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### **Labor intensity and global productivity slowdown in Europe and Russia**

This paper explores the link between changes in skill allocation across industries and productivity and in a deeper dive sheds light on the question if and to what extent the global productivity slowdown can be attributed to changes in skill allocation in Russia and several selected EU countries. We make use of the latest 2019 releases of Russia KLEMS and EU KLEMS that comprise industry level data for Russia, 28 single EU countries, and the United States up to 2017 (for most countries) to enrich the literature on the global productivity slowdown in recent years.

Differences in GDP per capita across countries are mostly reflected in labour productivity gaps which again largely depend on multi factor productivity and the stock of human capital that a country has at its disposal. One of the channels of the impact is labor composition. Labor reallocation in favor of more productive groups of workers contributes positively to aggregate labor productivity growth – at about 0.3 percent on average in 12 EU economies and 0.13 percent in Russia since 2002. The alternative channel is based on the idea that more educated and skilled workers adapt new technologies faster. It is common sense in the literature that skill-intensive industries are more productive and demonstrate higher TFP growth, especially for countries near the technological frontier.