the fraction of households with zero income. Rent income includes income from net rents, trusts and royalties.

Table 4: Entrepreneurs and C-corp Owners in the Wealth and Income Distribution, Alternative Definitions

	Fraction of entrepreneurs	Share held by entrepreneurs	Fraction of C-corp owners	Share held by C-corp owners
Panel A. Wealth distribution				
Business owners				
All	0.115	0.454	0.009	0.077
Top 1%	0.703	0.699	0.108	0.150
Top 5%	0.500	0.606	0.072	0.115
Top 10%	0.382	0.551	0.047	0.100
Bottom 50%	0.043	-0.032	0.001	0.003
Business owners + active managment				
All	0.106	0.398	0.009	0.077
Top 1%	0.616	0.699	0.108	0.150
Top 5%	0.449	0.526	0.072	0.115
Top 10%	0.346	0.481	0.047	0.100
Bottom 50%	0.041	0.032	0.001	0.003
Business owners + active managment + self-employed				
All	0.065	0.308	0.006	0.065
Top 1%	0.489	0.494	0.090	0.129
Top 5%	0.341	0.421	0.059	0.097
Top 10%	0.253	0.380	0.037	0.084
Bottom 50%	0.021	0.032	0.001	0.002
Panel B. Income distribution				
Business owners				
All	0.115	0.289	0.009	0.038
Top 1%	0.631	0.656	0.088	0.111
Top 5%	0.450	0.557	0.063	0.088
Top 10%	0.327	0.476	0.040	0.072
Bottom 50%	0.055	0.061	0.003	0.005
Business owners + active managment				
All	0.106	0.257	0.009	0.038
Top 1%	0.517	0.553	0.088	0.111
Top 5%	0.401	0.484	0.063	0.088
Top 10%	0.289	0.414	0.040	0.072
Bottom 50%	0.050	0.055	0.003	0.005
Business owners + active managment + self-employed				
All	0.065	0.183	0.006	0.031
Top 1%	0.382	0.452	0.076	0.095
Top 5%	0.295	0.384	0.050	0.074
Top 10%	0.199	0.320	0.031	0.060
Bottom 50%	0.035	0.040	0.002	0.003

Notes: The numbers in the table are based on the 2013 SCF survey.

Table 5: Entrepreneurs' Wealth and its Components, Descriptive Statistics

	Fr.=0	Mean	25th	50th	75th	90th	95th	99th
Wealth	0.00	2,580.4	173.9	622.4	2,072.9	6,347.5	10,560.8	26,638.6
Assets (+)	0.00	2,781.9	312.6	754.5	2,367.7	6,857.9	11,061.7	27,483.1
Financial Assets	0.00	825.1	13.4	88.6	487.6	1,779.4	3,929.5	10,417.3
Ch. and sav. acc.	0.00	106.7	3.6	12.7	55.7	181.2	414.5	1,814.7
Bonds	0.96	25.6	0.0	0.0	0.0	0.0	0.0	539.3
Stocks	0.36	469.0	0.0	13.9	249.0	872.3	2,005.5	7,733.3
IRA, pensions	0.52	112.7	0.0	0.0	66.0	318.7	622.5	1,667.6
Other Financial	0.45	111.2	0.0	0.0	11.3	146.4	419.8	2,030.7
Nonfinancial Assets	0.00	1,956.9	243.3	576.2	1,498.2	4,500.6	7,819.9	19,487.9
Business	0.08	1,167.0	20.6	106.2	659.9	2,629.3	5,155.5	14,893.3
Housing and real state	0.12	729.2	123.7	288.7	773.3	1,701.3	2,577.8	7,475.5
Other Nonfinancial	0.03	60.7	11.3	26.1	49.1	98.0	163.9	541.3
Debt (-)	0.15	201.5	14.6	101.3	278.4	515.6	734.1	1,371.8
Housing, real state	0.34	178.1	0.0	80.4	247.5	484.6	708.4	1,268.3
Credit card, credit lines	0.55	6.9	0.0	0.0	3.1	16.5	29.0	103.1
Other debt	0.16	16.5	0.0	0.0	18.8	35.1	57.1	165.0

