The Low Investment Puzzle: Technology, Share Buybacks, and Concentration

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US After-Tax Profits Are High

After Tax, Depreciation, and IVA.
But Investment is Low

Gutiérrez and Philippon (2017) and Lee et al. (2016).
Investment is Low Relative to Q

Gutiérrez and Philippon (2017) and Lee et al. (2016).
Investment is Low & Concentration is High

![Graph showing prediction residuals (by period and cumulative)]

![Graph showing Lerner Index and Change in Concentration over years]

- Cumulative gap
- Residual
- Lerner Index
- CR8 – Non-Mfg
- CR8 – Mfg
Related Facts?

Wtd. Mean Herfindahl

Cumulative K gap

Top 10 dHHI
Bottom 10 dHHI

Top 10 dHHI
Bottom 10 dHHI
Controversy about Interpretation

- Intangible assets
  - Peters and Taylor (2016), Alexander and Eberly (2016)
- Superstar firms?
  - Autor et al. (2017)
- Globalization
- Decreasing Domestic Competition, DDC
  - Gutiérrez and Philippon (2017)
References


