

Euro area GDP per capita and productivity growth: Some challenges

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Banque de France and AMSE**

Outline

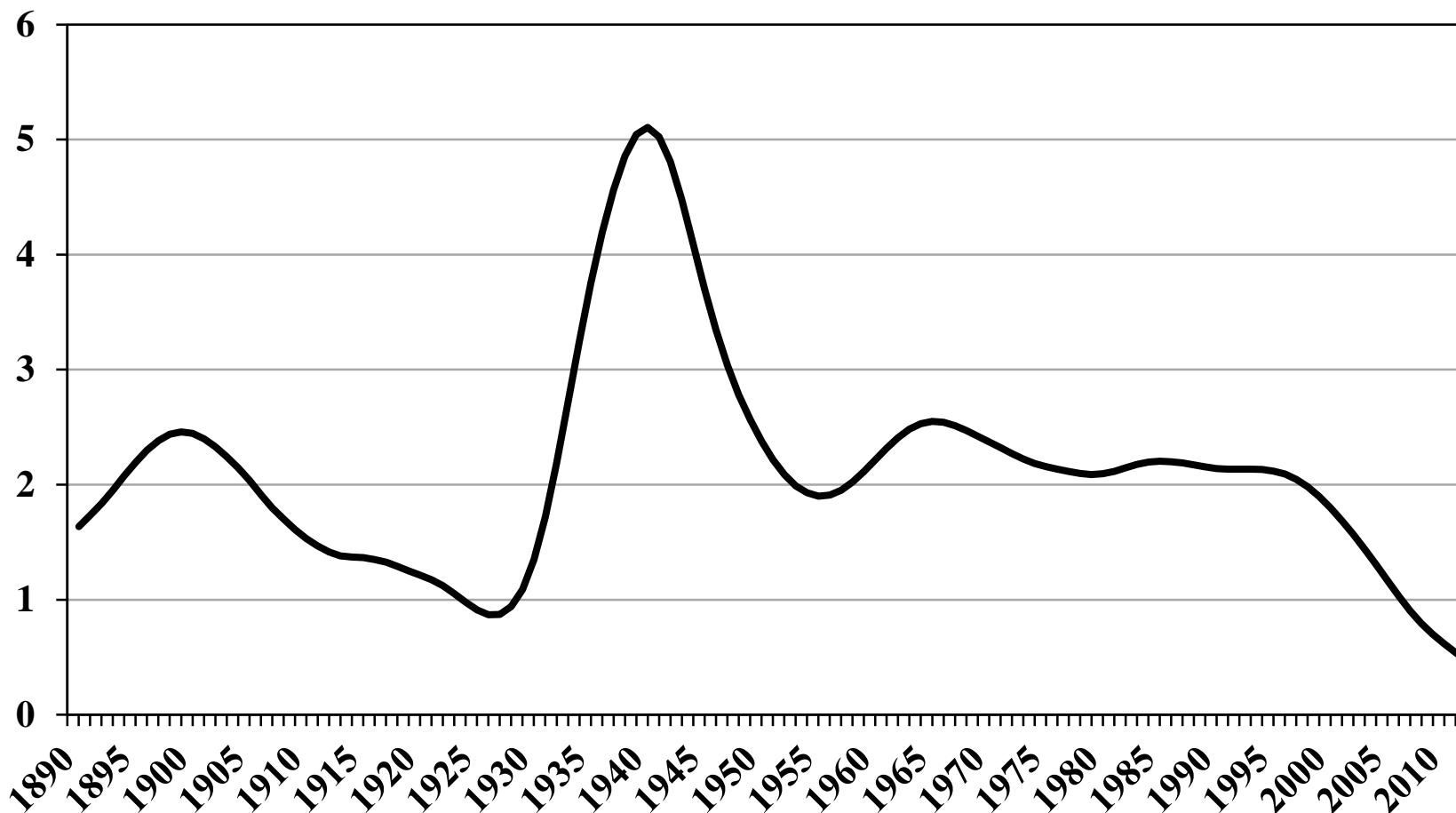
- 1. Growth waves**
- 2. Levels**
- 3. ICT diffusion**
- 4. Structural reforms**
- 5. Rebalancing**

1. Growth waves

Average annual growth rate of GDP per capita – United States

Smoothed indicator (HP filter, $\lambda = 500$) - Whole economy – 1891-2013 – In %

Source : Bergeaud, Cette and Lecat (2014)

