

Comments on “Common Ownership, Market Power, and Business Dynamism: Evidence from Thailand”



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Productivity Growth: the Ultimate Driver of Jobs, Wages, Poverty Reduction and Long-term Prosperity

Productivity isn't everything, but in the long run, it is almost everything"

--Paul Krugman (1994)

"Civilization and its well-being, as well as business prosperity, depend on productivity..."

--Ibn Kaldun (1377)

50% of differences in GDP/capita are due to differences in productivity

Key questions of Apaitan et al (2019)

Do firms face competition?

Does common ownership lead to more market power?

Does competition hurt investment and productivity?

Apaitan et al (2019) has advanced our understanding our empirical understanding of Thai firms and growth

Endogenous growth literature // getting Thailand to high income

Use of firm data to understand dynamics, ownership, and market power

Examining links between competition, micro data and macroeconomy

...but raises further questions



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Measurement:
Are we really
measuring bad
vs. good mark-
ups and physical
productivity?

Interpretation:
Does common
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Endogeneity:
competition and
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(Causalito and
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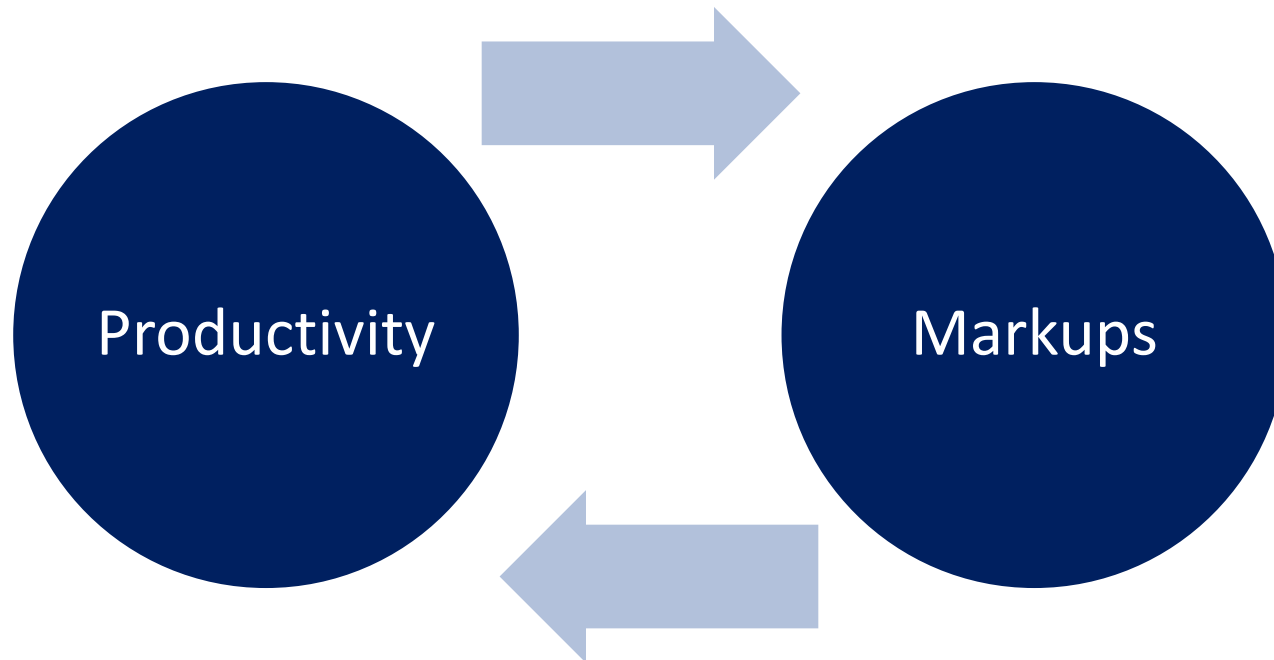
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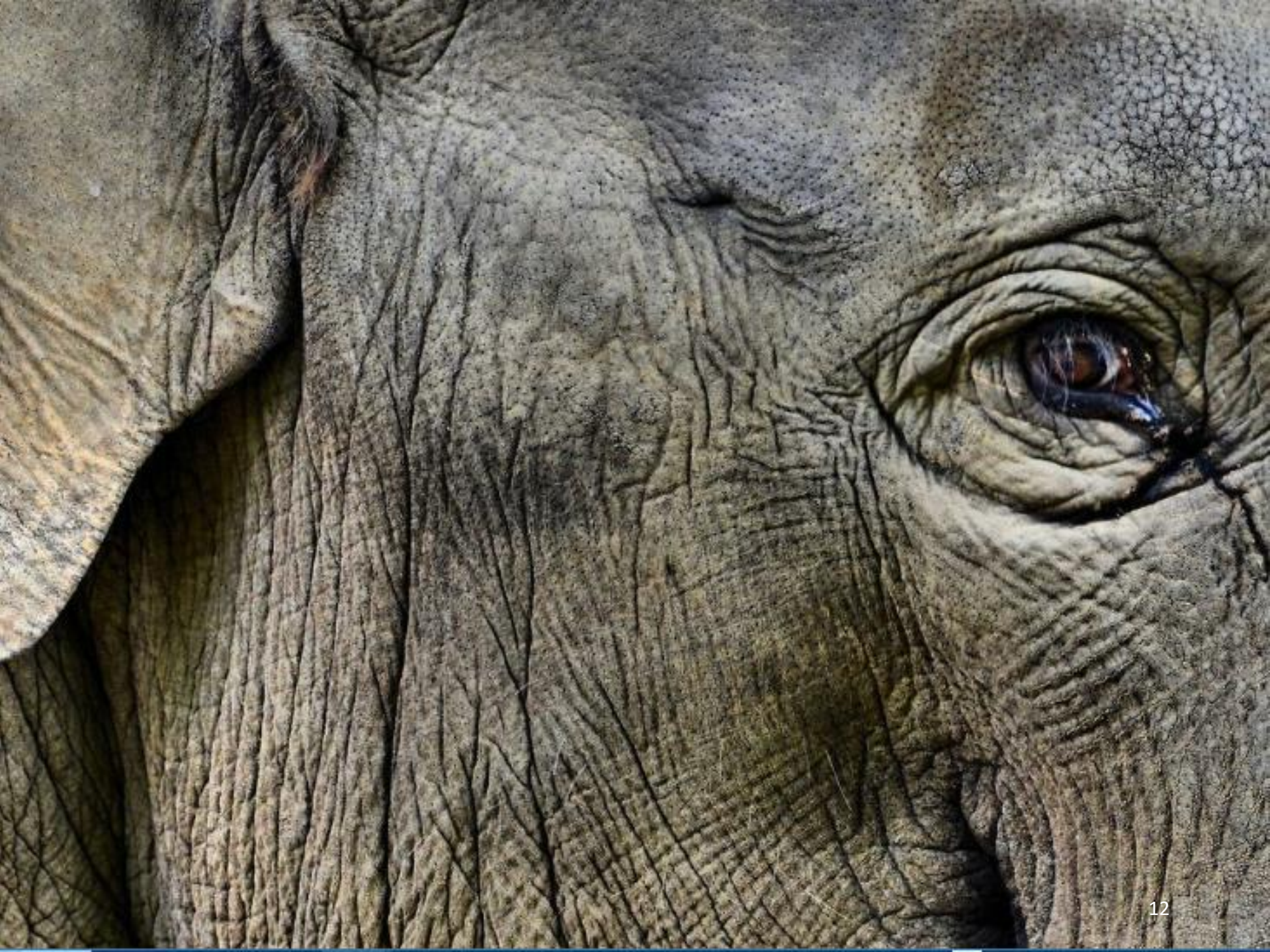
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...but raises further questions regarding endogeneity



See Causalito and Maloney (World Bank 2017) regarding handling endogeneity through lags and instrumental variables.

