

Productivity Developments: The International Picture

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Summary

First of all, this presentation gives an overview of international productivity trends with emphasis on OECD countries. The most general pattern is that productivity growth has slowed down so far in the new millennium, compared with the second half of the 1990s.

But there are significant variations across countries:

- a US acceleration early in the new millennium
- Japan and UK: steady on average
- Germany slows down but picks up around 2005
- Slow-down in France
- Italian productivity growth decelerates further from an already low level
- acceleration in some new EU member countries

Australia has been right in the middle of the distribution of countries on labour productivity growth, although year-to-year growth has been volatile; and has done relatively well on growth in labour utilisation. Even though Australia's MFP growth has slowed, it remains strong by international standards.

In keeping with the diversity in performance, there is no single productivity story to tell across countries. Rather, there are a number of stories:

- a productivity pickup in services in some countries, but not others
- catch-up and restructuring shows up in stronger manufacturing productivity growth in new EU member countries
- primary industries shape productivity in natural-resource countries.

The OECD has suggested policy action in three areas, whilst recognising that the policy mix will need to vary according to the productivity story in each country:

- Reduction of regulatory barriers to competition in particular in service industries
- Reduction of distortionary agricultural subsidies
- Fostering of human capital and innovation

Finally, the presentation outlines some OECD projects related to productivity:

- manuals on capital measurement and capitalisation of R&D
- complementing GDP measures with other welfare indicators
- incorporating productivity measures in the 2008 *OECD Factbook*
- developing productivity measures for new member countries.