

Productivity & Prosperity

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Competitiveness Congress
Istanbul

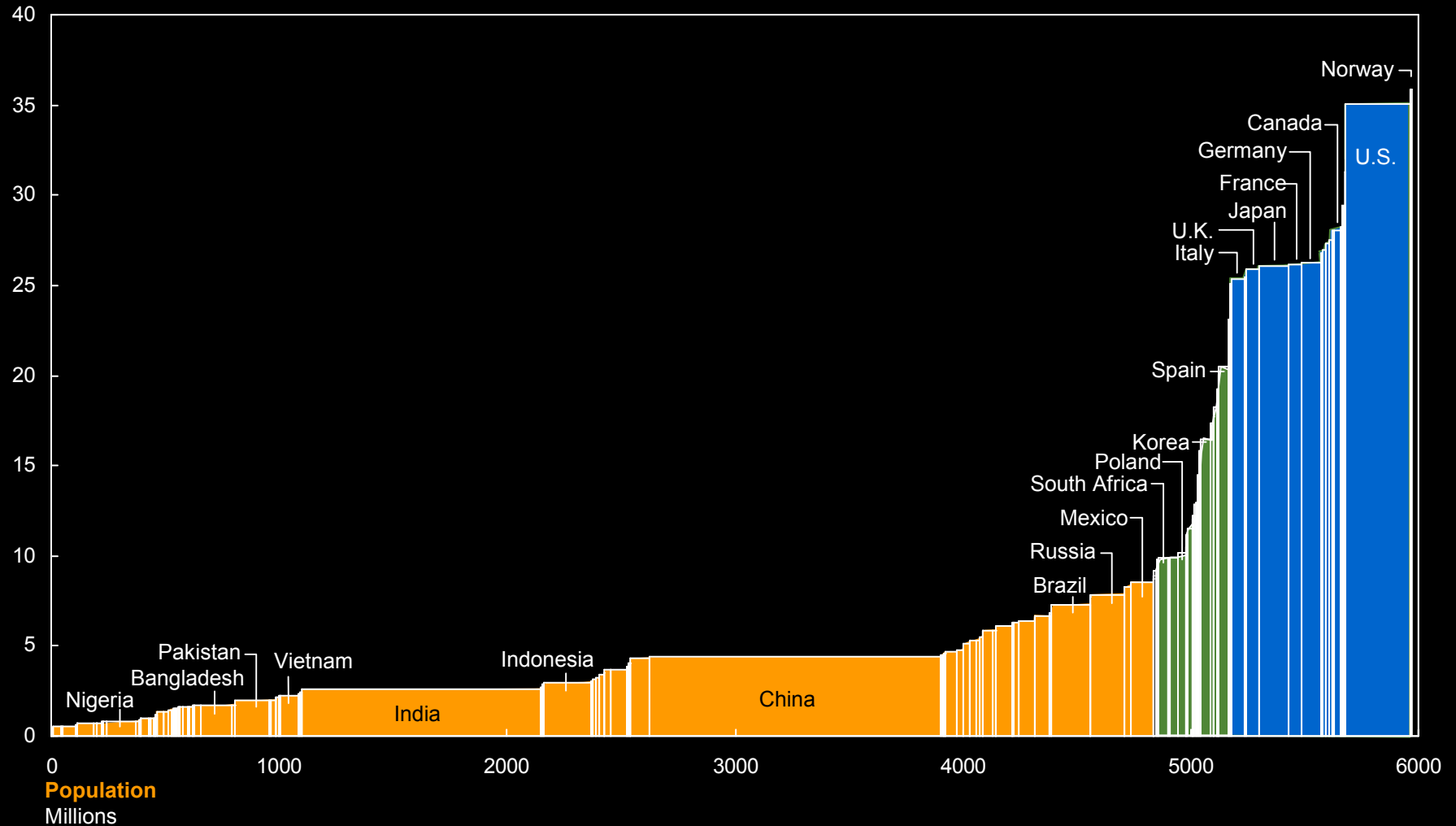
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WORLD DISTRIBUTION OF PER CAPITA GDP BY COUNTRY