Ultimately,
how much of
Thailand's lost
decade can
you explain?



A close-up photograph of an elephant's face, showing its wrinkled, grey skin and a large, dark eye. The elephant's trunk is visible on the left side. The background is a soft, out-of-focus natural setting.

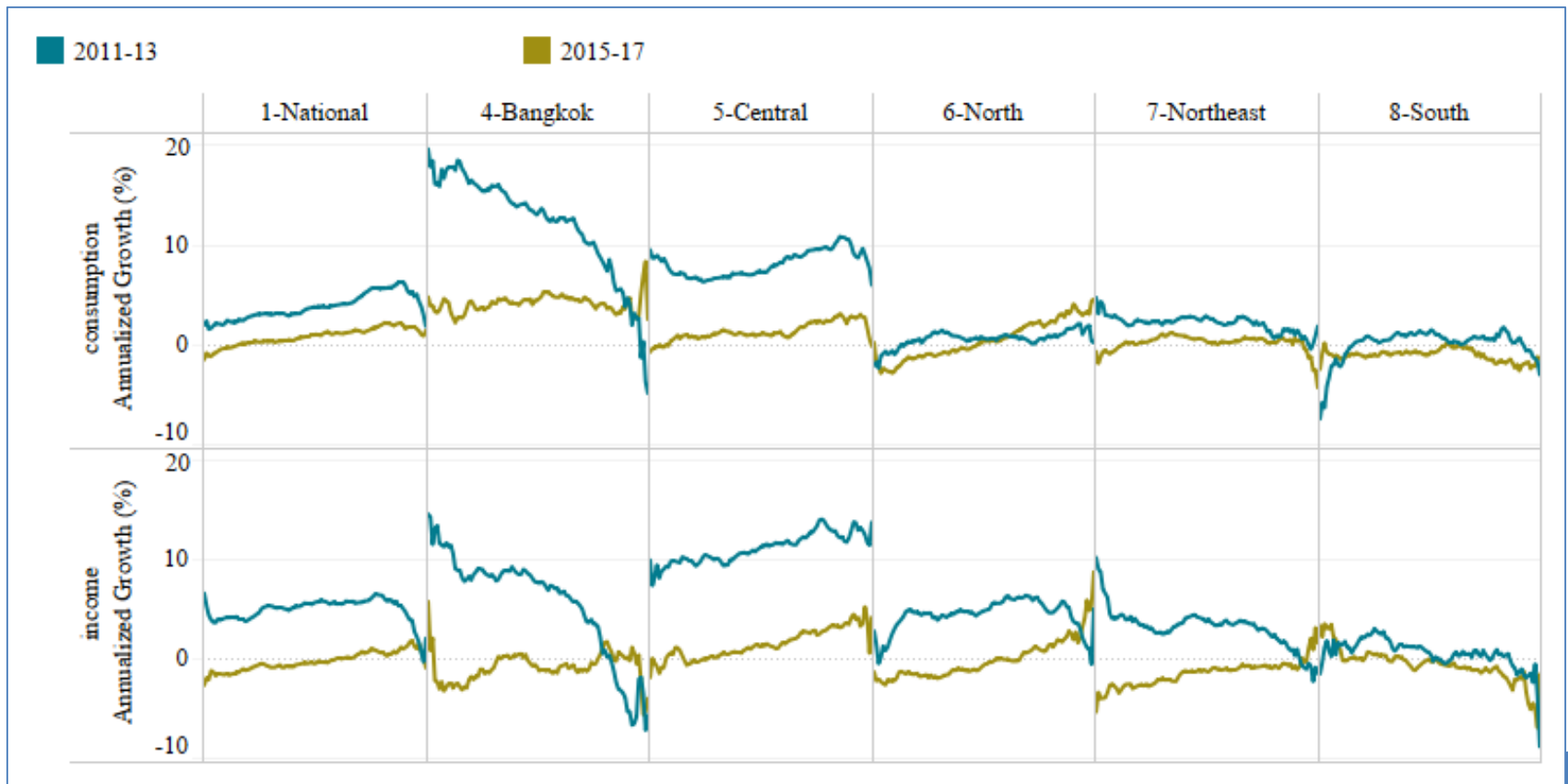
Low growth

Inequality

Strong macro-fundamentals

Household income growth along the distribution

- ❖ During the 2015-17 period, stronger redistribution effects than growth effects led to an increase in inequality and poverty
- ❖ Macro indicators point to recovering GDP growth, however growth is necessarily not broad-based nor inclusive.

