

Eeckhout, Jan. *The Profit Paradox: How Thriving Firms Threaten the Future of Work*. Princeton: Princeton University Press, 2021.

Eeckhout takes a macroeconomic look at the rising market power of a small number of dominant firms that capitalize on goods and services, examining how they set themselves apart from peers. As firms increase their profits and offer higher salaries, gaps between low-wage and high-wage earners widen. As they acquire rival firms, the competition for talent narrows, reducing options for employees to change jobs. Although overall productivity continues to grow steadily, some workers have become much more productive than others, and have experienced rapid increases in their wages. Meanwhile, wages remain stagnant for workers with two-year professional degrees and are declining for those with high-school degrees or less. This book explores how the changes in market power for a small number of companies can impact the social mobility for a substantive number of workers, as well as reducing the scope for small businesses to be successful. The creative movement across multiple scales of analysis provides insights about the interconnectedness within our economic systems.