Notes: The numbers in the table are based on the 2013 SCF survey. With the exception of the first column, all variables are reported in thousands 2016 USD. Fr.=0 denotes the fraction of households with zero wealth, assets, or debt. Ch. and sav. acc. denotes checking and saving accounts held with a bank. Stocks include both directly and indirectly held. Other Financial assets include Directly held mutual funds, Savings bonds, Cash value of life insurance, Other managed assets, and other non-classified financial assets. Other Nonfinancial assets include Vehicles, and other non-classified nonfinancial assets (e.g. durable goods or jewelry). Other debt includes Installment loans and other non-classified debt.

Table 6: Entrepreneurs' Income and its Components, Descriptive Statistics

	Fr.=0	Mean	25th	50th	75th	90th	95th	99th
Income	0.01	253.2	47.1	85.8	198.8	500.0	807.6	2,929.0
Wage	0.39	75.5	0.0	22.0	77.4	183.1	292.9	831.6
Business	0.09	121.4	9.4	31.4	85.8	219.7	462.4	1,464.5
Interest and dividends	0.63	11.8	0.0	0.0	1.0	15.7	41.8	188.3
Capital gains	0.80	28.5	0.0	0.0	0.0	5.2	41.8	274.1
Rent income	0.52	87.2	0.0	0.0	41.8	143.3	366.1	1,443.6
Pensions and annuities	0.74	13.5	0.0	0.0	1.7	39.8	75.3	296.0

Notes: The numbers in the table are based on the 2013 SCF survey. All income variables are for annual income. With the exception of the first column, all variables are reported in thousands 2016 USD. Fr.=0 denotes the fraction of households with zero income. Rent income includes income from net rents, trusts and royalties.

Table 7: C-corp Owners' Wealth and its Components, Descriptive Statistics

	Fr.=0	Mean	25th	50th	75th	90th	95th	99th
Wealth	0.00	5,609.3	393.8	1,531.2	4,714.2	11,126.1	17,202.0	63,384.4
Assets (+)	0.00	5,959.1	487.9	1,594.7	5,334.9	12,550.6	18,798.2	63,384.4
Financial Assets	0.00	1,671.3	58.8	252.6	1,094.0	2,871.6	5,784.5	18,025.1
Ch. and sav. acc.	0.00	295.3	6.7	25.8	72.2	386.7	626.9	1,613.7
Bonds	0.95	91.0	0.0	0.0	0.0	0.0	14.4	1,752.9
Stocks	0.18	790.6	0.6	110.3	517.0	1,642.0	3,969.8	10,311.0
IRA, pensions	0.43	207.9	0.0	5.6	106.0	740.7	1,598.2	2,113.8
Other Financial	0.37	286.4	0.0	0.9	20.6	140.2	351.0	5,519.2
Nonfinancial Assets	0.00	4,287.8	358.4	1,321.8	3,688.8	7,369.0	13,049.7	43,041.4
Business	0.02	2,706.3	77.3	497.0	1,546.7	4,598.7	8,939.7	31,561.1
Housing and real state	0.04	1,457.7	209.3	515.6	1,252.8	4,784.3	5,619.5	12,527.9
Other Nonfinancial	0.00	123.9	15.2	36.5	79.5	323.8	457.8	739.3
Debt (-)	0.15	349.8	49.6	183.5	323.8	1,033.2	1,620.4	2,180.8
Housing, real state	0.23	327.1	23.2	173.2	322.7	917.7	1,617.8	2,169.4
Credit card, credit lines	0.64	7.9	0.0	0.0	3.2	12.0	15.5	41.2
Other debt	0.15	14.8	0.0	0.0	10.3	69.1	72.2	148.5

Notes: The numbers in the table are based on the 2013 SCF survey. With the exception of the first column, all variables are reported in thousands 2016 USD. Fr.=0 denotes the fraction of households with zero wealth, assets, or debt. Ch. and sav. acc. denotes checking and saving accounts held with a bank. Stocks include both directly and indirectly held. Other Financial assets include Directly held mutual funds, Savings bonds, Cash value of life insurance, Other managed assets, and other non-classified financial assets. Other Nonfinancial assets include Vehicles, and other non-classified nonfinancial assets (e.g. durable goods or jewelry). Other debt includes Installment loans and other non-classified debt.

