

Increasing Differences between firms: Market Power and the Macro-Economy

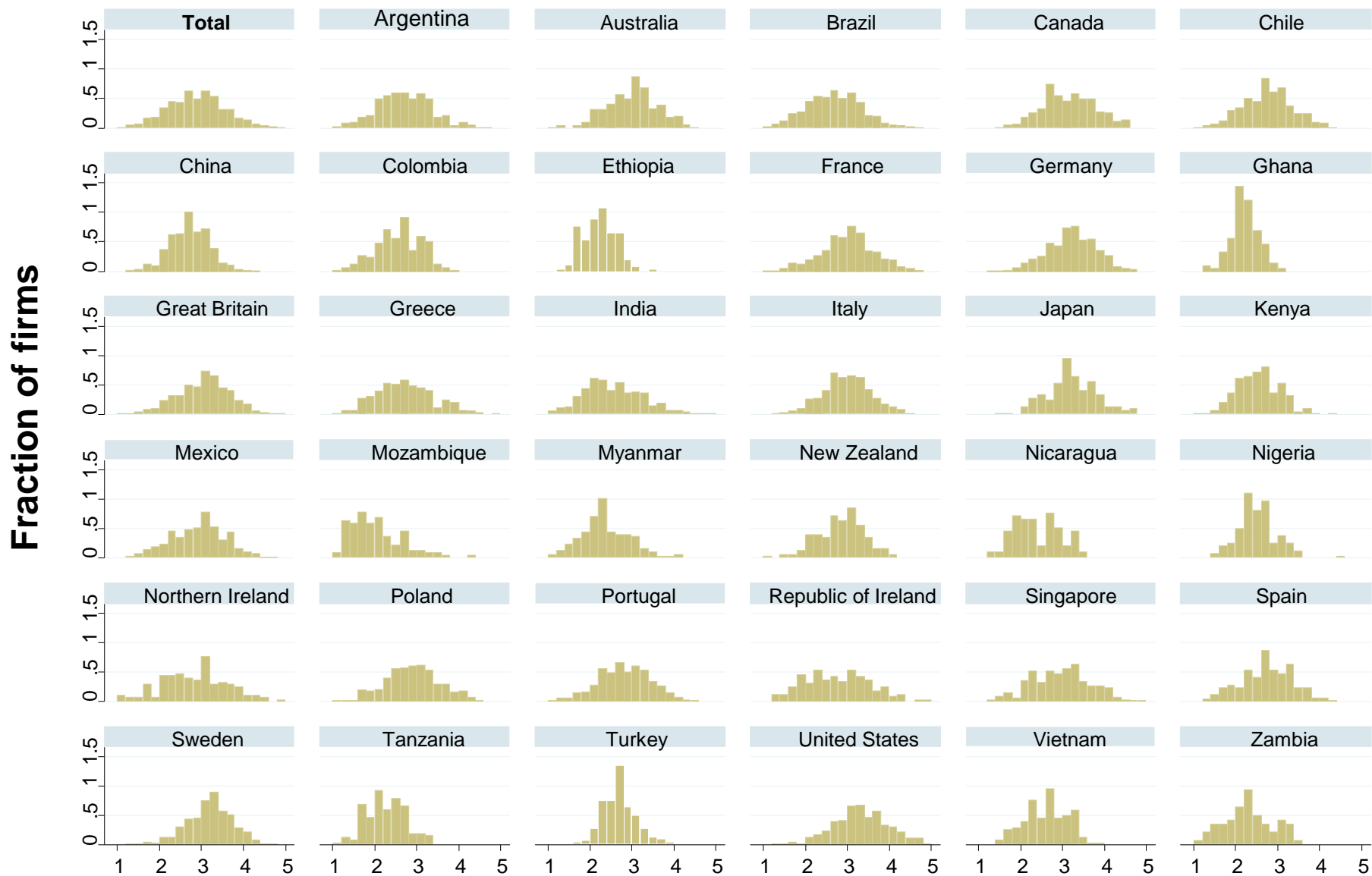
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Structure of Talk:

1. Facts on firm dispersion in productivity
2. Facts on increasing inequalities – size, productivity, pay
3. Do these patterns show a decline in competition?
4. Policy Implications
5. Conclusions



