

Shaping Competition Policy in the Era of Digitization

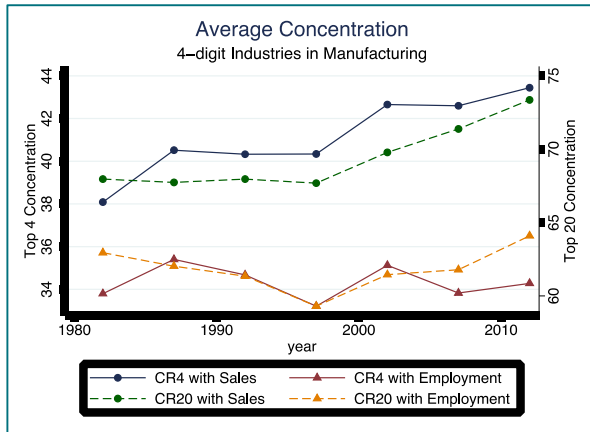
John Van Reenen, MIT

Brussels, January 17th 2019

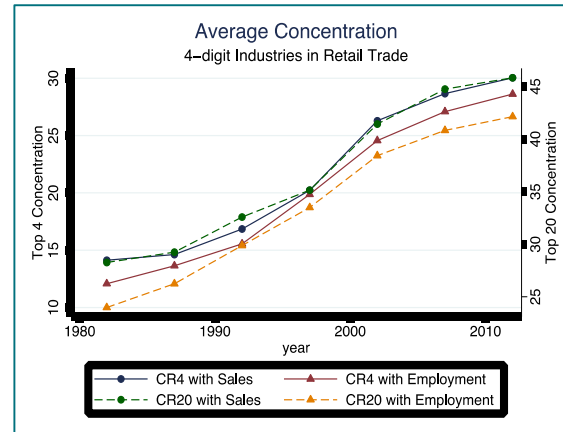
Summarizes work in Autor et al (2017, 2019); Van Reenen (2018 <http://cep.lse.ac.uk/pubs/download/dp1576.pdf>)

