

DIVERGING TRENDS IN NATIONAL AND LOCAL CONCENTRATION

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But concentration matters in well-defined markets, which, for many products, are local or regional, not national

And the reader also has little doubt that concentration has declined in most of those markets

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BIG QUESTION IN INDUSTRIAL ORGANIZATION:
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FROM CHANGES IN CONCENTRATION?

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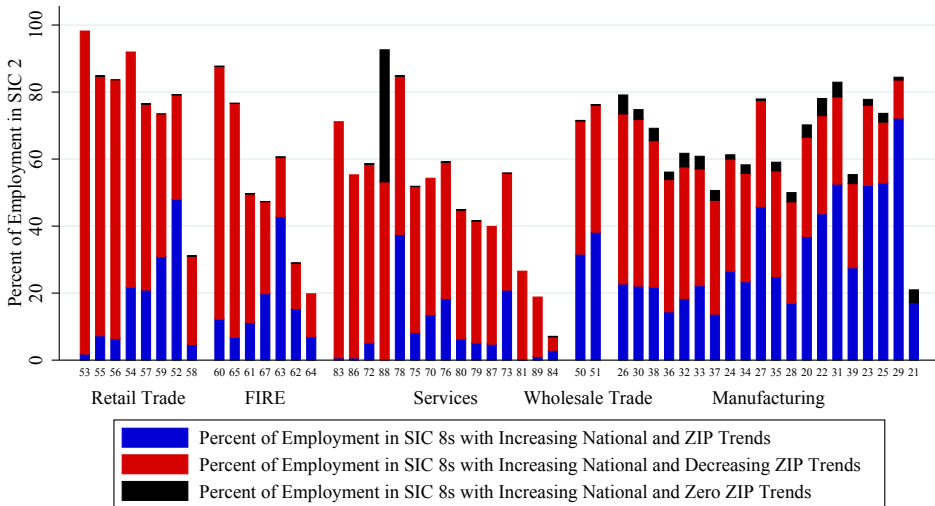
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I defer to Jan’s comments about his approach to measuring market power, which I am sympathetic with

.

FIGURE 7 FROM THE PAPER SHOWS WHICH INDUSTRIES ARE MOST PRONE TO DIVERGING TRENDS



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Those on the right trade in national or international markets

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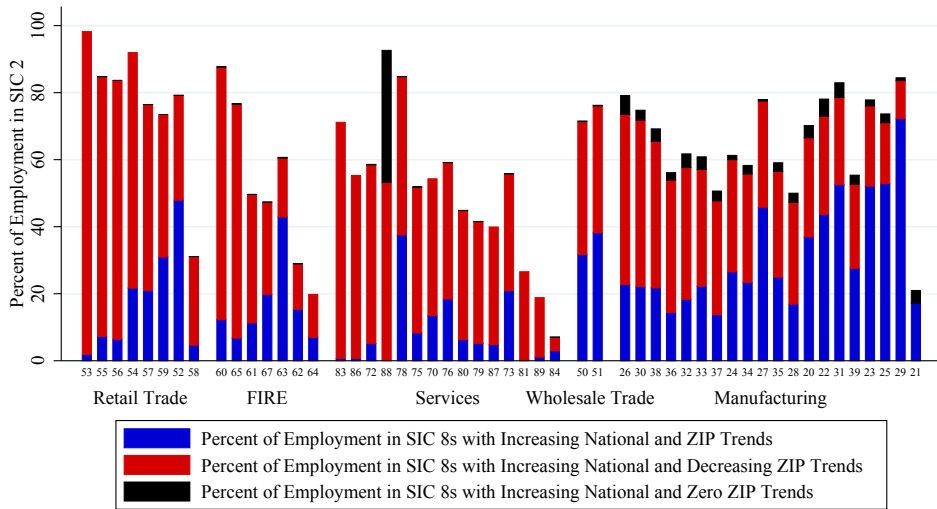
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Figure 7 shows that the truth lies in between

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FIGURE 7



THE NEW INDUSTRIAL REVOLUTION

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Sectors undergoing NIR grow faster than other sectors, refuting market power stories and supporting productivity stories