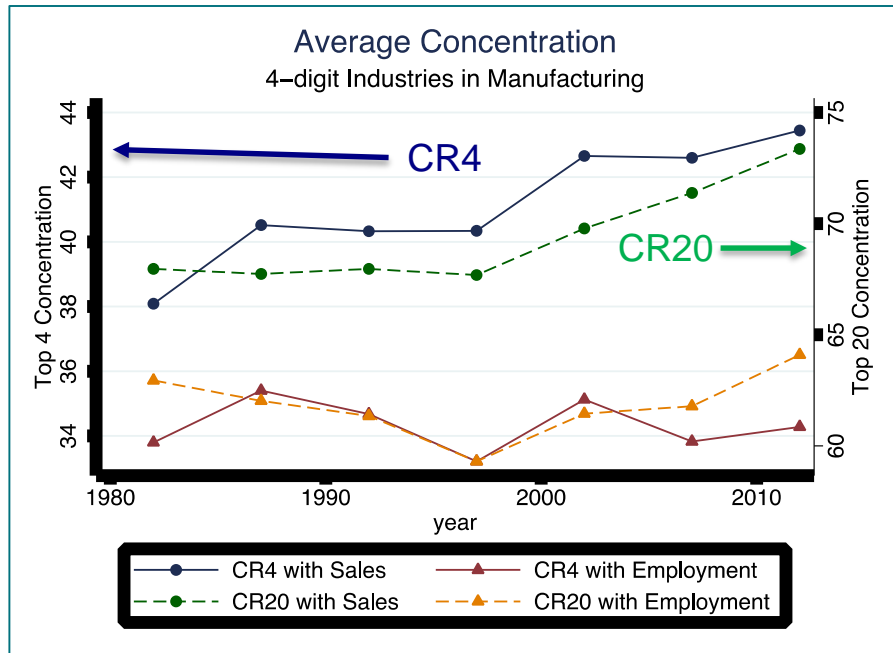
Chart 2: Firm Management quality varies enormously



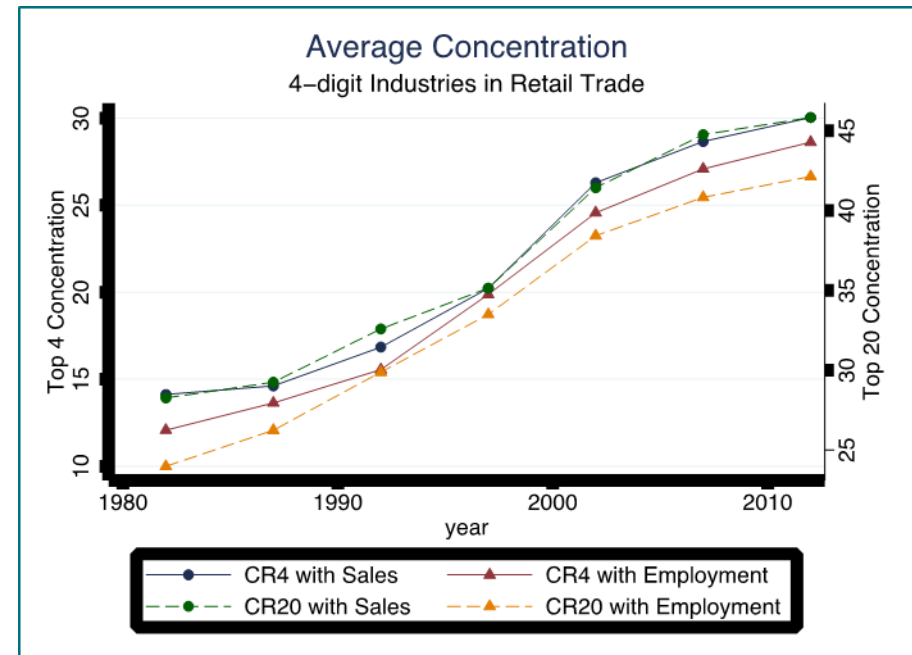
Notes: Firm level average management scores, 1 (worst practice) to 5 (best practice).
[World Management Survey](#) data from Bloom, Sadun and Van Reenen (2016)