Table 8: C-corp Owners' Income and its Components, Descriptive Statistics

	Fr.=0	Mean	25th	50th	75th	90th	95th	99th
Income	0.01	253.2	47.1	85.8	198.8	500.0	807.6	2,929.0
Wage	0.39	75.5	0.0	22.0	77.4	183.1	292.9	831.6
Business	0.09	121.4	9.4	31.4	85.8	219.7	462.4	1,464.5
Interest and dividends	0.63	11.8	0.0	0.0	1.0	15.7	41.8	188.3
Capital gains	0.80	28.5	0.0	0.0	0.0	5.2	41.8	274.1
Rent income	0.52	87.2	0.0	0.0	41.8	143.3	366.1	1,443.6
Pensions and annuities	0.74	13.5	0.0	0.0	1.7	39.8	75.3	296.0

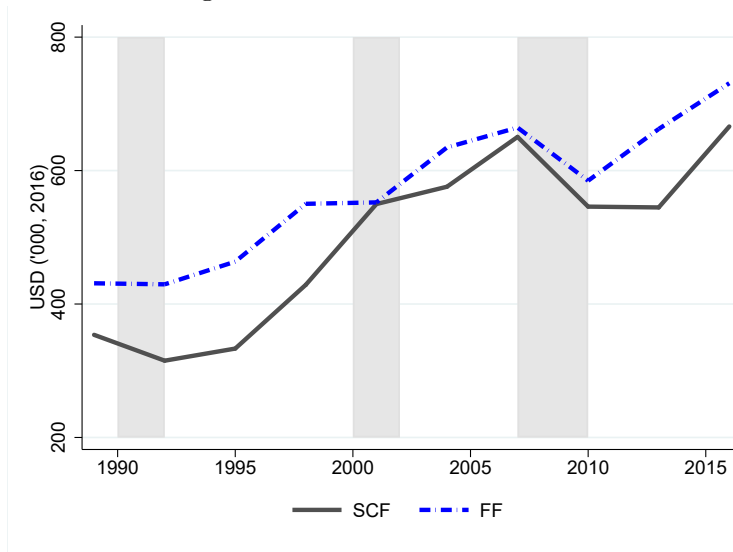
Notes: The numbers in the table are based on the 2013 SCF survey. All income variables are for annual income. With the exception of the first column, all variables are reported in thousands 2016 USD. Fr.=0 denotes the fraction of households with zero income. Rent income includes income from net rents, trusts and royalties.

Table 9: Sector shares

	Sales	Employment
Aggregate		
Corporate	0.64	0.52
Private	0.36	0.48
Microdata		
Compustat	0.56	0.43
SBO-PUMS	0.44	0.57

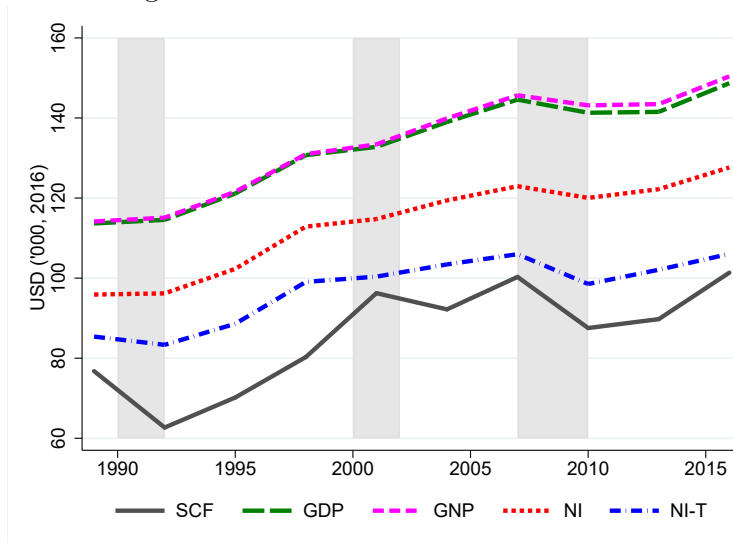
Notes: Aggregate data refers to SBO aggregate statistics for the year 2007.

