

Labour Market Polarisation and Monopsonistic Competition

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Abstract

We investigate whether technological change is related to the degree of monopsonistic competition in the labour market. Using a semi-structural approach based on a dynamic model of new monopsony as well as survival analysis, we examine to what extent workers performing different job tasks are exposed to different degrees of monopsonistic competition, and how this has changed over the last 30 years. Our findings indicate that overall, workers performing non-routine cognitive tasks are exposed to a higher degree of monopsonistic competition than workers performing routine or non-routine manual job tasks. This finding is relatively stable over the time period under consideration, with a decrease of monopsonistic competition since the mid-2000's, which indicates that the impact of technological change on monopsony power does not seem to have changed to an important degree over time.

JEL codes: *J24; J42; J62*

Keywords: *monopsony; labour-supply elasticities; technological change; task approach; routine intensity*

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