

# GROWTH ACCOUNTING

## Accounting for Economic Growth in the United States

Years	Output Growth $\Delta Y/Y$	Source of Growth		
		Capital $\alpha \Delta K/K$	Labor $(1 - \alpha) \Delta L/L$	Total Factor Productivity $\Delta A/A$
		(average percent increase per year)		
1950-1959	4.0	0.4	0.5	3.1
1960-1969	4.1	0.9	1.2	2.0
1970-1979	2.9	1.1	1.5	0.3
1980-1989	2.5	0.9	1.3	0.3
1990-1992	0.6	0.6	-0.1	0.1
1950-1992	3.2	0.8	1.0	1.3

Source: U.S. Department of Commerce, U.S. Department of Labor, and the author's calculations. The parameter  $\alpha$  is set to equal 0.3.

**TABLE 2.1 GROWTH ACCOUNTING FOR THE UNITED STATES**

	1948-98	48-73	73-79	79-90	90-95	95-98
Output per hour	2.5	3.3	1.3	1.6	1.5	2.5
Contributions from:						
Capital per hour worked	0.8	1.0	0.7	0.7	0.5	0.8
Information technology	0.3	0.1	0.3	0.5	0.4	0.8
Other capital services	0.6	0.9	0.5	0.3	0.1	0.0
Labor composition	0.2	0.2	0.0	0.3	0.4	0.3
Multifactor productivity	1.4	2.1	0.6	0.5	0.6	1.4

SOURCE: Bureau of Labor Statistics (2000).  
Note: The table reports average annual growth rates for the private business sector. "Information technology" refers to information processing equipment and software.

**Table 2.2 The growth of GDP, inputs, and TFP**

Region, group, or economy	GDP			Capital			Labor			TFP		
	1960-73	1973-87 <sup>a</sup>	1960-87 <sup>a</sup>	1960-73	1973-87 <sup>a</sup>	1960-87 <sup>a</sup>	1960-73	1973-87 <sup>a</sup>	1960-87 <sup>a</sup>	1960-73	1973-87 <sup>a</sup>	1960-87 <sup>a</sup>
<b>Developing economies</b>												
Africa	4.0	2.6	3.3	6.3	6.3	6.3	2.1	2.3	2.2	0.7	-0.7	0.0
East Asia	7.5	6.5	6.8	9.8	10.7	10.2	2.8	2.6	2.6	2.6	1.3	1.9
Europe, Middle East, and North Africa	5.8	4.2	5.0	7.7	7.5	7.6	1.4	1.9	1.7	2.2	0.6	1.4
Latin America	5.1	2.3	3.6	7.4	5.6	6.3	2.5	2.8	2.6	1.3	-1.1	0.0
South Asia	3.8	5.0	4.4	8.0	7.2	7.7	1.8	2.3	2.1	0.0	1.2	0.6
Sixty-eight economies	5.1	3.5	4.2	7.4	7.1	7.2	2.2	2.4	2.3	1.3	-0.2	0.6
<b>Industrial economies</b>												
France	5.5	2.1	3.9	5.7	3.8	4.8	0.4	-1.0	-0.2	2.3	0.9	1.7
Germany <sup>a</sup>	4.3	1.8	3.1	5.3	3.0	4.2	-0.3	-0.9	-0.6	1.9	0.9	1.4
United Kingdom	3.3	1.3	2.4	3.6	2.6	3.1	0.1	-0.5	-0.2	1.7	0.6	1.2
United States	3.7	2.2	3.0	3.8	2.8	3.4	1.8	1.9	1.8	1.0	-0.1	0.5

Note: Estimates for developing countries are based on a sample of sixty-eight economies; see the technical note at the end of the main text.

a. Until 1985 for industrial economies.

b. The Federal Republic of Germany before reunification with the former German Democratic Republic.

Sources: World Bank data; Boskin and Lau 1990.

**Table 2.3 Percentage share of output growth accounted for by factor input growth, sample of world economies, 1960-87**

Region or group and period	Capital	Labor	TFP
<b>1960-73</b>			
Africa	59	22	17
East Asia	50	16	35
Europe, Middle East, and North Africa	57	10	38
Latin America	55	20	25
South Asia	81	20	0
Total	56	18	26
<b>1973-87</b>			
Africa	92	37	-27
East Asia	62	17	20
Europe, Middle East, and North Africa	68	19	14
Latin America	94	51	-48
South Asia	55	19	24
Total	76	28	-6
<b>1960-87</b>			
Africa	73	28	0
East Asia	57	16	28
Europe, Middle East, and North Africa	58	14	28
Latin America	67	30	0
South Asia	67	20	14
Total	65	23	14
<b>Selected industrial countries, 1960-85</b>			
France	27	-5	78
Germany <sup>a</sup>	23	-10	87
Japan	36	5	59
United Kingdom	27	-5	78
United States	23	27	50

Note: For economy classifications and estimates, see the technical note at the end of the main text.

a. The Federal Republic of Germany before reunification with the former German Democratic Republic.

Sources: For developing economies, World Bank data. For industrial economies, Boskin and Lau 1990.