You are cordially invited to the following seminar: Wednesday, 10 March 2021 from 12:15hrs – 13:15hrs, ONLINE via ZOOM

Timo Boppart
Professor, International Economics, University of St. Gallen

Professor Timo Boppart's research focus is on the fields of macroeconomics, international economics, distribution and growth. His research has been published in leading specialist journals, such as the Journal of Political Economy, the American Economic Review and Econometrica. He won the Myrdalspriset (with Per Krusell) in 2018 for his research and as young researcher the SSES Young Economist Award in 2013. He is regularly successful in raising large amounts of external funds, for example, for his current research projects on 'Inequality in leisure across gender and income groups over time: Evidence from individual RUT subsidy data and The Swedish Manufacturing Census: Digitization and Public Access.'

A Theory of Falling Growth and Rising Rents

Growth has fallen in the U.S. while firm concentration has risen. We propose a theory linking these trends in which the driving force is falling overhead costs of spanning multiple markets. In response, the most efficient firms (with higher markups) spread into new markets, thereby generating a temporary burst of growth. Eventually, due to greater competition from efficient firms, within-firm markups and incentives to innovate fall. When we calibrate our model, we find the rise in market share of more efficient firms outweighs the drop in long-run growth, leaving welfare modestly enhanced by the fall in overhead costs.