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Comments on Paweł Bukowski

Rent Sharing and Inclusive Growth

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Short Summary

- The present paper analyses the long-run pattern of rent sharing.
- The unique manually collected data set includes the “top 300” (nearly 900) companies on the London Stock Exchange from 1983 and 2016.
- Dynamic models show a falling short and long-run rent sharing elasticities.
- The ambiguous link to market power is discussed.
- The results are highly similar for the EU and US industries.

Brief Structure

- Chapter I introduces the topic of rent sharing.
- Chapter II discusses ambiguous theoretical considerations and focuses on the bargaining model of wages.
- Chapter III describes the manually collected data set.
- Chapter IV explains the estimation strategy of the baseline regression and various robustness tests.
- Chapter V shows robust evidence from EU industries and the US manufacturing market.
- Chapter VI shows that firms with more market power share less rents.
- Chapter VII summarizes and concludes.

Data – I

- One of the main contribution of the paper is the manual collection of data on top UK companies over 35 years.
- The data set documents a decline of rent sharing.
- Numerous interesting indicators are not available: median, and lowest wages, inequality, qualification, etc.
- It is likely that the decline of rent sharing is even more pronounced if these factors (e.g. rise of education) would be covered.
- Is there a selection bias?

Data – II

- The results are highly similar for EU and US industry data.
- A comparison of both data sets with the UK data would be interesting (also in order to discuss a possible bias).
- More indicators could be available for the sectoral data: qualification, part-time employment, wage distribution, concentration, competition, etc.
- There could be alternative interesting data sources in some countries: social insurance contributions merged with company data.

Methodology – I

- The paper seems to use the “first-differenced model with their lagged levels (Arellano and Bond, 1991)”
- Why not system GMM (Blundell and Bond ,1998)?
- Are the models appropriate for the long T dimension (despite their much larger N dimension)?
- Important statistics are not reported: Hansen test, AR-test.
- How do you compute the standard errors of the long-run effects?
- One more interesting finding: declining wage AR coefficient.

Methodology – II

- The EU industry level analysis uses a different methodology than other parts.
- Two cross sections for changes 1991-2005 and 2005-2015.
- This uses different time spans (14 vs 10 years), while 6 periods of 4 years could be used?
- Would it be more appropriate to use period-averages than differences between selected years?
- Alternative methods could be used for this data set, panel granger causality test, panel VAR.

Small Comments

- Explain the Lester's range in the paper, not just in a footnote. Use uniformly Lester's or Lester.
- Fix heading numbers for section III (IIIC is III.B).


ThankYou
Merci
Salamat
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