U.S. Dollars, at PPP

- High income countries
- Middle income countries
- Low income countries

GDP per capita, 2002
U.S. 2002 \$ thousands



GDP per
capita



Employment
Capita



Labor
productivity

- Skill level of personnel
- Organization of functions and tasks, marketing and other operational factors

- Capital and technology
- Scale and capacity utilization

CONCLUSIONS

- **Sector level analysis is necessary to find causal factors of economic performance**
- **Education is not as immediately important as most people think**
- **Distortions in competition in product markets are more important than labor or capital market problems**
- **Today's big governments in poor countries are a handicap today's rich countries did not have when they were poor**
- **Consumers are the only political force that can stand up to producer interests, big government, and the technocratic, political, business, and intellectual elites**

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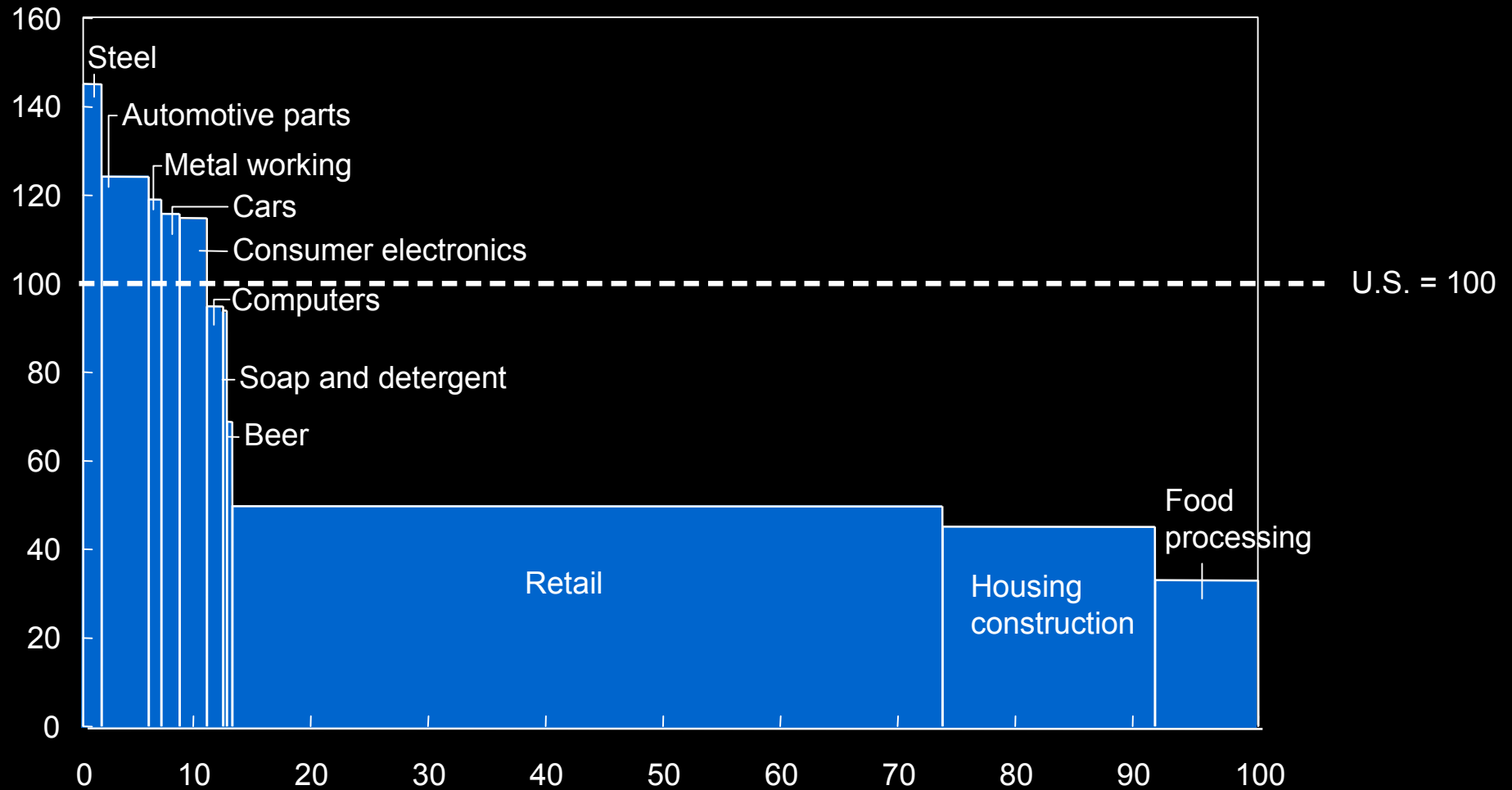
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DUAL ECONOMY IN JAPAN

