Growth in the Face of Headwinds: What to Do?

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Every country is inside the economic and policy frontier in key respects.

- Schooling quality
- Labor market adaptability
- Transport infrastructure
- Trade/FDI Openness
- Rule of Law
- Efficiency of legal system
- Tax distortions and compliance burdens
- Regulatory complexity
- Ease of doing business
- Product market competition
- Management practices
- Science & engineering capabilities
Schooling Quality and Economic Development

Annual Growth Rate of GDP Per Capita from 1960 to 2000

Performance on International Tests, e.g., PISA, TIMSS

**Management Practice Scores and Real GDP Per Capita**

Based on interviews of plant managers at Medium-sized manufacturing firms

**Note:** Using management scores from 15,454 interviews in the World Management Survey. Management practices are scored on a 1 to 5 scale for 18 question, averaged over questions for the firm and then across firms for the country. GDP data on a PPP basis for 2013 from the IMF World Economic Outlook.

Source: Figure 14 in Crews (2015) for data from 2001 to 2014, spliced to data for earlier years from Dawson and Seater (2013), who consider a somewhat narrower set of regulation “titles”.

175,000 Pages = 130 King James Bibles!
Simply Describing the US Tax Code Takes Another 70,000 Pages!

Source: Figure 14 in Crews (2015) for data from 2001 to 2014, spliced to data for earlier years from Dawson and Seater (2013), who consider a somewhat narrower set of regulation “titles”.

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Only 5% in mid 1950s; 10% by 1965, 25% by 2008

Figure 5: Percent Licensed Over Time: Estimated and Counterfactual


Figure 1: Difference in Migration Rates of Workers in Most vs. Least Licensed Occupations

Source: Census Bureau, American Community Survey 2010-2013; CEA Calculations. Number is calculated from an OLS regression controlling for race, citizenship, sex, citizenship, number of children, marital status, education, income, year, and state. Ages 25 to 65 were included.

Distance from World Bank’s Ease-of-Doing-Business Frontier

Defined by the best country-level scores for starting a business, dealing with construction permits, trading across borders, etc.

From “Ending America’s Slow-Growth Tailspin,” Cochrane, WSJ, 2 May 2016