Abstract
The paper explores the linkages between labor productivity, innovation and technology spillovers in a panel of manufacturing industries. The roles of R&D, human capital and international trade are considered in stimulating innovation and/or facilitating technology transfer. Using panel-based unit root tests and cointegration analysis, the results indicate the existence of a single long-run equilibrium relation between labor productivity, innovation and technology transfer. Further, R&D, trade and human capital have statistically and, especially the latter, quantitatively important effects on labor productivity both directly via innovation and indirectly as they enhance technology diffusion.