

Productivity Measurement Issues in Unstable Economies

Ariel Coremberg
University of Buenos Aires

The paper discusses some main issues on productivity change in unstable economies that could challenge the application of standard measurement methodologies and proposes some methodological alternatives. Large business cycle amplitude and unstable growth trend generates important fluctuations in factors utilization. Bubbles, Sovereign Risk, Financial Repression and Capital Controls can change the measurement and interpretation of user costs through standard exogenous approach. Large changes of relative prices due to macroeconomic inconsistencies and crisis, especially in the real exchange rate generate a bias in the usual interpretation of TFP, shift-share changes and structural bonus issues. The importance of informal sector in labor market, labor hoarding and high fluctuations in unemployment cause distortions in usual interpretation of the contribution of labor quality to growth. According to their outstanding role in developing countries, Land and subsoil assets contribution must not be excluded from growth accounting. The paper tests some of the main issues in Argentina, one of the main commodity exporters to BRIC countries, as an example of a country which presents a historic record of high unstable political and vulnerable economic behavior that could bias productivity change standard measurement.