11 Industries

Relative productivity levels

Index U.S. = 100



Employment

100% = 12.473 million employees

CONCLUSIONS

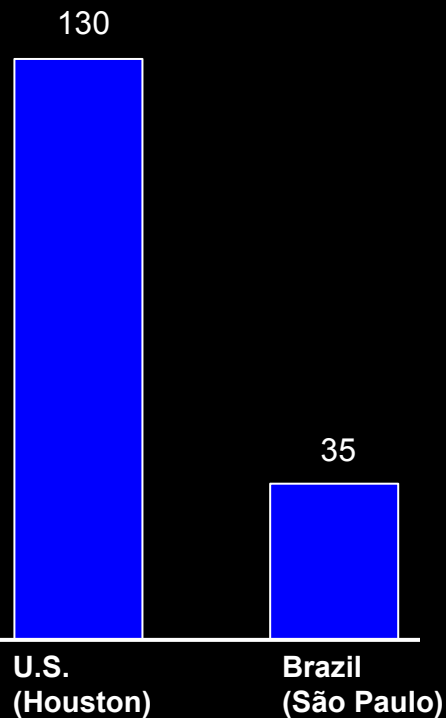
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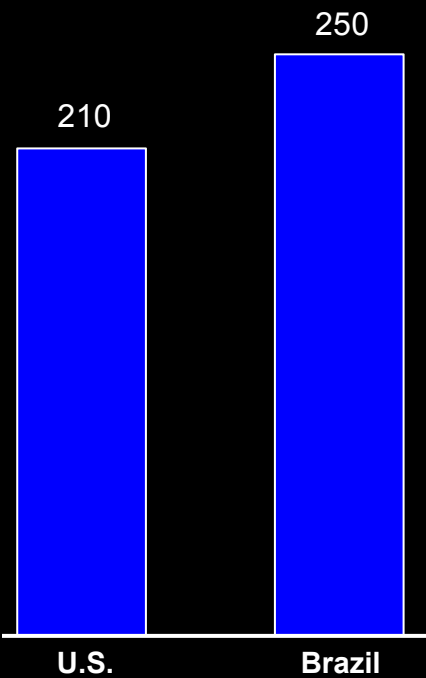
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BLUE COLLAR TRAINABILITY – CONSTRUCTION OF SUBSIDIZED HOUSING

Labor productivity
M²/thousand hours



Construction cost
U.S.\$/M²



Organization of labor

	U.S.	Brazil	Brazilian gap
Subcontractors	40	10	<ul style="list-style-type: none"> • Less specialized

