Editors' Overview

The publication of the 50th issue of the *International Productivity Monitor* (IPM) marks an important milestone for the journal. Since its founding 25 years ago, the *IPM* has now published 350 articles by academics and policy practitioners from around the world. The journal's success reflects the leadership and dedication of Andrew Sharpe. His founding role and long-standing stewardship as Managing Editor established the *IPM* as a respected forum for international knowledge exchange on productivity issues. We look forward to building on the strong foundation he established.

To inform the journal's future direction, we conducted a survey of *IPM* contributors and readers. Respondents rated the journal highly, citing as key strengths its focus, empirical rigor, policy relevance, and international perspective. The survey also identified opportunities to further expand the journal's reach and impact, while preserving its core strengths. These opportunities include several new initiatives that are underway, such as enhancing the dissemination of findings through accompanying blogs, webinars, and podcasts, improving data accessibility, and modernizing the journal's design and website.

This 50th issue contains six contributions covering five broad themes: artificial intelligence, intangible capital, manufacturing productivity, health care measurement, and the high cost of living. **Martin Baily**, **David Byrne**, **Aidan Kane** and **Paul Soto** open the issue with a wide-ranging review article that examines the potential for generative artificial intelligence (GenAI) to provide a sustained productivity boost. They argue that GenAI exhibits characteristics of both a general-purpose technology and an invention in the method of invention. Based on the available evidence, they conclude that GenAI could generate lasting future productivity gains through widespread diffusion, complementary innovations, and more efficient research and development. However, the authors also warn that productivity gains from AI may be delayed or limited by slow adoption, organisational hurdles, and risks of over-investment.

The second article, by **Ahmed Bounfour**, **Kazuma Edamura**, **Takayuki Ishikawa**, **Tsutomu Miyagawa**, **Alberto Nonnis** and **Konomi Tonogi**, analyzes the productivity "J-curve" — the idea that large investments in intangible assets associated with digitalization may result in official statistics underestimating total factor productivity (TFP) early in the investment boom. Examining empirical evidence for five advanced economies, they find that J-curve effects are largely unique to the U.S. and have been much smaller in Europe and Japan. Their estimates highlight the role of software investments in the United States and suggest that standard U.S. TFP growth measures may be underestimated by up to 1.6 percentage points annually. The authors conclude by calling for more aggressive investment in digital innovation in Europe and Japan.

The next two articles, originating from a CSLS session at the 2026 American Economic Association Annual Meeting, examine why U.S. manufacturing productivity

growth slowed so dramatically, falling from an annual rate of 3.3 per cent during 1987-2010 to -0.3 per cent during 2010-2023.

Robert Gordon and **Kenneth Ryu** argue that the disappearance of productivity growth after 2010 can be traced back a decade earlier, and partly attributed to the surge in U.S. manufacturing imports that began around 2000 — roughly the time when China joined the World Trade Organization. They show that increased U.S. manufacturing imports came not only from China, but also from other lower-wage economies such as Mexico. They find these imports ultimately weakened domestic manufacturing production, capacity utilization, profitability, investment and innovation activities. Beyond import competition, the authors also point to diminishing returns to innovation, regulatory distortions, and a shortage of skilled labour as contributing factors.

Danial Lashkari and **Jeremy Pearce** further examine the sources of the slowdown by decomposing U.S. manufacturing productivity growth into contributions from leader and follower firms within frontier and laggard industries. They demonstrate that the slowdown was broad-based. It occurred across productivity measures, using multiple industry groupings, and for both leaders and follower firms. The broad-based nature of the slowdown raises the question of whether the translation of research and development (R&D) expenditures into productivity gains has weakened, as suggested by Gordon and Ryu. The authors estimate an R&D production function at the industry and firm levels and find that the elasticity of productivity with respect to R&D is consistently larger in the earlier period than in the full sample period, even as R&D expenditure rose across firms and industries. These results suggest that the slowdown reflects declining research productivity rather than reduced innovation effort and are consistent with the "ideas getting harder to find" hypothesis.

The fifth article, by **Calvin Ackley**, **Abe Dunn**, **Eli Liebman** and **John Romley**, seeks to better understand health care productivity in the United States. Productivity is a critical issue for a sector that accounts for 17 per cent of U.S. GDP. However, official statistics likely understate productivity growth by failing to capture improvements in medical technology and treatment quality. The U.S. Bureau of Economic Analysis has developed a Health Care Satellite Account (HCSA) to try to address this gap by measuring spending by medical condition, thus moving from an input to an output-based measurement in health care. The authors present a framework that combines the HCSA with population health data to adjust output prices for quality improvements. In this framework, "output" is defined as marginal health gains rather than traditional service counts or hours worked. Their results suggest substantial quality-adjusted productivity growth that is largely absent in official statistics. They speculate that health care productivity gains might be even larger in other high-income countries, where life expectancy has increased more than in the United States while health care spending has grown more slowly.

The 50th issue concludes with a commentary by **Claude Lavoie** that studies persistent concerns about the high cost of living among Canadians. The issue is

pervasive, despite macroeconomic indicators showing that household income growth has generally outpaced inflation in recent years. Drawing on polling data, economic statistics, and policy literature, the author identifies housing affordability, slowing real income growth, and social media–driven financial perceptions as key drivers. The commentary argues that policy responses should prioritize housing supply, productivity growth, and stronger worker bargaining power to help ensure that economic gains translate into improved household welfare.