Tracking the Robust Recovery in the Business Sector Since 2020

Mitchell Barnes and Wendy Edelberg
ACKNOWLEDGMENTS

The authors are grateful to John Haltiwanger and Martin Baily for their insightful feedback on earlier drafts of this paper. This document would not have been possible without the help and encouragement of Natalie Tomeh, Moriah Macklin, Marie Wilken, and Lauren Bauer. Lastly, the authors would like to thank Jeanine Rees for all of her work with the graphic design and layout of this document.

THE HAMILTON PROJECT MISSION STATEMENT

The Hamilton Project seeks to advance America’s promise of opportunity, prosperity, and growth.

We believe that today’s increasingly competitive global economy demands public policy ideas commensurate with the challenges of the 21st Century. The Project’s economic strategy reflects a judgment that long-term prosperity is best achieved by fostering economic growth and broad participation in that growth, by enhancing individual economic security, and by embracing a role for effective government in making needed public investments.

Our strategy calls for combining public investment, a secure social safety net, and fiscal discipline. In that framework, the Project puts forward innovative proposals from leading economic thinkers—based on credible evidence and experience, not ideology or doctrine—to introduce new and effective policy options into the national debate.

The Project is named after Alexander Hamilton, the nation’s first Treasury Secretary, who laid the foundation for the modern American economy. Hamilton stood for sound fiscal policy, believed that broad-based opportunity for advancement would drive American economic growth, and recognized that “prudent aids and encouragements on the part of government” are necessary to enhance and guide market forces. The guiding principles of the Project remain consistent with these views.
Tracking the Robust Recovery in the Business Sector Since 2020

Mitchell Barnes and Wendy Edelberg

The Hamilton Project

September 2022

BROOKINGS
Introduction

The onset of the COVID-19 pandemic posed an unprecedented threat to the survival of America’s small businesses. As public health orders at the end of April 2020 restricted regular activity, more than 40 percent of small businesses reported temporarily closing a location in the previous week, with more than 70 percent of businesses in the most-affected service-sector industries reporting closures. Many feared that, if the pandemic prevented those businesses from reopening, widespread small business failures could be consequential to the economy and ultimately hamper the recovery much as they did following the Great Recession.

Instead, the business sector appears to have weathered the COVID pandemic and found a renewed gear of dynamism in the process. According to newly released Business Employment Dynamics (BED) data from the Bureau of Labor Statistics (BLS), nearly 450,000 more business establishments were open for operation at the end of 2021 than at the end of 2019—double the number of businesses created on net from the end of 2017 through 2019. This result reflects positive signs in both business survival and new creation. Although business closings spiked in the first half of 2020, data show that most of those closings were only temporary and that many businesses had reopened within four quarters. Meanwhile, the surge in new business applications that began in mid-2020 appears to have translated into a near-record level of new business creation. From the third quarter of 2020 through the end of 2021, there were nearly 2 million new establishment births, which is more than 20 percent above the pace of 2018–19.

This entrepreneurship in the face of the COVID pandemic also appears to be an international trend. The Economist found that, in the fourth quarter of 2021, enterprise entries across Organisation for Economic Co-operation and Development (OECD) countries were 15 percent higher than they had been before the pandemic (“All Over the Rich World” 2022). Overall, the authors estimate that an extra 1 million firms have been created since the first lockdowns compared to prior trend.

Patterns across US industries reveal evidence of economic restructuring induced by the pandemic period. Many of the same industries in which existing businesses experienced severe declines in revenue and elevated establishment exits in 2020, including restaurants and other, generally personal services such as hair salons, have also seen some of the largest surges in new business creation (Buffington et al. 2021; Crane et al. 2022). Other new business activity, including online retail and data services, reflect new opportunities in the transition to a more remote environment (Haltiwanger 2022). While questions remain around the contribution of these new dynamics to job creation and productivity, the persistence of these shifts and the continued resilience of small businesses will play key roles in determining the path of the recovery moving forward.