Figure 1: Wealth in FF and SCF



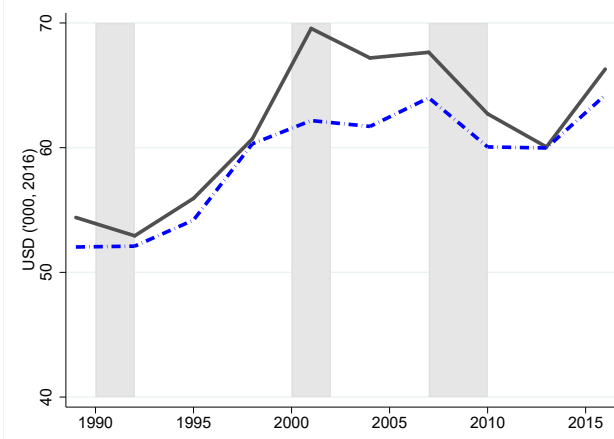
Notes: FF wealth correspond to assets - liabilities of Households and Nonprofit Organizations.

Figure 2: Total Income in NIPA and SCF

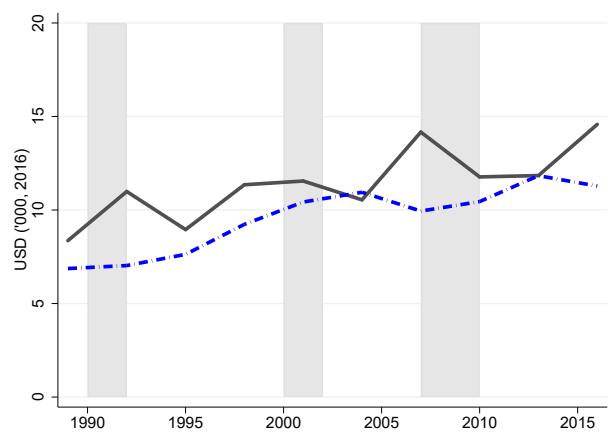


Notes: GDP denotes Gross Domestic Product, GNP denotes Gross National Product, NI denotes National Income, and NI-T denotes Personal Income minus Personal current transfer receipts.

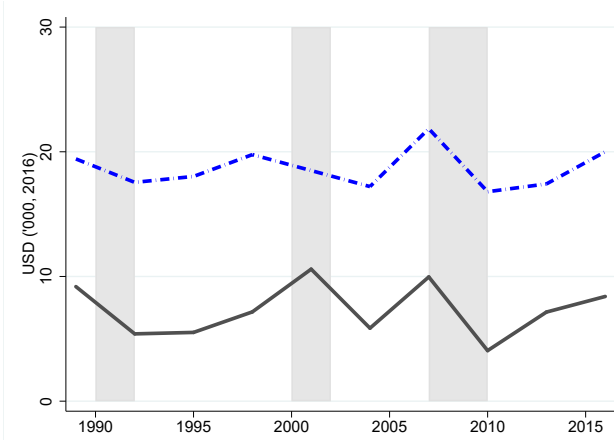
Figure 3: Components of Income in NIPA and SCF
Wage



