

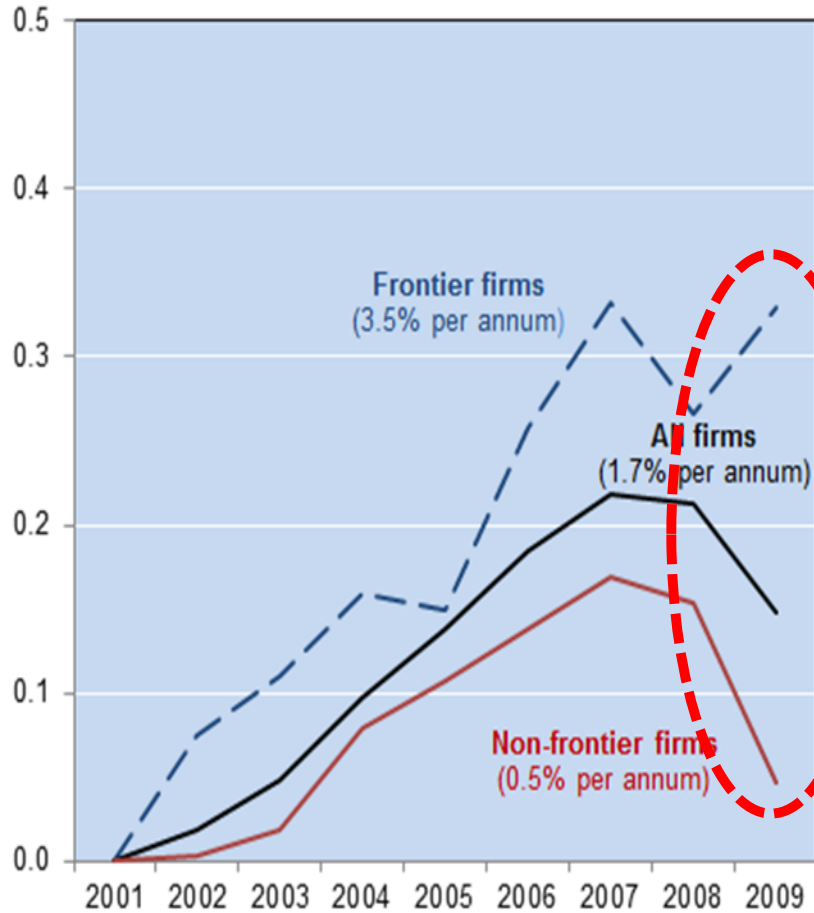
The Future of Productivity: Comment

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Bank of Greece
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