

Macro Roundup Article

Headline: [Creative Destruction After the Pandemic](#)

Article Link: <https://theovershoot.co/p/guest-post-creative-destruction-after>

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Tweet: [. @AzizSunderji notes record-breaking rates of new business formation since the pandemic but argues that we will not know if this translates into productivity gains for some time.](#)

Summary: After peaking mid-way through 2020, “establishment deaths” rapidly dropped back to normal levels, and new establishments were launched. In the third quarter of 2020, a record-breaking 287,000 establishments were “born”. This rate continued to rise, peaking at 379,000 new establishments in the last quarter of 2021. The pace has cooled since then but remains far higher than anything on record before 2020. Much of this could merely be musical chairs, with new businesses replacing those that closed during the pandemic. Restaurants are a good example. New establishments have proliferated, but many also shuttered in 2020. Only in the past few months have the number of restaurants across the country surpassed the 2019 level. This intra-sector shuffling is part of the process of creative destruction, but it’s not clear that the new entrants are any more productive than the incumbents. We won’t know how many of the pandemic-born infant firms grew into toddlers for several years.

Primary Topic: Growth

Topics: Business Cycle, Growth, Op-Ed/Blog Post, Theory

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