GROWTH IN GDP PER CAPITA

Gross Domestic Product (GDP) per capita measures economic activity or income per person and is one of the core indicators of economic performance. GDP per capita is a rough measure of average living standards or economic well-being. Per capita GDP growth can be broken down into a part which is due to labour productivity growth (measured as GDP per hour worked) and a part which is due to increased labour utilisation (measured as hours worked per capita). Growing labour utilisation can have considerable impacts on the growth of GDP per capita. A slowing or declining rate of labour utilisation combined with high labour productivity growth can be indicative of a greater use of capital and/or of a decreasing employment of low-productivity workers.

Definition

The indicator hereafter is calculated using GDP and population estimates published in the OECD Annual National Accounts database. For zone aggregates, GDP estimates have been converted to constant US dollars, using 2000 constant Purchasing Power Parities (PPPs). Series on hours were mostly derived from the OECD, *Annual National Accounts*; when this source was not available the *OECD Employment Outlook* was used instead.

Long-term trends

Over the period 1970-2007, annual growth in GDP per capita has been above 2% in most OECD countries, but significantly more in some countries, notably Ireland and Korea for which the average growth rate went over 4%. In the second half of the 1990s, Hungary, Korea, Poland, the Czech Republic, Turkey and the Slovak Republic experienced high rates of growth in GDP per capita. More recently, many OECD countries have experienced a deceleration in their income growth relative to long-term trends, notably Italy and Portugal.

Since the beginning of the new millennium, many European countries have decreased in the rate of labour utilisation, which was also accompanied by a sharp decline in labour productivity growth. Noteworthy, the estimates shown here are not adjusted for differences in the business cycle; cyclically adjusted estimates might show a somewhat different pattern.

Comparability

All OECD countries follow the *1993 System of National Accounts*. Hours worked correspond to actual hours worked, although methods to derive actual hours worked may vary somewhat between countries.

OECD total, in the first chart, does not include Austria, the Czech Republic, Hungary, Poland, the Slovak Republic and Turkey; in the other charts, OECD total does not include Poland and Turkey.

Sources

- *Annual National Accounts*.
- *OECD Productivity Database*.

Further information

Analytical publications

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Statistical publications

- *OECD Compendium of Productivity Indicators*.

Methodological publications

- OECD (2001), *Measuring Productivity – OECD Manual Measurement of Aggregate and Industry-level Productivity Growth*, OECD, Paris.

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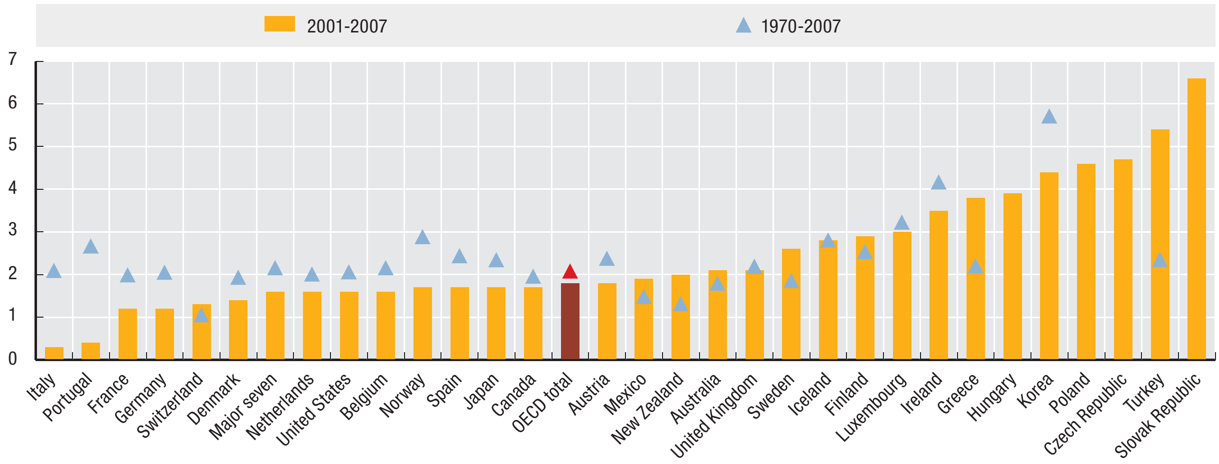
Growth in GDP per capita

