

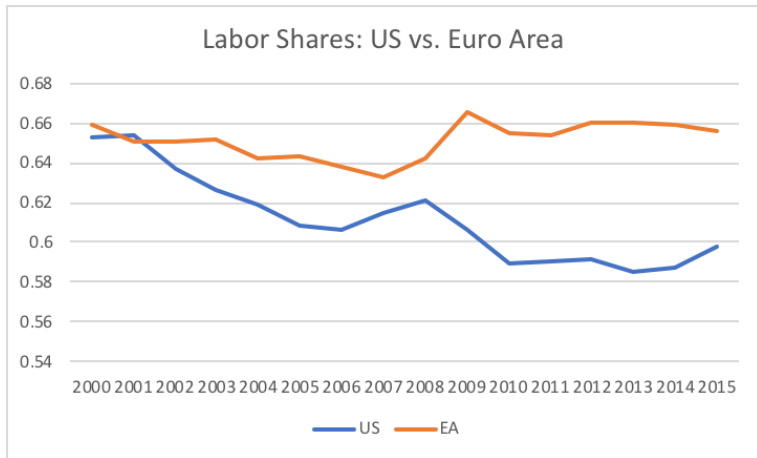
Profits in EU and US & Global Declining Competition

Thomas Philippon

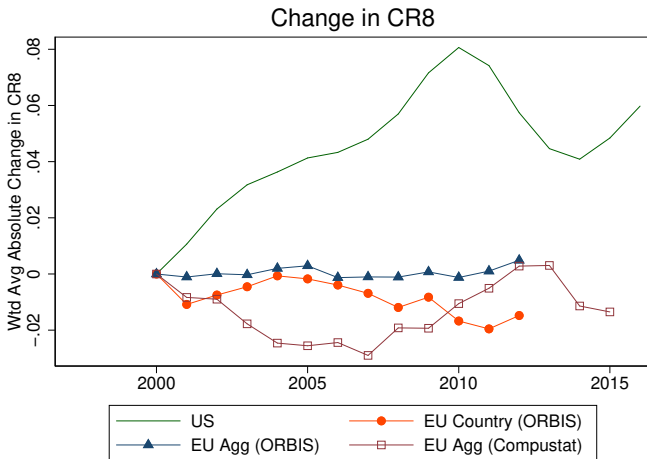
NYU, NBER, CEPR

March 2019 - EIB

EU and US are Different: Labor Shares

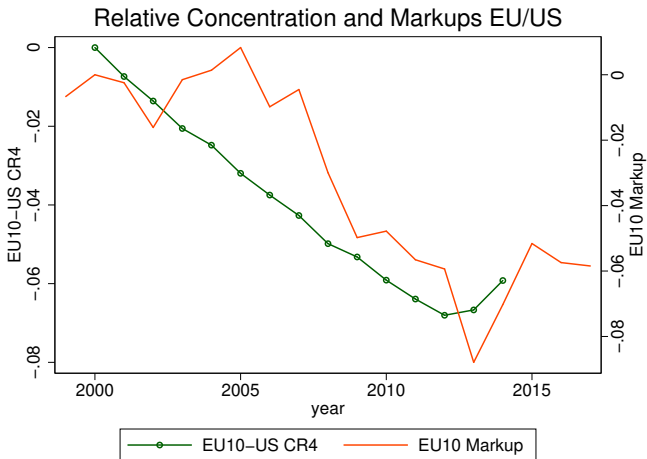


EU and US are Different: Concentration



Source: OECD STAN. Non-Agriculture Business sector excluding RE. EU series based on weighted average across those EU-28 countries for which data is available in STAN.

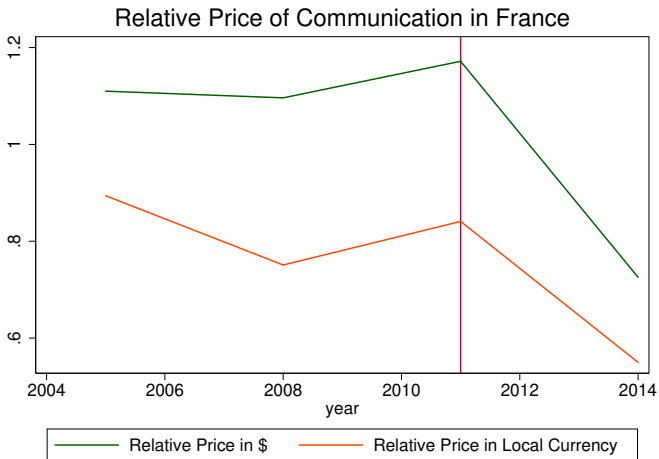
Markup vs. Concentration: Time-Series



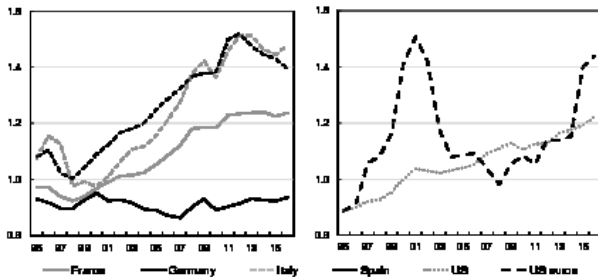
US Prices are Higher: Broadband Internet

