Q (/page/authors/general-information#) (/page/authors/general-information#ar-mobile-nav)

<u>Home (/)</u> / A-Z Publications (/content/publications) / Annual Review of Economics (/content/journals/economics) / Volume 1, 2009 (/content/journals/economics/1/1) / Article

ANNUAL REVIEW OF ECONOMICS (/content/journals/economics) Volume 1, 2009 (/content/journals/economics/1/1)

## **Power Laws in Economics and Finance**

Xavier Gabaix (/search?

value1=Xavier+Gabaix&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true)<sup>1</sup>

◆ View Affiliations

Vol. 1:255-294 (Volume publication date September 2009)

First published as a Review in Advance on June 04, 2009

© Annual Reviews

A power law (PL) is the form taken by a large number of surprising empirical regularities in economics and finance. This review surv eys well-documented empirical PLs regarding income and wealth, the size of cities and firms, stock market returns, trading volume, international trade, and executive pay. It reviews detail-independent theoretical motivations that make sharp predictions concerning the existence and coefficients of PLs, without requiring delicate tuning of model parameters. These theoretical mechanisms include random growth, optimization, and the economics of superstars, coupled with extreme value theory. Some empirical regularities currently lack an appropriate explanation. This article highlights these open areas for future research.

**Keyword(s):** <u>crashes (/search?value1=%22crashes%22&option1=pub\_keyword)</u>, <u>fat tails (/search?value1=%22fat+tails%22&option1=pub\_keyword)</u>, <u>superstars (/search?value1=%22superstars%22&option1=pub\_keyword)</u>, <u>superstars (/search?value1=%22superstars%22&option1=pub\_keyword)</u>

Article Type: Review Article

### **Most Read This Month**

Political Effects of the Internet and Social Media (/content/journals/10.1146/annurev-economics-081919-050239)

Ekaterina Zhuravskaya, Maria Petrova and Ruben Enikolopov pp. 415–438 (24)

The Economic Impacts of the US-China Trade War (/content/journals/10.1146/annurev-economics-051420-110410)

Pablo D. Fajgelbaum and Amit K. Khandelwal pp. 205–228 (24)

How to Run Surveys: A Guide to Creating Your Own Identifying Variation and Revealing the Invisible (/content/journals/10.1146/annurev-economics-091622-010157)

Stefanie Stantcheva pp. 205–234 (30)

Why Does Globalization Fuel Populism? Economics, Culture, and the Rise of Right-Wing Populism (/content/journals/10.1146/annurev-economics-070220-032416)

Dani Rodrik pp. 133–170 (38) Risks and Global Supply Chains: What We Know and What We Need to Know (/content/journals/10.1146/annurev-economics-051420-113737)

Richard Baldwin and Rebecca Freeman pp. 153–180 (28)

### **Most Cited**

## 

### Power Laws in Economics and Finance (/content/journals/10.1146/annurev.economics.050708.142940)

Xavier Gabaix (/search?

<u>value1=Xavier+Gabaix&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true}</u> Vol. 1 (2009), pp. 255–294

### The Gravity Model (/content/journals/10.1146/annurev-economics-111809-125114)

James E. Anderson (/search?

<u>value1=James+E.+Anderson&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true)</u>
Vol. 3 (2011), pp. 133–160

# The China Shock: Learning from Labor-Market Adjustment to Large Changes in Trade (/content/journals/10.1146/annureveconomics-080315-015041)

David H. Autor (/search?

<u>value1=David+H.+Autor&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true)</u>, <u>David Dorn (/search?value1=David+Dorn&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true)</u>, and <u>Gordon H. Hanson (/search?</u>

<u>value1=Gordon+H.+Hanson&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true)</u></u>
Vol. 8 (2016), pp. 205–240

### Microeconomics of Technology Adoption (/content/journals/10.1146/annurev.economics.102308.124433)

Andrew D. Foster (/search?

<u>value1=Andrew+D.+Foster&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true)</u>, and <u>Mark R. Rosenzweig (/search?</u>

<u>value1=Mark+R.+Rosenzweig&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true)</u>
Vol. 2 (2010), pp. 395–424

### Financial Literacy, Financial Education, and Economic Outcomes (/content/journals/10.1146/annurev-economics-082312-125807)

Justine S. Hastings (/search?

<u>value1=Justine+S.+Hastings&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true), Brigitte C. Madrian (/search?</u>

<u>value1=Brigitte+C.+Madrian&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true)</u>, and <u>William L. Skimmyhorn (/search?</u>

<u>value1=William+L.+Skimmyhorn&option1=author&noRedirect=true&sortField=prism\_publicationDate&sortDescending=true)</u></u>
Vol. 5 (2013), pp. 347–373

+ More

About Annual	ı
Reviews:	3
What We Do	
(/about/what-we-do)	1
Press and News	

# Discover Content: Journals A-Z

(/content/publications)

<u>Impact Factor Rankings</u> (/about/impact-factors)

### **Libraries and Institutions:**

Subscribe to Open (S20) (/S20)
Librarian Resource Center
(/page/librarians/librarian-resource-page)

### **Author Resources:**

Article Preparation and Submission (/page/authors/general-information)

(/about/press-center) **Publication Dates** (/journal/pubdates) **Careers** (/page/about/careers-Online Events (/page/events) at-annual-reviews) **Article Collections** (/page/collectionarchive) **Contact Us** (/page/about/contact-Knowable Magazine <u>us)</u> (https://knowablemagazine.org/) <u>FAQ</u> **Against the Grain** (/page/about/faq) (https://www.charlestonhub.com/about/about-against-Help (/help/main)

the-grain/)

Institutional Administration Dashboard
(https://www.annualreviews.org/admin)
Institutional Pricing
(/page/subscriptions/instchoice)
Against the Grain
(https://www.charlestonhub.com/about/about-against-thegrain/)

rd Editorial Principles and Policies
(/page/authors/editorial-policies)

Contact Us
(/page/authors/contact-us)

Copyright and
Permissions
(/page/about/copyright-and-permissions)

**Article Proposals** 

authors)

<u>(/page/authors/author-instructions/unsolicited-</u>

© Copyright 2025 (/page/about/trademark) | Contact Us (/page/about/contact-us) | Email Preferences (/userpreferencecenter) |

Annual Reviews Directory (/db/directory) | FAQs (/page/about/faq) | Privacy Policy (/page/about/privacy)

in

X @ (https://www.limed.com/company/annual-

(http://dipocktie/etkl.pc/sk.Aip/sk.A