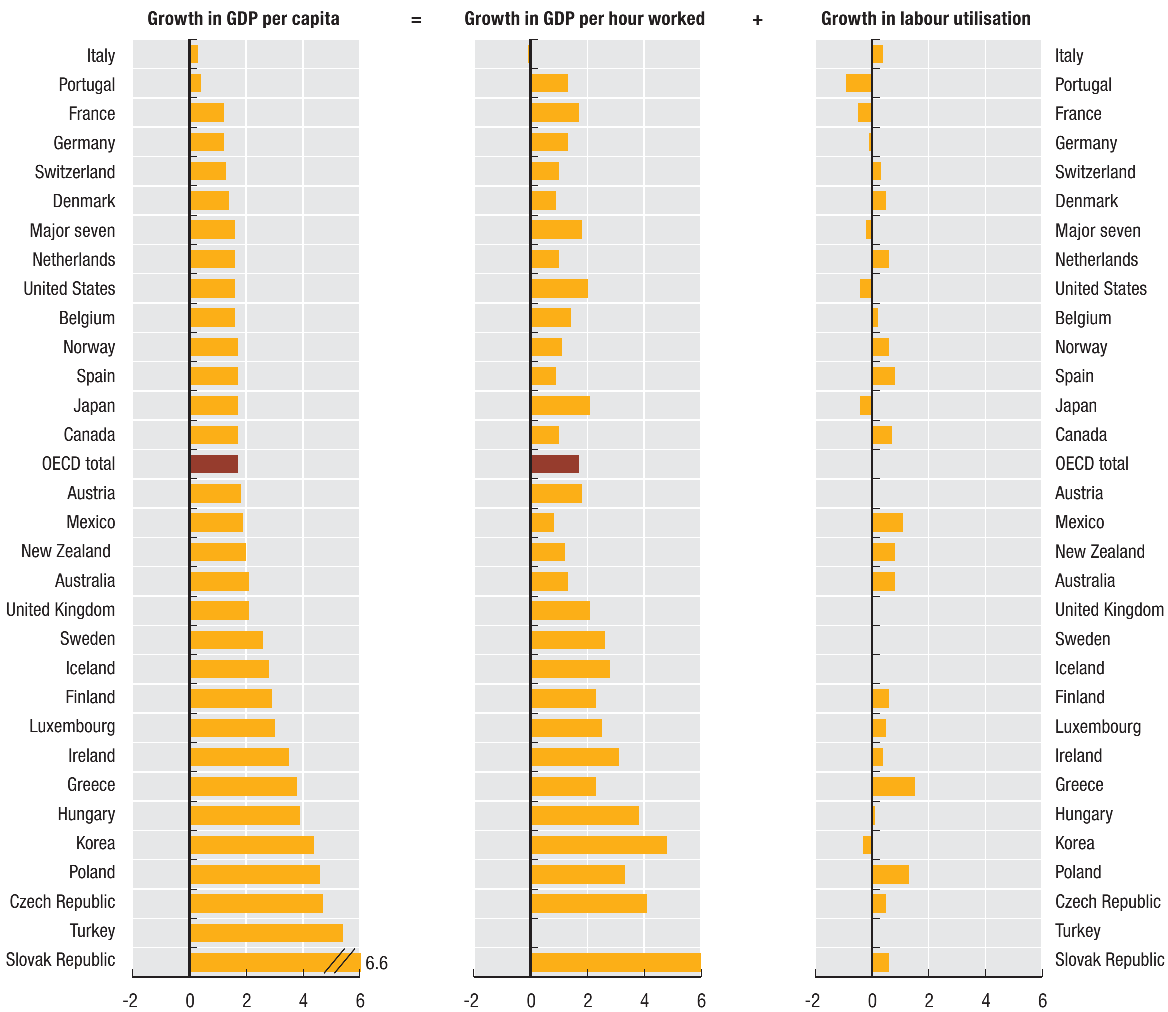
Percentage change, annual rate



StatLink http://dx.doi.org/10.1787/535082746484

Contribution of labour productivity and labour utilisation to GDP per capita

Percentage change 2001-2007, annual rate



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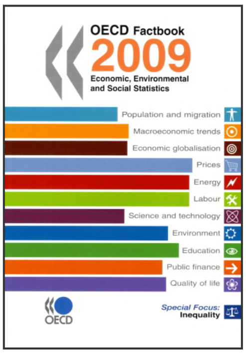

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