Rising Concentration in US since 1982

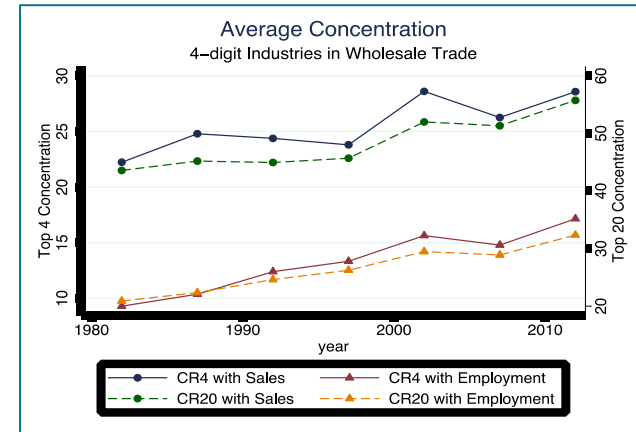
Manufacturing



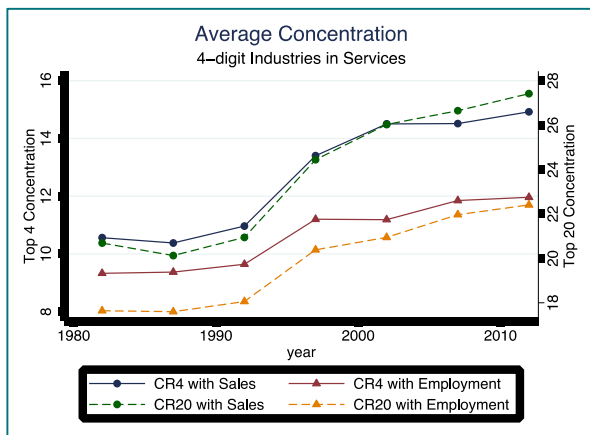
Retail Trade



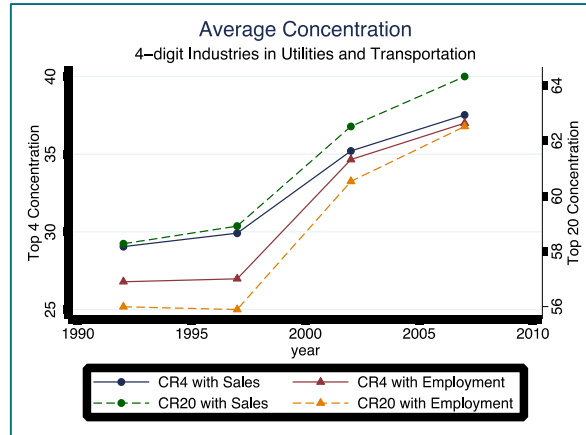
Wholesale Trade



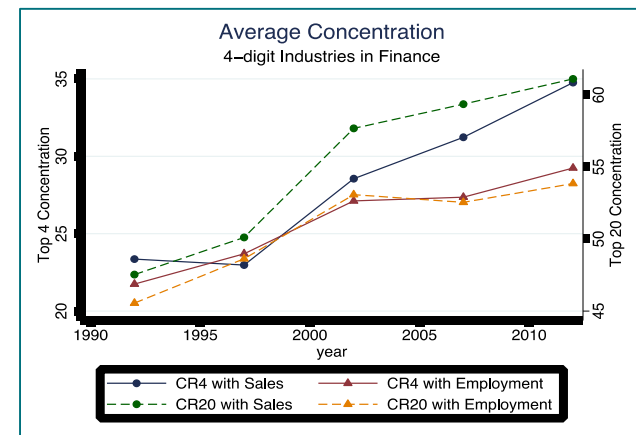
Services



Utilities + Transportation



Finance

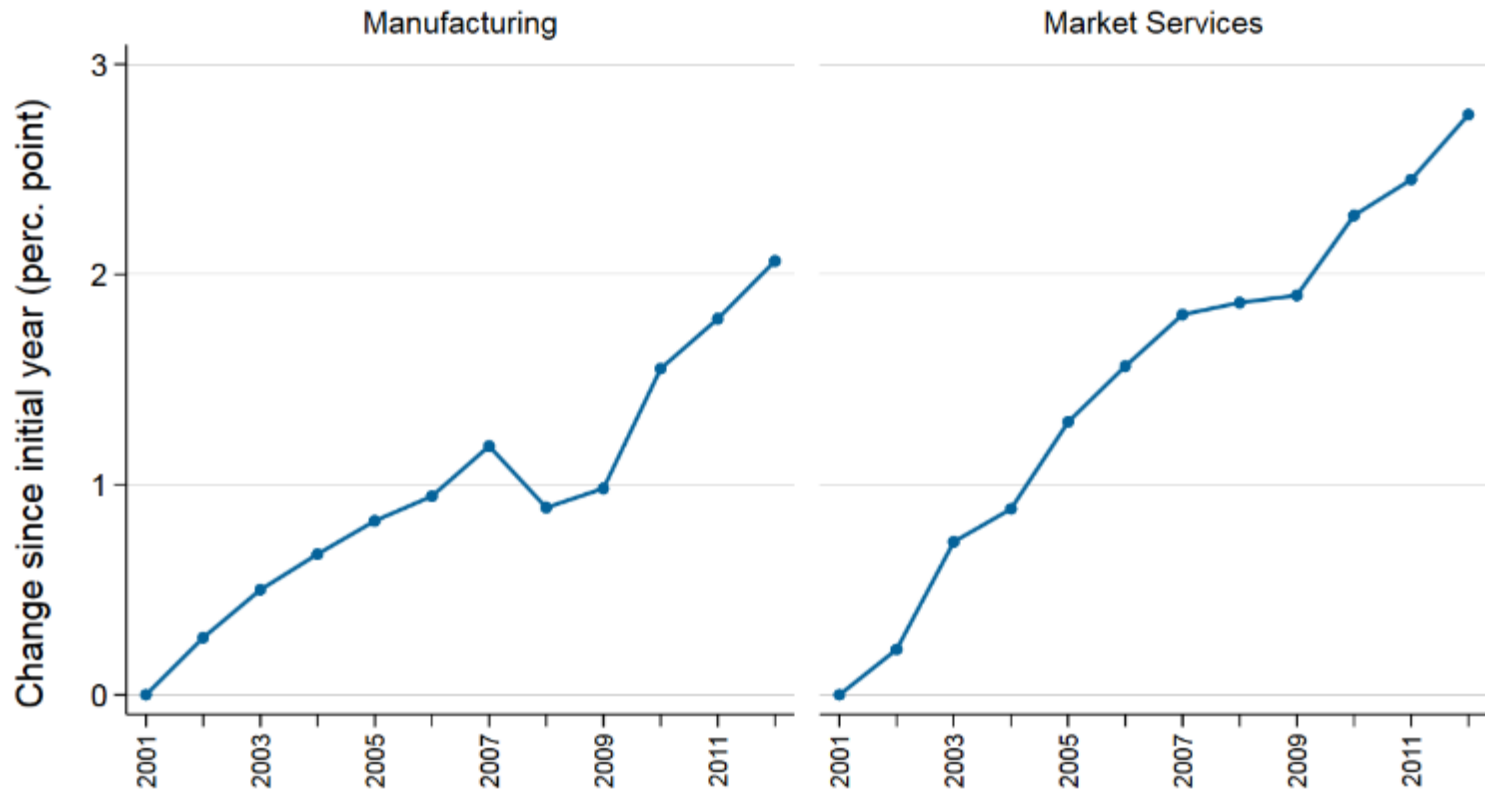


Notes: Autor et al (2019) from Economic Census; Weighted av. of concentration across the SIC-4's within each sector. Manufacturing:388 inds; Retail:58; Services:95; Utilities/Transportation:48; Wholesale:56; Finance:31