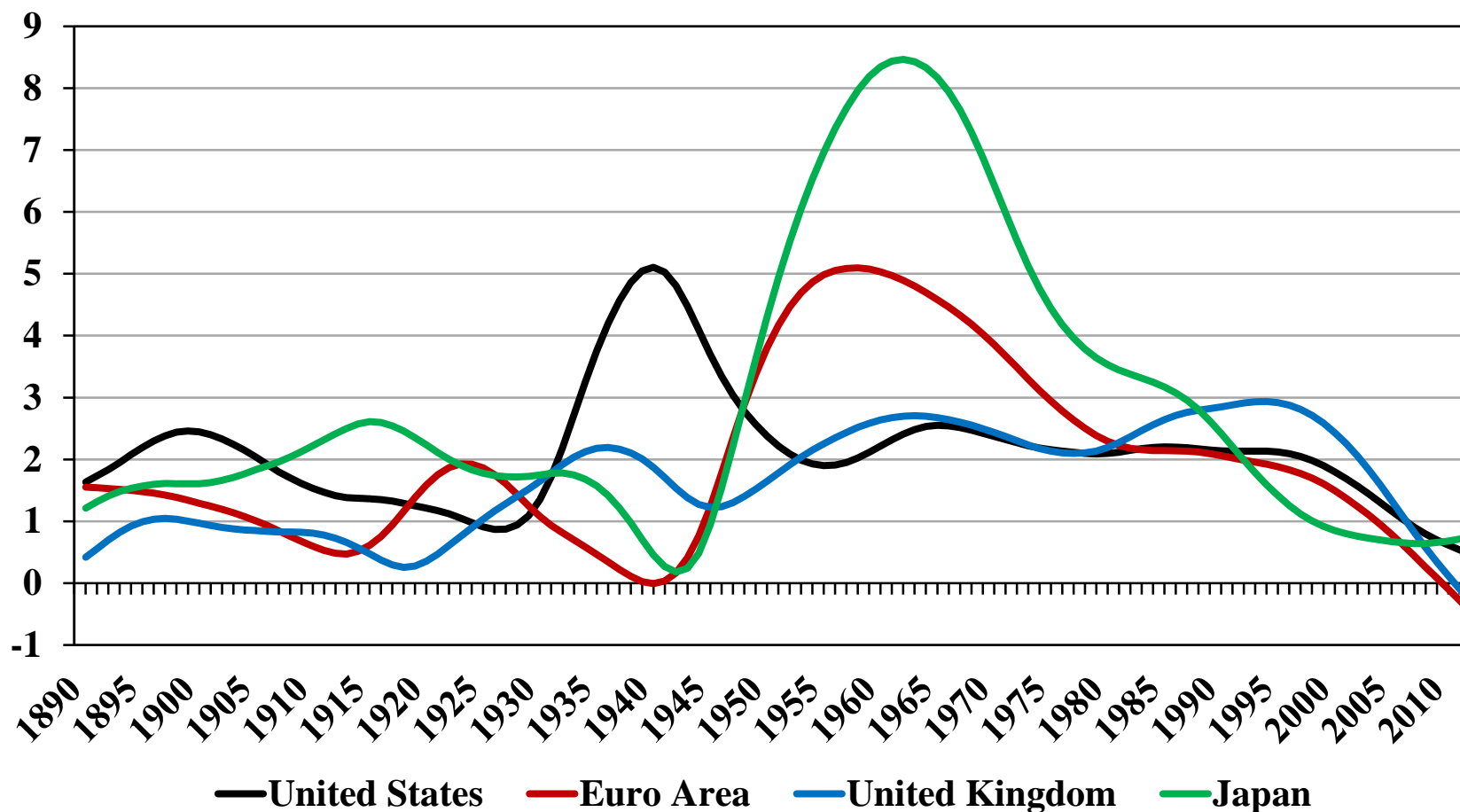


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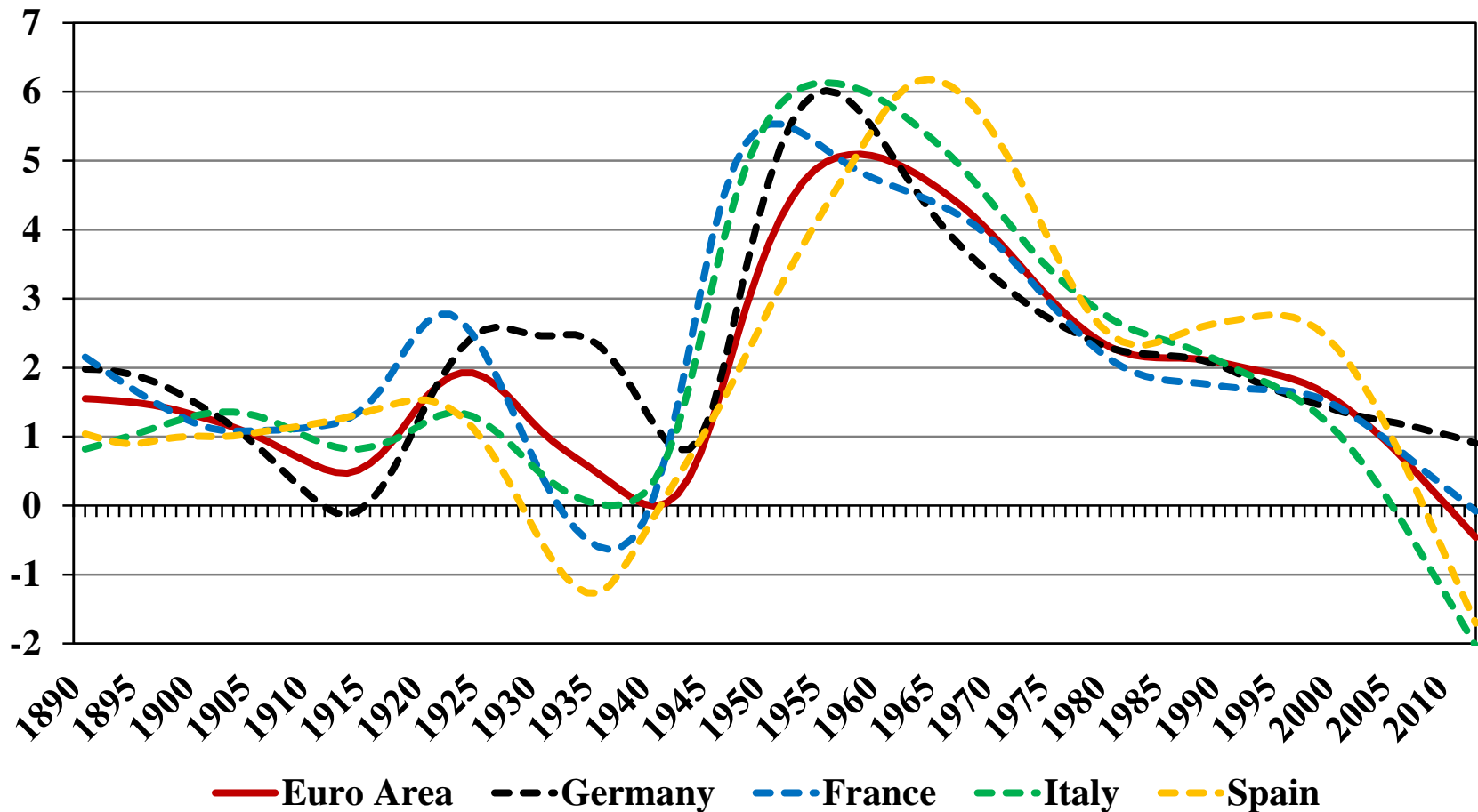


1. Growth waves

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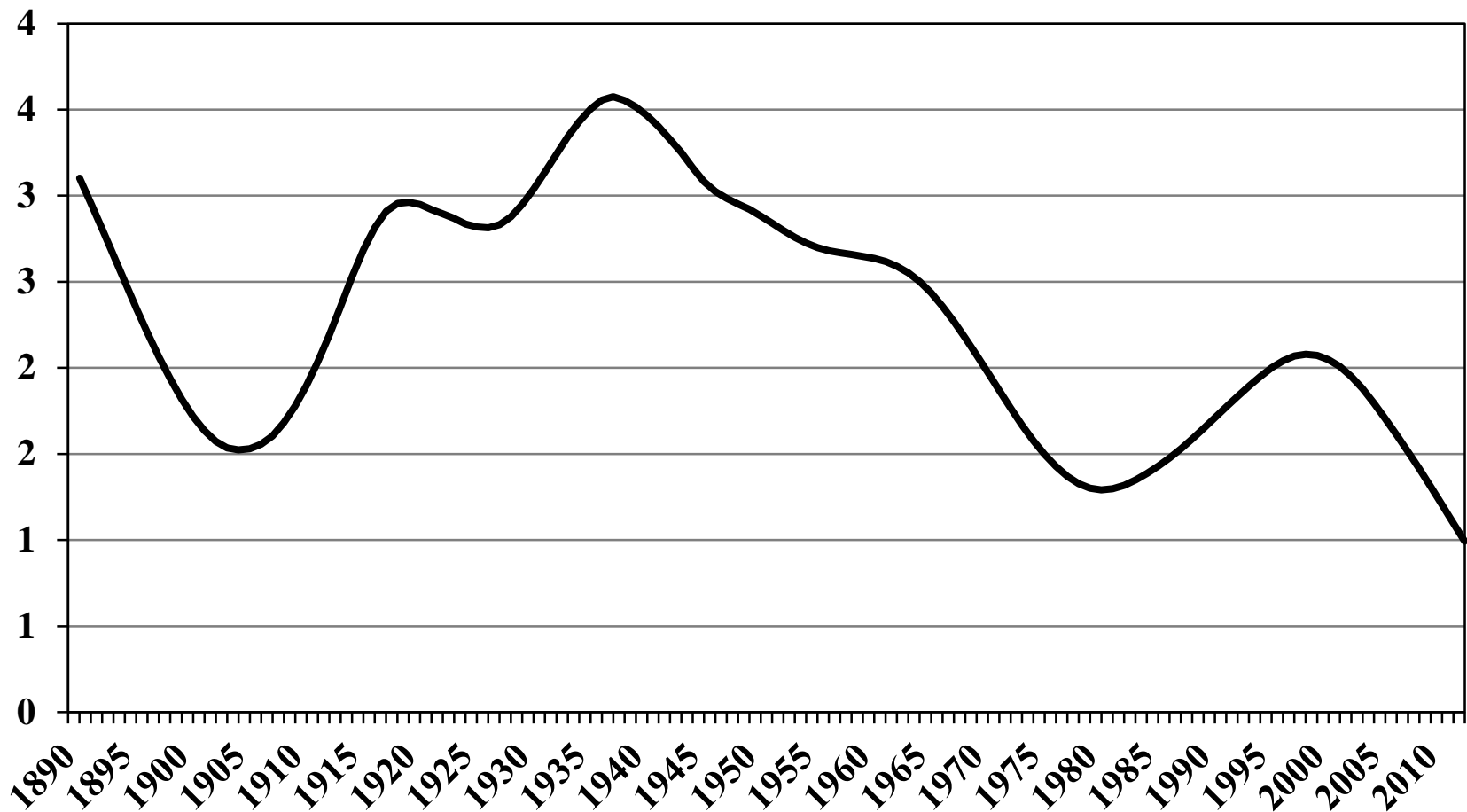
Smoothed indicator (HP filter, $\lambda = 500$) - Whole economy – 1891-2013 – In %

Source : Bergeaud, Cette and Lecat (2014)



1. Growth waves

Average annual growth rate of labor productivity per hour – United States
Smoothed indicator (HP filter, $\lambda = 500$) - Whole economy – 1891-2013 – In %
Source : Bergeaud, Cette and Lecat (2014)

