

HISTORICAL INCOME AND PRODUCTIVITY LEVELS

The process of “catch-up” in average income implies that less advanced economies should experience faster growth in output per capita, typically by adopting the practices of more advanced economies, notably as regards capital, technology and labour utilisation. While less developed countries may grow more rapidly at the beginning of the catching-up process, their economic growth rates are expected to decline over time as their income levels come closer to those of the more advanced countries.

Definition

For each country, the rate of “catch-up” vis-à-vis the United States is calculated as the difference between the average annual compounded growth rate of its GDP per capita level over the period and the average annual compounded growth rate of the United States’ GDP per capita level over the same period.

Comparability

Comparisons of income and productivity levels for a particular year are derived from the time series of Gross Domestic Product (GDP), population, employment and hours worked of the OECD Productivity Database. For some countries, GDP and population data were also derived from Angus Maddison (2001), *The World Economy: A Millennial Perspective*, OECD Development Centre, OECD, Paris.

Calculations are based on GDP measures converted from national currencies to US dollars using 2006 Purchasing Power Parities.

Long-term trends

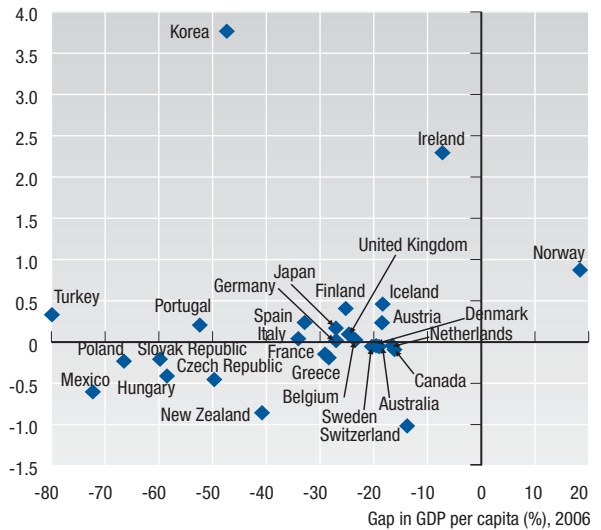
Since the 1970s, GDP per capita and labour productivity have broadly converged in the OECD area. Over the period 1973-2006, Ireland and Korea had the highest rates of catch-up in GDP per capita with 2.3% and 3.8% per year, respectively. More advanced economies that started with relatively high income levels in the 1970s have had lower rates of catch-up, even stagnated or recently have diverged vis-à-vis the United States; this was also the case for less advanced economies such as Eastern European countries, Mexico and Turkey.

Estimates of levels of GDP per hour worked display slightly different patterns. Since the beginning of the new millennium, several European countries have surpassed the United States in terms of average labour productivity levels. Only Australia, Canada, Mexico and New Zealand did not catch-up vis-à-vis the United States’ productivity levels.

Levels of GDP per capita

Catch-up and convergence in OECD income levels relative to the United States

Gap in average growth rate (%) 1973-2006



StatLink <http://dx.doi.org/10.1787/271581457461>

Sources

- OECD Productivity Database.

Further information

Statistical publications

- Maddison, Angus (2003), *The World Economy: Historical Perspectives*, OECD, Paris.

Methodological publications

- OECD (2001), *Measuring Productivity – OECD Manual Measurement of Aggregate and Industry-level Productivity Growth*, OECD, Paris.


Websites

- www.oecd.org/statistics/productivity.
- www.oecd.org/statistics/productivity/compendium.

