THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH

BRITAIN'S PRODUCTIVITY PERFORMANCE 1950-1996 AN INTERNATIONAL PERSPECTIVE

by

Mary O'Mahony

CONTENTS

Dataset

References

	Page	
List of tables	Vi	
Preface	vi	
Treface	VII	
1 Overview		
Introduction	1	
Measuring productivity: theoretical considerations	1	
Measuring productivity: practical considerations	3	
Productivity performance in the aggregate •		
Conclusion .	8	
2 A sectoral analysis	11	
Introduction	11	
Labour productivity	13	
Sectors	13	
Manufacturing .	17	
Fixed capital and total factor productivity	19	
Sectors	19	
Manufacturing	24	
Labour force skills	27	
Unit labour costs	31	
Conclusion	34	
3 The National Institute sectoral productivity database: sources and methods	35	
General remarks: sector and data coverage	35	
Methodology	36	
The estimation of relative productivity levels	36	
The estimation of capital input	38	
Data sources	41	
Output	41	
Persons engaged	43	
Annual average hours worked	44	
Investment	46	
Workforce skills	47	
Relative wages	49	
Labour compensation and labour's share of value added	49	
Industry classifications	50	

55

189

List of tables

		page
Table 1.1	Britain's relative labour productivity position, 1996	5
Table 1.2	Labour productivity in the aggregate and market economies	5
Table 1.3	Capital intensity in the aggregate and market economies	6
Table 1.4	Total factor productivity in the aggregate and market economikes	7
Table 1.5	Labour force skills and productivity, 1995	8
Table 2.1	Industrial structure: employment & output shares by sector	12
Table 2.2	Growth in output per hour by sector	14
Table 2.3	Cross section correlations of labour productivity growth rates	15
Table 2.4	Labour productivity levels by sector	16
Table 2.5	Growth rates of labour productivity: manufacturing	17
Table 2.6	Labour productivity levels, manufacturing branches	18
Table 2.7	Growth in capital per hour by sector ,	20
Table 2.8	Capital per hour worked: relative levels by sector	21
Table 2.9	Growth in total factor productivity by sector	22
Table 2.10	Total factor productivity: relative levels by sector	23
Table 2.11	Growth rates of capital intensity: manufacturing	24
Table 2.12	Capital intensity levels, manufacturing branches	25
Table 2.13	Growth rates of total factor productivity: manufacturing	26
Table 2.14	Total factor productivity levels, manufacturing branches	26
Table 2.1 5	Skill proportions of the workforce: sectors	28
Table 2.16	Skill proportions of the workforce: manufacturing	29
Table 2.17	Relative skills and division of labour productivity levels, 1995	30
Table 2.18	Growth in labour's share of value added: sectors	32
Table 2.19	Relative unit labour costs: aggregate	33
Table 2.20	Relative unit labour costs: sectors	33
Table 3.1	1993 PPPs, domestic currencies per £ sterling	38
Table 3.2	Depreciation rates by sector	40
Table 3.3	Depreciation rates in manufacturing	41
Dataset and	d technical note	
	lices of growth in real output	56
Table B: Nu	mbers of persons engaged	76
	nual average hours per person engaged	96
Table D: Indices of labour productivity		116 136
Table E: Indices of capital services		
Table F: Labour's share of valued added		154
	cill proportions of the workforce	172
Table H: Re	elative levels of labour productivity and capital intensity .	184