

Industry-Specific Convergence: Evidence from the OECD

Xiaoyu Wu

Using recently developed industry-specific purchasing power parities (PPPs), we test for β -convergence and σ -convergence of labor productivity at the industry-specific level for 17 OECD countries. We confirm that the principal finding of Bernard and Jones (1996)—that manufacturing does not converge among OECD countries while the aggregate economy does—is in fact supported by the data, even though their approach is flawed by the use of aggregate rather than industry-specific PPPs. However, we find that most manufacturing industries do converge. All one-digit sectors except manufacturing exhibit strong convergence trends. Convergence also occurs in all sub-sectors of services except post and telecommunications.