Chart 3A: Rising Concentration in the US - Manufacturing and Retail

A. Manufacturing Sector



B. Retail Trade

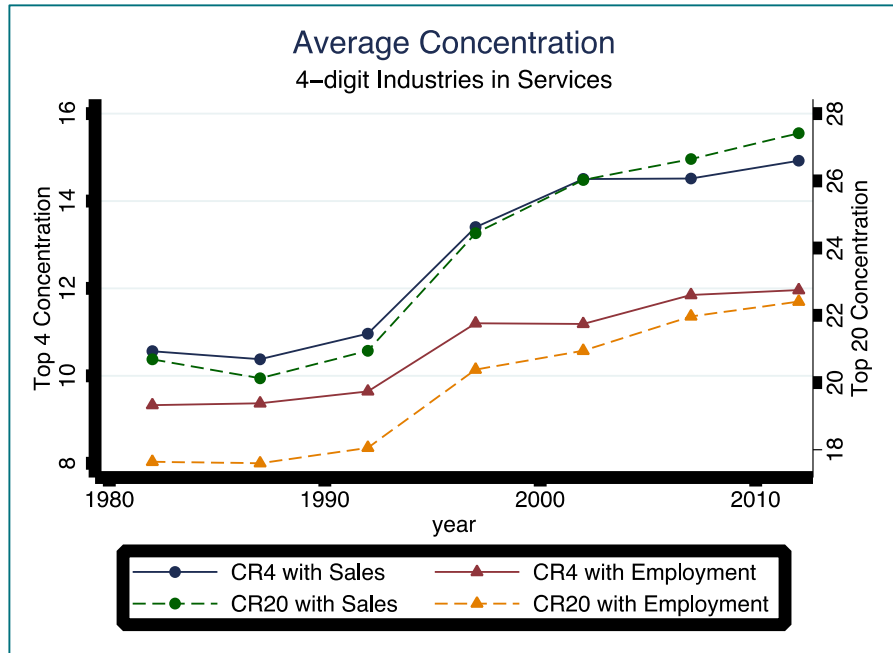


Notes: Weighted average of 4 digit industries within each large sector. Manufacturing: 388 inds; Retail: 58.

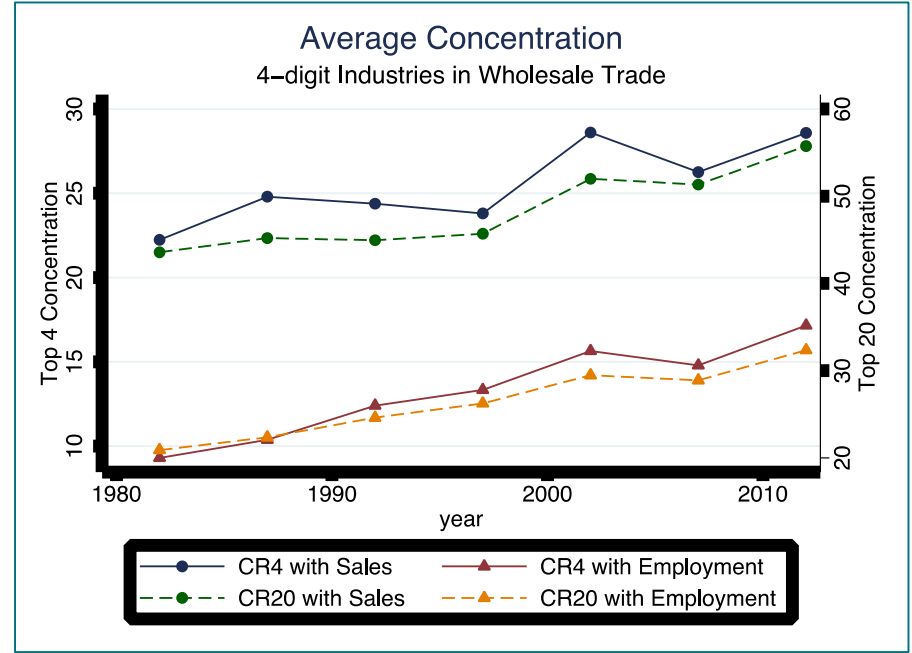
Source: Autor, Dorn, Katz, Patterson & Van Reenen (2017)

Chart 3B: Rising Concentration in the US - Services and Wholesale Trade

C. Services



D. Wholesale Trade

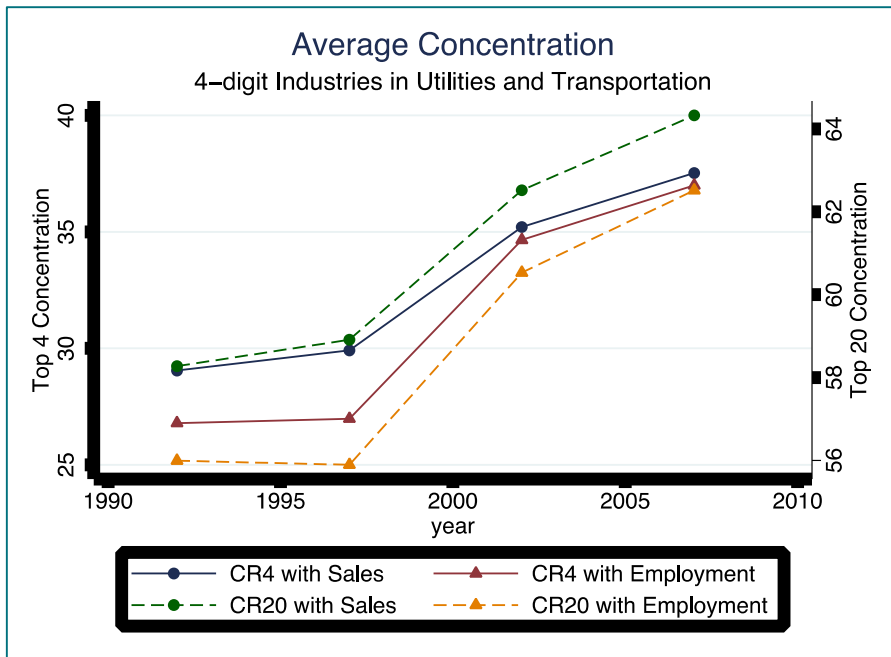


Notes: Weighted average of 4 digit industries within each large sector. Wholesale: 56. Services: 95.