Rank	Country	Broadband Cost
37	South Korea	\$ 29.9
47	Germany	\$ 35.71
54	France	\$ 38.10
...		
113	US	\$ 66.17

The Entry of Free



Average Unit Production Cost

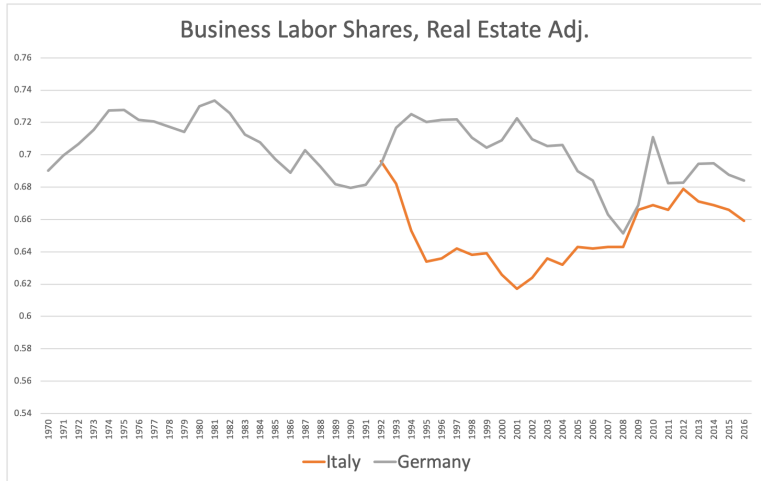


Source: Salas, San Juan and Valles, 2018

Comments

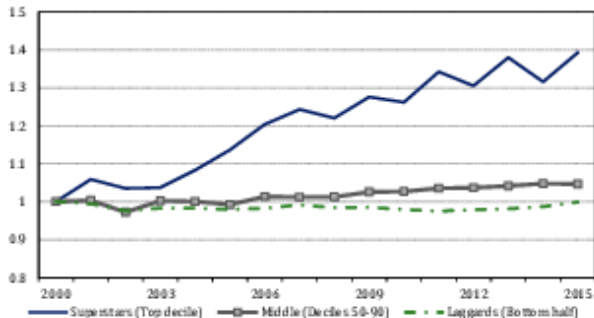
- Careful when comparing “corporate sectors” in Europe
 - self-employed workers in Germany and Italy, not in France, etc.
 - housing assets can still appear
 - Use industry accounts instead
 - Once this is done, the increase in profits in Germany is much lower than in the US.

Labor Shares



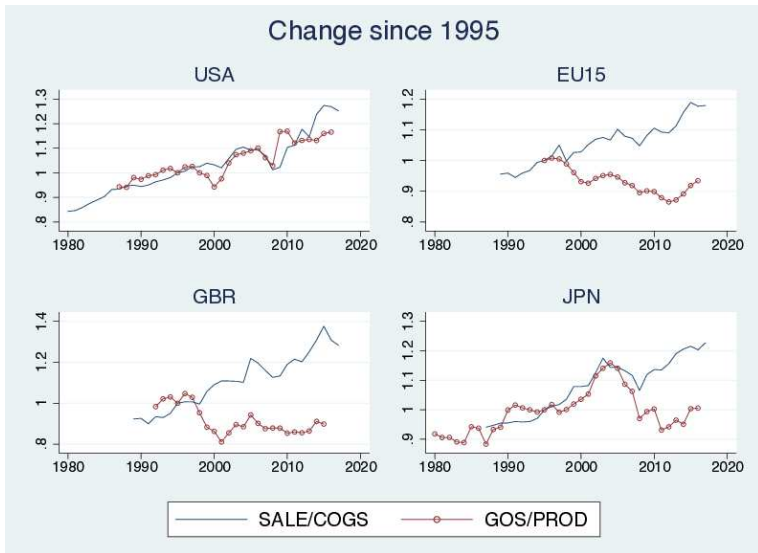
Source: Cetto, Koehl, Philippon, 2019

Distribution of Markups



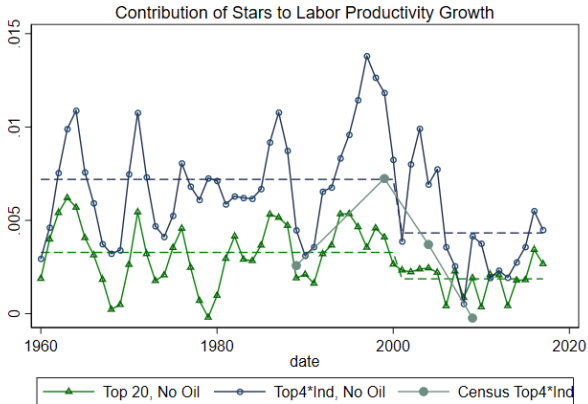
Source: Diez, Fan, Villegas-Sanchez

Profits, Markups, and Intangibles



Source: Covarrubias, Gutiérrez & Philippon, Macroannuals 2019

Fading Stars



Source: Gutiérrez & Philippon, AEA P&P 2019