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## **Explaining Slower Productivity Growth in Canada**

**Press Release – Ottawa, January 9, 2019**

The Centre for the Study of Living Standards (CSLS) today released the latest issue of its flagship publication, the *International Productivity Monitor*. The table of contents of the issue with links to the articles is below.

The issue contains a symposium on explaining lower productivity growth in Canada. Given the importance of productivity for meeting the challenges of an aging population and lower population growth, it is crucial to understand the causes of weak productivity growth for the development of policies to improve this situation. Key findings from the symposium are highlighted below.

**Andrew Sharpe** and **John Tsang** from the CSLS point out that Canada has in fact experienced two slowdowns in long-term productivity, after 1973 when output per hour growth fell 1.6 percentage points, and after 2000 when it fell an additional 0.6 points to 0.9 per cent per year. In terms of the post-2000 slowdown they identify the goods sector, especially manufacturing, as largely responsible for the slowdown. Productivity growth in most service industries has in fact picked up after 2000.

**Wulong Gu** and **Michael Willox** from Statistics Canada examine productivity performance in Canada and the United States, finding that much weaker growth in the computers and electronics sector in Canada accounted for one third of the slower multifactor productivity growth in this country over the 1987-2010 period. They also observe that since 2010 Canada's productivity performance has been better than that of the United States due, in part, to the greater

waning of the productivity gains from information and communications technologies (ICT) south of the border.

**Jeff Mollins** and **Pierre St-Amant** from the Bank of Canada find that a weaker contribution from ICT to labour productivity growth accounted for 20-40 per cent of the slowdown in the 2000s, but that this impact was only felt since the Great Recession of 2008-2009.

**Michele Alexopoulos** and **Jon Cohen** from the University of Toronto find that a fall-off in the commercialization of new technologies in this county after 2000, as evidenced by book-based indicators of technological change, contributed to slower productivity growth.

## *International Productivity Monitor*

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[Cover](#) 

[Masthead](#) 

[Table of Contents](#) 

**Andrew Sharpe**

[Editor's Overview](#) 

**Richard Schmalensee**

[Puzzles and Surprises in Employment and Productivity in U.S. Manufacturing After the Great Recession](#) 

**Jaana Remes, Jan Mischke and Mekala Krishnan**

[Solving the Productivity Puzzle: The Role of Demand and the Promise of Digitization](#) 

Symposium on Explaining Slower Productivity Growth in Canada

[The Stylized Facts about Slower Productivity Growth in Canada](#) 

[Appendix](#) 

**Wulong Gu and Michael Willox**

[Productivity Growth in Canada and the United States: Recent Trends and Potential Explanations](#) 

[Appendix](#) 

**Jeff Mollins and Pierre St-Amant**

[The Productivity Slowdown in Canada: an ICT Phenomenon?](#) 

[Appendix](#) 

**Michelle Alexopoulos and Jon Cohen**

[Canadian Productivity Growth, Secular Stagnation, and Technological Change](#) 

[Appendix](#) 

#### **What Do We Know about the Global Productivity Slowdown?**

**John Fernald**

[Is Slow Productivity and Output Growth in Advanced Economies the New Normal?](#) 

**Kevin Fox**

[What Do We Know About the Productivity Slowdown? Evidence from Australian Industry Data](#) 

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The Centre for the Study of Living Standards (CSLS) is a national, independent, Ottawa-based

not-for-profit research organization. Its primary objective is to contribute to a better understanding of trends and determinants of productivity, living standards, and economic well-being in Canada through research.