

Macro Roundup Article

Headline: [Surging Business Formation in the Pandemic: Causes and Consequences](#)

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Summary: A striking feature of the US economic experience during the COVID-19 pandemic has been a surge in applications for new businesses. After initially dropping in March and April of 2020, applications rose to record levels, an all-time high in July 2020 and remaining historically elevated through the fall of 2022 (Figure 1.) The surge was apparent even among “likely employers,” that is, applications with characteristics that are likely to result in the hiring of workers and growth. Historically, there has been a tight relationship between business applications and true business formation, but questions have remained about the degree to which the pandemic’s surging applications would translate into actual employer businesses with broader labor market implications.

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