

Macro Roundup Article

Headline: [Is Big Business Really Getting Too Big?](#)

Article

Link: <https://www.economist.com/business/2023/07/12/is-big-business-really-getting-too-big>

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Tweet: [. @TheEconomist](#) notes that American firms collect 41% of "excess profits" globally as measured by firms' return on invested capital above a hurdle rate of 10%.

Summary: Out of some 900 sectors in America the number where the four biggest firms have a market share above two-thirds grew from 65 in 1997 to 97 by 2017. The Economist has come up with a crude estimate of "excess" profits for the world's 3,000 largest listed companies by market value (excluding financial firms). Using reported figures from Bloomberg we calculate a firm's return on invested capital above a hurdle rate of 10% (excluding goodwill and treating research and development, R&D, as an asset with a ten-year lifespan). This is the rate of return one might expect in a competitive market. In the past year excess profits reached \$4trn, or nearly 4% of global GDP. American firms collect 41% of the total, with European ones taking 21%. The energy, technology and, in America, health-care industries stand out as excess-profit pools relative to their size.

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