



conseil d'analyse  
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CONSEIL NATIONAL  
DE PRODUCTIVITÉ



SciencesPo.

# 1st Data User Conference CompNet, France Stratégie and IWH

**Introduction**

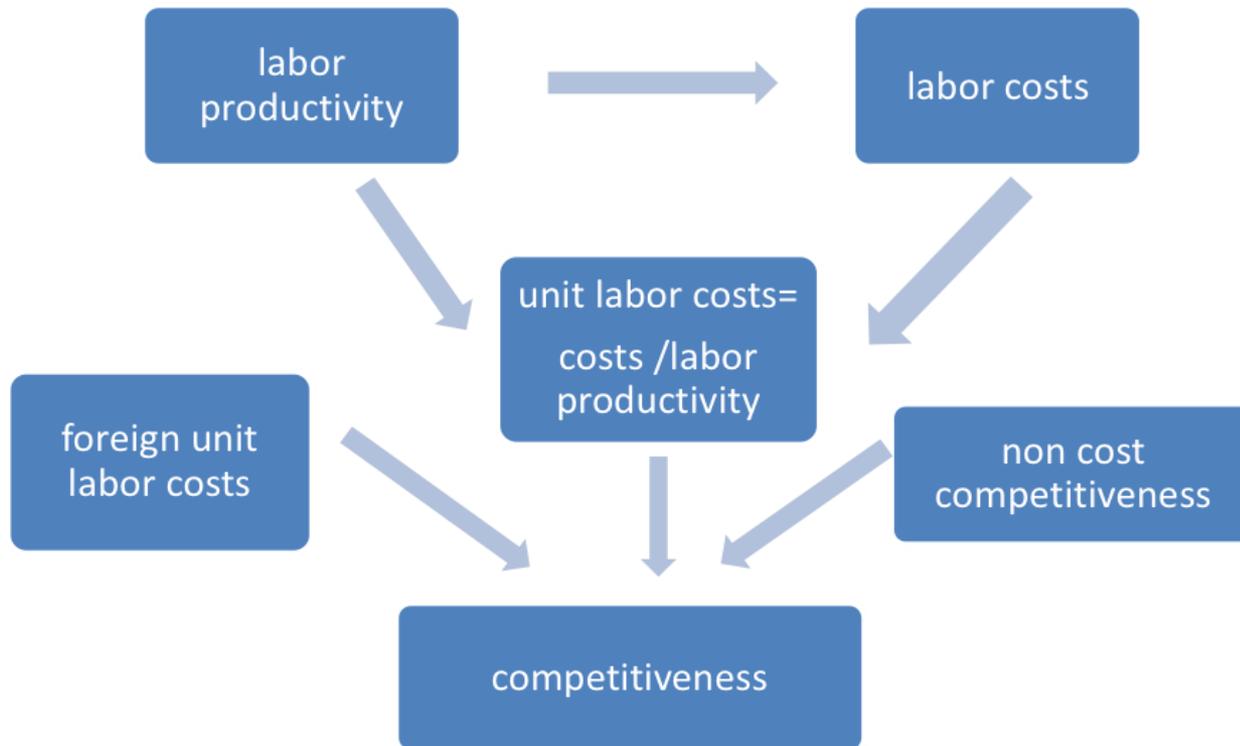
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October 8, 2019

# A few words on productivity, and competitiveness

- From consumer (not producer) point of view
- French National Productivity Board (independent academics)
- Focused on France productivity and competitiveness
- Issue of competitiveness specific in the eurozone (no exchange rate adjustment)