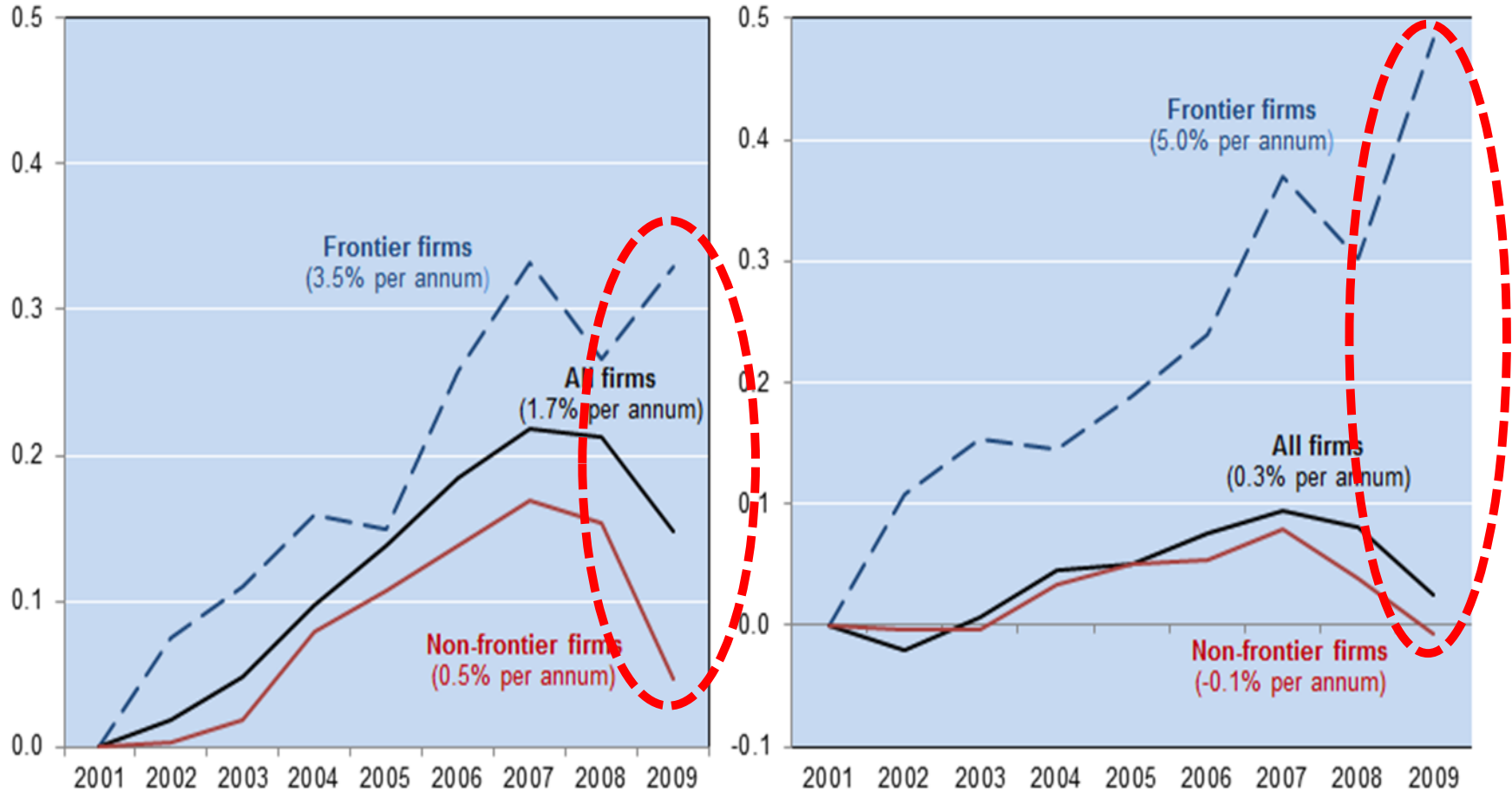
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The distance to the global frontier has widened in the recession

