

Macro Roundup Article

Headline: [Rising Markups and Declining Business Dynamism: Evidence From the Industry Cross Section](#)

Article Link: <https://www.federalreserve.gov/econres/notes/feds-notes/rising-markups-and-declining-business-dynamism-evidence-from-the-industry-cross-section-20240308.html>

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Tweet: Industries with the largest increase in markups between 1980 and 2016 saw smaller declines in dynamism. Larger increases in markups are not associated with larger declines in dynamism at the industry level.

Summary: Looking across industries we do not find a negative correlation between changes in dynamism [new business entry rates and gross job or worker flows] and changes in markups over the 1980-2016 period; and the correlation may even be positive. In other words: larger increases in markups are not associated with larger declines in dynamism at the industry level. Our evidence strongly suggests that rising markups—as commonly measured in the literature on broadly rising market power—are not a major explanatory factor behind declining dynamism. Related: [Surging Business Formation in the Pandemic: Causes and Consequences?](#) and [America's New Business Boom](#) and [The Economics of Inequality in High-Wage Economies](#)

Primary Topic: Growth

Topics: Cronyism, Database, GDP, Growth, Important!, Op-Ed/Blog Post, Productivity, Weekly

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