



Press Release: Economic Crisis Results in Significantly Lower Potential Output and Labour Productivity Growth for Canada

The Centre for the Study of Living Standards (CSLS), a national, independent, not-for-profit, economic research organization, today released the latest issue of the *International Productivity Monitor*. In the lead article Marcello Estevão and Evidiki Tsounta from the International Monetary Fund document the evolution of potential productivity and output growth in the Canadian economy. They find that the economic crisis resulted in significantly lower potential growth after 2008 because of the fall in investment. By 2015, they project that potential growth will return to 2.0 per cent, still below the pre-crisis growth rate of 2.6 per cent.

Additional highlights of the issue are summarized below.

- Canada's nearly 30 per cent business sector labour productivity gap with the United States is not due to less total investment per worker, but to a lower level of multifactor productivity. This is a key finding in the article by Jianmin Tang and Someshwar Rao from Industry Canada and Min Li from Statistics Canada. The authors reach this conclusion by compiling capital stock estimates for the two countries using the same depreciation rates. Previous research based on national depreciation rates found that total capital intensity was lower in Canada than in the United States.
- Canada's abysmal productivity growth since 2000 is largely explained by developments in Ontario. This province accounted for 62 per cent of the country's slowdown in aggregate economy output per hour growth between 1997-2000 and 2000-2007, according to Andrew Sharpe and Eric Thomson from the Centre for the Study of Living Standards. The Ontario manufacturing sector alone was responsible for approximately one third of the Canada-wide slowdown.

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International Productivity Monitor

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Marcello Estevão and Evridiki Tsounta

[Canada's Potential Productivity and Output Growth: A Post-Crisis Assessment](#)

Jianmin Tang, Someshwar Rao and Min Li

[Sensitivity of Capital Stock and Multifactor Productivity Estimates to Depreciation Assumptions: A Canada-U.S.](#)

Andrew Sharpe and Eric Thomson

[Insights into Canada's Abysmal Post-2000 Productivity Performance from Decompositions of Labour Productivity Growth by Industry and Province](#)

Mika Maliranta, Petri Rouvinen and Pekka Ylä-Anttila

[Finland's Path to the Global Productivity Frontier through Creative Destruction](#)

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[Indian Manufacturing Productivity: What Caused the Growth Stagnation before the 1990s?](#)

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