Rising Concentration trends in EU (OECD Bajgar et al, 2018)

Share of Industry sales in largest 10% of firms

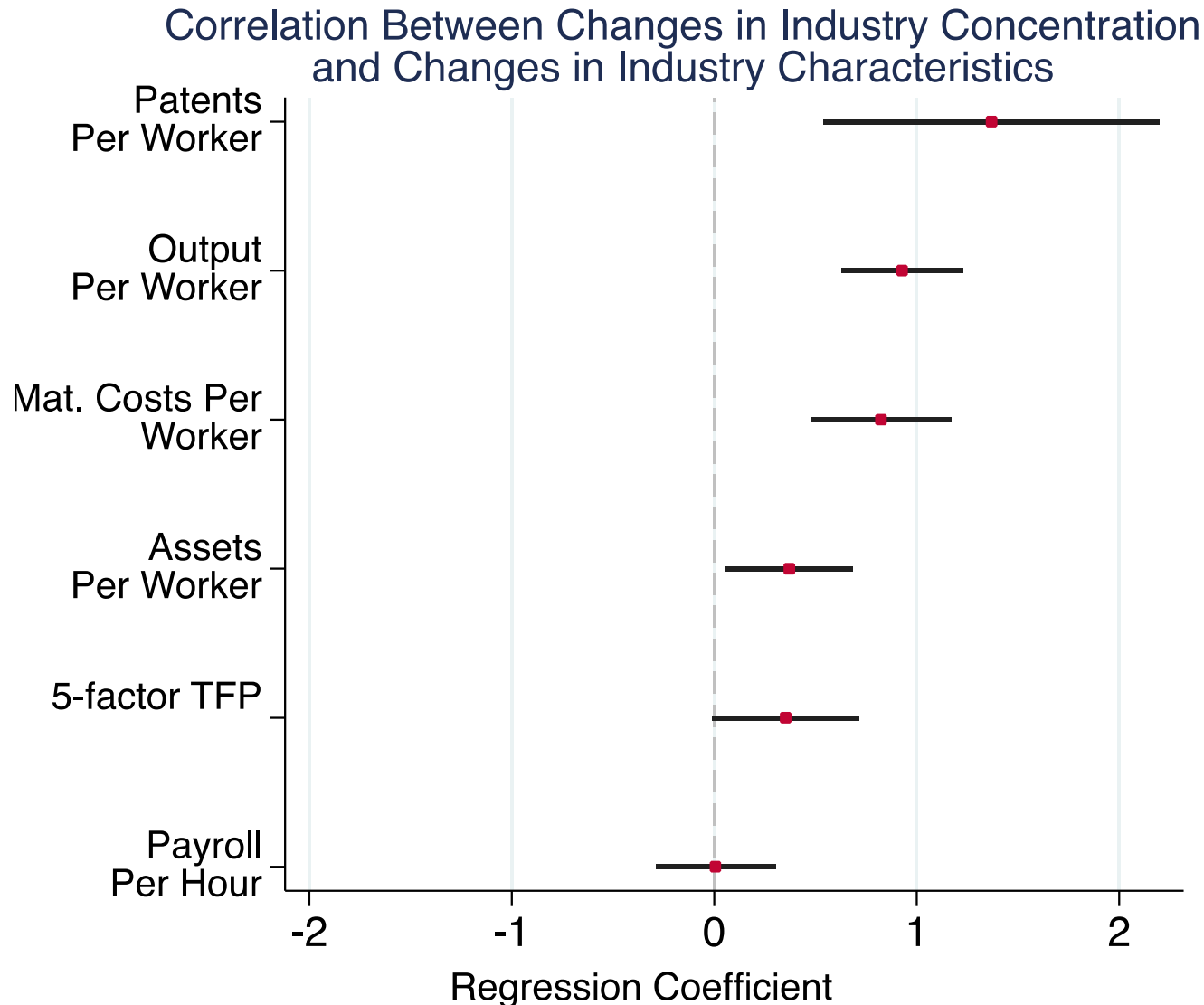


Source: MultiProd (OECD)

Countries included: BEL DEU DNK FIN FRA HUN NOR PRT SWE

Year effects from regressions including country*industry and year dummies

Concentrating Industries have Larger Increase in Productivity and Innovation (US data)



Source: Autor et al, 2019

Back Up

Overview of what I will say (in 8 minutes!)