# Productivity, factor prices and competitiveness

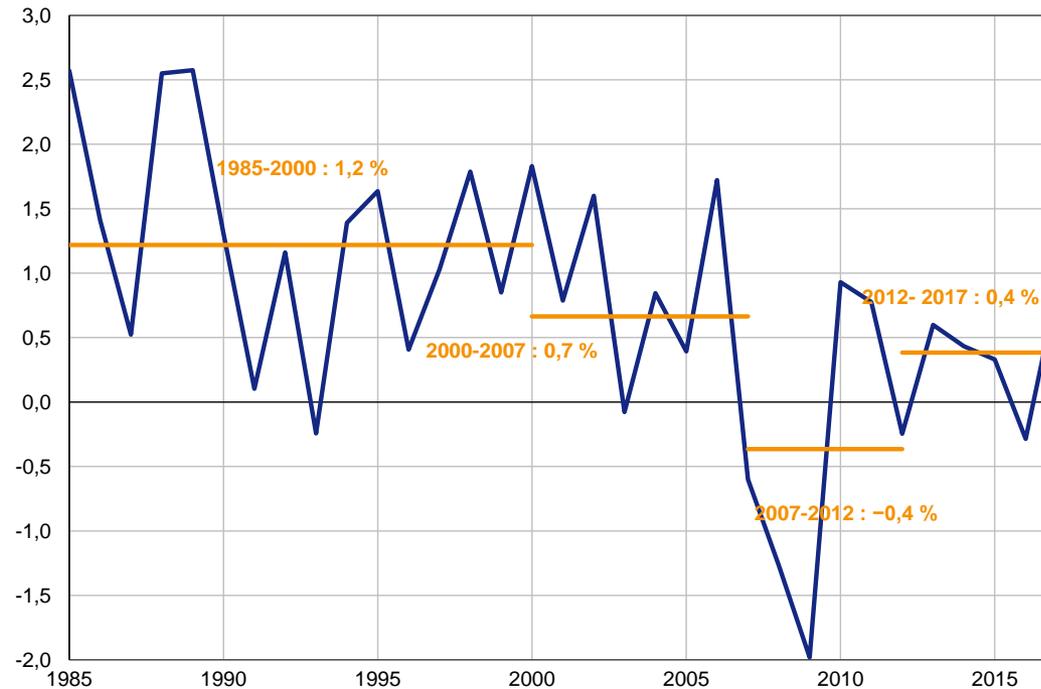


- Productivity as a legitimate policy objective (growth)
- Competitiveness always relative

# High productivity level but declining since the 1990s

Lack of consensus about the causes of the productivity slowdown and its persistence

**Growth in multifactor productivity in France (1985 – 2017)**



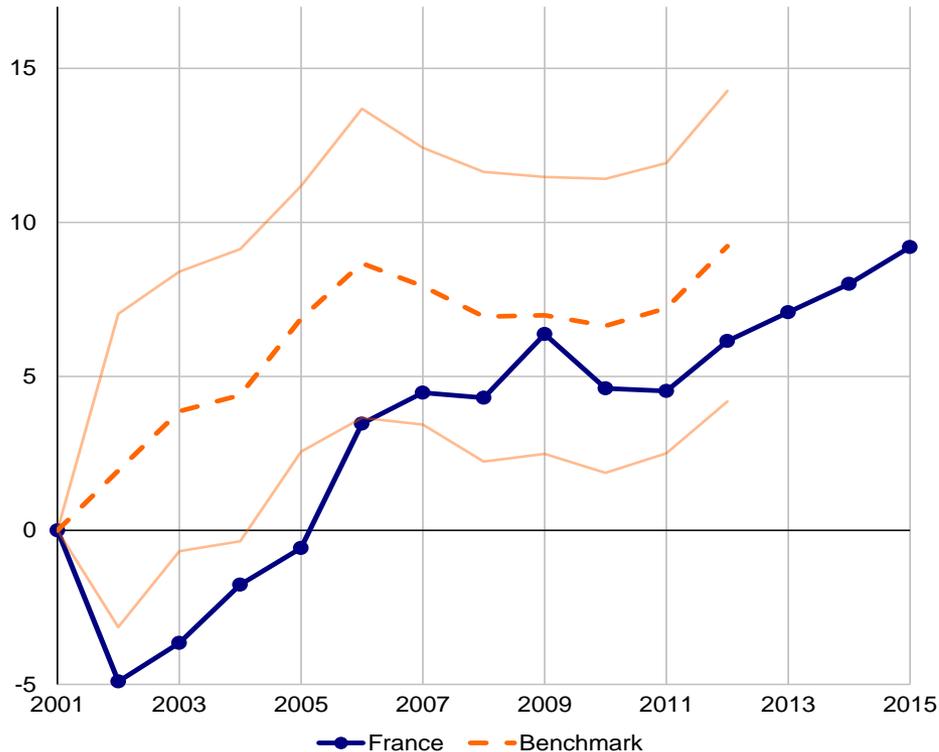
OECD, NPB calculations (annual average growth rates are displayed in orange over the following periods: 1985-2000, 2000-2007, 2007-2012 and 2012-2017)