Outcomes of Initial Business Closings

Public health orders issued in March and April of 2020 immediately pushed many businesses to shut down operations as policymakers pursued a strategy to freeze the economy in place until the pandemic subsided. A key data challenge in real time was determining whether a closing had resulted in a subsequent reopening or in a permanent establishment death. With the hindsight of new BED data, we can now see that the 735,000 closings in the second quarter of 2020 did in fact lead to a quarterly record of nearly 330,000 establishment exits. As shown by the solid purple lines in Figure 1, deaths of service-sector establishments (panel A) reached an unprecedented peak of 290,000 in the second quarter of 2020, while deaths among goods businesses (panel B) spiked to a high not seen since 2010.

However, despite establishment deaths exceeding pre-pandemic trend by roughly 90,000 in the second quarter, BED data suggest that the abrupt nature of the COVID lockdowns and the reopening of the economy allowed a surprising number of closed establishments to reopen. The dotted purple lines in the two panels of Figure 1, labeled “Temporary Shutdowns,” show the number of closed establishments in each quarter that were later determined to have reopened within four quarters. In normal periods, temporary shutdowns reflect both seasonal businesses and short-term distress. During the second quarter of 2020, however, the number of businesses shutting down spiked to nearly double the quarterly peak reached during the Great Recession. Relative to pre-pandemic trend, these temporary shutdowns jumped by almost 220,000 establishments. In other words, of the total 305,000 businesses that closed in the second quarter of 2020 above trend levels, more than 70 percent were able to reopen. That rate was slightly higher among goods-producing businesses and slightly lower among service-sector businesses. Moreover, many establishments appear to have been able to reopen immediately: the third quarter saw a surge in reopenings that was just 36,000 fewer than the second quarter’s shutdowns.

The pace of exits slowed dramatically by mid-2020, with the second half of the year experiencing 3 percent fewer exits than the second half of 2019. At that time the composition of the most affected businesses also began to change. Initial exits were concentrated among businesses that had suffered most from early COVID restrictions, which were predominately those in the service sector that relied on face-to-face customers and that were unable to remodel their operations for a remote environment. In the first half of 2020 businesses in leisure and hospitality, education, and health-care services experienced nearly 70 percent more exits than they had in the first half of 2019. But, in the second half of 2020,

---

1. Data from first survey period of Census Bureau’s Small Business Pulse Survey, collected between April 26–May 2, 2020.

2. BLS first reports total establishment closings roughly two quarters after the end of each survey period, before retroactively recategorizing those closings either as reopenings or establishment deaths, depending on whether a business had reopened during the four subsequent quarters. For example, the current BED data release provides data on total closings through the end of 2021, while the subset of establishment deaths is available only through the first quarter of 2021.

Tracking the Robust Recovery in the Business Sector Since 2020 1
the only industries that experienced more exits than in 2019 were information and financial services, where above-trend business closings have continued through the end of 2021. Overall, services accounted for almost 90 percent of total establishment deaths from the start of 2020 through March of 2021. This disproportionate impact on the service sector during the COVID recession contrasts starkly with earlier recessions.

Meanwhile, the record pace of new business creation that began in mid-2020 achieved the feat of fully recovering the number of establishments lost through exits by the end of 2020. And, through March of 2021, 107,000 more establishments had been created than had been destroyed since 2019. Shown in Figure 1 as solid green lines, establishment births have continued rising in both the goods and service sectors, to combine for historically high levels of business creation through the end of 2021. Many of these new births are among the most pandemic-affected industries that experienced earlier business exits, including leisure and hospitality, while other new births appear to be in industries that might have been beneficiaries of shifts in COVID-era consumption and mobility patterns, such as transportation and warehousing (see Figure 7 below).

