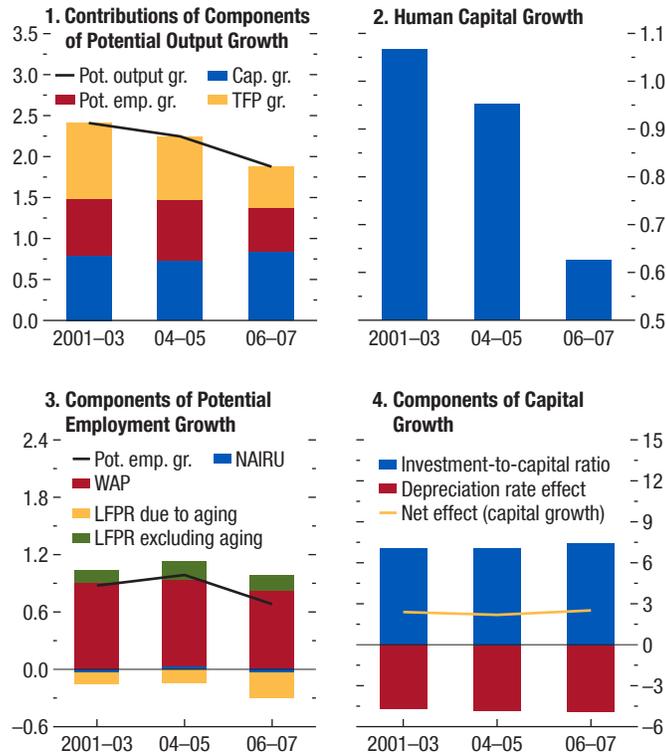


Figure 3.5. Determinants of Potential Output Growth in Advanced Economies
(Percent)

In advanced economies, potential growth declined in 2001–07 because of lower total factor productivity growth, resulting in part from a decline in human capital growth. Potential employment growth fell only slightly as a result of demographic factors. Growth in the capital stock remained stable.



Sources: Barro and Lee 2010; and IMF staff estimates.

Note: Human capital is measured as the percentage of people in the population over 15 years old who have secondary education or higher. Advanced economies are defined in Annex 3.1. Cap. gr. = capital growth; LFPR = labor force participation rate; NAIRU = nonaccelerating inflation rate of unemployment; pot. emp. gr. = potential employment growth; pot. output gr. = potential output growth; TFP gr. = total factor productivity growth (including human capital growth); WAP = working-age population.