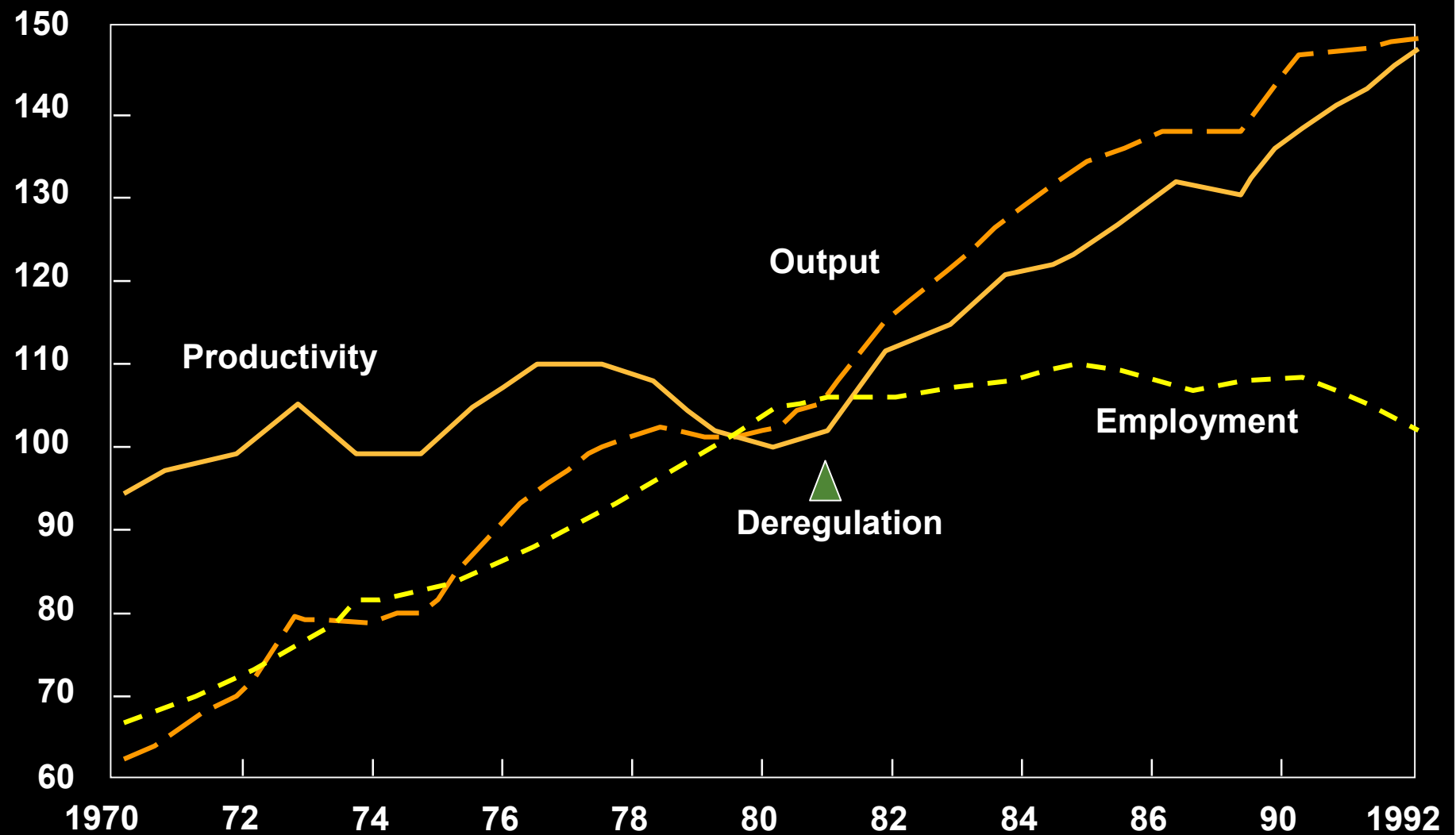
Blue collar background	Mexican agriculture	Brazilian northeast agriculture	<ul style="list-style-type: none"> • Similar educational background
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LABOR PRODUCTIVITY, OUTPUT, AND EMPLOYMENT IN U.S. COMMERCIAL BANKS

Indexed to 1980 = 100



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GOVERNMENT SPENDING VS. GDP PER CAPITA