These results diverge significantly from the aftermath of the Great Recession, when the rate of new business start-ups remained depressed for more than a decade: by 2018 the rate of start-up formation remained 24 percent lower than it had been in 2009. However, employment data from births have not been adjusted. The Hamilton Project (2022) the number of establishment births in 2020Q1 have been adjusted to remove a spike in births that were specific to education and health services that was not present in data vintages prior to the latest BED annual revision. Following Decker and Haltiwanger (2022) the number of establishment births have been reduced by 36,000 in 2020Q1. However, employment data from births have not been adjusted. BLS has advised that these data revisions and additional information will be published with the upcoming 2022Q1 data release.
been in 2006. This lower rate of business formation partially contributed to the slow economic recovery of the 2010s (Dinersoz et al. 2021). As of this writing, business destruction and creation since 2020 more closely resemble the Dot Com period. Both recoveries were relatively brief and returned to positive net establishment growth within the first year of the start of the recession. And net business creation was largely led by service industries early on in each of those recoveries.

Employment Impacts of COVID Business Churn

While labor markets were initially jolted by the early wave of business closures, the vast majority of employment losses by the end of June 2020 stemmed from contractions among businesses that remained open. First, the establishment deaths that did occur over the COVID period led to smaller employment impacts than establishment deaths in prior recession episodes. Based on the five quarters of available data through March of 2021, a total of 1.3 million establishment exits resulted in the loss of 3.9 million jobs. Over similar spans after the onset of the prior two recessions, the Great Recession had lost 1.2 million establishments and 4.4 million jobs, whereas the 2001 recession lost 1.0 million establishments and an even greater 5.7 million jobs. Second, the severe contraction of payrolls dwarfs the employment losses from closed businesses. In the second quarter of 2020, 17.5 million (or 86 percent of the gross 20.4 million jobs lost) resulted from contractions.

Figure 2 highlights these contributions over time, showing employment flows driven by expansions net of

---

**FIGURE 2**

Employment Contribution of Openings and Expansions Net of Closings and Contractions (Different Scales)

A. Service Sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Expansions less Contractions</th>
<th>Openings less Closings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>-2.0</td>
<td>-1.5</td>
</tr>
<tr>
<td>1999</td>
<td>-1.5</td>
<td>-1.0</td>
</tr>
<tr>
<td>2001</td>
<td>0.0</td>
<td>0.5</td>
</tr>
<tr>
<td>2003</td>
<td>0.5</td>
<td>1.0</td>
</tr>
<tr>
<td>2005</td>
<td>1.0</td>
<td>1.5</td>
</tr>
<tr>
<td>2007</td>
<td>1.5</td>
<td>2.0</td>
</tr>
<tr>
<td>2009</td>
<td>2.0</td>
<td>2.5</td>
</tr>
<tr>
<td>2011</td>
<td>2.5</td>
<td>3.0</td>
</tr>
<tr>
<td>2013</td>
<td>3.0</td>
<td>3.5</td>
</tr>
<tr>
<td>2015</td>
<td>3.5</td>
<td>4.0</td>
</tr>
<tr>
<td>2017</td>
<td>4.0</td>
<td>4.5</td>
</tr>
<tr>
<td>2019</td>
<td>4.5</td>
<td>5.0</td>
</tr>
<tr>
<td>2021</td>
<td>5.0</td>
<td>5.5</td>
</tr>
</tbody>
</table>


Note: Figures present net quarterly employment flows consolidated into two groups: “Expansions less Contractions” refers to the net of employment gained at expanding establishments, minus employment lost from contracting establishments. “Openings less Closings” refers to employment gained at reopening and newly created establishments, minus employment lost from establishments closing either permanently or temporarily. All data are seasonally adjusted. Gray shading indicates recession periods. Y-axes for service and goods sectors are shown at different scales.
Employment contractions and driven by openings net of closings (without distinguishing between temporary and permanent closings). As shown by the light green bars, during the initial second-quarter downturn, employment lost from contracting establishments outweighed gains by expanding establishments by 11.6 million jobs among service-sector businesses and another 1.4 million jobs among goods producers. In that same quarter, jobs lost due to closing establishments outnumbered those gained by reopenings and newly created establishments by 1.6 million, with services accounting for 1.5 million of those.