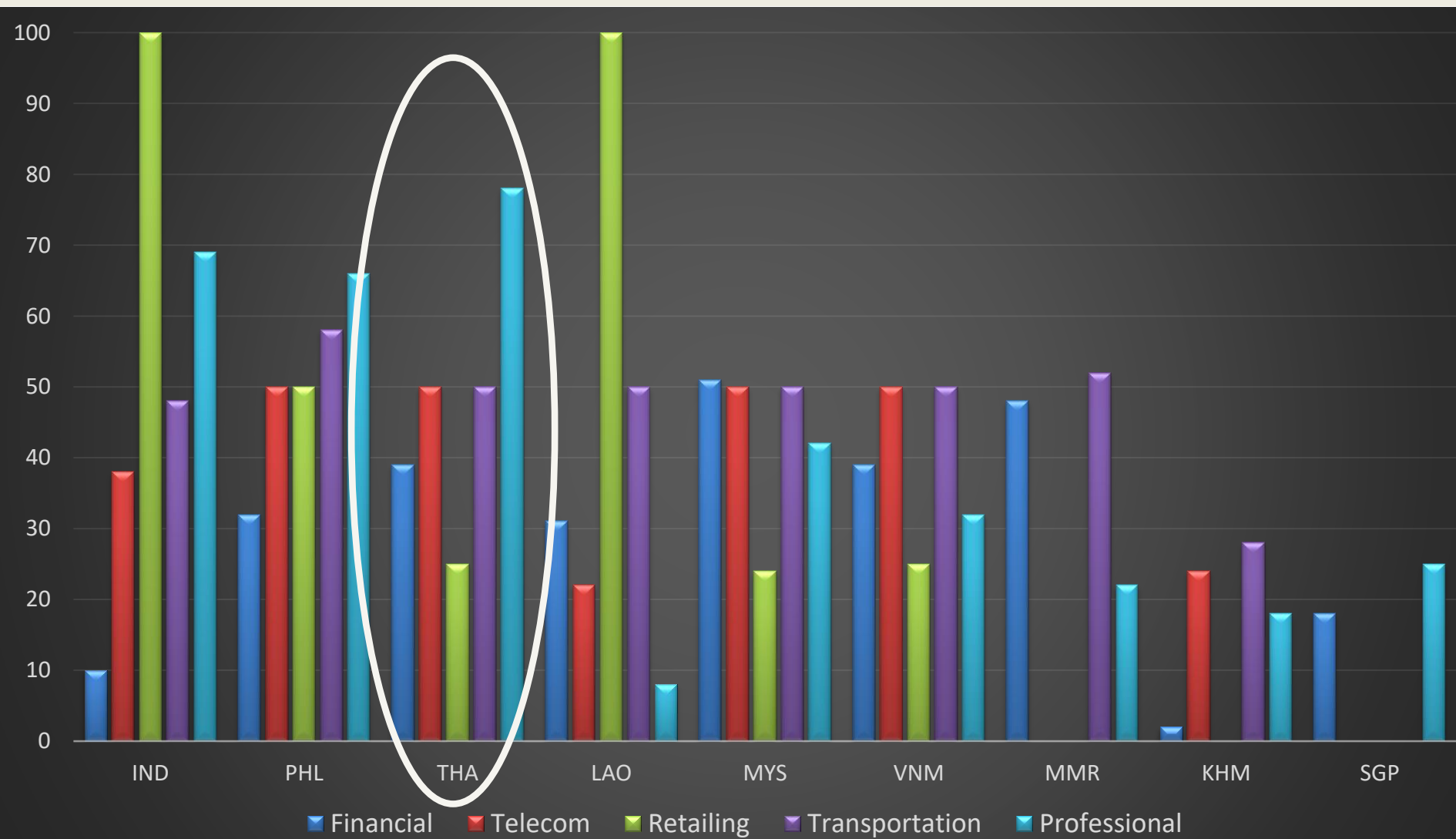


Policy considerations



Image source: <https://www.liberaldictionary.com/level-playing-field/>;