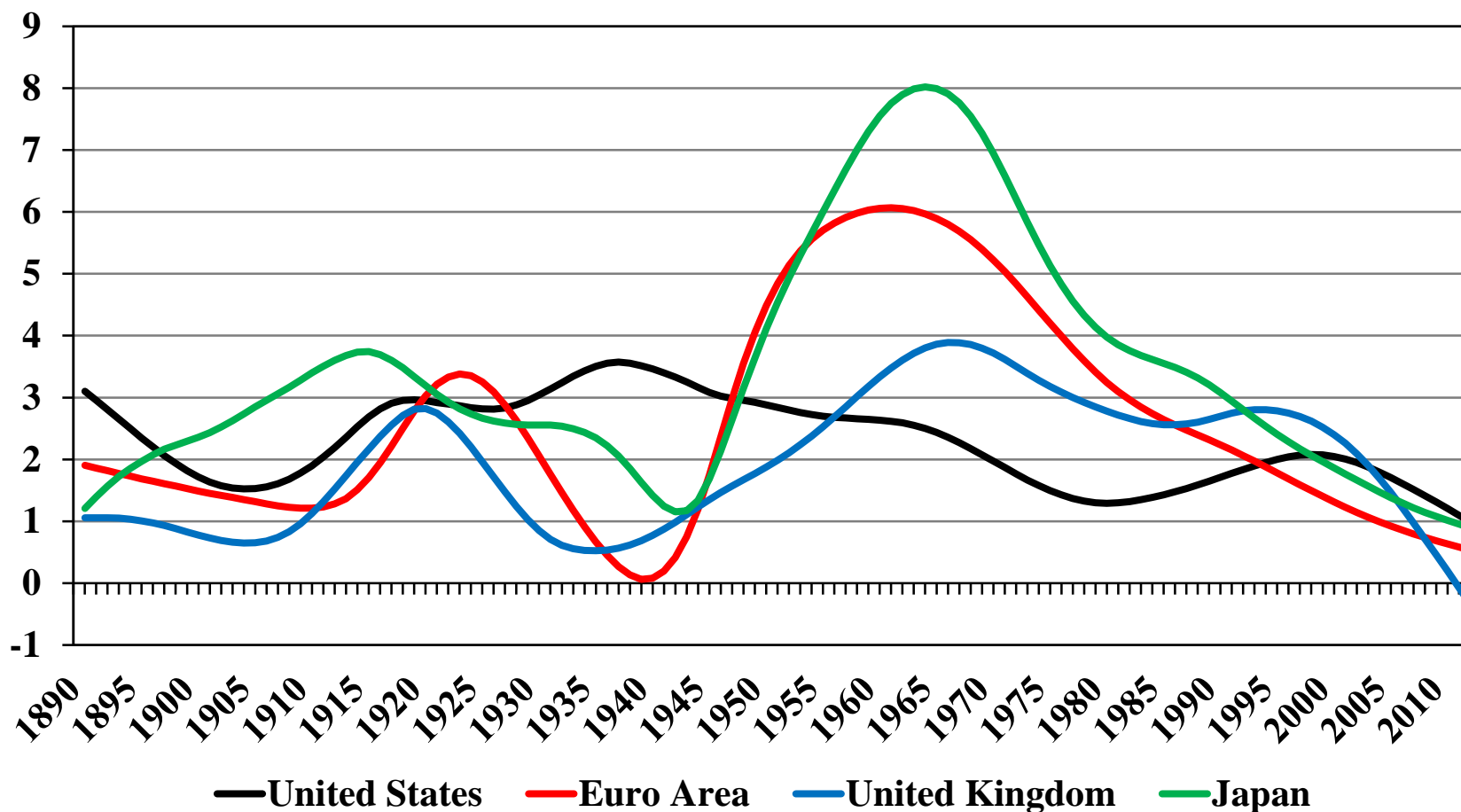


1. Growth waves

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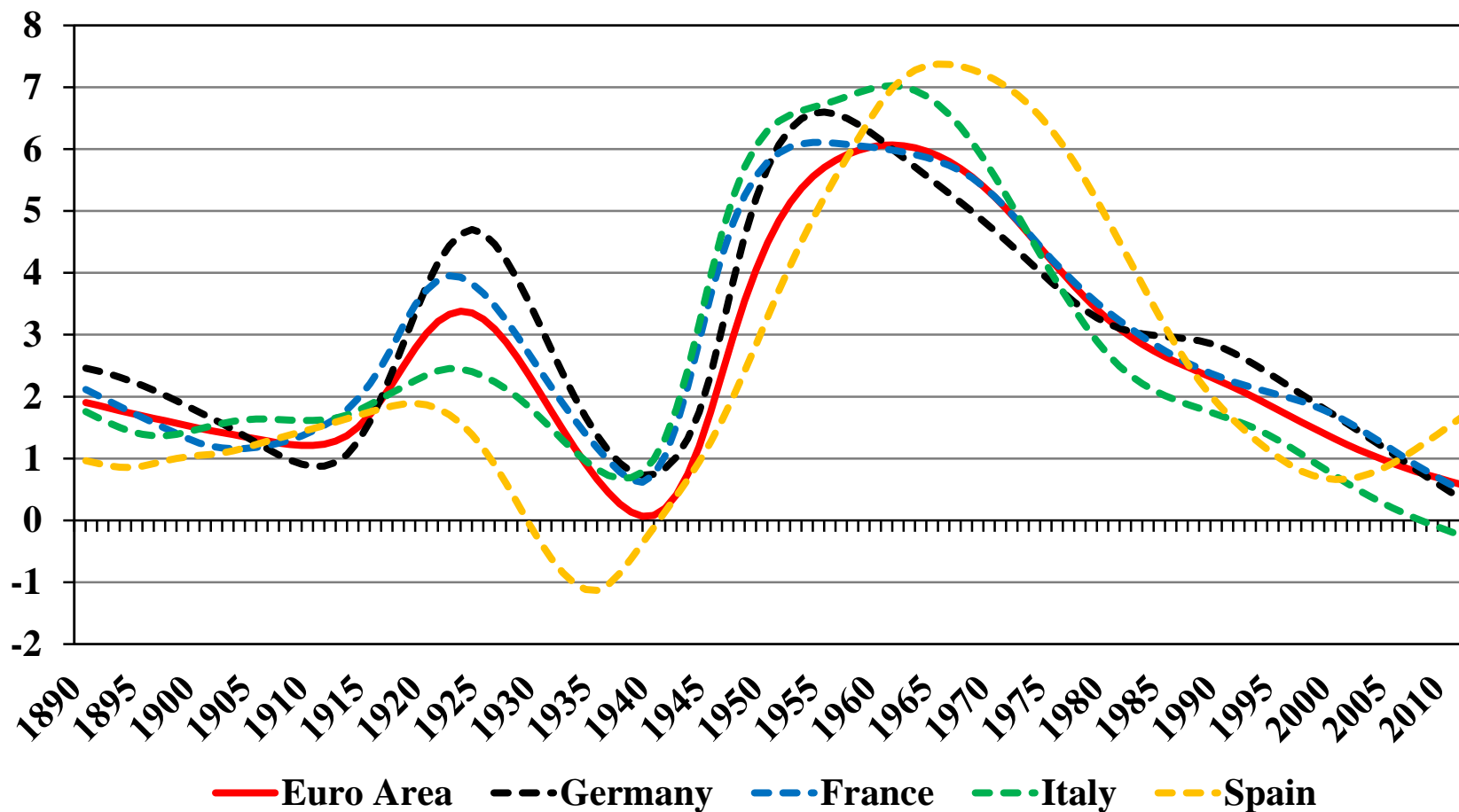


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Three challenges for the Euro area

