

HOW TO LIFT NEW ZEALAND'S PRODUCTIVITY GROWTH

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What are the broad policy directions and institutions necessary to improve New Zealand's poor productivity record and close the substantial productivity and income gaps relative to the more advanced OECD economies? In an effort to answer this question, this paper outlines the extent of New Zealand's productivity underperformance and the broad economic reasons why lifting aggregate productivity has proven to be so difficult over recent decades. Given this diagnosis of New Zealand's productivity ills, the paper sketches out the broad strategic directions in which policy must move to improve investment in the assets necessary to benefit to the full from monumental changes currently taking place in the global economy.