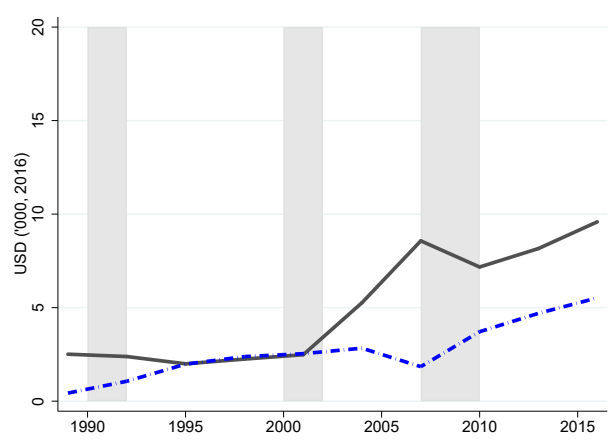
Business



Interest, dividends and Capital gains

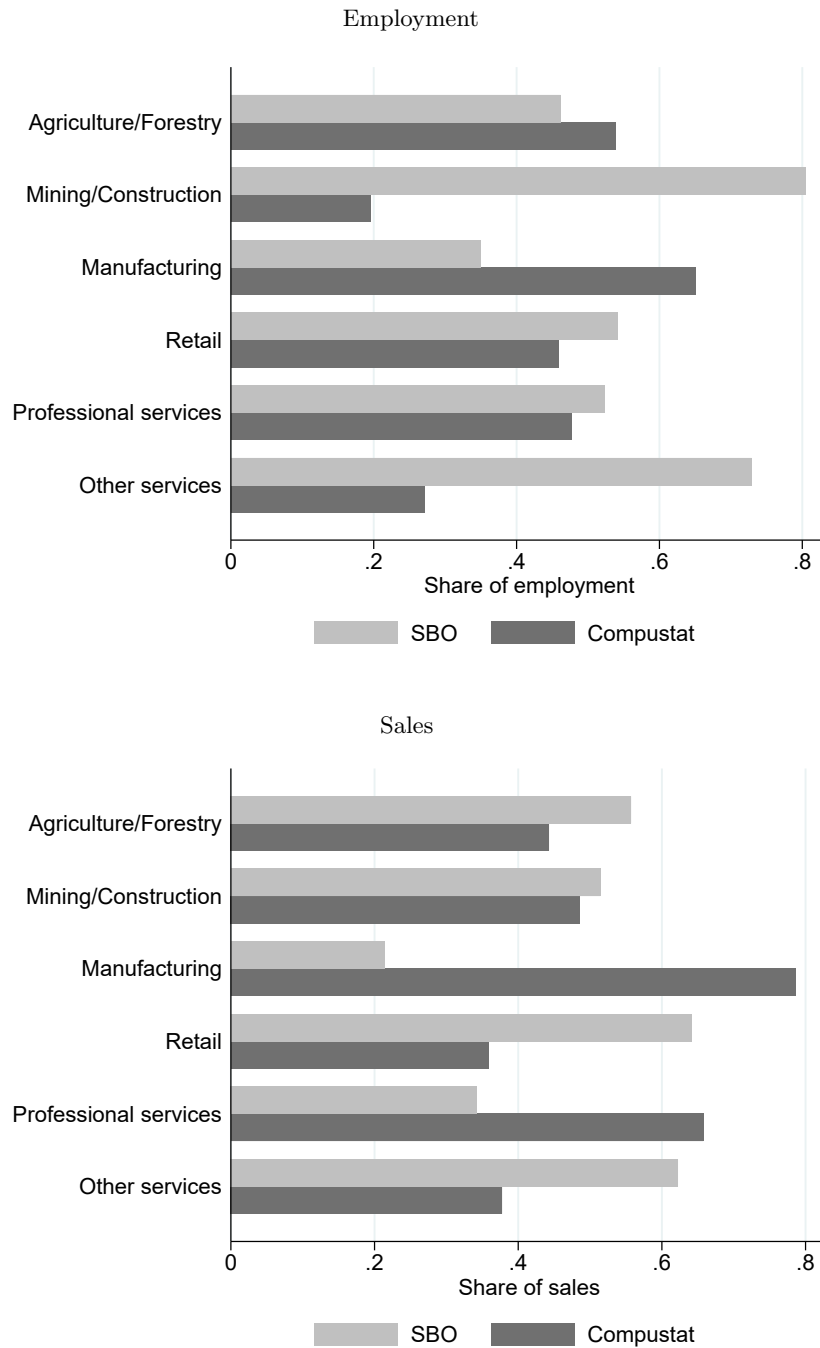


Rent income



— SCF - - - NIPA

Figure 4: Entrepreneurial and corporate firms, by industry



Notes: Shares sum up to one within each industry. The data is for the year 2007.