



Competition and Concentration: How the Tech/Telecom/Ecommerce Sector is Outperforming the Rest of the Economy

Dr. Michael Mandel

Chief Economic Strategist

Progressive Policy Institute

The 2019 Transatlantic Summit

Competition in the Digital Age

January 16, 2019

Strong and consistent competition policy plays a key role in addressing problems such as **rising prices**, weak productivity growth, **stagnant real wages**, slower job growth, and **falling labor share**.

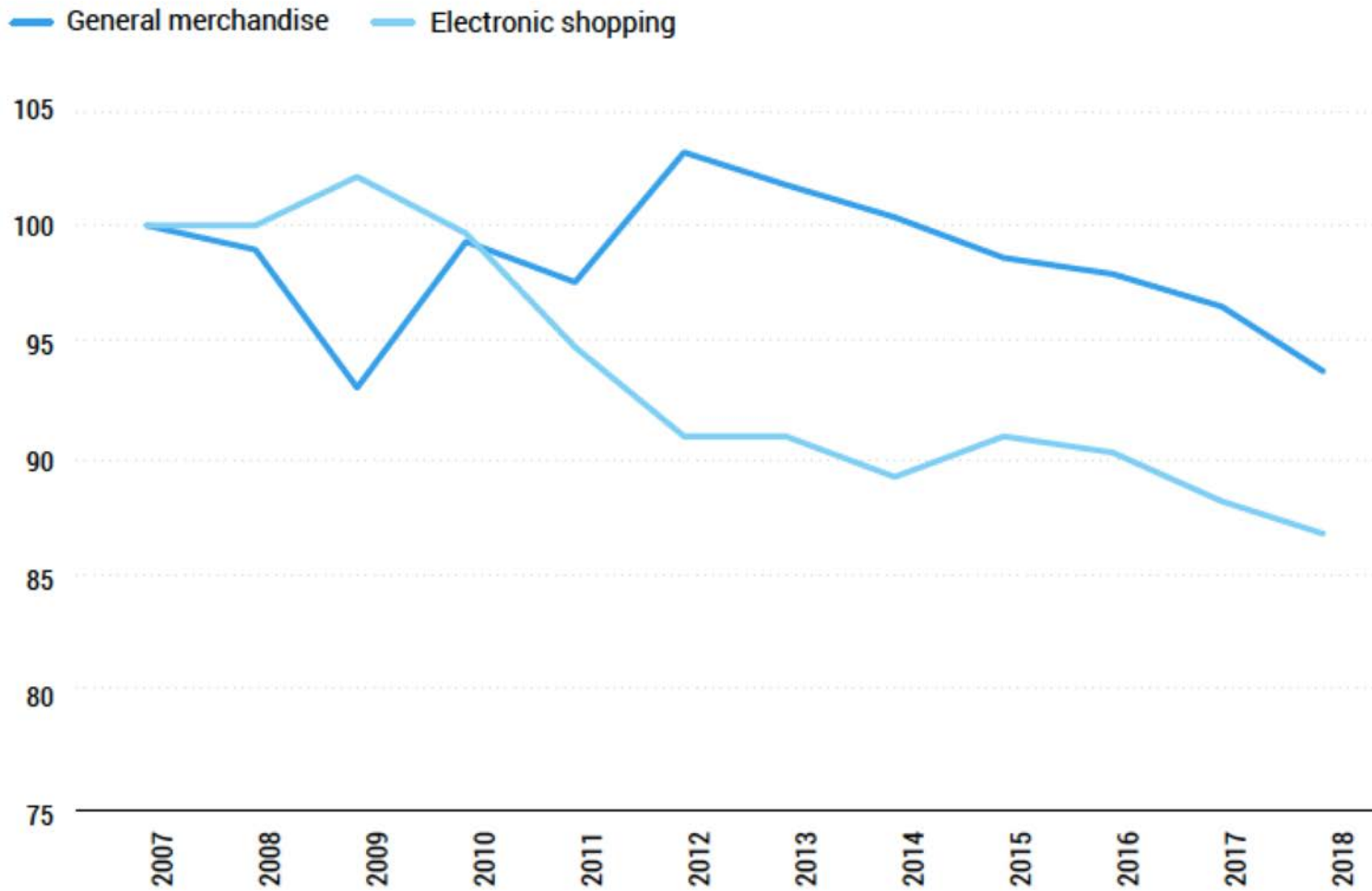
But the data does not single out the **tech/telecom/ecommerce sector**—
otherwise known as the **digital
economy**—as
a particular problem.

