Macro Roundup Article

Headline: The Productivity Slowdown in Advanced Economies: Common Shocks or Common Trends?

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Tweet: John Fernald @sffed argues that slower total factor productivity growth is likely not a function of the business cycle or scarring due to the crisis, as growth slowed in advance of 2008 across advanced economies.

Summary: TFP is the main factor accounting for differences in labor productivity growth across countries and over time. Since the mid-2000s, TFP growth has been lackluster across the large economies we analyze here. At the level of the market economy, productivity slowed because the productivity frontier (the U.S.) slowed, with similar slowdowns elsewhere. At a more disaggregated level, the frontier economy is sometimes different, but the pattern of slow TFP growth since the mid-2000s is evident in both manufacturing and market services. Qualitatively as well as statistically, the evidence suggests that, following that mid-1990s pickup, U.S. TFP growth slowed before the Great Recession.

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