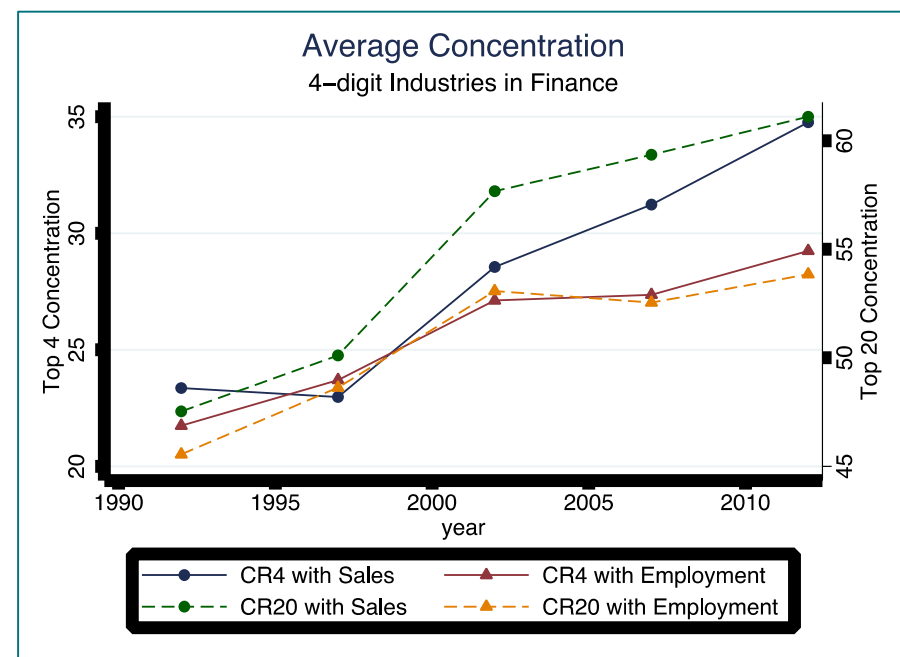
Source: Autor, Dorn, Katz, Patterson & Van Reenen (2017)

