
Profit Share, Market Power and the Use of New Technologies in U.S. Industries

Armagan Gezici*¹

¹Keene State College – United States

Abstract

The last couple of decades of the US economy has been marked by two stylized facts: an increase in profit share, coupled with an increase in the concentration ratio for the majority of the US industries. One mainstream argument tying these trends together has been the "rise of superstar" firms, whose productivity advantages help them dominate their respective industries, leading to increasing concentration - Autor et al. (2017). In this argument, superstar firms are those experiencing faster technical change in their industries. As the connections between concentration, profits and the use of new technologies are the key to understanding the structural change occurring in the US industries, this paper pursues an industry level empirical investigation of these connections. I use the industry level KLEMS data on various types of capital inputs, which allow me to develop industry level measures of technological intensity, specifically for the use of R&D capital, software capital and information technology capital among inputs. Empirical findings will be assessed with the help Simon Mohun's insights on the changing relation between labor productivity and capital intensity.

Keywords: market power, concentration, technology, profit, productivity

*Speaker