

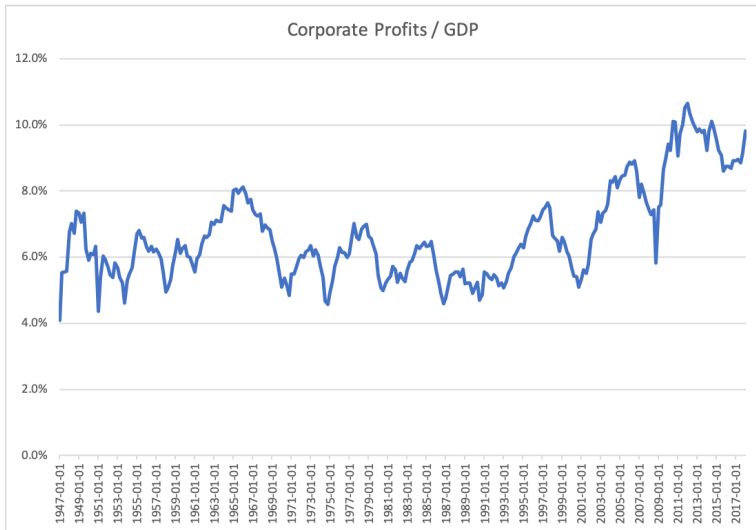
The Low Investment Puzzle: Technology, Share Buybacks, and Concentration

Thomas Philippon

NYU, NBER, CEPR

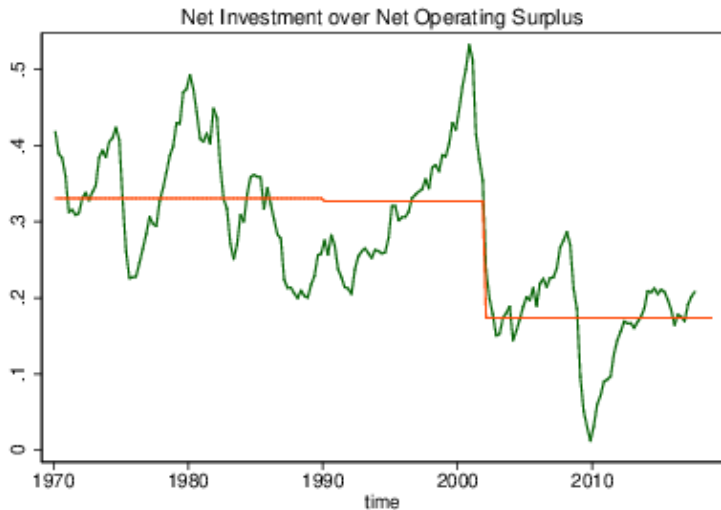
Feb 2021, Princeton

US After-Tax Profits Are High



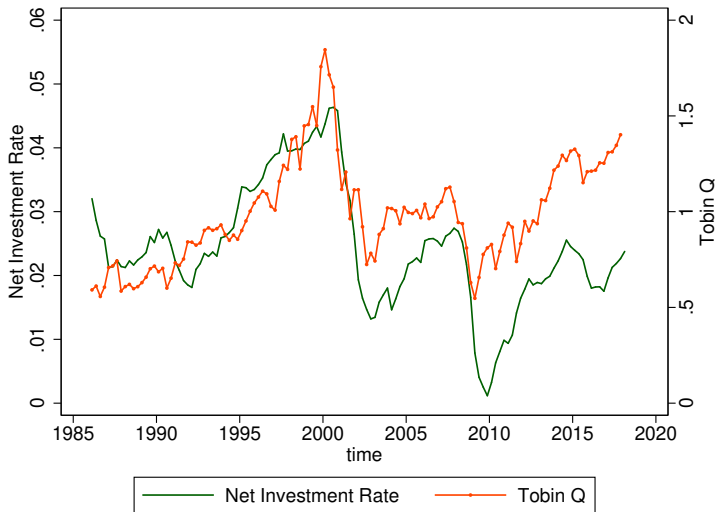
After Tax, Depreciation, and IVA.

But Investment is Low



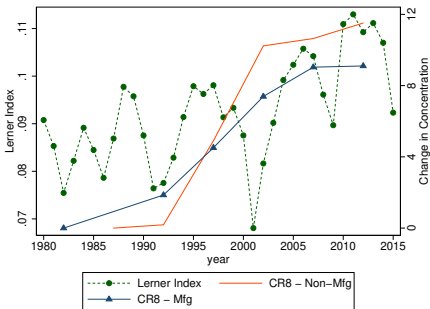
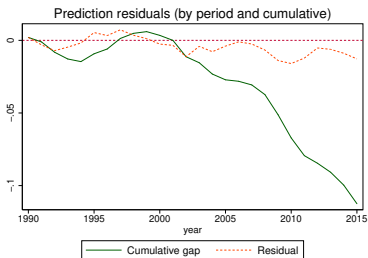
Gutiérrez and Philippon (2017) and Lee et al. (2016).

Investment is Low Relative to Q

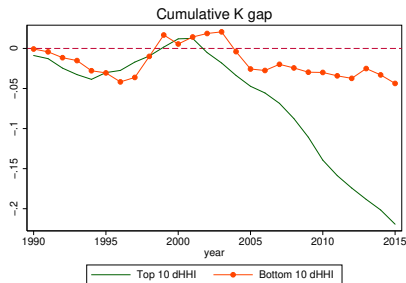
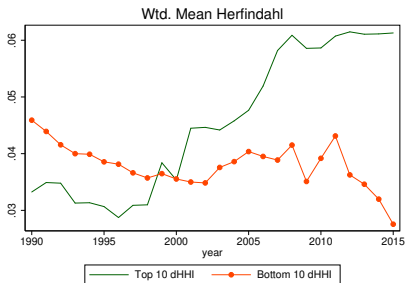


Gutiérrez and Philippon (2017) and Lee et al. (2016).

Investment is Low & Concentration is High



Related Facts?



Controversy about Interpretation

- Intangible assets
 - Peters and Taylor (2016), Alexander and Eberly (2016)
- Superstar firms?
 - Autor et al. (2017)
- Globalization
 - Feenstra and Weinstein (2017), Frésard and Valta (2015), Hombert and Matray (2015)
- Decreasing Domestic Competition, DDC
 - Gutiérrez and Philippon (2017)

References I

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- Feenstra, R. C. and D. E. Weinstein (2017). Globalization, markups and u.s. welfare. *Journal of Political Economy*.
- Frésard, L. and P. Valta (2015). How does corporate investment respond to increased entry threat? *The Review of Corporate Finance Studies*.
- Gutiérrez, G. and T. Philippon (2017). Investment-less growth: An empirical investigation. *Brookings Papers on Economic Activity Fall*.

References II

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- Lee, D. W., H.-H. Shin, and R. M. Stulz (2016, September). Why does capital no longer flow more to the industries with the best growth opportunities? *Fisher College of Business Working Paper 2016(15)*.
- Peters, R. H. and L. A. Taylor (2016). Intangible capital and the investment-q relation. *Journal of Financial Economics*.