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Centre d'étude des niveaux de vie*

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## **Notification of the On-Line Availability of the Latest Issue of the International Productivity Monitor**

**Press Release —Ottawa, December 22, 2016**

The Centre for the Study of Living Standards (CSLS), an Ottawa-based non-profit economic research organization, recently released the 31<sup>th</sup> issue of the International Productivity Monitor. The key highlights of the issue are provided below. These articles can be accessed through the links below.

- The rise of the New Digital Economy has coincided with a slowdown in productivity growth throughout the world. **Bart van Ark** from The Conference Board explains this paradoxical situation by making the case that we are currently in an installation phase where the effects of the new digital economy are under the radar screen of aggregate productivity growth. Once digital technologies are widely diffused, the deployment phase will see stronger productivity growth.
- Labour productivity growth in Canada has fallen off considerably since 2000. **John R. Baldwin** and **Michael Willox** from Statistics Canada find that all of the slowdown was due to direct or within-industry productivity effects, and that the reallocation of labour actually between industries actually boosted productivity growth. Three industries – manufacturing, mining, oil and gas, and finance, insurance and real estate – accounted for all of the slowdown.
- Many Canadians feel they are not sharing in the income gains from productivity growth. In the third article, **James Ugucioni** from the University of Toronto shows that this perception is based in reality. Between 1976 and 2014 median hourly real

wages in Canada grew at a meagre 0.1 percent per year, while labour output per hour advanced at a 1.1 per cent average annual rate. The author finds that rising earnings inequality accounts for about one half, with labour's falling share of national income responsible for one third.

- One of the most important publishing events in 2016 has been the release of *The Rise and Fall of American Economic Growth: The U.S. Standard of Living since the Civil War* by Northwestern University economist **Robert J. Gordon**. **Daniel E. Sichel** of Wellesley College, makes the case that Gordon has actually written two books, the first on the dramatic change in U.S. living standards since 1870 and the second on the post-1970 period and the future where the drivers of strong productivity growth up to 1970 cannot be repeated. Sichel has high praise for the first book, but is less enthusiastic about the second book, as he feels Gordon, downplays the factors such as digital technologies that point to an improved productivity performance. Gordon takes issue with Sichel's optimism and points out that the United States has already experienced slower productivity growth for 35 out of 45 years since 1970 (the 1995-2004 period is the exception). He believes that the digital revolution will not alter economic life as profoundly, or along as many dimensions, as earlier great inventions, especially electricity.
- **Nicholas Oulton** from the London School of Economics provides an examination of the sources of total factor productivity (TFP) growth. He concludes that measurement error unfortunately plays a prominent role in the TFP discussion, and that until there is improved measurement, the mystery of TFP is likely to remain unresolved.
- **Matthew Calver** from Finance Canada and **Alexander Murray** from the Centre for the Study of Living Standards decompose multifactor productivity growth in Canada over the 1997-2014 period by industry and by province. They find the results are very sensitive to the choice of decomposition technique.
- **Alexander Murray** from the Centre for the Study of Living Standards provides an assessment of the strengths and weakness of partial versus total factor productivity measures. He concludes that productivity analysts should adopt a balanced, context-appropriate approach that incorporates both productivity measures.

In 2016, the Centre for the Study of Living Standards released 20 research reports on a wide range of topics, mostly on productivity, labour market, well-being and Aboriginal issues. The reports can be accessed at [http://www.csls.ca/res\\_reports.asp](http://www.csls.ca/res_reports.asp).

## ***International Productivity Monitor*** Number 31, Fall 2016

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[Editor's Overview](#)

**Bart van Ark**

[The Productivity Paradox of the New Digital Economy](#)

**John R. Baldwin and Michael Willox**

[The Industry Origins of Canada's Weaker Labour Productivity Performance and the Role of Structural Adjustment in the Post-2000 Period](#)

**James Ugucioni**

[Explaining the Gap between Productivity and Median Wage Growth in Canada, 1976-2014](#)

**Symposium on *The Rise and Fall of American Growth***

**Daniel Sichel**

[Two Books for the Price of One: Review Article on \*The Rise and Fall of American Growth\* by Robert J. Gordon](#)

**Robert J. Gordon**

[Comments on Daniel Sichel's Review Article on \*The Rise and Fall of American Growth\*](#)

**Symposium on Total Factor Productivity**

**Nicholas Oulton**

[The Mystery of TFP](#)

**Matthew Calver and Alexander Murray**

[Decomposing Multifactor Productivity Growth in Canada by Industry and Province, 1997-2014](#)

**Alexander Murray**

[Partial versus Total Factor Productivity Measures: An Assessment of their Strengths and Weaknesses](#)

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The Centre for the Study of Living Standards (CSLS) is a national, independent, Ottawa-based not-for-profit research organization. Its primary objective is to contribute to a better understanding of trends and determinants of productivity, living standards, and economic well-being in Canada through research.

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