

University of Minnesota - Twin Cities

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Curriculum Vitae Fall 2018

DOMINIC A. SMITH

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Citizenship: USA

Major Fields of Concentration

Industrial Organization, International Trade

Education

<i>Degree</i>	<i>Field</i>	<i>Institution</i>	<i>Year</i>
PhD	Economics	University of Minnesota (expected)	2019
MA	Economics	Colegio Carlo Alberto, Turin, Italy	2010
BA	Economics	Case Western Reserve University	2009

Dissertation

Title: "Concentration and Foreign Sourcing in the Retail Sector"

Dissertation Advisor: Professor Thomas Holmes

Expected Completion: Summer 2019

References

Professor Thomas Holmas	(612) 625-6353 holmes@umn.edu	Department of Economics University of Minnesota 4-101 Hanson Hall 1925 Fourth Street South Minneapolis, MN 55455
Professor Amil Petrin	(612) 625-0145 petrin@umn.edu	1925 Fourth Street South Minneapolis, MN 55455
Professor Joel Waldfogel	(612) 626-7128 jwaldfog@umn.edu	Department of Strategic Management/Organization Carlson School of Management 321 19 th Avenue South Minneapolis, MN 55455
Professor Teresa Fort	(603) 646-8963 teresa.c.fort@tuck.dartmouth.edu	Tuck School of Business Dartmouth College 100 Tuck Hall Hanover, NH 03755

Honors and Awards

- 2018 *Dissertation Mentorship Program*, Center for Economic Studies, Washington, DC
2017 - 2018 *Doctoral Dissertation Fellowship*, University of Minnesota, Minneapolis, Minnesota
2017 *Visiting Scholar*, Tuck School of Business, Dartmouth College, Hanover, New Hampshire
2017 *Visiting Scholar*, Department of Economics, University of Michigan, Ann Arbor, Michigan
2013 - 2014 *Warwick Fellowship*, Department of Economics, University of Minnesota, Minneapolis, Minnesota

Teaching Experience

- 2017 *Instructor*, Department of Economics, University of Minnesota, Minneapolis, Minnesota.
Taught math refresher course for incoming doctoral students.
2014 - 2015 *Head Grader for Principles of Microeconomics*, Department of Economics, University of Minnesota, Minneapolis, Minnesota.

Research Experience

- 2013 - 2018 *Research Assistant*, Dartmouth College, Hanover, New Hampshire.
Research assistant to Teresa Fort.
2015 - 2017 *Research Assistant*, Federal Reserve Bank of Minneapolis, Minneapolis, Minnesota.
Research assistant to Thomas Holmes.
2010 - 2013 *Research Assistant*, Industrial Output, Federal Reserve Board, Washington, DC.
2009 - 2010 *Research Assistant*, Collegio Carlo Alberto, Turin, Italy.
Research assistant to Giovanni Mastrobuoni.

Publication

- Byrne, David, Kimberly Bayard, and Dominic Smith. "The Scope of U.S. 'Factoryless Manufacturing'." in *Measuring Globalization: Better Trade Statistics for Better Policy - Volume 2*, edited by Susan N. Houseman and Michael Mandel, W.E. Upjohn Institute for Employment Research, 2015, pp. 81-120.

Working Papers

- "Concentration and Foreign Sourcing in the Retail Sector," job market paper
"Imports and Retailer Markups"
"The Scope of U.S. Factoryless Manufacturing"

Presentations

- "Concentration and Foreign Sourcing in the Retail Sector," presented at Midwest Economics Association, University of Illinois, Urbana Champaign, March 2016; Midwest Economics Association, University of Cincinnati, Cincinnati, Ohio, March 2017; 16th Annual International Industrial Organization Conference, Indianapolis, Indiana, April 2018; Center for Economic Studies, Washington, DC, May 2018; Federal Reserve Board, Washington, DC, May 2018; Research Data Center Annual Conference, Pennsylvania State University, State College, Pennsylvania, September 2018.

- "The Scope of U.S. 'Factoryless Manufacturing'," presented at the Center for Economic Studies, Washington, DC, 2013; Midwest Economics Association, Minn, March 2015.

Computer Skills

Matlab, Python, SAS, Stata

Languages

English (native)

Abstracts

“Concentration and Foreign Sourcing in the Retail Sector,” job market paper

Retail has changed from a sector with many small firms to one dominated by large firms. Simultaneously, foreign sourcing of consumer goods has increased substantially, with much of that increase driven by large retailers’ imports from China. I study the role of direct imports from China in the transformation of the retail sector. To do so, I propose two changes to measuring concentration. Existing work on concentration tends to study its evolution using national, industry-level data, but these metrics provide an incomplete picture given the local nature of competition in retail, and the growing importance of multi-product general merchandisers who compete across industries. I therefore construct new data on store-level revenue for all US retailers by 20 major categories of goods. While the national product-level HHI more than doubled between 1997 and 2007, local concentration increased by only 50 percent. The new local-by-product concentration measures also enable me to perform an analysis of the role of globalization in increased concentration. I construct a measure of each small store’s exposure to direct imports of large retailers. A store-level Bartik (1991) instrument suggests that a one percentage point increase in exposure to direct imports leads to a 0.7-1.7 percentage point increase in the probability a small store exits. I use a dynamic, continuous-time entry model to estimate the net effect of imports on the structure of competition in clothing sales, a product category highly exposed to direct imports. I find that direct imports account for at least 14 percent of the decrease in the number of small clothing stores.

“Imports and Retailer Markups”

Retailers are the final link in a chain connecting manufacturers to consumers. I argue that their role in this chain depends on the size of the retailer. Large retailers can buy directly from producers or purchase through intermediaries. On the other hand, smaller retailers use intermediaries to reach producers, particularly those in other countries. This gives large retailers a cost advantage over smaller retailers that have to pay markups charged by intermediaries. As globalization increases the share of consumer goods produced abroad, the differences between large and small retailers are likely to increase. The effect of this on consumers is ambiguous. Consumers can benefit from large retailers cutting out intermediaries to lower costs. However, decreased competition in the retail sector due to the exit of small firms leads to increased markups by large firms. I estimate how retailer sourcing decisions affect consumer welfare. I first quantify the cost advantage that large retailers obtain by directly sourcing from foreign producers, and then combine these estimates with a model of retailer competition to estimate how much of these gains are passed on to consumers.

“The Scope of U.S. Factoryless Manufacturing”

The “factoryless manufacturing” (FM) business model is employed by a rising share of U.S. firms. Factoryless manufacturers outsource the fabrication of products but maintain control of the production process, own the associated intellectual property, and bear the entrepreneurial risk. FM is an important component in the role of U.S. firms in global manufacturing value chains. We estimate the scope of U.S. factoryless manufacturing using three approaches. First, we use financial reports for S&P 500 companies to show that FM is prevalent and increasing in the United States and that FM, once only common in the production of apparel, electronics, toys, and pharmaceuticals, has spread to a broader array of products. Second, we use Economic Census microdata to estimate that manufacturing value-added would have been 5 to 20 percent greater for 2007 if all FGPs were reclassified to manufacturing. Third, using a list of FM semiconductor companies matched to Economic Census microdata, we estimate that value-added would be 20 to 30 percent greater for semiconductor manufacturing, an industry where FM is especially prevalent, if FGPs were included. These results suggest that outsourcing and offshoring of product fabrication by U.S. firms is coupled with significant domestic production management. Thus, identifying FGPs in economic data is important for the study of fragmentation and globalization.