Introduction

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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


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

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?

**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, Bugamellli, 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?