<https://www.sportsnewsireland.com/gaa/gaa-qualifiers-draw-football-2b-round-1-hurling/>

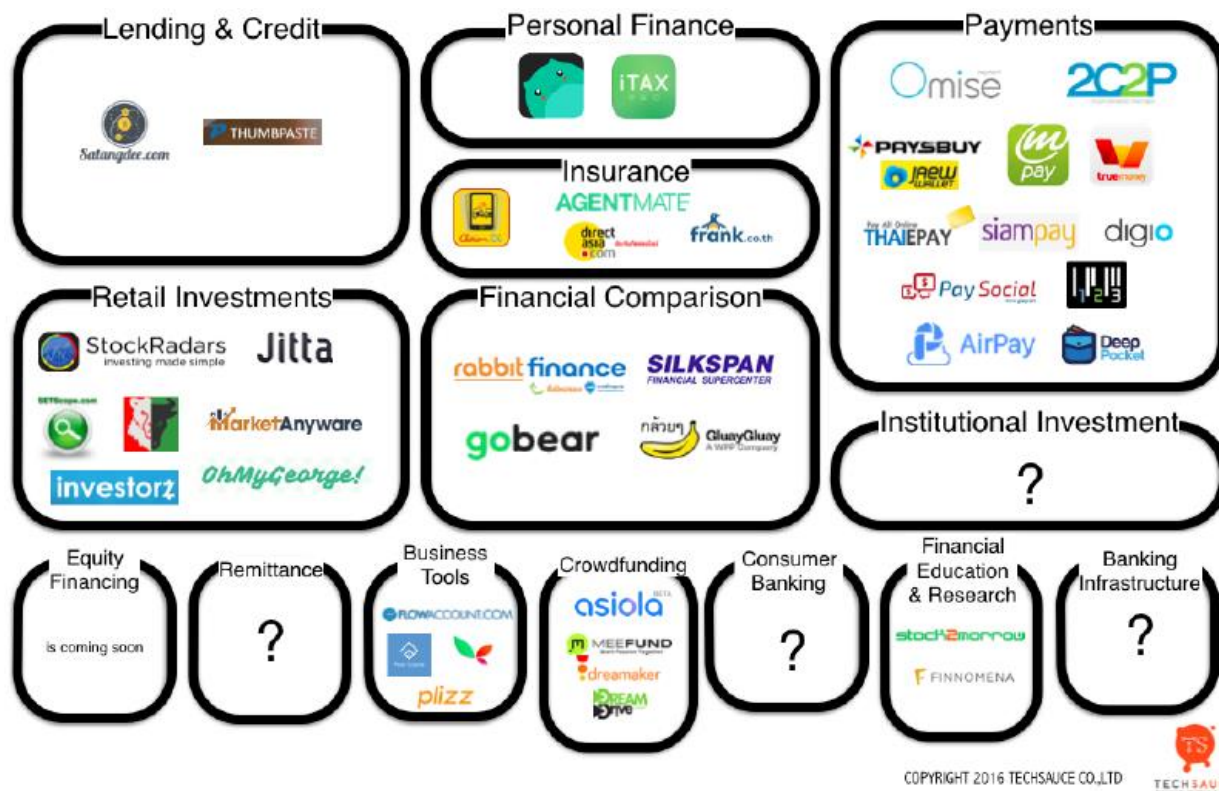
Services trade restrictions indices in ASEAN



