

Macro Roundup Article

Headline: Local and National Concentration Trends in Jobs and Sales: The Role of Structural Transformation

Article Link: <https://www.nber.org/papers/w31130>

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Tweet: Between 1992 and 2017 the shift from manufacturing to the service sector reduced local employment concentration, even as national concentration rose.
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Summary: The structural transformation of economic activity in the US and other advanced economies is well known. What has potentially escaped attention is that this force pushes concentration downward due to the simple fact that both sales and employment concentration are greater in manufacturing on average than other sectors. At the national level, this de-concentrating effect is modest. It looms large at the local level, however, offsetting by half the effect of rising sales concentration within sectors and more than fully offsetting the effect of rising employment concentration within county by industry cells. National industrial concentration in the U.S. has risen sharply since the early 1980s, but there remains dispute over whether local geographic concentration has followed a similar trend. Using near population data from the Economic Censuses, we confirm and extend existing evidence on national U.S. industrial concentration while providing novel evidence on local concentration. We document that the Herfindahl index of local employment concentration, measured at the county by- NAICS six-digit-industry cell level, fell between 1992 and 2017 even as local sales concentration rose.

Primary Topic: Manufacturing vs Services

Topics: Academic paper, Data, Factoid, Manufacturing vs Services, Productivity, Workforce Reorganization

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