Oligopsony Power and Factor-Biased Technology Adoption

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I show that buyer power of firms could either increase or decrease their technology adoption, depending on the direction of technical change and on which input markets are imperfectly competitive. I examine this relationship empirically in a setting that features both concentrated labor markets and a large technology shock: the introduction of mechanical cutters in the 19th century Illinois coal mining industry. Using a model of production and labor supply which is estimated with mine-level data, I find that oligopsony power over skilled miners reduced the usage of cutting machines, an unskill-biased technology. However, it would have increased the usage of counterfactual skill-biased and Hicks-neutral technologies.

**Url:**<https://www.nber.org/papers/w30586>