Moreover, the large number of jobs initially lost through contractions had not been fully recovered by the end of 2021, with payroll expansions remaining 3.1 million jobs short among those same businesses. On the other hand, the jobs lost through initial establishment closings had been more than fully recovered by employment gains among reopenings and newly created businesses. In total through 2021, BED data suggest that nearly 450,000 more establishments had opened than closed since the beginning of 2020, and that these new businesses had contributed a net 500,000 jobs to the recovery. Alone, births of new businesses created an average of 1 million new jobs in each of the final three quarters of 2021, driven mostly by small establishments (shown in Figure 3).

Business and employment creation have been quite different from what they were in the prior two post-recession periods. Over a similar two years from the start of the Great Recession, 250,000 fewer establishments were in operation, costing the economy nearly 540,000 jobs. Most striking is the extended employment downturn among goods producers present in both earlier recessions that the COVID period...
has largely avoided. For instance, by early 2010, which was the last quarter of declining employment in the Great Recession, the goods sector constituted 97 percent of the net employment lost by establishments that had closed since early 2008. Construction employment alone accounted for nearly 60 percent as a result of the housing market’s collapse. In all, it took until mid-2011, or 14 quarters, for employment gained from openings in the goods sector to exceed the employment continuing to be lost from closings. In contrast, the brief two-quarter COVID downturn saw an immediate rebound to positive employment growth from net openings in the third quarter of 2020, largely as a result of reopenings from earlier shutdowns. And by the fourth quarter of 2021, reopening and newly created establishments in the goods sector had more than fully recovered total employment lost by closings, while the service sector had reached that threshold in the quarter prior.

Employment Flows by Firm Size

Payroll contractions of larger firms largely drove the precipitous decline in employment in the second quarter of 2020. Payroll contractions of larger firms largely drove the precipitous decline in employment in the second quarter of 2020. Figure 4 shows employment flows from openings net of closings and expansions net of contractions for firms with 1–49 employees and firms with 50 or more employees. Nearly 70 percent of total second-quarter employment losses came from larger firms contracting (the dark green bar), where firms with 250 or more employees accounted for half the total alone (not shown).

As is typically true (partly due to data construction), employment effects from firm closings were concentrated among small businesses, with businesses with 1–49 employees accounting for 93 percent of all workers affected by closings at the end of June of 2020. These employment flows support earlier studies that showed initial closures concentrated among smaller businesses, meanwhile shutdown rates at the largest businesses remained near pre-pandemic norms (Crane et al. 2022).

Smaller firms have been a key driver of employment growth throughout the recovery, recovering 96 percent of their initial loss by the end of 2021, versus 71 percent for

4. Due to the dynamic method used in tabulating BED employment flows by firm size, which allows movements across size classes, a portion of employment flows may reflect downsizing and growing firms moving across the 50-employee threshold.
larger firms. Encouraging as a sign of business creation, much of the employment recovery among firms with 1–49 employees has been driven by new establishments and re-openings (more easily seen in Figure 5). Those gains exceeded total losses from closed businesses by 210,000 since the beginning of 2020 through the end of 2021. Small business expansions have also contributed to the employment recovery, as their net expansions of payrolls were responsible for more than 30 percent of total employment gains in 2021. Yet, by the end of 2021, expansions among small businesses had yet to recover roughly 410,000 employees that were initially lost by contractions, while expansions at firms with over 50 employees had yet to recover more than 3 million.

In comparison to past recessions, COVID stands out due to the quick recovery of jobs, in particular those contributed by small firms. From the third quarter of 2020 to the end of 2021, small firms with 1–49 employees accounted for roughly 40 percent of total employment growth, compared to just 26 percent during the first four positive quarters of employment growth following the Great Recession. In this respect, also, the COVID recovery more resembles the Dot Com period, during which small firms contributed roughly 40 percent of net employment growth. While the brevity of the COVID downturn is unique in many ways, at the end of 2001 net openings among the smallest firms similarly recovered in just two quarters to contribute positive employment growth, despite continued employment losses in larger firms and contracting small firms.