- **Facts on Mega-Firms:** Firms getting bigger; markets more concentrated; aggregate markups rising
 - Appears to be across OECD (i.e. not just US)
 - Fall in lab share/rise in markup mainly due to **reallocation** (e.g. little change in median firm)
- **Causes of Changes**
 - Strongest in most dynamic industries: technology matters (Winner-Take-Most; Intangible capital)
 - Unlikely to be differential antitrust enforcement. Could reflect increases in comp (e.g. globalization)
 - Wages not falling in concentrating sectors
- **Consequences of Changes**
 - Antitrust challenge, even though comp policy not cause

Falling Labor Share of Corporate sector Value-Added Evident in Many Countries

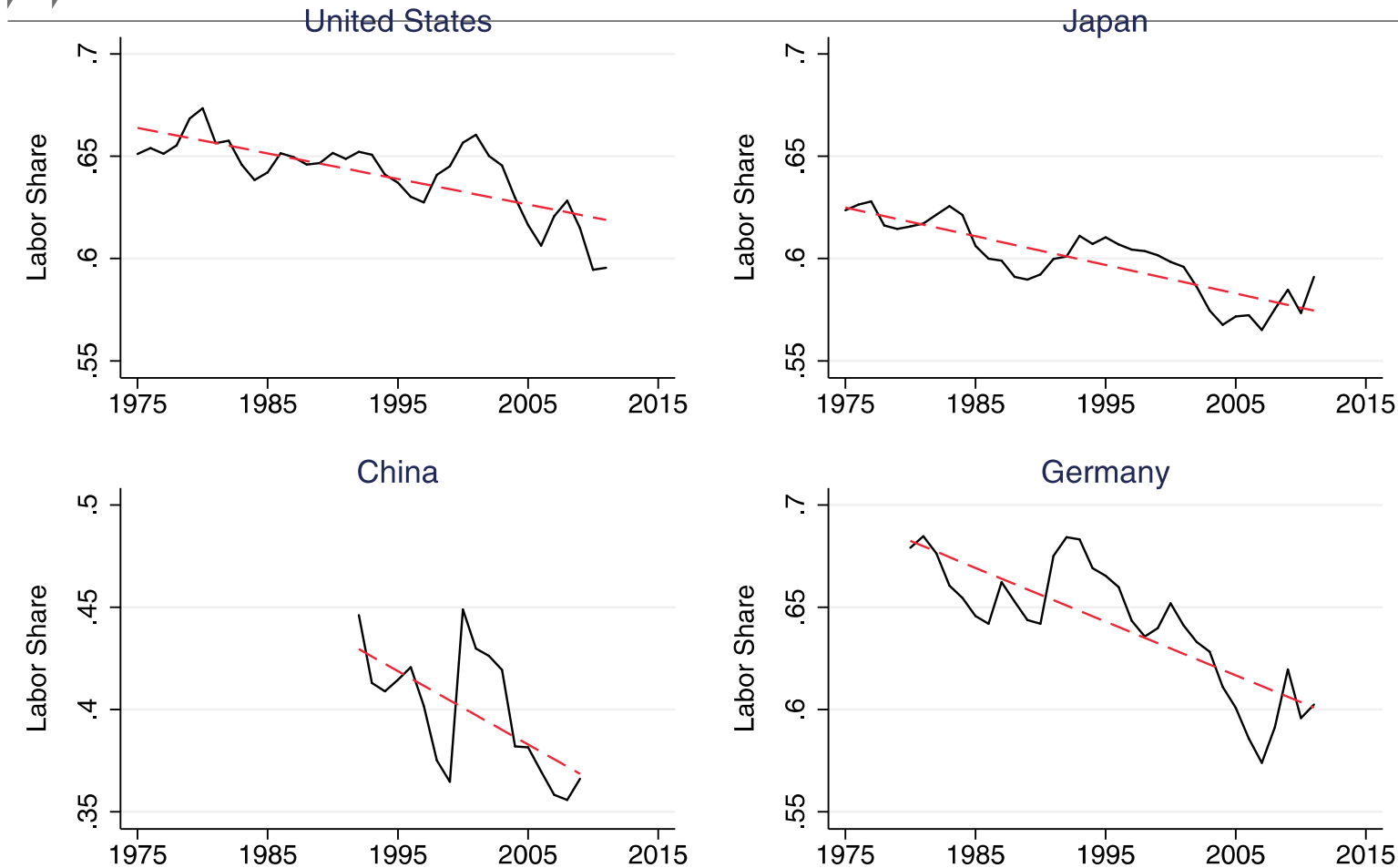
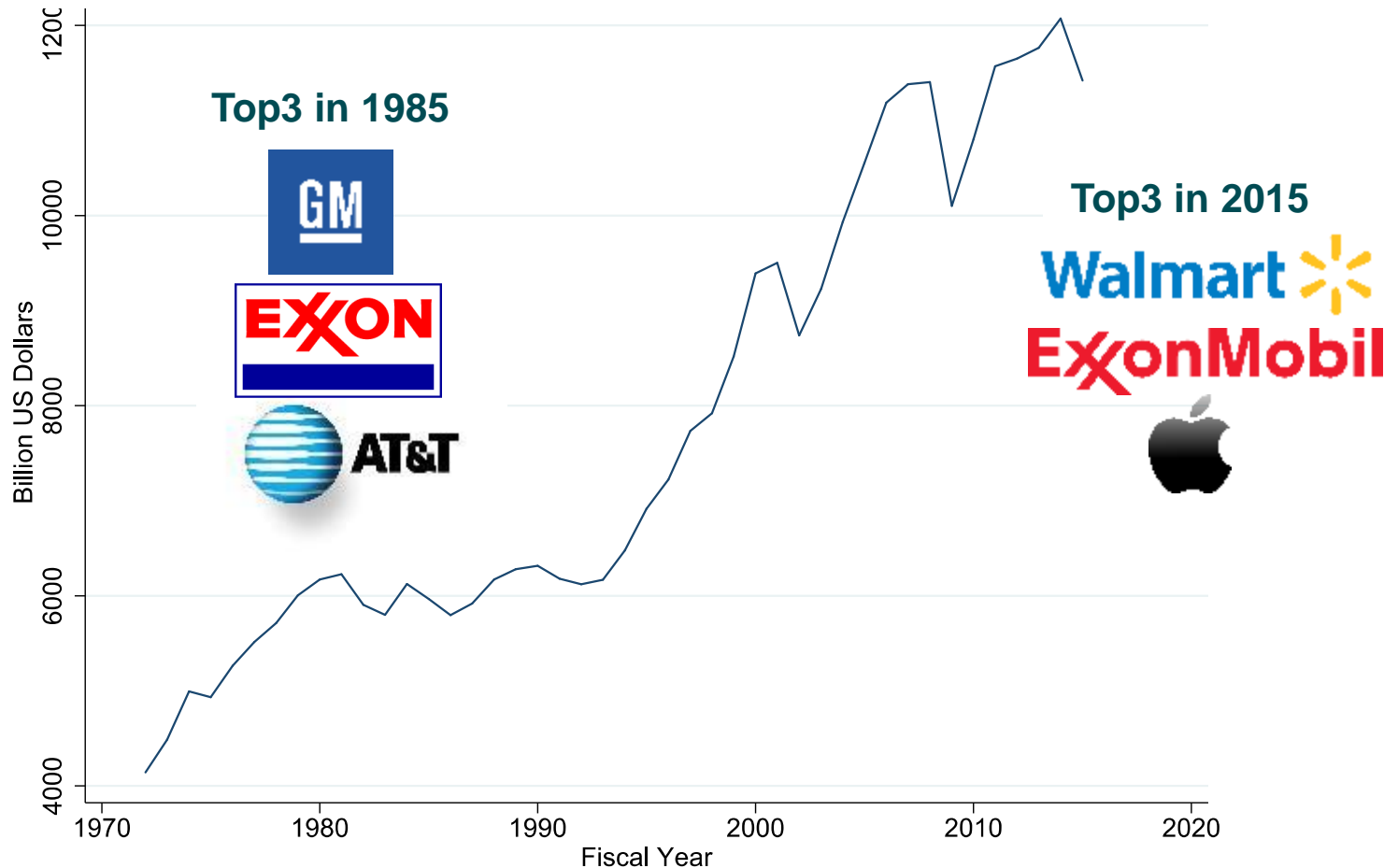


FIGURE II
Declining Labor Share for the Largest Countries

Source: Karabarbounis and Neiman, 2014

The Rise of Superstar Firms

Global Sales of Top500 US Firms tripled from \$4tr in 1972 to \$12tr in 2015



Source: Compustat USA, 2015 prices

% US employment in firms with 5,000+ workers rose from 28.2% in 1987 to 33.8% in 2016