Manufacturing Sector



Services Sector

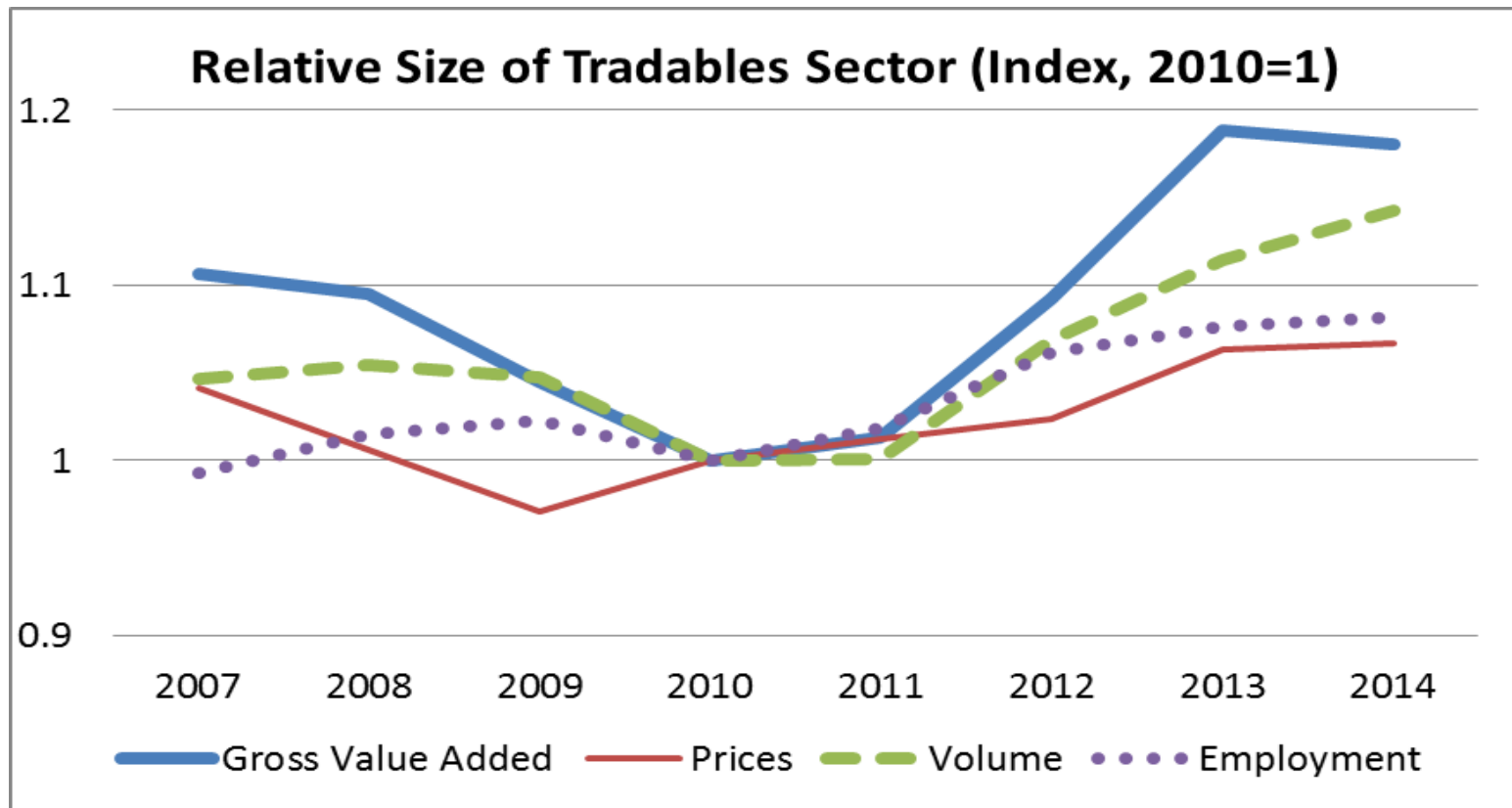


Source: Giuseppe Nicoletti

Greece: Rebalancing the economy

Tradable sector gained a higher share in the economy. Change in relative prices favours rebalancing towards tradable sector

(indices refer to tradable sector relative to non-tradable sector)



Tradables: agriculture, industry, business and financial services, telecommunications and services related to tourism (transport and accommodation and restaurants).
Non-tradables: else except public administration and non-market services.

Greece: Potential growth (accounting)