**Employment and Job Openings by Establishment Size**

Additional data on employment and job openings by establishment size, rather than at the firm level, help provide insight into which types of businesses were initially most affected—and more recently, which types are seeking to expand through hiring. Figure 6a, displaying data from the Job Openings and Labor Turnover Survey (JOLTS), shows the cumulative change in employment since February 2020 by establishment size. Note that in these data, multiple smaller establishments with common ownership under parent firms can be reported as individual establishments with 1–49 employees, whereas in BED data discussed above, those establishments would be aggregated as one larger firm.
Initially, the smallest establishments bore the brunt of the employment downturn, losing 56 percent of the total 17.9 million cumulatively lost jobs from January through April 2020. When considered in conjunction with the data on firm size shown in Figure 4, an outsize number of job losses appears to have come from smaller establishments with common ownership under larger firms. In JOLTS data, those smaller establishments have also been faster than larger establishments to recover employment; this suggests a high rate of hiring by those businesses, some of which was likely enabled by larger parent firms.

Of interest will be how hiring trends continue across business sizes, since openings seem to have recently fallen most among establishments with 50 or more workers.

**Growth in New Business Creation**

Applications to start new businesses took off almost immediately at the beginning of the pandemic, reaching 4.4 million new business applications filed in 2020, almost 900,000 more than had been filed in 2019. In all, from the start of 2020 through June 2022, total applications for new businesses are up almost 40 percent over pre-pandemic trend, while those that the Census Bureau deems as high probability, or likely to result in an employer business, are nearly 30 percent higher. Through 2021 those applications appear

---

5. The JOLTS methodology assigns establishment size classes according to the maximum employment of surveyed businesses over the previous 12 months. This classification remains fixed for a year until the next annual sample is drawn. This differs from other sources of monthly employment by establishment size, including ADP, which captures employment sizes in monthly survey periods and weights employment by industry and size based on interpolations of annual employment-share benchmarks. For this reason, we present JOLTS data as our preferred proxy of employment change across initial establishment sizes.

6. We focus on high-probability applications of likely employer businesses because these correspond more closely to the measure of establishment births in BED data. Applications for likely non-employer businesses, such as sole proprietorships, have also been elevated since 2020. However, those applications provide less of a signal for future economic growth and can be influenced by factors such as tax policy. For example, some researchers explore whether non-employer applications were boosted by people looking to qualify for benefits provided by the Paycheck Protection Program, although those researchers find what was at most a modest effect. For discussion, see Haltiwanger (2022) and Buffington et al. (2021).
to have translated to near-record levels of business creation. Figure 7 plots high-propensity business applications against establishment births by industry, each relative to their 2018–19 trend, cumulating those numbers from the second half of 2020 through 2021.7

New business applications among the most pandemic-affected service industries have risen more than actual establishment births. Across leisure and hospitality, retail, and other generally personal services, high-propensity applications from the third quarter of 2020 through 2021 were cumulatively 41 percent over pre-pandemic trends, while establishment births were only 9 percent above trend. To be sure, the opening of a new employer business typically lags an application, and births may still yet rise strongly in coming quarters.

In contrast, applications in the industries of information, transportation and warehousing, and professional and businesses services have more quickly translated to elevated business creation. Those applications were a cumulative 49 percent above trend and had resulted in 27 percent more establishment births by the end of 2021. These represent a large portion of business activity responding to new opportunities amid the pandemic, as demand rose for certain business services, logistics, and technologies as people and firms quickly shifted to a remote environment.