## Several common factors to France and OECD

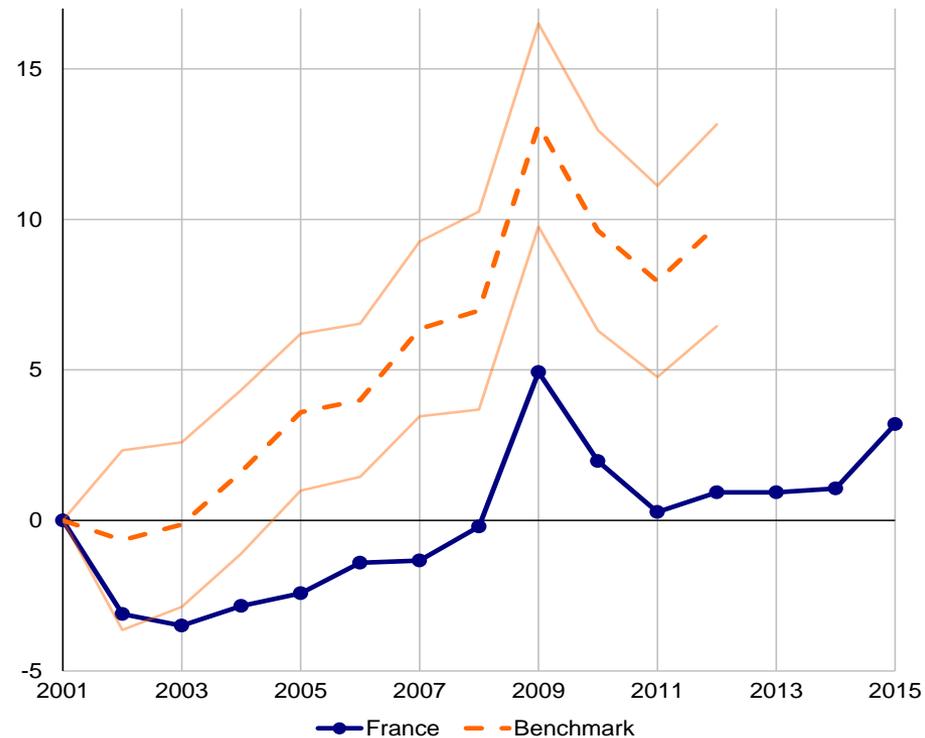
- A shift of the productive structure towards sectors with lower productivity levels (services)
- Decreasing ICTs contribution to TFP growth
- Increasing productivity divergence between firms => growing misallocation of resources?