TABLE 1: How the Digital (Tech/Telecom/Ecommerce) Sector Performed, 2007-2017

	DIGITAL SECTOR	REST OF NON-HEALTH PRIVATE SECTOR
GROWTH AND PRICE MEASURES		
REAL VALUE-ADDED (PERCENTAGE CHANGE)	80.9%	8.8%
PRODUCTIVITY (PERCENTAGE CHANGE)	58.7%	5.3%
PRICE (PERCENTAGE CHANGE)	-14.6%	21.2%
LABOR MEASURES		
FULL-TIME EQUIVALENT JOBS (PERCENTAGE CHANGE)	14.0%	3.3%
REAL ANNUAL PAY PER WORKER (PERCENTAGE CHANGE)	15.4%	7.0%
LABOR SHARE (CHANGE IN PERCENTAGE POINTS)	-0.1	-1.3

Sources: BEA, BLS, and PPI. Data as of 11/1/18

FIGURE 5: Real Margins Plunge for U.S. Electronic Shopping Industry (2007=100)

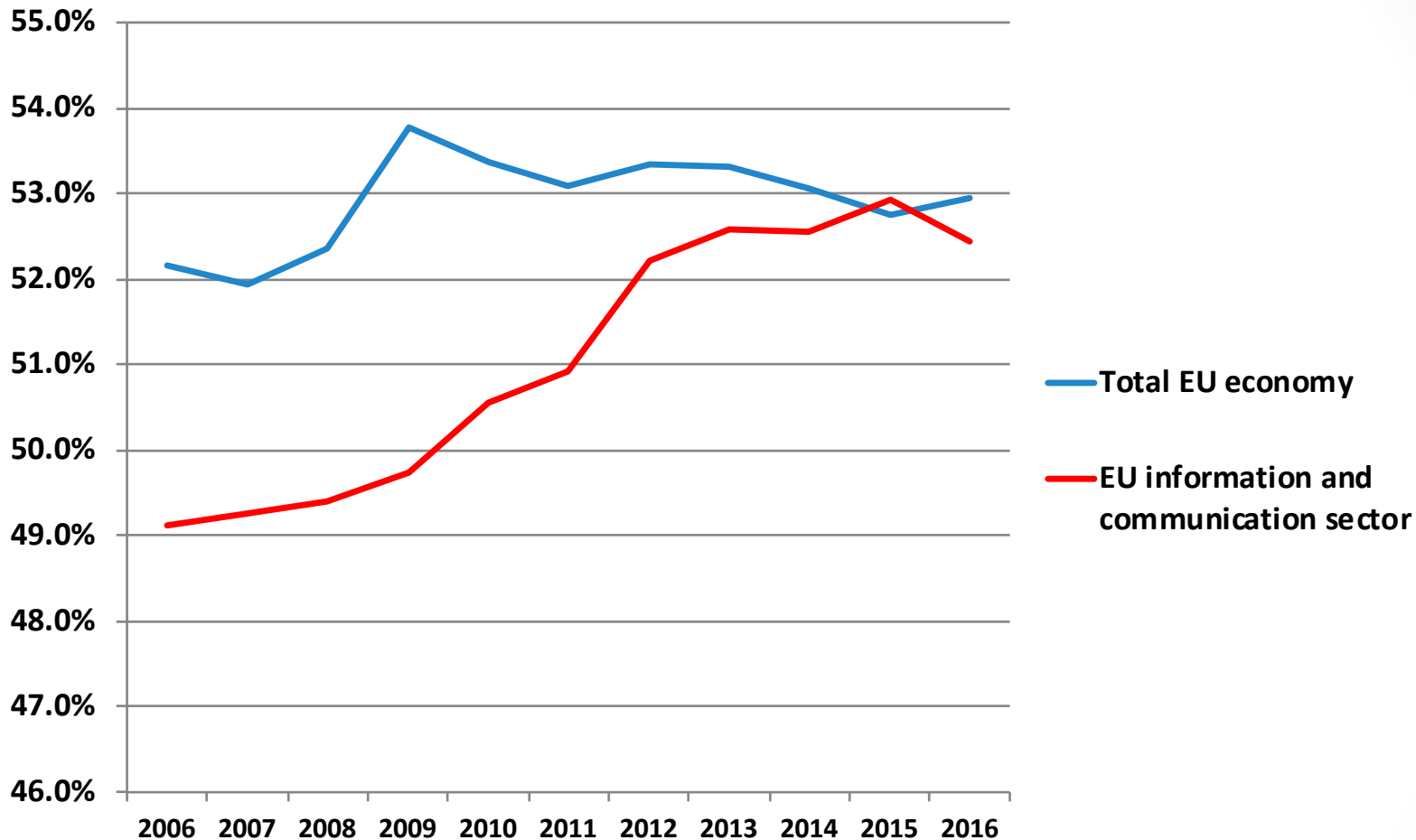


Real margins are calculated by deflating the producer price index for the respective retail industry by the consumer price index.

Data: BLS Chart: PPI

The paper focuses on the United States, but similar calculations done for the European Union look very similar.

Labor Share Rises in EU Digital Economy



Data: Eurostat Chart: PPI



The Progressive Policy Institute is a catalyst for policy innovation and political reform based in Washington, D.C. Its mission is to create radically pragmatic ideas for moving beyond ideological and partisan deadlock.

For more information: info@ppionline.org
(202)525-3926
1200 New Hampshire Ave. NW, Suite 575
Washington, DC 20036