The industry composition of new business applications also changed over the course of the pandemic. Early on, applications for new businesses were tilted toward the most pandemic-affected service industries, with high-propensity applications 45 percent above trend from mid-2020 through mid-2021. However, applications ultimately trailed off in these industries, falling to 29 percent above trend from mid-2021 to mid-2022. Meanwhile applications in information, transportation and warehousing, and professional

---

7. Note that BFS high-propensity applications are based on characteristics for new firms, while BED measures births of establishments, which can include new establishments created by existing firms. We rely on BED data for its timeliness; the most recent data release covers 2021Q4 at the time of publication. The Census Bureau’s Business Dynamics Statistics is the primary administrative data source for firm-level dynamics, but is released on a significant lag and available only through 2019. Haltiwanger (2022) shows the cumulative impulse response to an innovation in high-propensity applications on establishment births to be significant and increasing through 12 quarters.
and businesses services—a group more oriented around the changes brought about by remote work—have continued to increase, rising from 47 percent above trend through mid-2021 to 49 percent above trend in the most recent period. Underlying this shift may be changing motivations of new entrepreneurs. A survey of new business owners from Gusto (a payroll and human-resources platform) found that 35 percent of new business owners in 2020 cited previous job layoffs as their top reason for starting a business. That is consistent with previous business cycles during which business creation accelerated toward the end of economic downturns as labor market opportunities remained constrained. Similarly, early research has shown greater business formation in 2020 in states that faced greater job loss (Djankov and Zhang 2021). By 2021, however, only 14 percent of new business owners cited previous job layoffs as their top reason for starting a business, while roughly 25 percent cited pandemic-related business opportunities as their motivation (Pardue 2022).

Many of these recently created employer businesses also appear to be somewhat smaller in size than new births in 2018 and 2019. Figure 8 compares employment per birth ratios of recently created establishments to pre-pandemic ratios. These data suggest that newly created businesses are beginning with fewer employees in all industries except for transportation and warehousing. Although information businesses registered record high establishment births that far exceeded even the boom in this sector in the Dot Com run-up, the average of 2.1 jobs created per birth was significantly below the average of 2.7 from 2018 and 2019. Similarly, new businesses in leisure and hospitality and retail trade are smaller on average by 1.7 and 0.8 workers, respectively. These results so far fit the historical picture of new businesses born in recession periods, which tend to remain smaller and hire fewer employees over their lives (Sedláček and Sterk 2017). In contrast, hiring at new manufacturing and construction establishments has been much closer to pre-pandemic rates through 2021.

**Conclusion**

The relatively quick rebound of the business sector was due in large part to the unique nature of the COVID recession, with its abrupt shutdown and then reopening of the
economy. After an unprecedented number of businesses temporarily shut down in 2020, a majority were able to reopen in the year that followed. Since that time, the pace of new business formation has exceeded any period in recent memory and has helped propel the recoveries in employment and in the number of active establishments. This report finds that the recovery of the business sector overall masks considerable restructuring of business activities, both among service-sector industries that were most exposed to early COVID lockdowns and among industries responding to new demand for certain products and services amid the pandemic. The implications of these dynamics for future job creation and productivity growth are unclear and will depend on whether the new businesses, given their focus and structure, remain viable as the economy continues to recover.

The role of policy supports during the COVID period also bears emphasis. Enormous fiscal support for households in 2020 and 2021 through expanded unemployment insurance and checks to households helped to support consumer demand and make business creation possible (Fazio et al. 2021; Ganong et al. 2022; Gelman and Stephens 2022). In contrast, evidence of the efficacy of pandemic business-support programs, including the Paycheck Protection Program, is mixed. A review of those programs finds that most support went to businesses that would not have changed employment even in the absence of the program. Much of the same impact on business survival could have been accomplished in a more cost-effective manner by better targeting businesses that were most in danger of contracting or failing, which are often the smallest businesses that lack the same access to capital that larger firms enjoy (Chodorow-Reich, Iversen, and Sunderam 2022).