Government spending

As percent of GDP

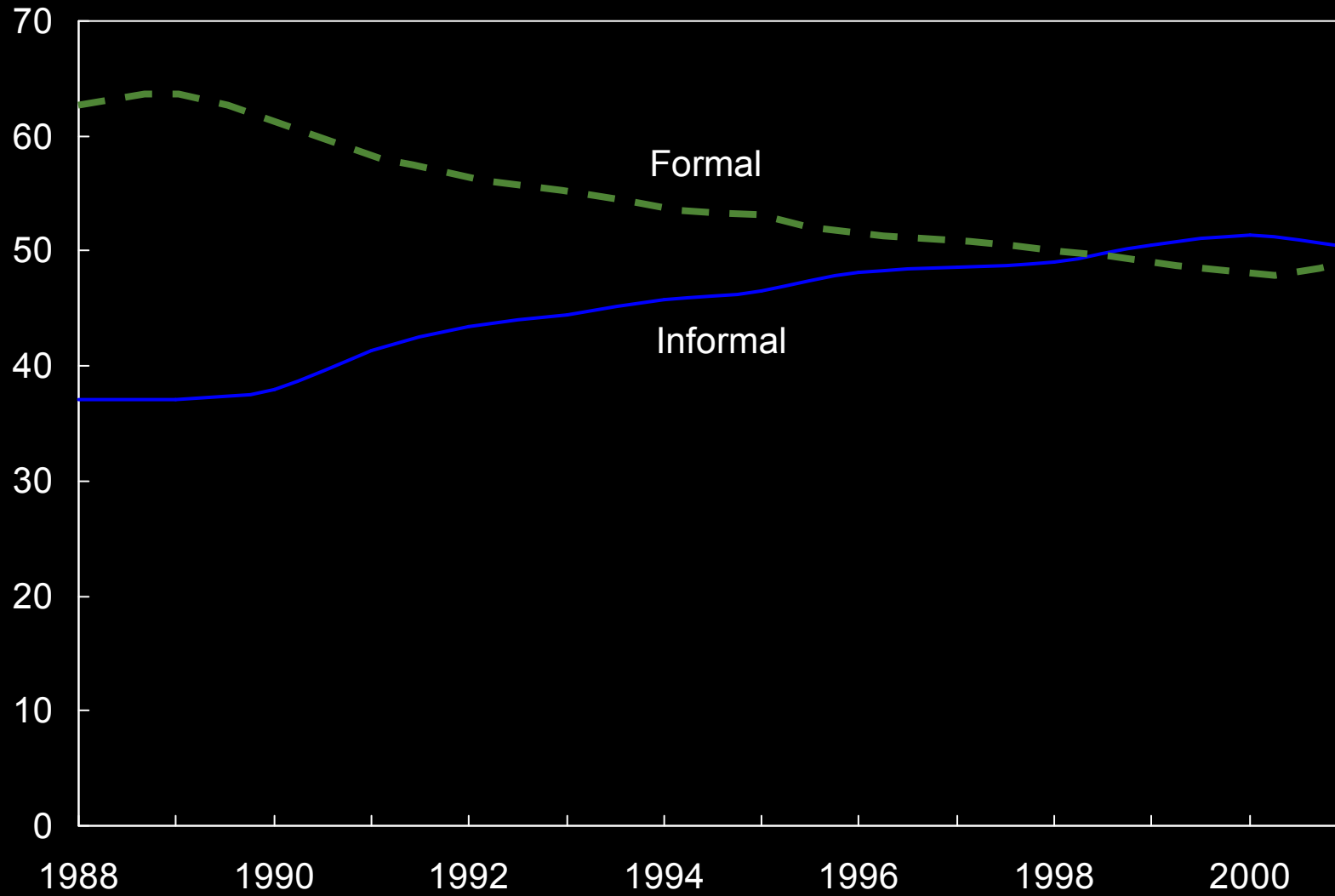


GDP per capita

1990 U.S.\$

INFORMALITY IN BRAZIL

Percent urban employment



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5. Consumers have political clout

US Consumer advocacy



1906, Senator Robert La Follette

“The welfare of all the people as consumers should be the supreme consideration of the government.”



1914, Walter Lippman

“We hear a great deal about the class-consciousness of labour. My own observation is that in America today consumers’ consciousness is growing very much faster.”



1932, President Franklin Roosevelt

“I believe that we are at the threshold of a fundamental change in our popular economic thought; in the future, we’re going to think less about the producer and more about the consumer.”



1960, John F. Kennedy

“The consumer is the only man in our economy without a high-powered lobbyist. I intend to be that lobbyist.”