



Figure: Wages and productivity in manufacturing in 2006 for 21 OECD countries and Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Romania and Slovenia. Source: The European Commission, AMECO, April 28th, 2008, Table 14a-2 and 14b-6.

Note: Ireland, represented by the rightmost data point, has an exceptionally high productivity in manufacturing relative to the wage rate compared to the rest of the economies in the sample.

**Information:**

Wage: Nominal compensation per employee (total labor costs, including employers' social contributions): manufacturing industry

Productivity: Gross value added at current prices per employee: manufacturing industry

Numbers at axes are in thousands euro per year.

OLS regression of wage on productivity:

$$wage = 0.496 * productivity + 3.8$$

n = 28

R<sup>2</sup> = 0.77

The constant term not significantly different from zero (p = 0.27, even when the outlier is included).