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Growth Accounting and Welfare Improvement

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Firm Transition in Indian MSMEs and Its Impact on the Productivity Differences and This study analyzes the effects of the recent productivity slowdown on welfare improvement in a panel of 9 countries of Europe and Central Asia (ECA) over the period 2000-2015. Using GMM consistent-estimation techniques, we revisit the relationship between economic growth and welfare and find that a one percentage increase in economic growth leads to about the same percentage increase in mean income growth for the whole population as well as that of the poorest 20 percent and 40 percent. In addition, while controlling for all the economic growth components simultaneously, we show that the labor factor followed by the total factor productivity have the highest contributive effect on welfare improvement for especially the poorest. Furthermore, allowing for structural breaks in period of productivity recession, we do not find any statistical evidence of a shift in the elasticity between economic growth and mean incomes growth in period of productivity recession compared to period of productivity expansion.