Comments on Paweł Bukowski
Rent Sharing and Inclusive Growth

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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.
One of the main contributions 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.
- 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 (III.C is III.B).