

EU KLEMS and Beyond Productivity Accounts and Europe's Productivity Growth Performance

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European slowdown hypotheses

1. End of convergence
2. Slower growth at the frontier “Are ideas getting harder to find?” (Bloom et al. 2017)
 - Incentives for innovation
 - Improved measurement of gains from digital services
 - ‘Outsourced productivity gains’: functional specialisation
3. Losing ground to the frontier “The best versus the rest” (Andrews et al. 2016)
 - Increased market power
 - Increased intangibility
 - Increased misallocation

A European productivity research agenda

- Improved data collection, compilation & assessment:
 - Up-to-date industry productivity data, tracing growth and relative levels
 - Integrated measurement of productivity, production fragmentation, intangible investment, and the workforce composition
 - Consideration and comparison of measurement practices & problems
- The right story for the right country
 - Misallocation, market power, measurement problems, etc. vary across countries
 - Industry-level analysis will be crucial