Productivity has lost nothing of its relevance…

- Main driver of economic growth and competitiveness
- Core issue in the debate on green growth and sustainability
- Complementary to debate on well-being and quality of life
A brief overview of productivity developments

• Some longer term trends
  – GDP/capita convergence through productivity
  – Labour productivity as source of growth and competitiveness
  – Labour productivity and MFP

• How has the 2008 crisis affected productivity?

Convergence in GDP per capita among OECD countries…
Labour productivity is a main driver of growth...

Annual average % contribution to growth in GDP per capita, 1995-2011

Labour productivity growth in turn is driven by MFP

Annual average growth, in %, 1995-2010
Productivity growth has helped keep unit labour costs low

Total Economy, annual average growth rate, in %, 1995-2011

Manufacturing and market services contribute most to productivity growth

Annual average % contribution to growth in real value added per hour worked, 1995-2011 (or 2010)
Since 2007, labour productivity growth has dropped in most OECD countries

Countries adjusted differently in terms of labour input
MFP follow closely GDP growth example Canada...

Canada, contribution to GDP growth, in %

... Example USA

United States, contribution to GDP growth, in %
Reasons?

- Measurement of inputs (capacity utilisation)
- Labour hoarding during downturn
- Increasing returns and imperfect competition → technology ≠ productivity
- Re-allocation of resources across firms slow in downturns, quick in upturns

Has trend productivity been affected?
Average labour productivity fell strongly in some countries ...

United Kingdom, growth in GDP per hour worked, in %
... but often trend productivity declined already before the crisis

France, growth in GDP per hour worked, in %

For further information on our results, see our 2012 OECD Productivity Compendium on:

2012 OECD Workshop on Productivity