My experience with BLADE

• UNSW Honours Student 2019

• Dataset for my thesis: Dissecting Labour Shares using BLADE

• Access to BLADE at UNSW restricted to the Data Lab (physical location, token key)

• Privileged opportunity to learn from experienced users

Fig 1: My Year

- Results & Write: 10%
- Analysis: 15%
- Understanding the Data: 20%
- Training & Setting Up: 10%
- Coursework: 45%
Key Insights

More than just an aggregated outcome:

1. Heterogeneity & Distribution

2. Enables Firm Level Insights

3. Microeconomic Channels
More than just an aggregated outcome
Labour share of income closely aligns with ABS National Account Results

Fig 2: Labour’s Share of Income (2002-2017)

Source: ABS BLADE; Takes weighted mean of firm level labour shares

*For further discussion, please see appendix.
Reallocation of market share towards high labour share firms

- Low labour share firms have a high share of value added
- Most firms have high labour shares
- Distribution of value added has shifted towards high labour share firms
- Number of high labour share firms have increased
Firm Level Analysis

Unlocked opportunities for nuanced and deeper analysis

Fig 4: Mark-up estimation for the Market sector economy (excl FIS)

Other insights gained:
- Regressions with fixed effects at the 2-digit industry level or firm level
- Firm level adjustment of labour share measurement issues (e.g. self employment)
- Labour productivity dispersion of top 90/bottom 10

Firm – level mark ups estimated using De Loecker and Warzinski (2012) approach and subsequent papers. Here, a gross output production function and intermediate inputs are used instead of a value added function to avoid endogeneity with value-added labour shares. Firm – level mark ups are aggregated according to weighted means, unweighted means and median as shown in the diagram.
Channels
Understanding how competition has affected labour share through microeconomic mechanisms

Fig 5: Dynamic Decomposition of Australian Labour Shares

Applying Diewert and Fox (2010)

Source: ABS BLADE 2016-17

Notes: These charts show the cumulative dynamic decomposition of Australian labour shares of the corporate sector, using the Diewert and Fox (2010) methodology.
Additional Value
Strengths, Ongoing/WIPs, Future Opportunities

**Strengths**
- Strong informal network (Sharing code and results)
- Responsive and helpful microdata team (no backlog or bottlenecks)
- Robust infrastructure (security, software, programming)

**Ongoing/WIP**
- Increased collaboration with database creators and end users/analysts
- Formal network of BLADE users
- Increased access for academics

**Future Opportunities**
- Online portal/central database for sharing code, resources and work (e.g. HILDA)
- Simplify access procedure for education (e.g. subsamples)
- Standardised methods (e.g. cleaning)
- Increased transparency of alignment with ABS statistics (e.g. value added)