

# Paolo Mengano

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## University of Zurich

Placement Director: Joachim Voth

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Graduate Coordinator: Mirjam Britschgi

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## Education

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University of Zurich, PhD candidate, Department of Economics	2017 - 2023
<i>Advisors:</i> Nir Jaimovich, Greg Crawford, Florian Scheuer, Alessandro Ferrari	
Stanford University, Visiting Student	2021 - 2022
Bocconi University, MSc Economics	2013 - 2016
Bocconi University, BSc Economics	2009 - 2012

## Reference

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Professor Nir Jaimovich  
University of California, San Diego  
[nijaimovich@ucsd.edu](mailto:nijaimovich@ucsd.edu)

Professor Greg Crawford  
University of Zurich  
[gregory.crawford@econ.uzh.ch](mailto:gregory.crawford@econ.uzh.ch)

Professor Florian Scheuer  
University of Zurich  
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Professor Alessandro Ferrari  
University of Zurich  
[alessandro.ferrari@econ.uzh.ch](mailto:alessandro.ferrari@econ.uzh.ch)

## Research Interests

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Primary: Macroeconomics

Secondary: Industrial Organization, Labor Economics

## Working Papers

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Trends in Worker Bargaining Power [Job Market Paper]

This paper investigates worker bargaining power evolution over the last decades and its consequences on the American and French labor markets. I use a framework where wages and marginal productivity of labor are linked by a negotiation process, allowing the bargaining power of the parties involved to vary over time. I uncover a sizable disproportion between employees and employers in salary negotiation by estimating an average worker bargaining power of 17% in the US and 25% in France. However, these average estimates mask an aggregate declining trend in both countries since the 90s. Worker bargaining power followed a hump-shaped trend in the US over the last 60 years, peaking in the 80s and then halving until nowadays. In France, it has also been declining steadily over the last 30 years. These patterns help explain the low unemployment and wage growth over the last decades: firms exploited the low level of worker bargaining power to hire an inefficiently high number of employees. I propose marginal wage and profit taxes to restore labor market efficiency. Surprisingly, technological advancement, regulation, trade, and outsourcing seem to play a minor

role in the decline of bargaining power. Gender and occupation differences are crucial, with male employees and those performing non-routine abstract jobs experiencing the most significant erosion of bargaining power.

#### Markups and Mergers, *with Vardges Levonyan*

Recent evidence on the rise in markups has attracted considerable attention on potential causes and explanations. In a decomposition exercise, De Loecker, Eeckhout, and Unger (2020) find that a large portion of the economy-wide increase in aggregate markups is due to the reallocation term: larger growth of the higher markup firms relative to the average. We revisit this finding and evaluate how much of the firm size increase is due to internal growth and how much is due to acquiring other companies through mergers and acquisitions. Utilizing a comprehensive dataset of M&A activity over the last 40 years, we find that 60 percent of the reallocation term and 38 percent of the overall markup increase is due to merger activities. The merger and acquisition effect on markups grows considerably after 1999, coinciding with aggregate patterns of M&A activities. Manufacturing and information industries account for the large portion of the aggregate pattern. We further find that the merger activities also impact acquirer markups.

#### Measuring Markups with Revenue Data, *with Ivan Kirov and James Traina*

We propose a method that generates unbiased and consistent markup estimates using only revenue data. Building on standard production function estimators, our method requires to flexibly model markups as a specified function of observables and fixed effects and to modify physical productivity process assumptions into revenue productivity process assumptions. We show that it solves the omitted price bias without imposing additional assumptions on the demand side or the competition structure. Our suggested two-step estimator is simple in concept and implementation, requiring only common regression techniques and information available in most data settings.

## Research in Progress

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Resisting Creative Destruction: Firm Dynamics with Dominant Firms, *with Julian Schärer*

Bargaining Power and Labor Force Participation

Markups: Theory Does Not Meet Data

## Publications

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Structural Reforms in Transportations: Dynamics and Sectorial Spillovers, *in: Oliver Holtemöller, How Can We Boost Competition in the Services Sector?, 2017.*

## Professional Activities

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Refereeing: Review of Economic Studies

Organizer: 1<sup>st</sup> UZH PhD Macro Workshop, UZH Macro Reading Group

## Teaching

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Inequality, Political Economy, and Policy ( <i>master</i> ), University of Zurich	2019, 2020, 2021
Advanced Industrial Economics ( <i>master</i> ), University of Zurich	2019, 2020
Financial and Economic Crises ( <i>master</i> ), University of Zurich	2018
Economics of European Union ( <i>master</i> ), Bocconi University	2017
Economics and Policy of Global Markets ( <i>master</i> ), Bocconi University	2017
European Economic Policy ( <i>bachelor</i> ), Bocconi University	2016
Supervision Bachelor theses	

## Scholarships & Awards

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URPP Research Grant	2021, 2022
UZH Director's Grant	2022
SNSF Doc. Mobility scholarship	2021 - 2022
Best Teaching Assistant Award, Department of Economics, University of Zürich	2019
PhD Scholarship, University of Zurich	2017 - 2023
Best Applied Forecaster of the Year, Bocconi University	2014

## Conference, Workshop, and Seminars Presentations

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Brown Bag Seminar (INSEAD/Collège de France); PhD Macro Workshop (University of Zurich); Workshop on Job Search and the Labor Market (UZH/ETHZ/UNIL)	2022
Brown Bag Seminar (Stanford); Econ GSW (UNIL/UZH)	2021

## Work Experience

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Research Assistant for Nir Jaimovich, University of Zurich	2019, 2020, 2021
Consultant, Competitiveness Research Network	2017 - 2020
Research Assistant for Tom Schimtz and Fabiano Schivardi, Bocconi University	2016 - 2017
Consultant, DG-Research, European Central Bank	2015 - 2017
Consultant, World Bank	2016

## Personal Skills

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STATA, Matlab, Python, R, LaTeX  
Italian (native), English (fluent), Spanish (intermediate), German (beginner)