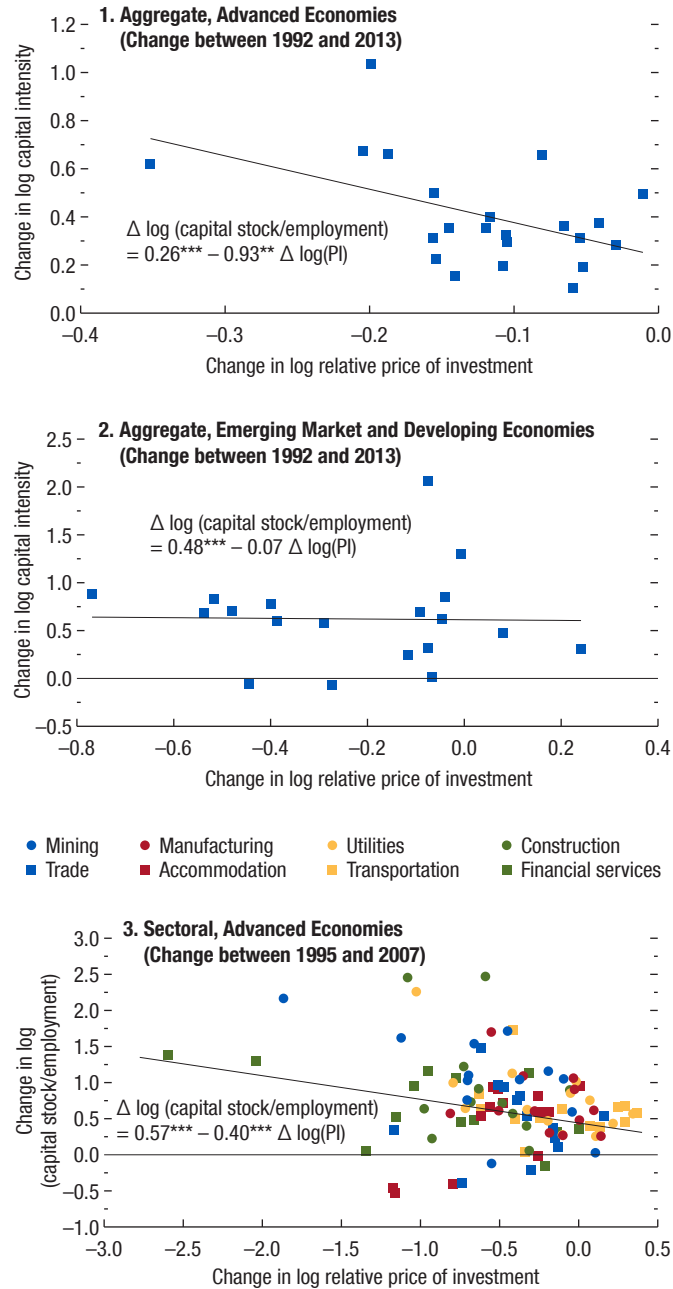


Figure 3.7. Change in the Relative Price of Investment and Capital Intensity

Technological advancement has triggered greater substitution of capital for labor in advanced economies than in emerging market and developing economies.



Sources: EU KLEMS database; Penn World Table 9.0 database; World Input-Output Database; and IMF staff calculations.

Note: Change in capital intensity refers to the change in log (capital stock/employment). *** indicates 1 percent statistical significance; ** indicates 5 percent statistical significance. PI = price of investment.