



Centre for the Study of Living Standards
Centre d'étude des niveaux de vie

Wages Lagging Productivity Growth in Canada

Press Release – Ottawa, July 6, 2017

The Centre for the Study of Living Standards (CSLS) today released a special issue of its flagship publication, the *International Productivity Monitor*, done in partnership with the Organization of Economic Cooperation and Development (OECD). The issue is based on selected papers from the First OECD Global Forum on Productivity held in Lisbon in July 2016. The table of contents of the issue with links to the articles is below.

The issue contains 11 articles featuring the most recent research on a wide range of productivity topics from the OECD and other organizations which undertake productivity research. Topics addressed include the decoupling of wage and productivity growth, the productivity implications of global value chains, productivity insights from firm-level data, public sector productivity issues, the role of urban agglomerations in productivity growth, and development of pro-productivity institutions. The key findings of the articles are highlighted in the Editors' Overview available at <http://www.csls.ca/ipm/32/IPM32-Editor's%20Overview>.

Particularly relevant from a Canadian perspective are the two articles on the decoupling of wage growth from productivity growth in OECD countries. Both articles show that the gap between wage and labour productivity growth in Canada in recent years has been greater than experienced in most other OECD countries.

- Cyrille Schwellnus, Andreas Kappeler and Pierre-Alain Pionnier from the OECD show that real median compensation advanced only 0.23 per cent per year in Canada between 1995 and 2013, compared to 0.84 per cent for labour productivity, a gap of 0.62 percentage points, above the OECD average gap of 0.40 percentage points.
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- Andrew Sharpe and James Ugucioni from the Centre for the Study of Living Standards find very similar results for the 1986-2013 period, with labour productivity growth in Canada of 1.16 per cent per year exceeding median hourly earnings growth of 0.57 per cent by 0.62 percentage points per year. The authors identify growing wage inequality as the most important driver of this development, followed by the falling share of income going to labour.

International Productivity Monitor

Number 32, Spring 2017

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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.