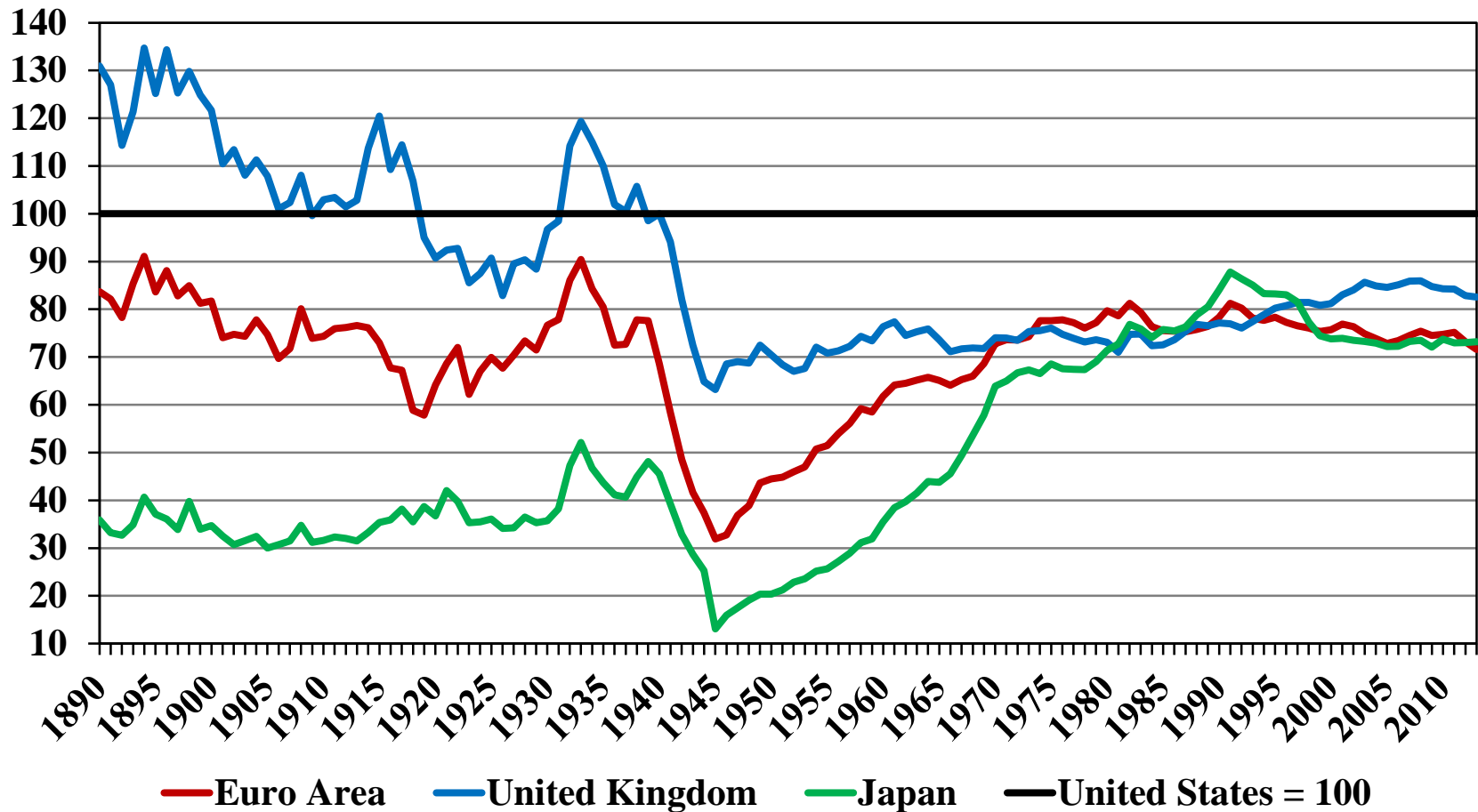
- 1. Which future for the long term productivity growth at the technological frontier?**

2. Levels

GDP per capita - Level relative to the US level

Whole economy – 1890-2013 – US level = 100 - \$ 2010 PPP - In %

Source : Bergeaud, Cette and Lecat (2014)

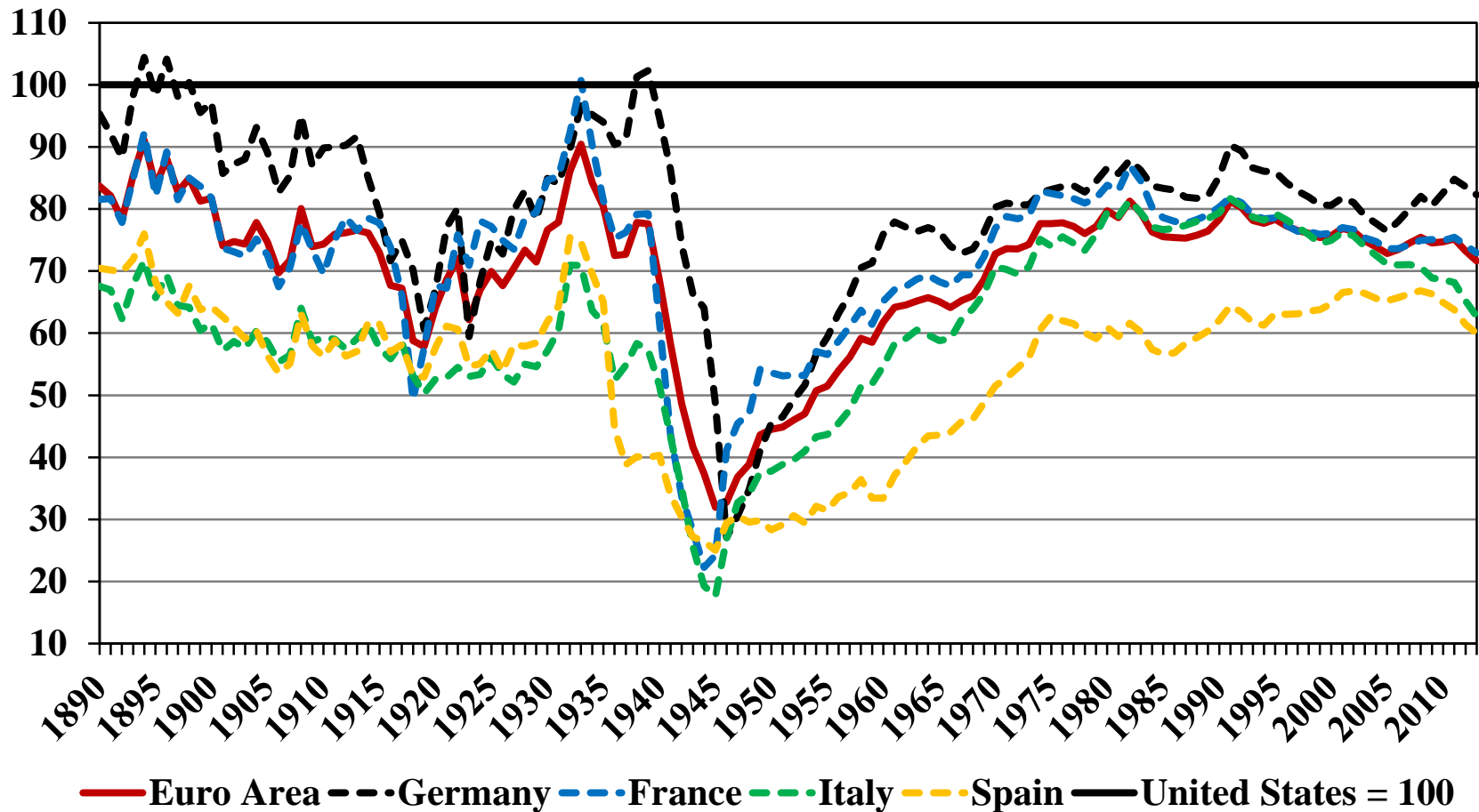


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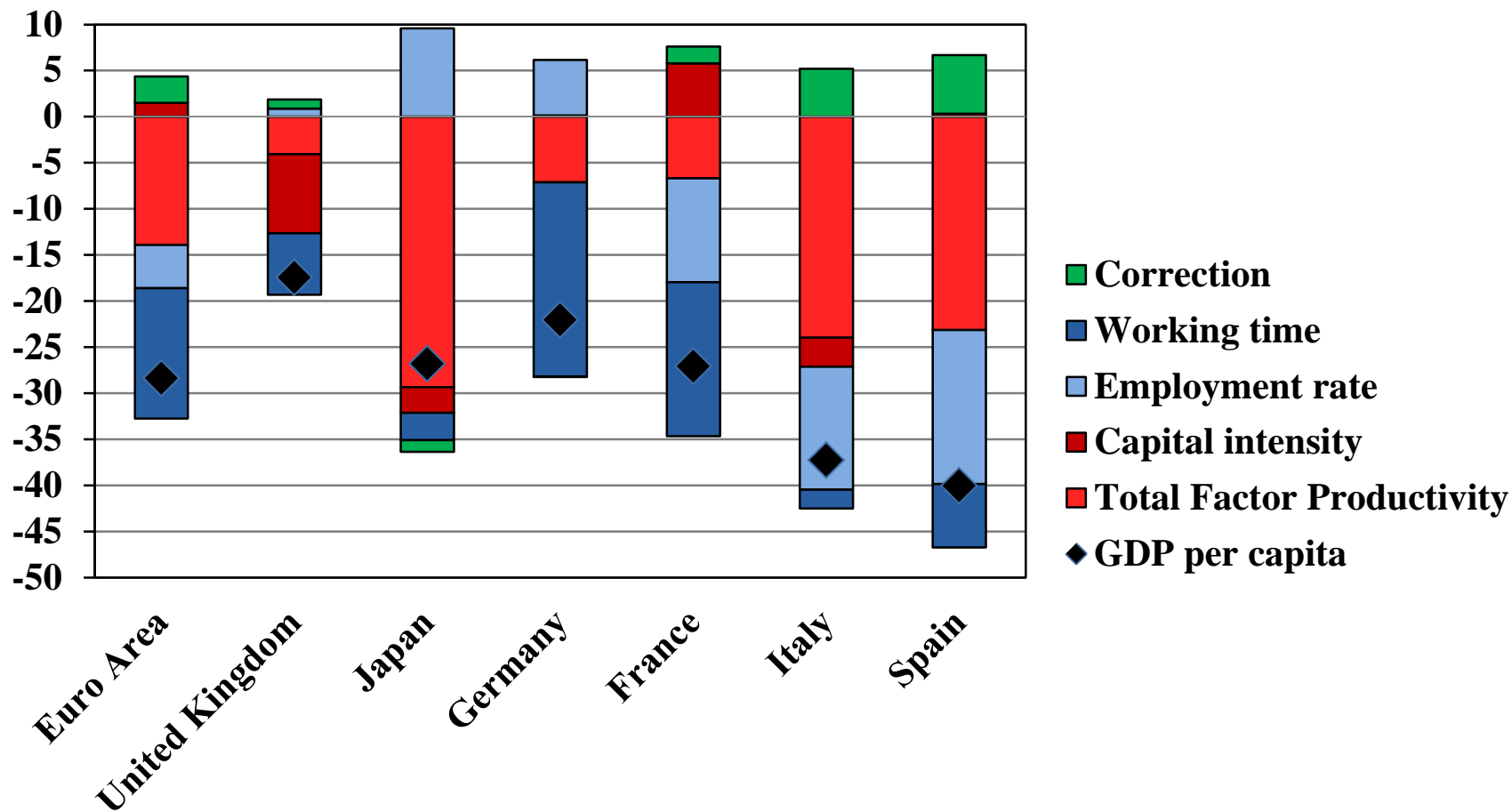
Source : Bergeaud, Cette and Lecat (2014)