# Different French evolution of labour productivity dispersion: high in services , low in manufacturing

## Services



## Manufacturing



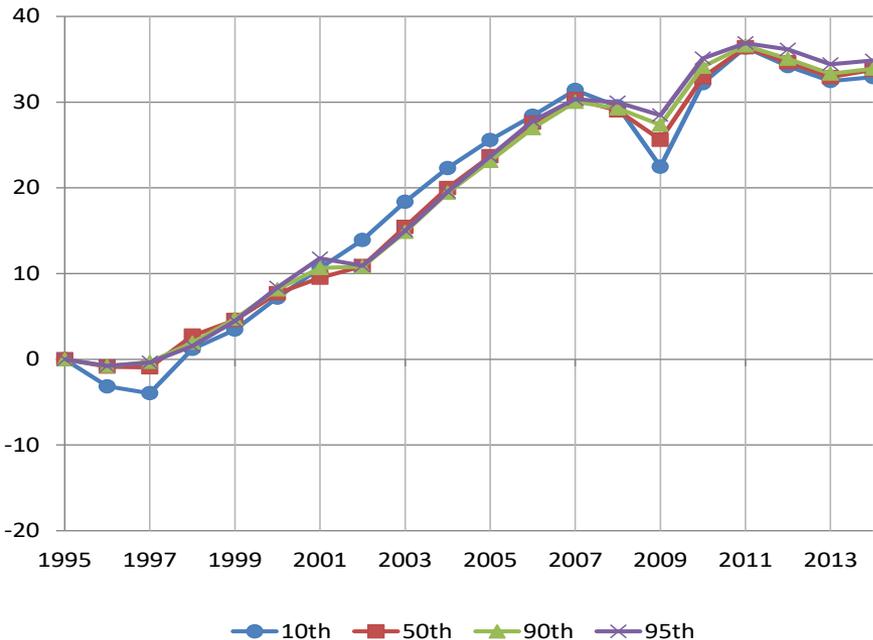
Source : OECD, Multiprod

The figure plots the estimated year dummies of a regression of log-productivity (labour productivity) dispersion (90th and 10th percentiles ratio) within country-sector pairs, using data from the following countries: Germany, Australia, Austria, Belgium, Canada, Chile, Denmark, Finland and France.

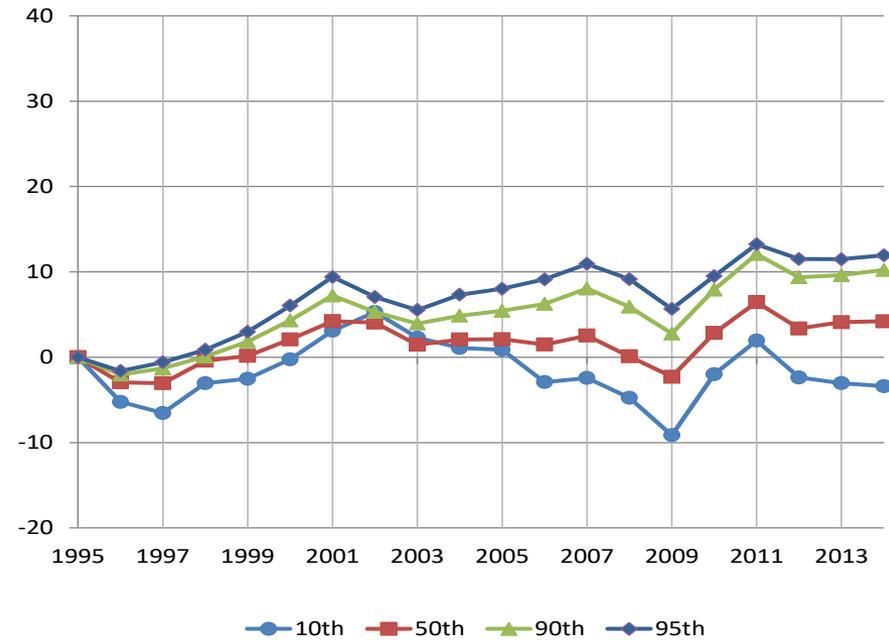
# Productivity dispersion and trade

- Unlike most other OECD countries, no dispersion in manufacturing and knowledge-intensive services sectors: international competition?

Manufacturing



Less knowledge intensive services



Source : OECD, Multiprod

Evolution of labour productivity in France for the 10th, 50th, 90th and 95th percentiles the labour productivity distribution

# Aggregate productivity, (mis)allocation and productivity dispersion

- Is productivity dispersion harmful for aggregate productivity and competitiveness?
  - Depends where productivity dispersion comes from:
    - entrepreneurial innovation: more experimentation increases productivity dispersion
    - productivity dispersion positively correlated to aggregate competitiveness: see Barba Navaretti, Bugamelli, Forlani and Ottaviano, 2019
    - Misallocation: see Hsieh and Klenow (2009), Baquee and Farhi (2019)

# Open research and policy question

- Where does productivity dispersion come from?
- More dispersion in firm skill matches? (French specificity): relation to labor market?
- What is the role of employment protection and financial conditions on dispersion in firm productivity?
- What is the role of competition?