Chart 3C: Rising Concentration in the US - Utilities/Transport & Finance

E. Utilities + Transportation Sector



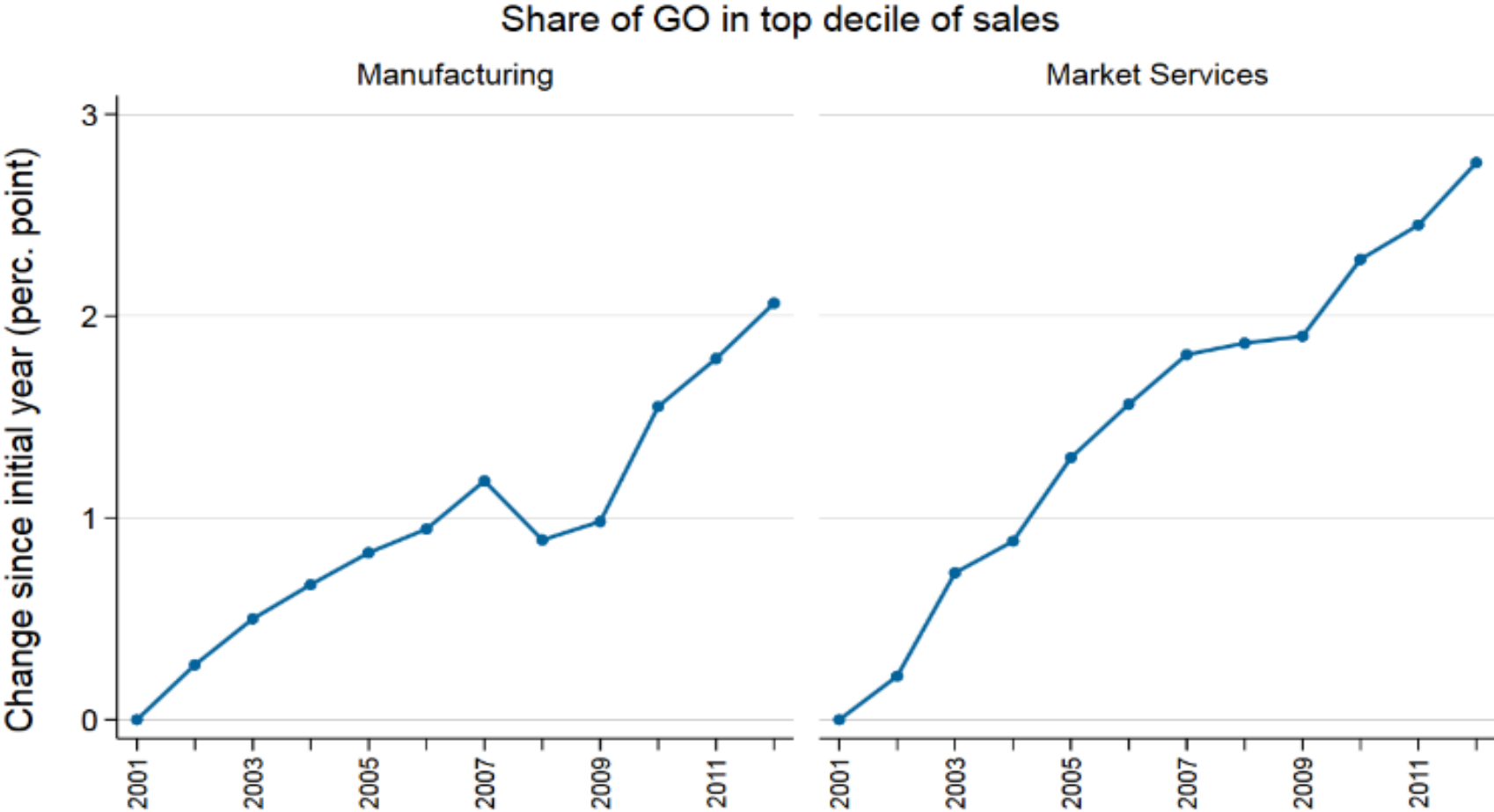
F. Finance Sector



Notes: Weighted average of 4 digit industries within each large sector. Utilities & Transport: 48; Finance 31

Source: Autor, Dorn, Katz, Patterson & Van Reenen (2017)

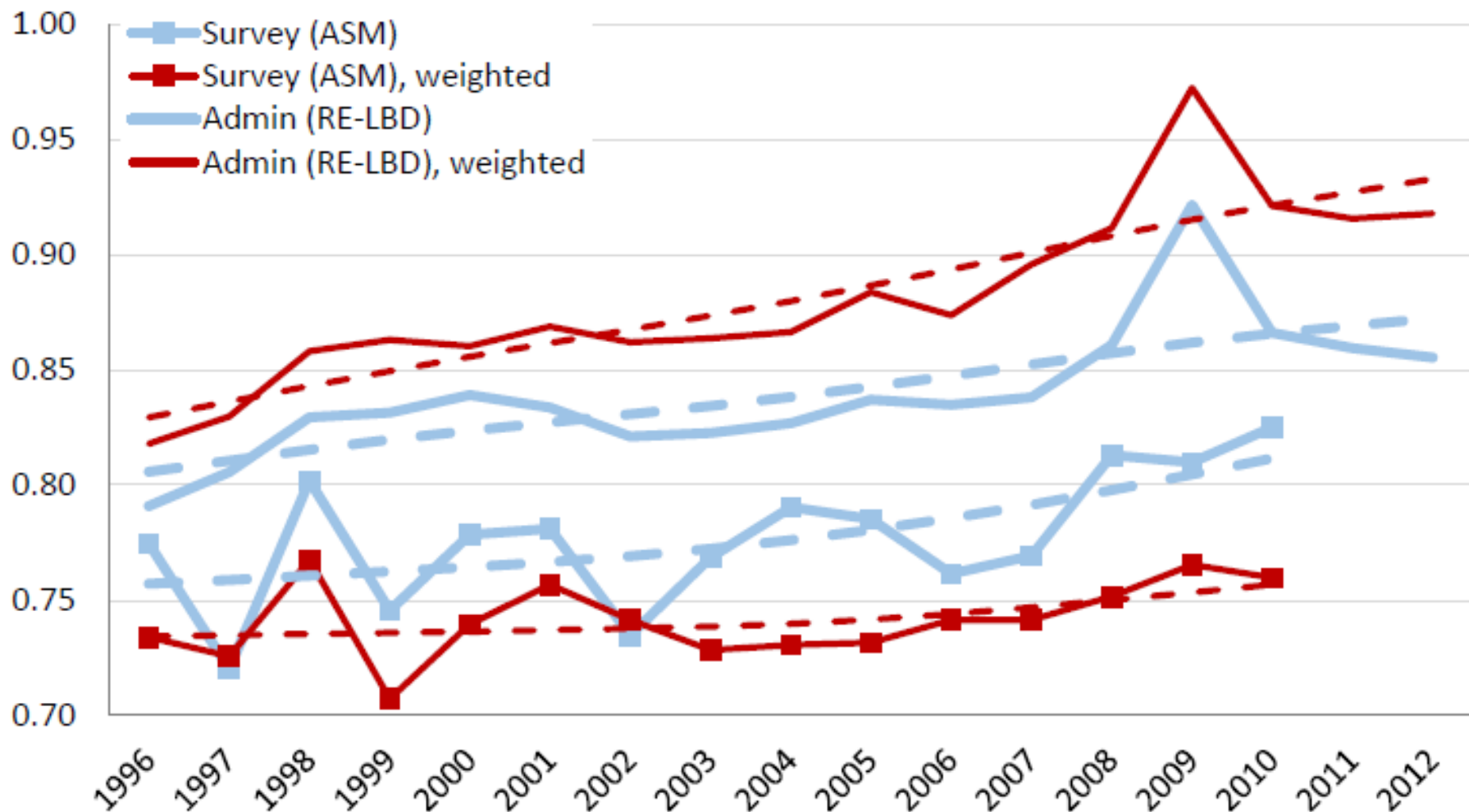
Chart 4: Like US, Sales Concentration has also increased in the EU



