

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Question: BET 132

Topic: Acceleration of Productivity in 1990's

Hansard Page: Thursday 31 May 2012, page 29

Senator WATERS asked:

Senator WATERS: Are you aware of claims by Professor John Quiggin that the so-called acceleration of productivity in the 1990s was effectively a measurement error?

Dr Gruen: Yes. I have been having this argument with Professor Quiggin for a decade.

Senator WATERS: I am sure you have. Can you give me a very short response to his contentions? If it is not going to be short, could you take that on notice and I will move to my next tranche of questions.

Dr Gruen: I am happy to take it on notice.

Senator CORMANN: You are going to write a dissertation.

Dr Gruen: No, I am not.

CHAIR: Here is your chance to write a dissertation.

Dr Gruen: I have had my chances to write dissertations.

Answer:

The ABS' estimates shower higher productivity growth during the 1990s than in 1980s or 2000s.

Productivity growth estimates, by their nature, only allow the proximate, rather than direct or underlying, causes of change to be surmised, and there has been some debate on the likely causes of the surge in productivity growth in the mid- to late 1990s. The Productivity Commission's 2009 submission on Australia's Productivity Performance to the House of Representatives Standing Committee on Economics provides an overview of this debate, finding that the evidence suggests economic reform played a significant role. Increased work intensity, as contended by Professor Quiggin, is another possible factor explaining this growth.