

## Supply-side labor market reforms:

### A neglected cause of the productivity crisis

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#### Summary:

In spite of impressive stories about a *Second Machine Age* or *Industry 4.0*, growth rates of labor productivity in the US, Japan and Western Europe declined, during the last 10-15 years, to their lowest levels since World War II. Recent contributions on the productivity slowdown by mainstream economists produced an impressive amount of statistical data that certainly add to our understanding, but they fail addressing the negative impact of supply-side labor market reforms on innovation and productivity. I present theoretical arguments of how labor market deregulation can negatively influence innovation and productivity growth and I review empirical evidence.

**Acknowledgment:** My research has been supported through a visiting fellowship at the *Institute for Economic and Social Research (WSI)* of the *Hans-Böckler-Foundation* at Düsseldorf, Germany. My particular thanks are to Ronald Dekker, Federico Lucidi, Ro Naastepad, Servaas Storm, Toralf Pusch, Robert Vergeer and Haibo Zhou for stimulating discussions.

**JEL Codes:** J53, K31, O31.

**Key words:** Varieties of capitalism; structural reforms of labor markets; innovation; productivity crisis.

**7763 words**