Source: OECD Multiprod, <https://www.oecd.org/sti/ind/multiprod.htm>; Criscuolo (2018)

Notes: Year effects from regressions with country-industry dummies and year dummies (BEL, DEU, DNK, FIN, FRA, HUN, NOR, PRT, SWE)

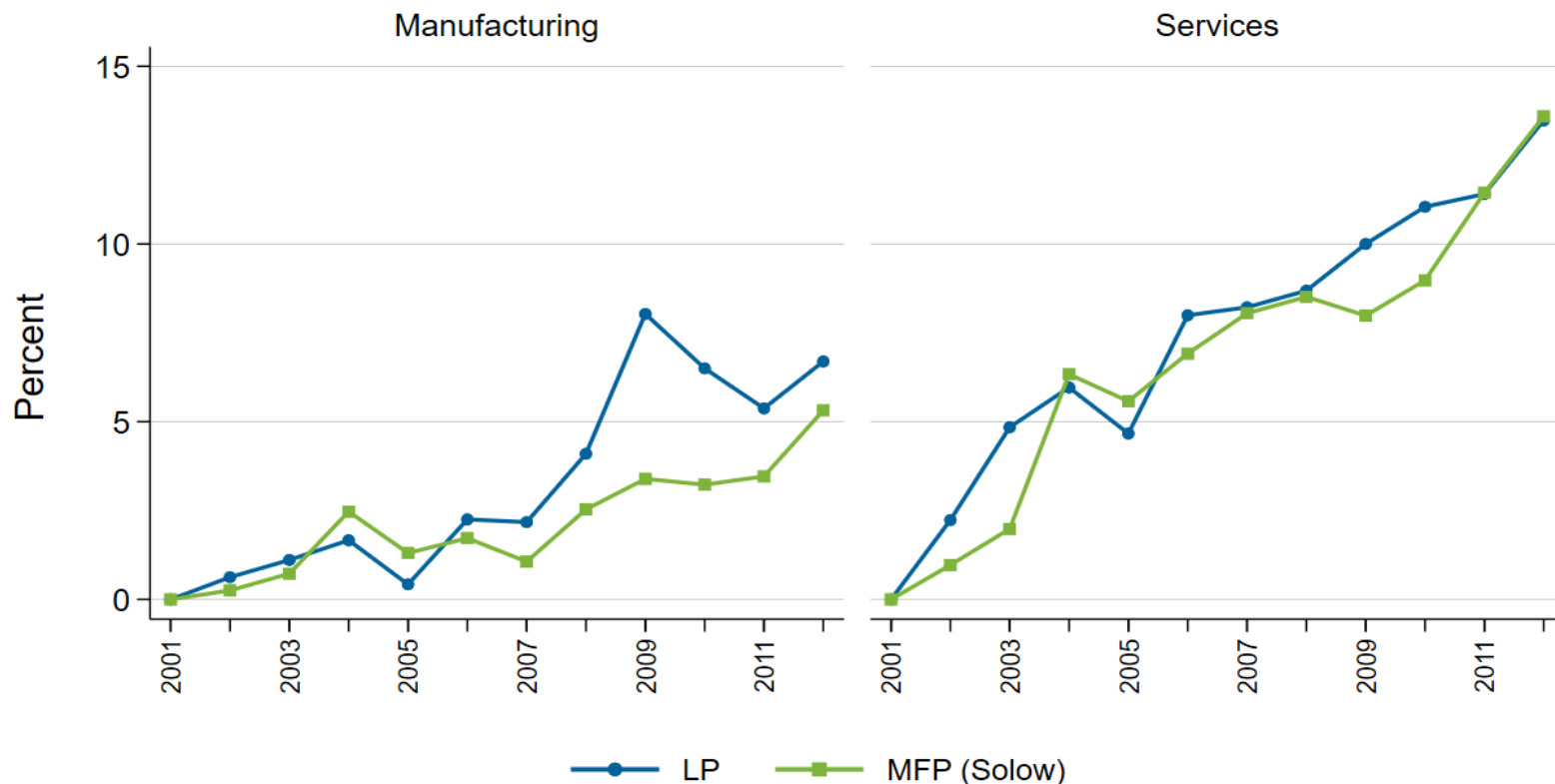
Chart 5: Rising US productivity dispersion (manufacturing)



