

Productivity Policy for Places

Workshop 2

Productivity in the Private Sector

24-25 March 2021 | Virtual



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Productivity in the Private Sector

■ Background

Productivity is the main determinant of living standards. Productivity growth, however, has been falling since the beginning of the century in many OECD countries, accompanied by the increasing interregional divergence in productivity performance within countries. A sole focus on national drivers of productivity at the level of industries and firms appears to be ill-equipped to offer solutions that would contribute to closing the gap across regions. An explicit focus on the spatial dimension of productivity is needed in order to better understand the recent productivity dynamics and to devise policy approaches able to boost the aggregate productivity growth and to decrease interregional inequalities.

Different levels of government play an important role in enhancing productivity. National-level regulation is crucial to create an environment that sets incentives for innovation and productivity upgrading and steers innovative activity towards labour augmenting, rather than labour saving, technologies. The provision of the basic building blocks for higher productivity, such as training and education at the individual level, access to capital for firms, and, more generally, access to knowledge fall to varying degrees into the mandate of all levels of government.

■ Productivity in the Private Sector

Private sector productivity is the main driver of regional productivity. There are sizable differences, however, in the productivity performance of manufacturing and services, the two major components of the private economy. Manufacturing has been at the forefront of productivity growth for decades, but gains are slowing down. Local services, on the other hand, are often considered as a drag on growth; yet, they account for more than half of employment in the OECD countries and regions.

Regional policies will be a central element in facilitating positive transitions. The challenge for regions is to provide suitable framework conditions and incentives for the adoption of new technologies and supporting dynamic local entrepreneurial eco-systems to ensure that their economies avoid falling into a “middle-income trap”. The practical challenge is to design working policies that promote productivity (growth) in the private sector in all types of regions.

Leveraging innovation for regional (productivity) growth requires a broader view with the discussion following some guiding questions:

- What are the main opportunities for productivity growth in the private sector (manufacturing and services) and what are the main obstacles?
- What are the strengths and limitations of the existing policies and policy approaches in the area of productivity in manufacturing, tradable and non-tradable services in different types of regions?
- What strategies can be used to improve productivity in the private sector in different types of regions including the lagging ones? Is there scope for policy synergies that would allow achieving more with less resources/ smaller interventions?
- What are the challenges different types of regions and cities will be facing as the OECD economies recover from the crisis and what opportunities are there in “building back better”?

■ Venue

Virtual via Zoom

Agenda

[Central European Time]

24 March 2021

9.00-9.20

Welcome & opening remarks

Rudiger Ahrend, Head of Economic Analysis, Data and Statistics Division, Centre for Entrepreneurship, SMEs, Regions and Cities (CFE), OECD

Peter Berkowitz, Head of Unit, Smart and Sustainable Growth, Directorate General for Regional and Urban Policy, European Commission

9.20-10.30

Productivity in the private sector – Where do we stand?

MODERATOR

Alexandra Tsvetkova, Coordinator, Spatial Productivity Lab, CFE, OECD

9.20-9.45

SCENE
SETTER

Peter Egger, Head of Applied Economics: Innovation and Industrialization Chair, KOF Swiss Economic Institute, Switzerland

9.45-10.30

REACTIONS

Joon Mo Ahn, Director of Center for Science, Technology and Innovation Policy, Korea

Celine Kauffmann, Head of Entrepreneurship, SMEs and Tourism Division, CFE, OECD

Joaquim Oliveira Martins, Counsellor, Centre Etudes Prospectives et Informations Internationales (CEPII), France

Bart van Ark, Professor, University of Manchester and Managing Director, the Productivity Institute, UK

10.30-10.45

Break

10.45-11.45

Open discussion with all workshop participants

11.45-12.00

Summary and closing remarks

Rudiger Ahrend and Peter Berkowitz

25 March 2021

9.00-9.20

Welcome & opening remarks

Rudiger Ahrend, Head of Economic Analysis, Data and Statistics Division, Centre for Entrepreneurship, SMEs, Regions and Cities, OECD

Peter Berkowitz, Head of Unit, Smart and Sustainable Growth, Directorate General for Regional and Urban Policy, European Commission

9.20-10.30

Productivity in the private sector – Implications for Regional Policy

MODERATOR

Lucia Cusmano, Deputy Head of Entrepreneurship, SME and Tourism Division, CFE, OECD

9.20-9.45

SCENE
SETTER

Giorgio Barba Navaretti, Professor of Economics at the University of Milan and Scientific Director of the Centro Studi Luca d'Agliano, Italy

9.45-10.30

REACTIONS

Andrew Sweet, Commissioner, New Zealand Productivity Commission, New Zealand

Eva Hagsten, Project Leader and Senior Economist (PhD), Swedish Agency for Economic and Regional Growth, Sweden

Jan Mischke, Partner, McKinsey Global Institute

Tomáš Holinka, Head of Smart specialisation Unit, Ministry of industry and Trade, Czech Republic

10.30-10.45

Break

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Summary and closing remarks

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■ About the high-level expert workshops

This workshop is part of a series in the context of an EC-OECD project “Productivity Policy for Places”.

The workshops consider the topic from five angles: The productivity-innovation paradox; Productivity in the private sector; Productivity in the public sector; Productivity and inclusiveness; and Productivity and resilience.

The outcomes of the workshops will underpin an OECD report and form the basis for a broader discussion with stakeholders on the future direction of policy design for sustainable transitions for more productive regions and cities. As such, the work will be relevant for policy-makers at all levels of government interested in improving the long-term perspective of regional policies and their contribution to sustainable economic development.

The OECD Centre for Entrepreneurship, SMEs, Regions and Cities provides comparative statistics, analysis and capacity building for local and national actors to work together to unleash the potential of entrepreneurs and small and medium-sized enterprises, promote inclusive and sustainable regions and cities, boost local job creation, and support sound tourism policies.

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