2. Levels

Contribution to GDP per capita gap compared to the United States in 2013 Whole economy – In percentage points

Source: Bergeaud, Cette and Lecat (2014)

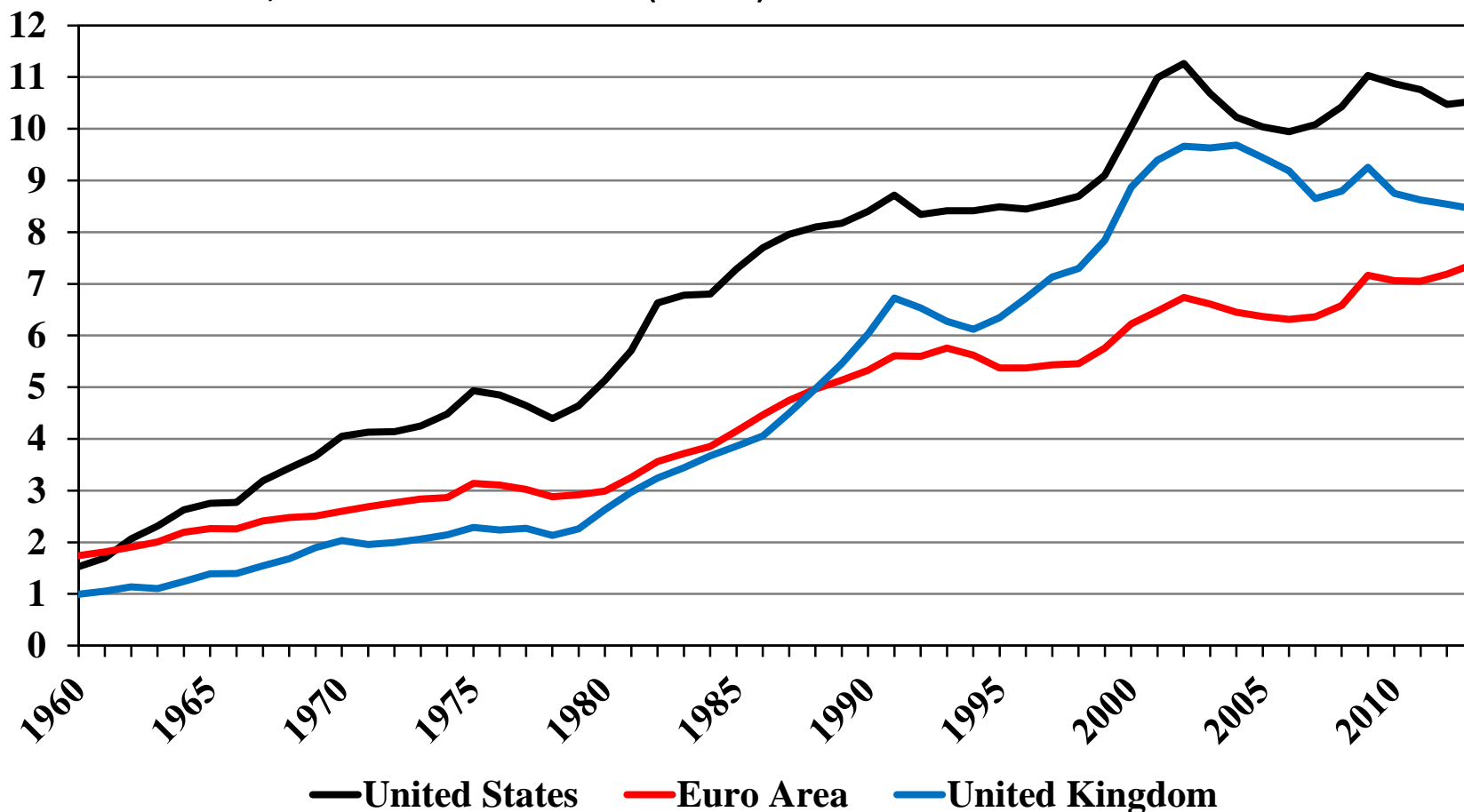


3. ICT diffusion

ICT capital coefficient (x100), at current prices
(Ratio of ICT capital stock to GDP in current prices)

