

# Chapter

# 1



Growth performances  
in OECD countries

Measuring growth:  
analytical framework

*Role of labour*

The contribution of IT  
to growth

Key conclusions

## Key questions

- How have growth trends differed across OECD countries in recent years?
- To what extent are the different growth experiences due to “traditional” factors (catch-up through capital deepening and differences in labour utilisation) versus “new economy” influences?

# Chapter 1

# Growth performances in OECD countries

Economic growth performances among OECD countries varied considerably during the 1990s, with a few countries – including the US – experiencing significantly stronger growth than others.

In some countries (e.g. Ireland and Korea), strong rates of expansion appear to have been at least partly the result of the familiar catch-up process enjoyed by most of the western European economies in the two decades following the Second World War.

However, rapid growth in the US cannot be attributed to catch-up effects. Instead, the phase of powerful economic growth experienced in the US until 2001 led many commentators to speculate that a “new economy” had emerged in which economic performance was being enhanced by the spread of IT. This, it is argued, produced an unusual combination of strong output and productivity growth, together with falling unemployment and low inflation. These patterns are all the more surprising for a country already at the technology frontier in many industries, and were not repeated in most other affluent OECD economies.

Indeed, in the 1990s, the large continental European countries and Japan experienced slow economic growth and rising, or persistently high, unemployment.