Source: Decker, Haltiwanger, Jarmin & Miranda (2018, Figure A6)

Notes: Standard Deviation of log(real sales/employment) normalized in a NAICS 6 digit industry-year. HP filtered series in dashed lines. LBD is population whereas ASM is corrected for sample selection. Weights are employment weights.

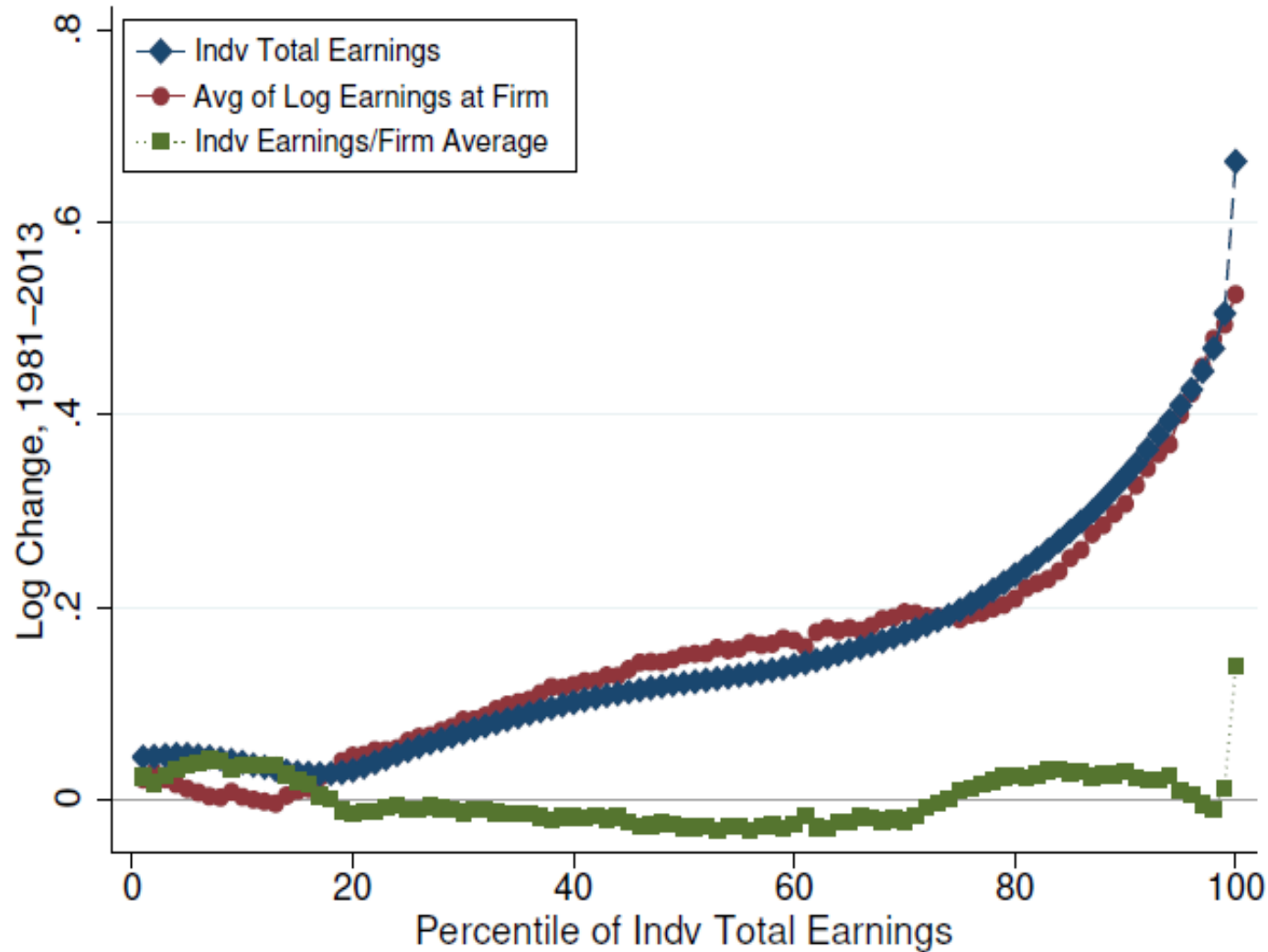
Chart 6: Change in firm-level productivity dispersion 2001-2012 (pooled across 14 OECD countries)



