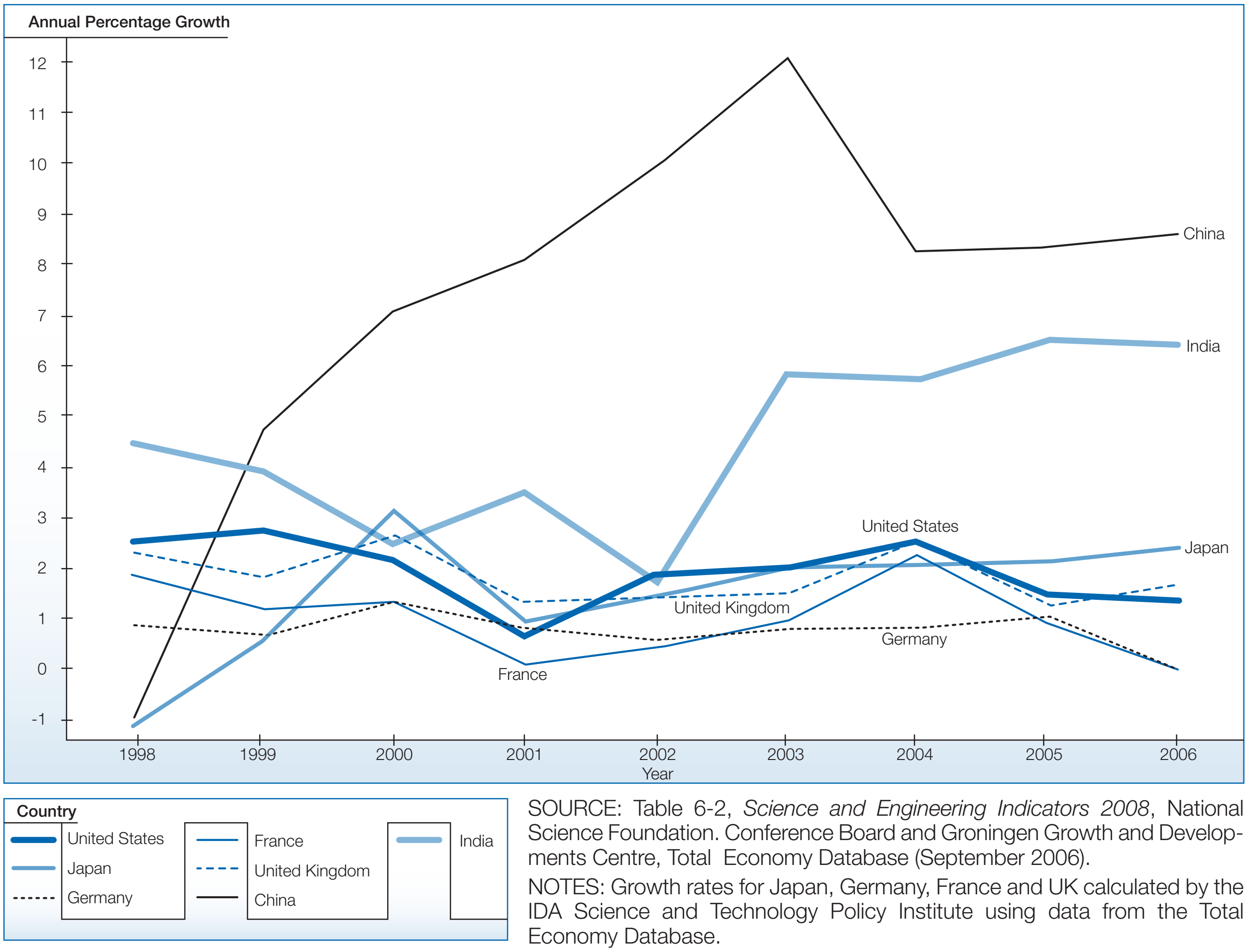
Productivity is growing faster in China and India than in many other countries including the United States.

Figure 18. Annual productivity growth by selected country: 1989-2006



SOURCE: Table 6-2, *Science and Engineering Indicators 2008*, National Science Foundation. Conference Board and Groningen Growth and Developments Centre, Total Economy Database (September 2006).

NOTES: Growth rates for Japan, Germany, France and UK calculated by the IDA Science and Technology Policy Institute using data from the Total Economy Database.

Why is this indicator important?

- Productivity growth occurs when there is growth in output not attributable to growth in inputs (such as labor, capital and natural resources).
- This type of growth is often associated with technological innovation, for example, the diffusion of information and communications technologies across industries and sectors of the economy.

Key Observations

- China has been the productivity growth rate leader for the past decade, with productivity growth of 8.7% per year, on average, since 2000, though India has increased to roughly 6.5% per year in 2005-2006.

Related Discussion

- While growth in productivity has slowed in the United States in recent years, growth in labor inputs has increased, in part offsetting productivity as a contributor to GDP growth.