

# TINO SANANDAJI

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## HARRIS SCHOOL OF PUBLIC POLICY STUDIES

### OFFICE CONTACT INFORMATION

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**EDUCATION:** Harris School of Public Policy Studies, University of Chicago  
PhD, Public Policy, Expected completion June 2011  
DISSERTATION: "Entrepreneurship and Entrepreneurship Policy"

MA in Economics, University of Chicago, 2006

MSc, Economics and Business Administration (with distinction), Stockholm of Economics, 2004

### **BOOKS AND ARTICLES**

#### **Published:**

"Entrepreneurship and the Theory of Taxation" (with M. Henrekson) *Small Business Economics*, forthcoming (2010).

"Book review: The Microtheory of Innovative Entrepreneurship. By William J. Baumol" (with M. Henrekson) (2010), *Journal of Economic Literature*, 48(3), 769-774.

Institutional Entrepreneurship (with M. Henrekson, editors) Northampton, MA Edward Elgar, International Library of Entrepreneurship Series, forthcoming (2011).

"The interaction of Institutions and Entrepreneurship" (with M. Henrekson) *Journal of Institutional Economics*, forthcoming (2011).

"Bridging the Gap Between Entrepreneurship Research and Mainstream Economics", (with M Henrekson). *Ekonomiska Samfundets Tidskrift*, 2010: 63(3)

"Taxes and Private Equity Formation in Housing" *The Journal of the Swedish Economic Association*, 2008: 1(36), 63-66.

"New Perspectives on Real Estate Taxation" *The Journal of the Swedish Economic Association*, 2007: 7(35), 5-17.

"The Flat Tax: More Efficient Taxation Could end up Costly" *The Journal of the Swedish Economic Association* 2006: 2(34), 40-46.

Ownership Taxation and Entrepreneurship. (With M. Henrekson) Stockholm: SNS Förlag, 2004

"Un-Level Ground" (with N. Sanandaji, A. Malm, C. Snowdon) *Wall Street Journal*, July 9 2010.

#### **Work in Progress**

"Entrepreneurship as the Opposite of Self-Employment" Job market paper

"Mean Reversion in Income and Bias in Racial Coefficients" IFN Working Paper 811

"Capital Taxes and the International Mobility of the Super-Rich" Working Paper

“Taxation and the Quality and Quantity of Entrepreneurship” (With A. Asoni) IFN Working Paper 813

“Institutional Quality and Non-Entrepreneurial Self-Employment” (With P. Leeson)

**TEACHING EXPERIENCE** Teaching Assistant for: “Topics in U.S. Tax Policy”, “Taxation and Public Finance”, “Massive Change: Economics and Management” “Finance”, “Topics in Finance”.

Average student evaluation score: 7.5/10

**RESEARCH FIELDS** Public Finance, Entrepreneurship, Applied Microeconomics.

**PROFESSIONAL EXPERIENCE** 2006- Affiliated Researcher, Research Institute of Industrial Economics.  
2004- Co-founder of and Chief Economist of Captus Free Market Think Tank. Authored, co-authored or edited over 70 articles and reports on Swedish, European and Middle Eastern economies. Gave two seminars in Swedish parliament on tax policy.

**LANGUAGES** English, Persian, Swedish (all fluent), basic Kurdish.

**FELLOWSHIPS, HONORS, AND AWARDS** Humane Studies Fellowship, Institute for Humane Studies, 2009 and 2010  
Tekn. dr. Marcus Wallenberg Fellowship, Wallenberg Foundation, 2007  
Hedelius-Wallander Scholarship, Svenska Handelsbanken, 2005  
Winner of the Swedish Students Economics Championships in 2002

**REFEREEING** *American Economic Review, Quarterly Journal of Economics, Journal of Public Economics, Applied Economics, Journal of Economic Surveys.*

**RESEARCH  
PAPERS:**

**“Entrepreneurship as the Opposite to Self-Employment”**

Abstract: This paper uses two newly assembled datasets to demonstrate that the common practice of relying on self-employment to proxy for entrepreneurship often gives rise to misleading inference. I determine the source of wealth of all billionaires listed on Forbes Magazine's list, identifying 996 individuals in over fifty countries who became rich by founding new firms. Using these individuals to define the per capita rate of entrepreneurship, I show that entrepreneurship rates correlate negatively with self-employment rates. Countries with higher income, lower taxes and less regulation have higher entrepreneurship rates but less self-employment. I attempt to account for these results theoretically using a model where efficient financial markets and a good policy environment lead to a better allocation of capital to talent, raising wages, and thereby driving the least productive self-employed individuals to seek employment. This evidence is supplemented with data from a recently administered survey of 12,000 Swedish twins. The survey asks individuals to identify as self-employed or entrepreneurs based on their intentions to innovate and grow their businesses. Whilst the self-employed have lower incomes than employees with similar characteristics, entrepreneurs have higher incomes. These relationships hold both in the cross-section and within family.

**“Mean Reversion in Income and Bias in Racial Coefficients”**

Studies of mortgage approvals find that minorities are more likely to be denied loans, even when controlling for a rich set of background variables including current-year income. I demonstrate that relying on current year income when comparing racial outcomes leads to an overestimation of discrimination or even a false finding of discrimination where there is none. Minorities on average earn less than whites, so that two individuals of different races with the same annual income tend to have different proportions of transitory income. An African-American mortgage applicant earning the same income as a white applicant is therefore more likely to experience downward reversion to the mean in future years. When a measure of permanent income based on food expenditure is constructed and used instead of current year income, the coefficient for discrimination in the standard loan approval model is reduced for both African-Americans and Hispanics. A similar methodology is applied to voting and income, showing that the common reliance on current year income causes a bias in the racial and ethnic coefficients also in this application.

**“Capital Taxes and the International Mobility of the Super-Rich”**

This paper exploits a novel data source to study the cross-country migration of very wealthy individuals. Using Forbes Magazine list of the world's wealthiest 1996-2010, I identify each billionaire's source of wealth, country of residence and place of birth. I study the migration of these 1625 individuals across 153 countries using a multilevel mixed-effects model. Movement is linked to distance, to language and colonial ties, and to the per capita GDP of the source and host country respectively. Of the billionaires that moved, 80% went from a lower per capita income to a higher per capita income country and 75% from a higher tax country to a lower tax country. While the effect of capital taxes on migration is statistically significant, the coefficient size is small. The size of the market of the host country is also a determinant of the likelihood to immigrate, in particular for self-made billionaires.