

## **Firm Dynamics and Total Factor Productivity: an Empirical Exploration**

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Firm entry and exit rates are viewed by some analysts and researchers as important determinants of productivity. However, the evidence supporting this view is surprisingly scarce. In this paper, the authors use multi-horizon causality tests and dynamic simulations to determine whether evidence can be found in Canada and the United States. They do not find significant evidence of a link between entry rates and productivity. However, they find evidence that exit rates are important in determining productivity growth.