

Abstract for “Capital services, embodied technical change & obsolescence in Australia”

Michael B. Cunningham (Economic Insights)

Denis Lawrence (Economic Insights)

The paper will apply the Diewert (2009) and Harper (2007) vintage capital model using Australian data. In this method of aggregating capital across vintages, technical change may be embodied in capital equipment and induced obsolescence taken into account. It differs from the conventional approach, exemplified by the OECD (2007) and the ABS. The study will produce alternative estimates of MFP movements based on the new capital services measures for selected industries. It will draw conclusions about possible influences on observed MFP trends of factors such as real wages and embodied technical progress.