

Productivity Performance of Canadian Industries Relative to Their U.S. Counterparts: Consistent Estimates

Jianmin Tang (Industry Canada)

Someshwar Rao (Industry Canada)

Min Li (Statistics Canada)

Abstract

The objective of this paper is to provide consistent and up-to-date Canada-U.S. gap estimates for capital intensity, labour productivity and multifactor productivity (MFP) across major industries in the period 1997-2008. For this purpose, it develops capital stock estimates for Canadian and U.S. industries using the same (either U.S. Bureau of Economic Analysis or Statistics Canada) depreciation rate for the two countries. The results show that Canadian industries invested more in structure capital assets but less in machinery and equipment (including information and communications technologies) than their U.S. counterparts. In addition, it is found that Canada's weak labour productivity performance in the post-2000 period compared to the pre-2000 period as well as relative to the U.S. was a result of weaker MFP performance. Finally, it demonstrates that Canada's labour productivity and MFP problem relative to the U.S. has worsened since 2000 and has been pervasive across all major industries.