Source: OECD Multiprod, <https://www.oecd.org/sti/ind/multiprod.htm>

Notes: Coefficients on year dummies from regression of 90-10 log(productivity) within an industry-year cell in 16 OECD countries (AUS, AUT, BEL, CHL, DEU, DNK, FIN, FRA, HUN, ITA, JPN, NLD, NOR, NZL, PRT SWE)

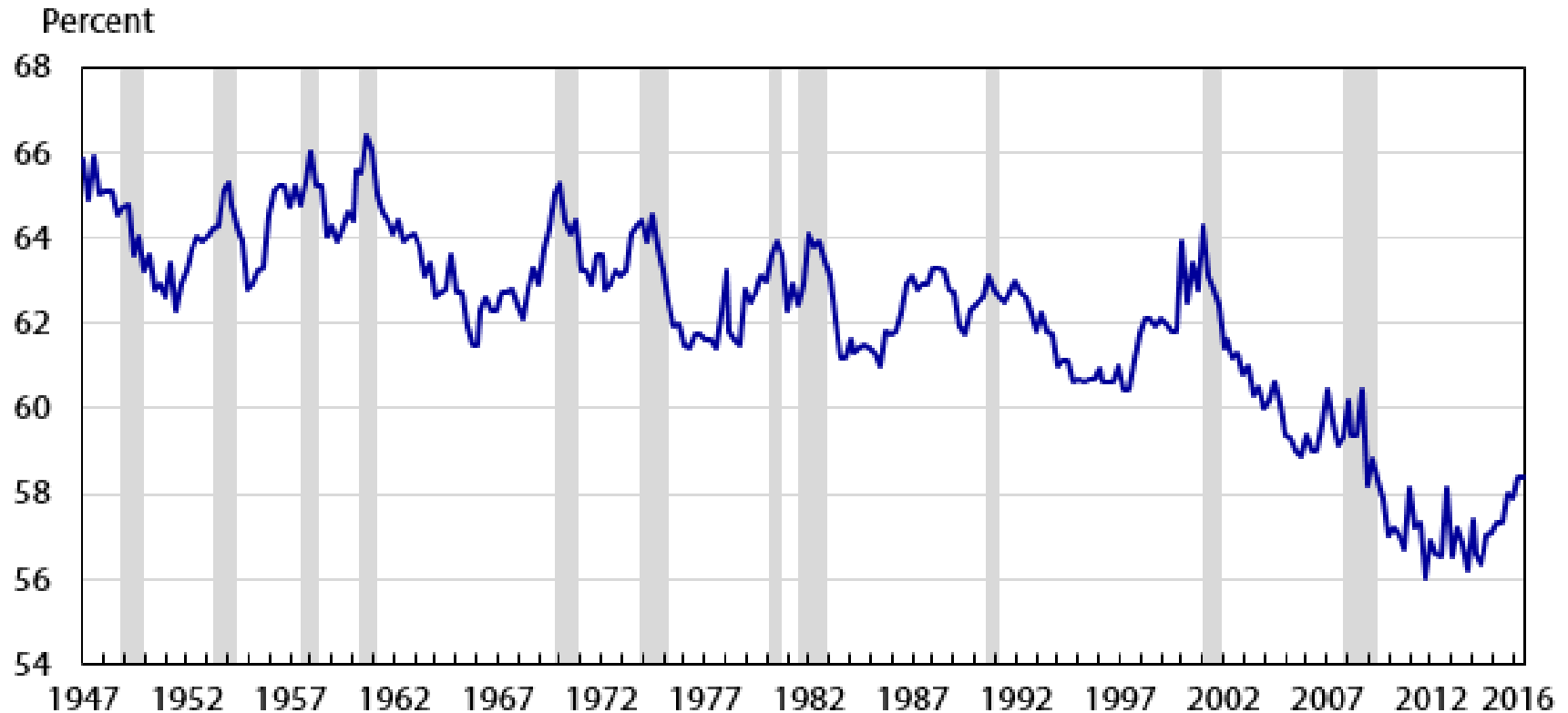
Chart 7: Change in US earnings inequality is almost all between firm (rather than within firm), 1981-2013



Source: Song et al (2017), SSA data

Chart 8: US Labor Share of GDP

Figure 1. Labor's share of output in the nonfarm business sector, first quarter 1947 through third quarter 2016



Note: Shaded areas indicate recessions, as determined by the National Bureau of Economic Research.

Source: U.S. Bureau of Labor Statistics.