Together, those factors helped to stimulate the business activity that has helped propel the ongoing recovery from the COVID recession. Prior to the pandemic, the United States had experienced decades-long declines across various measures of business and labor market dynamism. Rates of business start-ups and the share of employment at those start-ups had each been cut in half since the mid-1980s, while worker firm-switching was also at multi-decade lows (Lettieri and Fikri 2022). Some initially worried that the expected rise in business exits and slowed firm entry, which typically accompany economic downturns, would further worsen competition and business dynamism (Rose 2020). This report shows how the business sector defied those expectations and has provided new opportunities for workers and capital to be redirected toward more-productive and higher-growth areas.

The Hamilton Project has released multiple policy proposals to foster a more dynamic and productive business sector, proposals that aim to promote economic growth and expand economic opportunity. Enhancing healthy competition across the business sector is central to these policy goals, since many industries show record levels of concentration among incumbent firms (Shambaugh et al. 2018). In particular, policymakers should rescind policies that effectively stifle the ability of workers to switch firms and the ability of new firms to enter markets, such as noncompete contracts and occupational licensing requirements (Krueger and Posner 2018; Nunn 2018, 2021). Alleviating these restraints boosts productivity and wage growth (Shambaugh, Nunn, and Liu 2018). As policymakers turn from fiscal support to longer-term economic strategy, the implementation of creative policy ideas to bolster the economy’s dynamic foundations will both increase economic growth and cause those gains to be widely shared (Chatterji 2018; Gans 2018; Moss, Nunn, and Shambaugh 2020).

References


ADVISORY COUNCIL

STEPHANIE AARONSON  
Vice President and Director, Economic Studies; Senior Fellow, Economic Studies, The Brookings Institution

GEORGE A. AKERLOF  
University Professor, Georgetown University

ROGER C. ALTMAN  
Founder and Senior Chairman, Evercore

KAREN L. ANDERSON  
Senior Director of Policy & Communications, Becker Friedman Institute for Research in Economics, The University of Chicago

ALAN S. BLINDER  
Gordon S. Rentschler Memorial Professor of Economics and Public Affairs, Princeton University; Nonresident Senior Fellow, The Brookings Institution

STEVEN A. DENNING  
Chairman, General Atlantic

JOHN M. DEUTCH  
Institute Professor, Massachusetts Institute of Technology

CHRISTOPHER EDLEY, JR.  
Co-Founder and President Emeritus, The Opportunity Institute

BLAIR W. EFFRON  
Partner, Centerview Partners LLC

DOUGLAS W. ELMENDORF  
Dean and Don K. Price Professor of Public Policy, Harvard Kennedy School

JUDY FEDER  
Professor and Former Dean, McCourt School of Public Policy, Georgetown University

JASON FURMAN  
Astro Professor of the Practice of Economic Policy, Harvard University; Senior Fellow, Peterson Institute for International Economics; Senior Counselor, The Hamilton Project

MARK T. GALLOGLY  
Cofounder and Managing Principal, Centerbridge Partners, L.P.

TOD GAYER  
President, Niskanen Center

TIMOTHY F. GEITNER  
President, Warburg Pincus; Senior Counselor, The Hamilton Project

ROBERT GREENSTEIN  
Visiting Fellow, The Hamilton Project, Economic Studies, The Brookings Institution; Founder and President, Center on Budget and Policy Priorities

MICHAELE GREENSTONE  
Milton Friedman Professor in Economics and the College, Director of the Becker Friedman Institute for Research in Economics, and Director of the Energy Policy Institute, University of Chicago

GLENN H. HUTCHINS  
Chairman, North Island and North Island Ventures

LAWRENCE F. KATZ  
Elisabeth Allison Professor of Economics, Harvard University

MELISSA S. KERNEN  
Neil Moskowitz Professor of Economics, University of Maryland; Director, Aspen Economic Strategy Group; Nonresident Senior Fellow, The Brookings Institution

LILI LYNTON  
Founding Partner, Boulu Restaurant Group

HOWARD S. MARKS  
Co-Chairman, Oaktree Capital Management, L.P.

