

"Productivity Differences." (with D. Acemoglu),

ABSTRACT

Many technologies used by LDCs are developed in OECD economies, and as such, are designed to make optimal use of the skills of these richer countries' workforces. Due to differences in the supply of skills, some of the tasks performed by skilled workers in richer economies will be carried out by unskilled workers in the LDCs. Since the technologies in these tasks are designed to be used by skilled workers, productivity in LDCs will be low. Even when all countries have equal access to new technologies, this mismatch between skills and technology can lead to sizable differences in total factor productivity and output per worker. Our theory also suggests that productivity differences should be highest in medium-tech sectors, and that the trade regime and the degree of intellectual property right enforcement in LDCs have an important effect on the type of technologies developed in richer economies and on productivity differences.

JEL Classification: F43, O14, O34, O47.

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Development, Directed Technical Change, Intellectual Property Rights, Skills, Technology, Total Factor Productivity.