Income and productivity levels relative to the United States

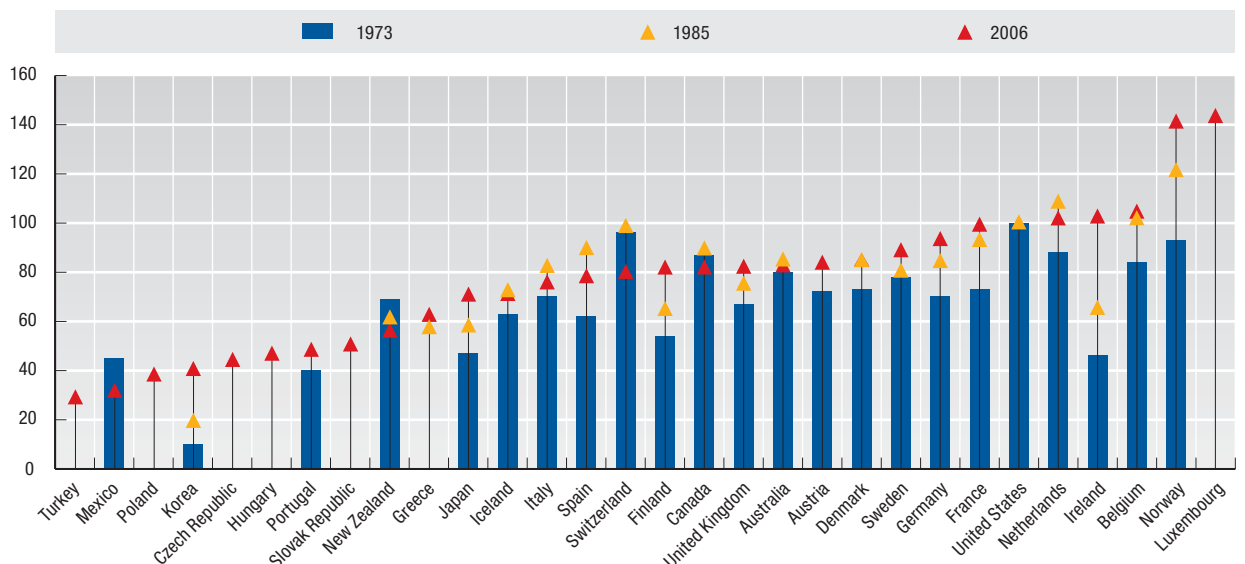

United States = 100

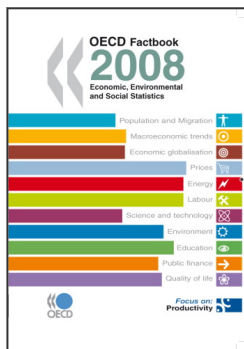
	GDP per capita							GDP per hour worked						
	1973	1985	1990	1995	2004	2005	2006	1973	1985	1990	1995	2004	2005	2006
Australia	83	80	76	80	82	82	81	80	85	81	84	84	83	83
Austria	76	80	82	83	81	81	81	72	..	91	90	83	83	84
Belgium	76	76	78	79	77	76	77	84	102	107	114	106	104	104
Canada	87	88	85	82	84	84	84	87	89	85	87	81	82	82
Czech Republic	58	56	51	46	46	48	50	..	..	..	39	41	43	44
Denmark	82	83	79	82	79	79	80	73	85	89	96	85	85	85
Finland	66	70	73	64	72	73	75	54	65	72	79	80	80	82
France	74	75	76	75	72	71	71	73	93	100	104	99	99	99
Germany	73	75	77	79	73	72	73	70	84	90	98	92	92	93
Greece	66	59	55	54	60	61	62	..	57	56	55	61	61	62
Hungary	47	45	39	33	40	41	41	..	..	..	40	44	46	47
Iceland	70	81	80	73	80	83	82	63	72	77	66	71	73	71
Ireland	45	49	55	64	91	92	93	46	65	73	83	101	101	102
Italy	65	71	74	74	68	66	66	70	82	87	91	77	76	76
Japan	69	74	81	81	73	73	73	47	58	67	71	70	71	71
Korea	16	25	33	44	50	51	53	10	19	26	32	38	40	41
Luxembourg	121	115	141	151	172	174	178	..	..	..	..	..	..	143
Mexico	34	34	29	27	27	27	28	45	..	39	35	32	31	32
Netherlands	85	79	81	83	83	83	83	88	108	106	113	104	103	102
New Zealand	78	68	61	61	60	60	59	69	61	64	63	57	56	56
Norway	89	110	105	116	118	118	118	93	121	126	140	141	141	141
Poland	36	31	25	26	32	32	33	..	..	..	..	38	37	38
Portugal	45	40	48	49	49	48	48	40	..	44	50	49	49	48
Slovak Republic	43	41	37	32	36	38	40	..	..	..	37	48	48	50
Spain	62	57	63	63	67	67	67	62	90	89	93	78	78	78
Sweden	81	79	78	74	78	78	80	78	80	80	84	85	87	89
Switzerland	120	105	104	95	86	86	86	96	99	96	87	79	80	80
Turkey	18	18	19	19	19	19	20	..	..	..	..	..	..	29
United Kingdom	73	69	72	73	76	75	75	67	75	76	82	82	81	82
United States	100	100	100	100	100	100	100	100	100	100	100	100	100	100

 StatLink  <http://dx.doi.org/10.1787/276082813320>

GDP per hour worked relative to the United States

United States = 100


 StatLink  <http://dx.doi.org/10.1787/27157485515>



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