Scope: The whole economy – 1970-2013

Source: Cette, Clerc and Bresson (2014) from OECD data

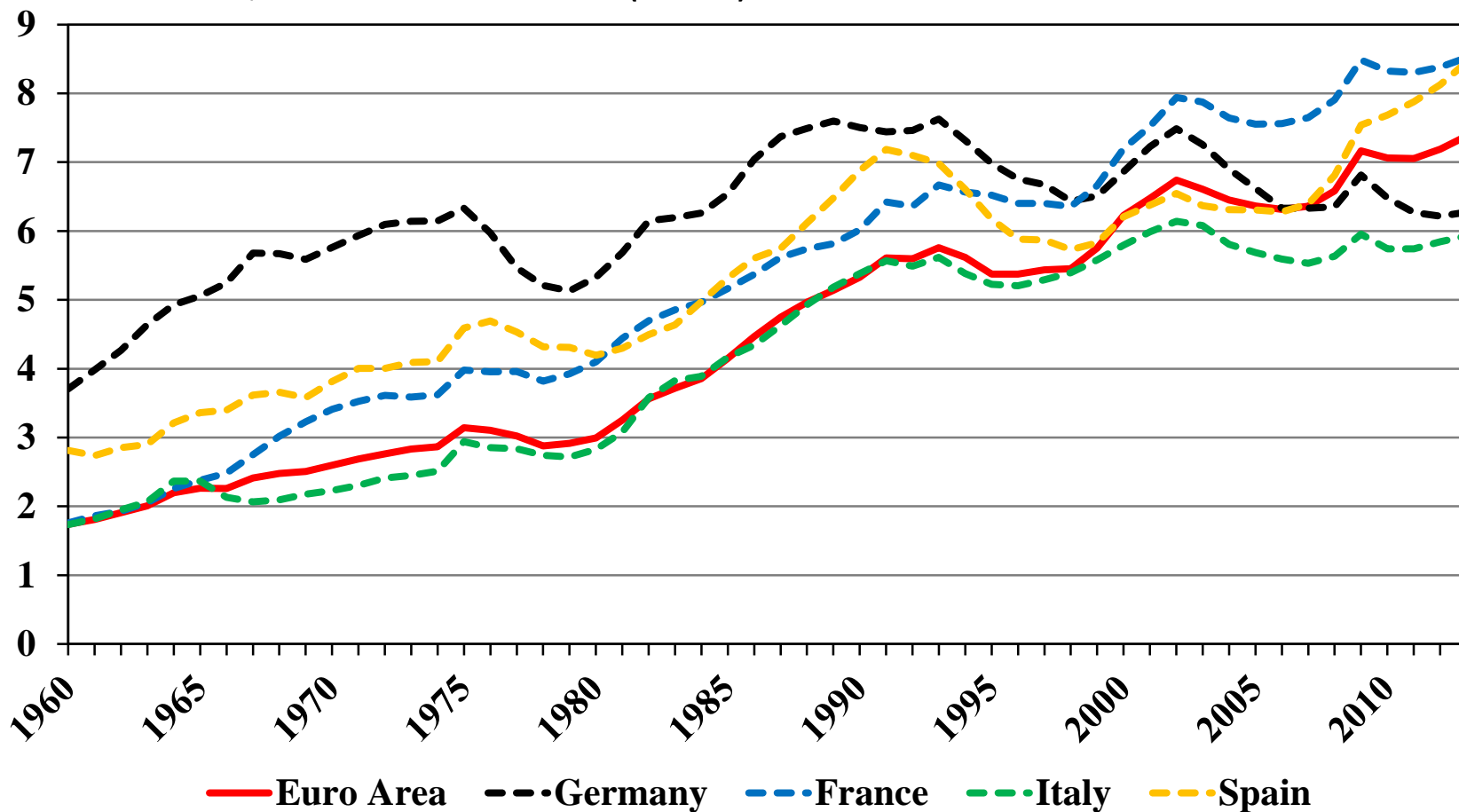


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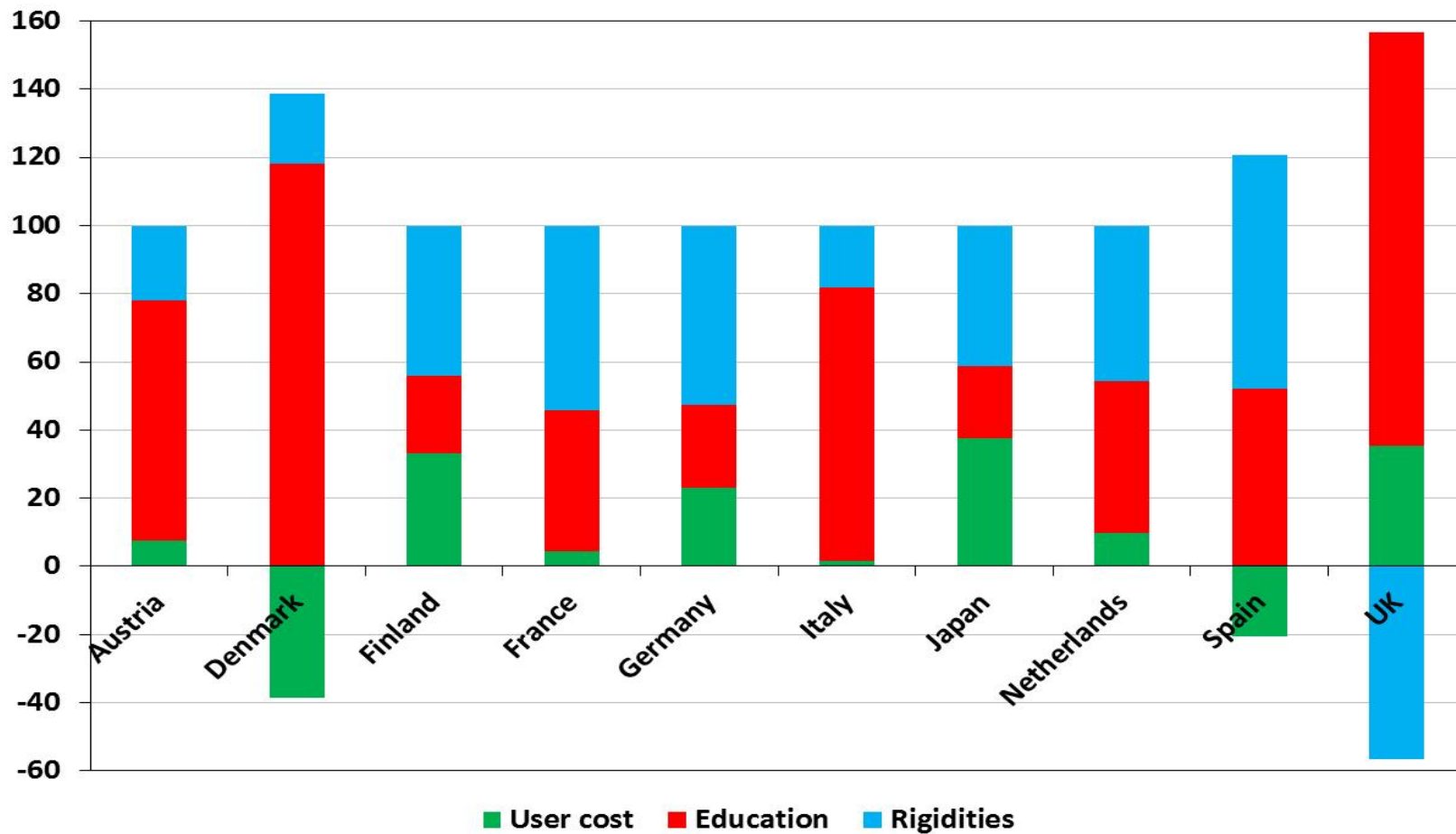


3. ICT diffusion

Sources of ICT capital coefficient gap with the US in 2007

In % of the gap - Scope: the whole economy

Source: Cette and Lopez (2012)

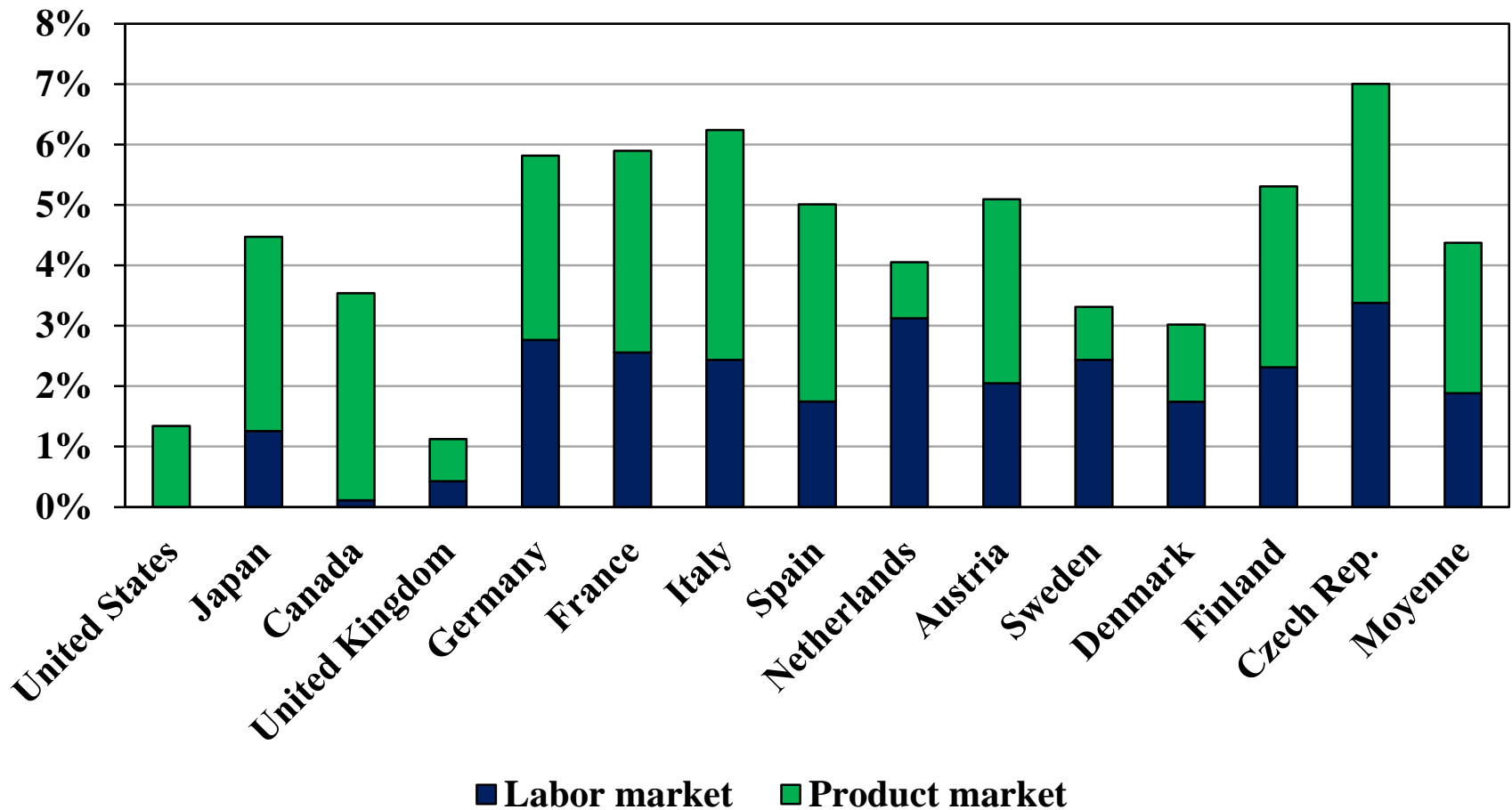


4. Structural reforms

Long term impact of structural reforms on labor and product markets

Impact on TFP and GDP

Source: Cetto, Lopez and Mairesse (2014)