KRISTON MCINTOSH  
Managing Director, Hamilton Place Strategies

ERIC MINDICH  
Founder, Everblue Management

DAMBISA MOYO  
Co-Principal, Versaca Investments

SUZANNE NORA JOHNSON  
Former Vice Chairman, Goldman Sachs Group, Inc.; Co-Chair, The Brookings Institution

PETE ORSZAG  
CEO, Financial Advisory, Lazard Freres & Co LLC

RICHARD PERRY  
Managing Partner & Chief Executive Officer, Perry Capital

PENNY PRITZKER  
Chairman and Founder, PSP Partners; 38th Secretary of Commerce

MEEGHAN PRUNTY  
Principal, PE Strategic Partners

ROBERT D. REISCHAUER  
Distinguished Institute Fellow and President Emeritus, Urban Institute

NANCY L. ROSE  
Charles P. Kindleberger Professor of Applied Economics, Massachusetts Institute of Technology

DAVID M. RUBENSTEIN  
Co-Founder and Co-Chairman, The Carlyle Group

ROBERT F. RUBIN  
Former U.S. Treasury Secretary; Co-Chair Emeritus, Council on Foreign Relations

LESLIE B. SAMUELS  
Senior Counsel, Cleary Gottlieb Steen and Hamilton LLP

SHERYL SANDBERG  
Chief Operating Officer, Facebook

DIANE WHITMORE SCHANZENBACH  
Margaret Walker Alexander Professor and Director, The Institute for Policy Research, Northwestern University; Nonresident Senior Fellow, The Brookings Institution

STEPHEN SCHERR  
Chief Executive Officer, Goldman Sachs Bank USA

RALPH L. SCHOLOSSTEIN  
President and Chief Executive Officer, Evercore

ERIC SCHMIDT  
Former CEO and Chairman, Google; Co-Founder, Schmidt Futures

ERIC SCHWARTZ  
Chairman and CEO, 76 West Holdings

JAY SHAMBAUGH  
Professor of Economics and International Affairs, The George Washington University

THOMAS F. STEYER  
Business Leader and Philanthropist; Founder, NextGen America

MICHAEL R. STRAIN  
Director of Economic Policy Studies and Arthur F. Burns Scholar in Political Economy, American Enterprise Institute

LAWRENCE H. SUMMERS  
Charles W. Eliot University Professor, Harvard University

LAURA D’ANDREA TYSON  
Distinguished Professor of the Graduate School, University of California, Berkeley

DAVID WEIL  
Co-President, Charles and Lynn Schusterman Family Philanthropies

WENDY EDELBERG  
Director
A Hamilton Project analysis of the business sector over the COVID-19 period finds that, despite initial fears of widespread failure, existing businesses and new entrepreneurship have defied earlier expectations, ending 2021 with nearly 450,000 more establishments in operation than prior to the pandemic.

Underneath these aggregate results, patterns across industries reveal evidence of considerable economic restructuring. A large share of new business creation has occurred in the industries most exposed to the pandemic downturn, primarily face-to-face services like restaurants. Other new business activity, such as online retail and data services, reflect new opportunities in the transition to a more remote environment. This report also traces the employment implications of this churn to uncover the impacts of initial employment losses and recent recovery across businesses of varying sizes. While questions remain around the contribution of these new dynamics to job creation and productivity, the persistence of these shifts and the resiliency of small businesses will play key roles in determining the path of the recovery moving forward.

Establishment Deaths and Births Relative to Temporary Shutdowns and Reopenings


Note: Figures present quarterly data for the number of establishment births and reopenings through the end of 2021. Data on establishment deaths and temporary shutdowns are available only through 2021Q1 due to lagged reclassification of “total closings,” which are not shown. All data are seasonally adjusted. Gray shading indicates recession periods. Y-axes for services and goods sectors are shown at different scales.