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978-0-521-45345-5 - Productivity and Growth: A Study of British Industry, 1954–1986

Nicholas Oulton and Mary O'Mahony

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How much of the growth of output can be accounted for by the growth of inputs and how much is due to the growth of productivity? This book is the most detailed attempt yet made to answer this question for Britain. Estimates of outputs and inputs for over 130 industries were constructed, following the methodology pioneered by Professor Dale Jorgenson of Harvard University and his collaborators. Apart from their intrinsic interest, these estimates can be employed to build up a picture of the performance of UK manufacturing as a whole. Contrary to the impression left by some previous authors, productivity growth is found to play a relatively minor role: growth of inputs, when properly measured, accounts for most of the growth of output.

The wealth of data which this book presents can also be used to shed light on a number of controversial views which have recently been put forward under the banner of the 'New Growth Theory'. According to the latter, externalities and increasing returns, often held to be associated with fixed investment, are the engine of economic growth. However, this book finds that the evidence does not support these claims.

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