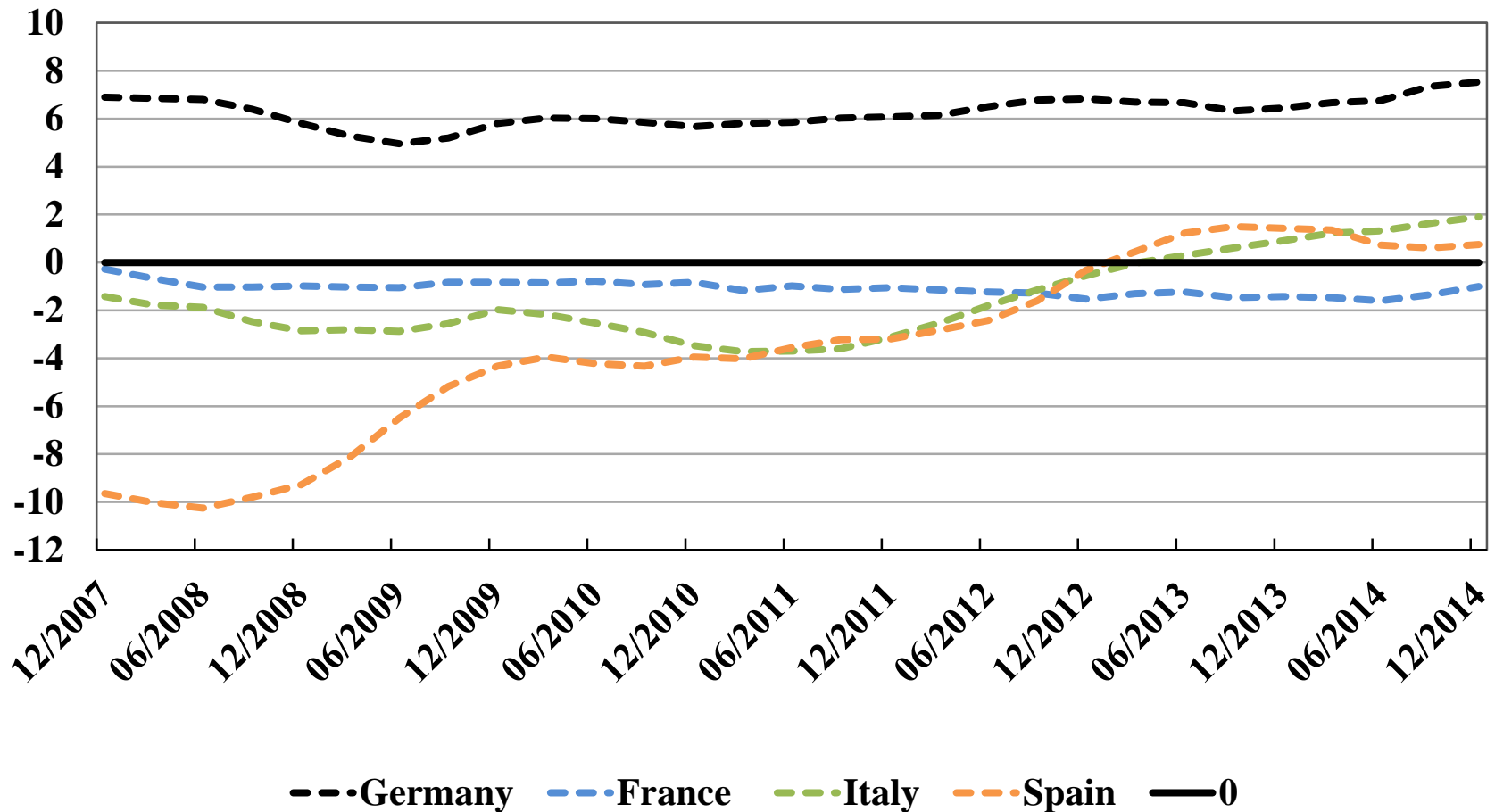
Three challenges for the Euro area

- 1. Which future for the long term productivity growth at the technological frontier?**
- 2. Which GDP per capita catch up, for the Euro area, of the US advantage?**