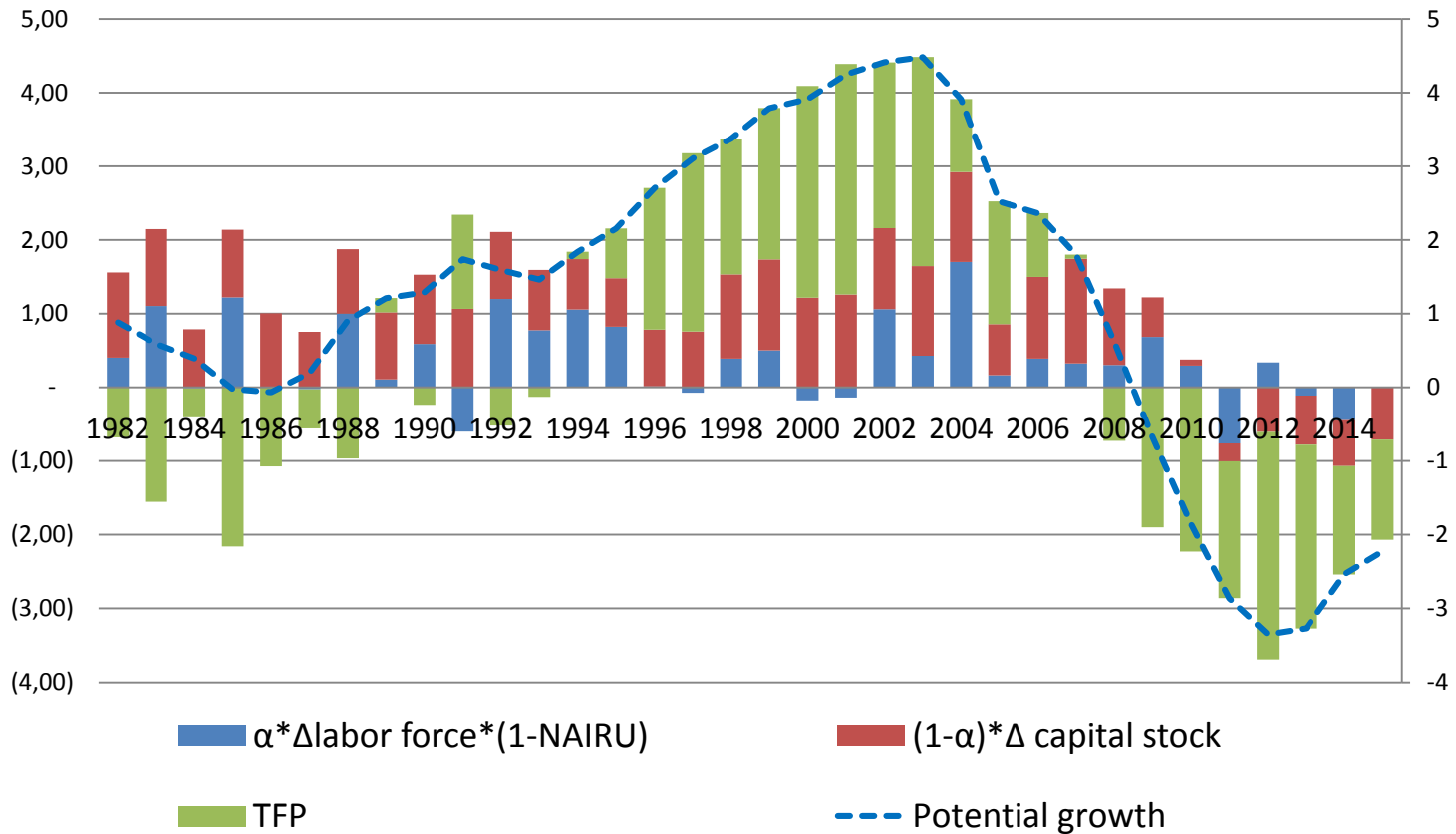
Potential output growth decomposition (average annual growth rates)

	1980-2008	2009-2015	2016-2030
1. $\alpha \cdot (\Delta \text{ labor force}) \cdot (1 - u^*)$	0,72	0,00	0.10
2. $\alpha \cdot \Delta \text{ capital stock}$	0,90	-0,40	0.90
3. $\Delta \text{ TFP}$	0,55	-1,93	1.00
4. Potential growth (1+2+3)	2,18	-2,33	2.00

Potential growth: $\Delta y^* = \alpha \cdot \Delta \text{ labor force} \cdot (1 - \text{NAIRU}) + (1 - \alpha) \cdot \Delta \text{ Capital stock} + \Delta \text{TFP}$

Greece: GDP growth accounting

Decomposition of potential growth



Source: Eurostat, Ameco, Bank of Greece estimates

Total Factor Productivity