Source: World Bank ASEAN Services Integration Report (2015)

The evolution of Thailand's fintech sector

- **Thailand Fintech Map 2015**



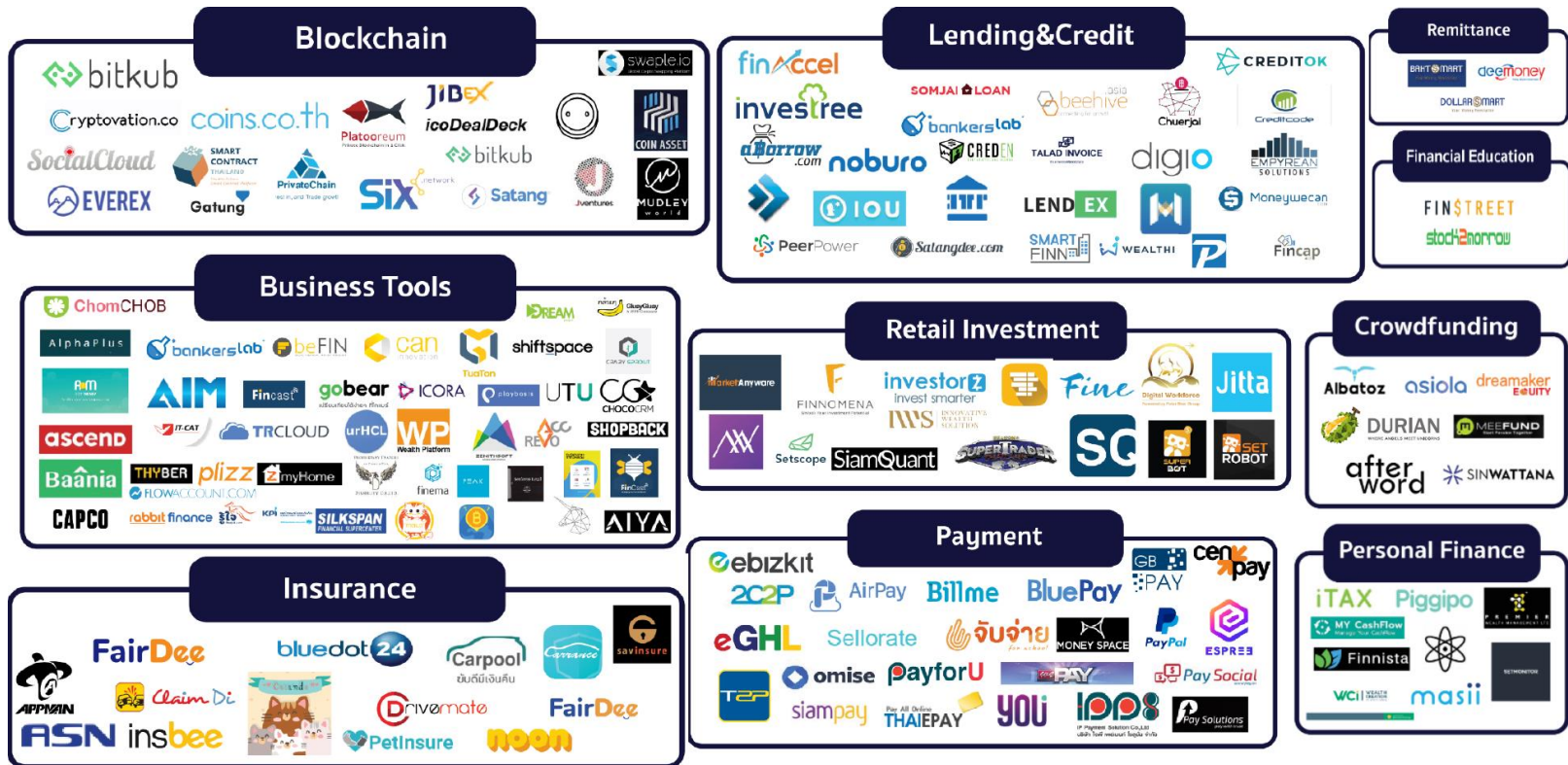
*Source: Techsauce

2015 ≈ 42

Source: [Techsauce](#), [Thai Fintech Association](#)

