

Macro Roundup Article

Headline: [Has Market Concentration in U.S. Manufacturing Increased?](#)

Article Link: <https://libertystreeteconomics.newyorkfed.org/2024/05/has-market-concentration-in-u-s-manufacturing-increased/>

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Tweet: A @NewYorkFed note argues that overall market concentration across 169 manufacturing industries has remained flat from 1992 to 2012 as foreign competition has put less competitive US firms out of business, increasing domestic production concentration.

Summary: Previous studies have focused on what we refer to as production concentration, which is measured as the sales of the largest U.S. producers as a share of total production in the U.S. It does not take account of imported goods, but does include U.S. firms' exports. As shown in the chart, the production concentration of the top twenty firms has increased between 1992 and 2012 (blue line). For questions related to market power in the product market, we need to take into account the sales of foreign exporters in the United States (and exclude U.S. firms' sales abroad). We refer to this measure of concentration as market concentration. The chart [based on confidential census data] shows that the largest [20] firms' (which could be U.S. or foreign) share of total sales (inclusive of sales by foreign firms) in U.S. manufacturing industries has been flat in the aggregate (red line). Our finding that U.S. firms' market share has fallen suggests that the market power of U.S. manufacturing firms may actually have declined over the past few decades.

Related Articles: Why American Manufacturing is Increasingly Inefficient and The Concentration Conundrum; What To Do About Market Dominance and Rising Markups and Declining Business Dynamism: Evidence From the Industry Cross Section

Primary Topic: Trade (not deficits)

Topics: Database, GDP, Important!, Op-Ed/Blog Post, Trade (not deficits)

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