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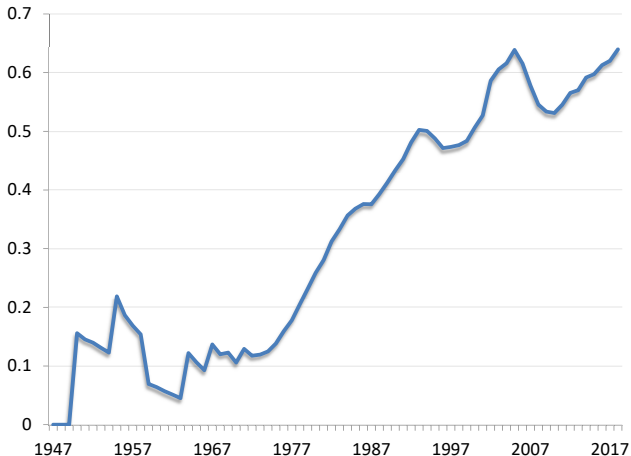
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I show the ratio of the IP intensity of the NIR sector (trade, health, accommodation, and food services) to the non-NIR sector

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IP INTENSITY OF NEW INDUSTRIAL REVOLUTION INDUSTRIES AS A RATIO TO OTHER INDUSTRIES



FRANCHISE CONTRACTING IS A POWERFUL TOOL FOR ACCOMPLISHING THE NIR

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The results are sharp: only 3 percent of sales economy-wide arise in franchised establishments, but 26 percent arise in franchised establishments in the NIR sectors

.

IN 5 NAICS 6-DIGIT INDUSTRIES, MORE THAN
HALF OF TOTAL SALES OCCURRED IN
FRANCHISED ESTABLISHMENTS

New car dealers

Limited-service restaurants (fast food)

Private mail centers

Diet and weight reducing centers

Optical goods stores

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All are in the NIR sector

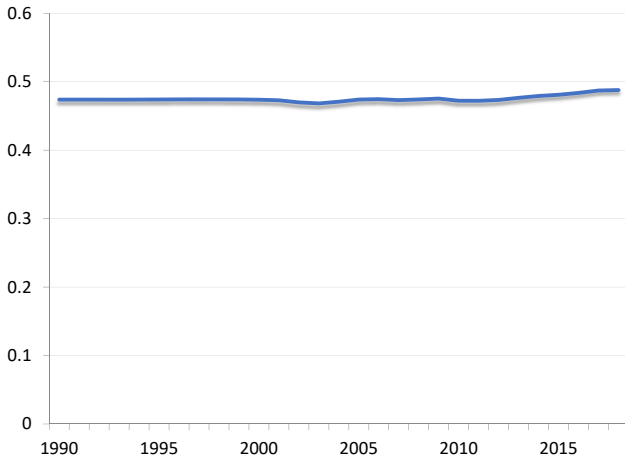
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EMPLOYMENT EFFECTS

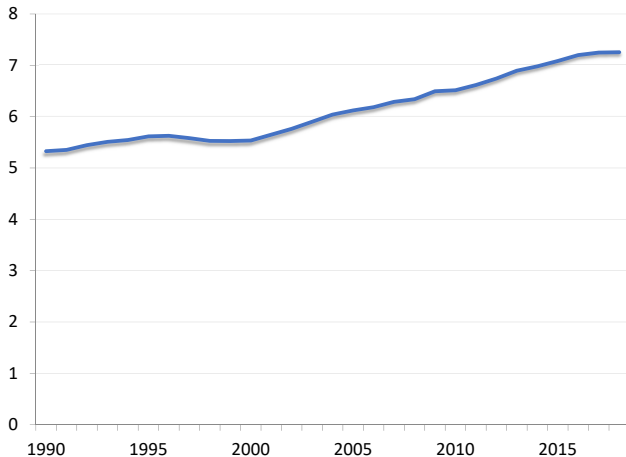
I thought that fast food might be more affected by NIR, but the employment fraction of fast-food among all restaurants is remarkably stable

.

RATIO OF FAST-FOOD EMPLOYMENT TO TOTAL RESTAURANT EMPLOYMENT



ON THE OTHER HAND, RESTAURANT
EMPLOYMENT HAS RISEN SUBSTANTIALLY AS A
FRACTION OF TOTAL NON-FARM EMPLOYMENT



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The growth of out-of-the-household food preparation and consumption relative to in-household has been noted in the context of the modeling of household production, but the paper offers a new explanation—the rising efficiency of restaurants

.

TO CONCLUDE,

The team producing the papers I have discussed has made major contributions to understanding the interactions of market power and technology

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There a lot more to do, including more intensive study of individual industries

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