5. Rebalancing

Current account - % GDP

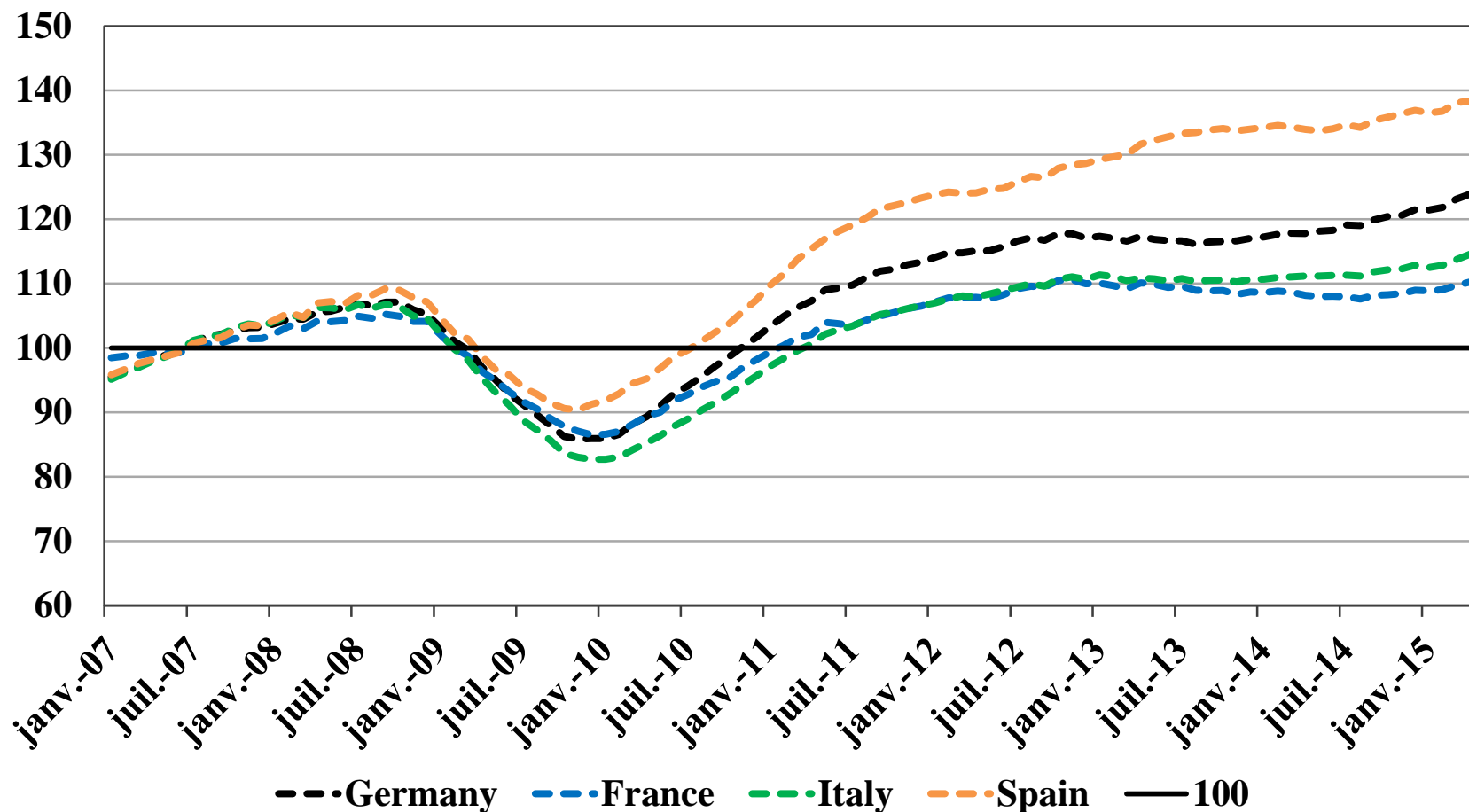
Source: National accounts



5. Rebalancing

Export value – Index 2007 =100

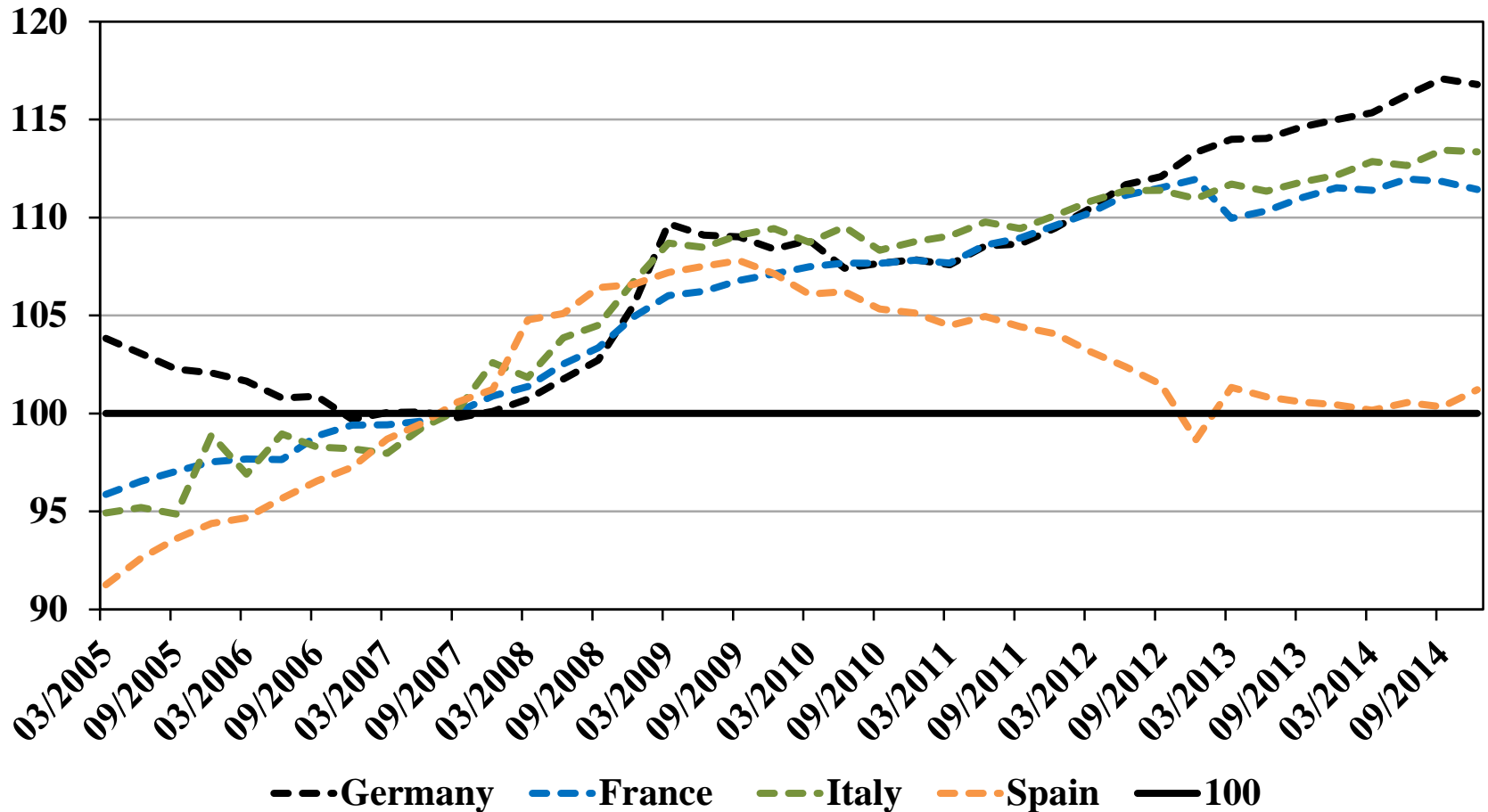
Source: National accounts



5. Rebalancing

Unitary labor cost – Index 2007 =100

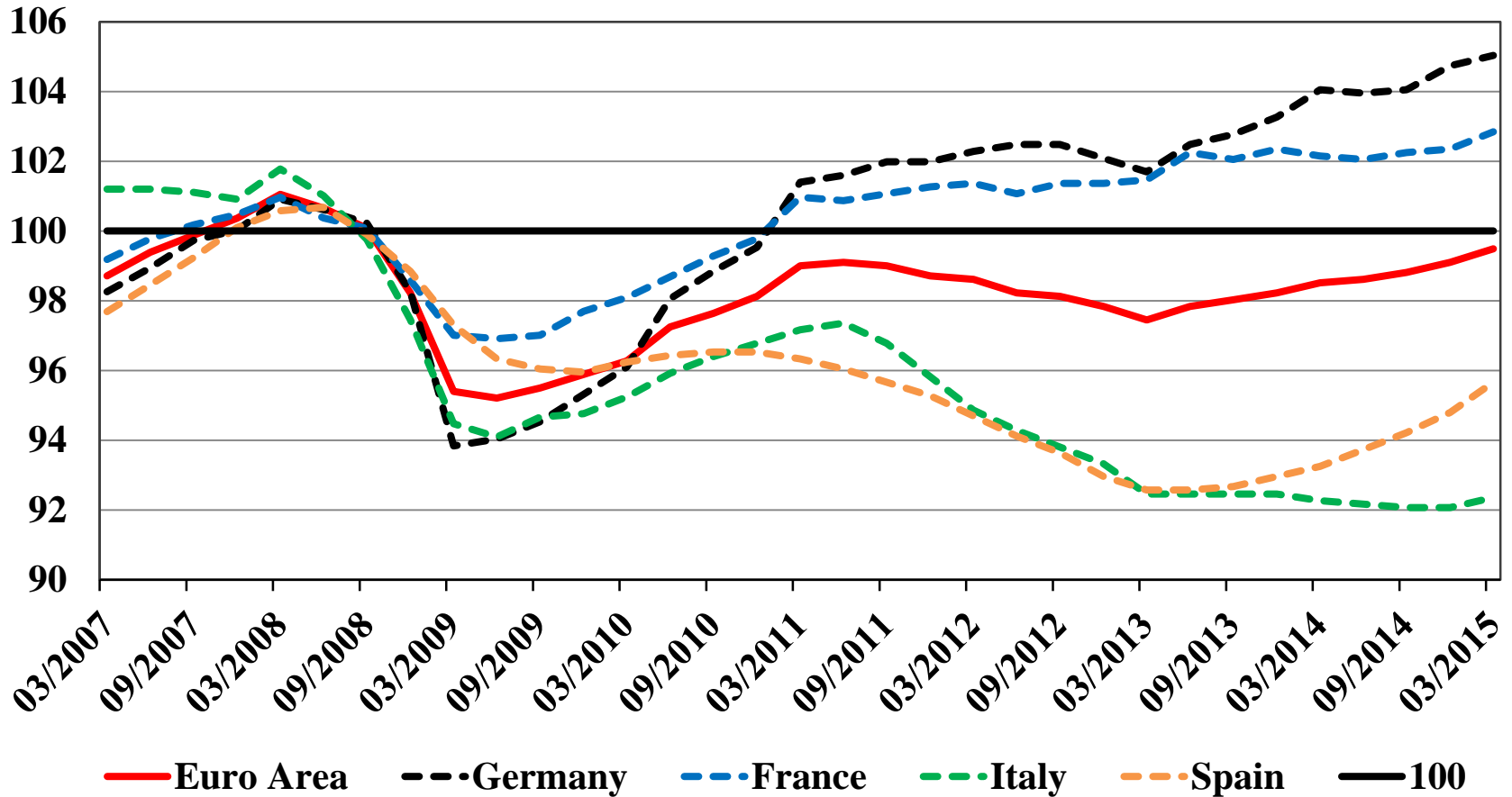
Source: National accounts



5. Rebalancing

GDP – Index 2008 =100

Source: National accounts



Three challenges for the Euro area

- 1. Which future for the long term productivity growth at the technological frontier?**
- 2. Which GDP per capita catch up, for the Euro area, of the US advantage?**
- 3. Which less growth damaging CA rebalancing strategy within the Euro area?**