The evolution of Thailand's fintech sector

- Thailand Fintech Map 2018

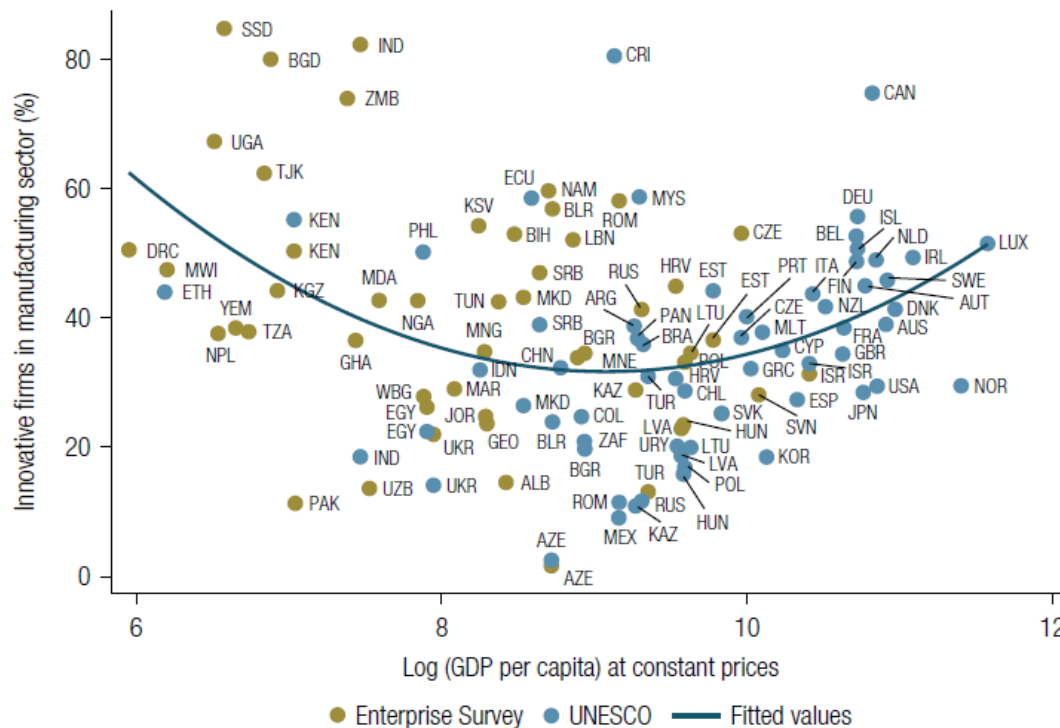


2018 ≈ 169

Source: [Techsauce](#), Thai Fintech Association

Global innovation paradox

Middle-income manufacturing firms report less innovation

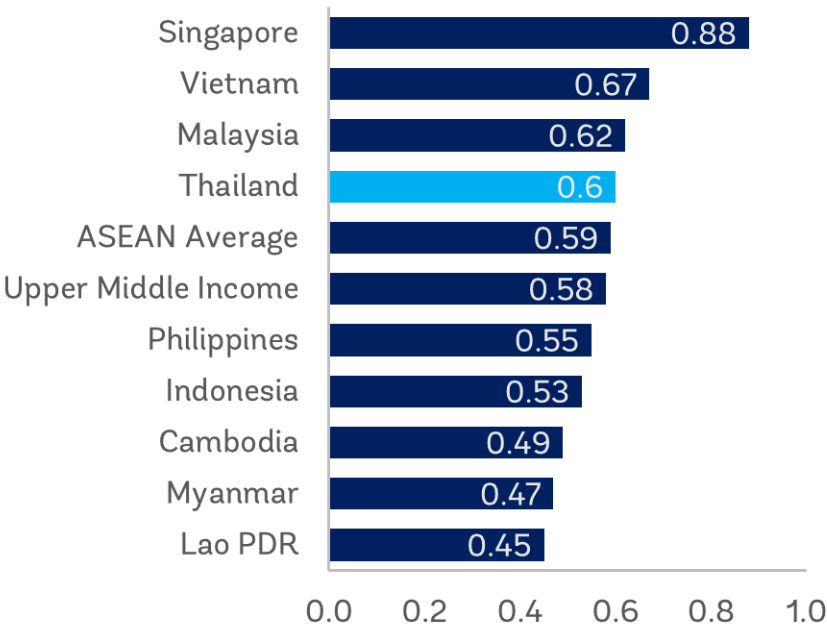


Source: Elaboration using Enterprise Survey data (www.enterprisesurveys.org) and United Nations Educational, Scientific, and Cultural Organization (UNESCO) data.

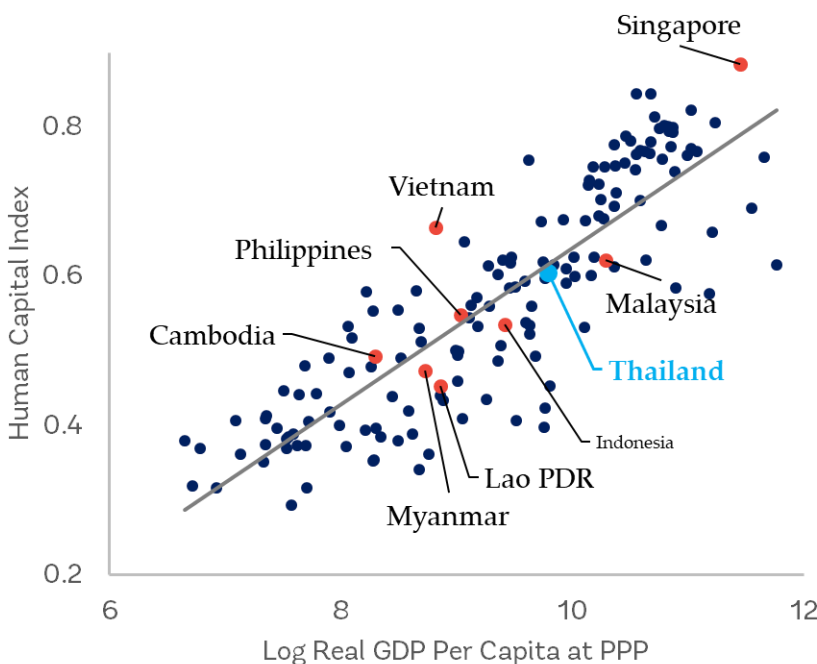
Note: GDP = gross domestic product.

Human capital—the knowledge, skills, and health that people accumulate over their lives—has been a key factor behind the sustained economic growth and poverty reduction rates of many countries in the 20th century, especially in East Asia.

Human Capital Index



Human Capital Index vs. GDP per capita



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Finding the whole elephant...

Low growth // firm mark-up and productivity

Inequality // firm labor share

Strong macro-fundamentals //
competition & regulations