

United States

Productivity growth has been especially slow in recent years, intensifying a broad-based deceleration initiated in the early 2000s. Although cyclical weakness in demand has contributed to the slowdown, there are signs that structural forces are undermining allocative efficiency, including declines in business dynamism, signs of diminished competitive pressures, and sagging public infrastructure provision. Multiple policies to reinvigorate productivity would be appropriate, such as targeted investments in public infrastructure, eliminating needless inter-jurisdictional differences in occupational licensing, and broadening the scope of antitrust laws.

- Boost investment in, and maintenance of infrastructure; in particular, promote mass transit. Use federal programmes to encourage co-ordination across State and local jurisdictions.
- Support business dynamism by making R&D tax credits refundable for new firms, ensuring bankruptcy producers do not undermine incentives for entrepreneurship, as well as by continuing to speed up patenting decisions without compromising patent quality.
- Adapt antitrust policy to new trends in digitalisation, financial innovation and globalisation. Strengthen compliance with merger remedies. Continue to strengthen pro-competitive policies, including in telecoms.
- Remove unnecessary occupational licensing requirements and make others more easily portable across states.
- Cut the statutory marginal corporate income tax rate and broaden its base to reduce the incentive to shift business activity to non-corporate forms.



Key publications

Fernald J., (2014), "Productivity and Potential Output Before, During, and After the Great Recession", *NBER Working Paper No. 20248*.

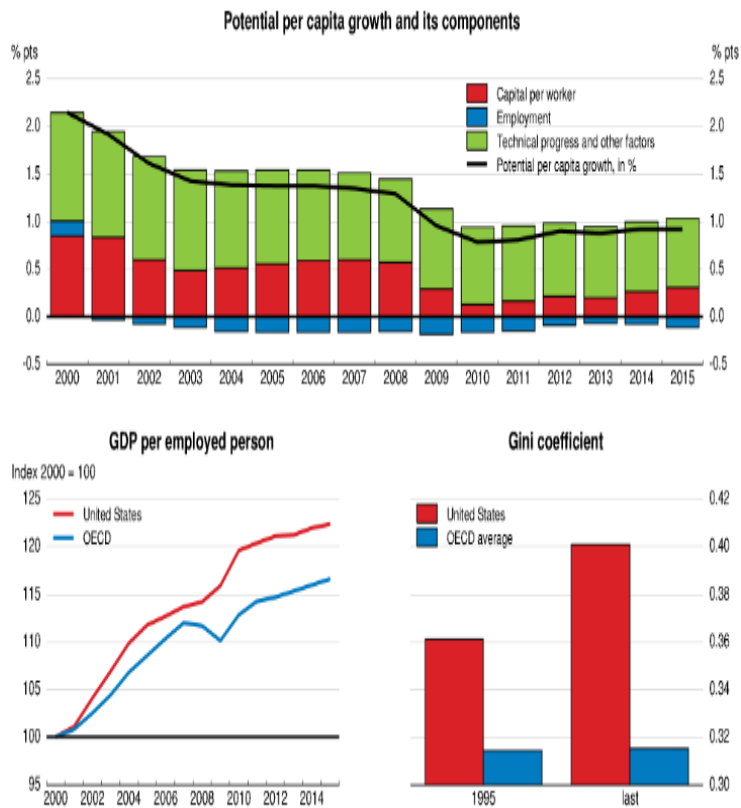
Gordon, R. J. (2012), "Is U.S. Economic Growth Over? Faltering Innovation Confronts the Six Headwinds", *NBER Working Paper No. 18315*.



Productivity - enhancing institutions

Council of Economic Advisers

A number of other bodies take an interest in productivity related issues, including the Government Accountability Office, the Office of Information and Regulatory Affairs, the International Trade Commission. These bodies are complemented by active policy think tanks, such as the Brookings Institution and the Peterson Institute of International Economics.



Source: OECD June 2016 Economic Outlook database; OECD, Income Distribution and Poverty database; and OECD Secretariat calculations from EU-SILC – preliminary results.

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