

# [Discuss the overall trend in postwar aggregate productivity in the us](https://assignbuster.com/discuss-the-overall-trend-in-postwar-aggregate-productivity-in-the-us/)

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Trend in post war aggregate productivity The productivity of any is wholly dependent on how the labor productivity is efficient in yielding a growing economic growth. Suppose the labor available in the country is fully maximized it will always be reflected in the economic output. This essay will discuss the overall trend in post war aggregate productivity in the US.   
Based on the reports from BLS measure, a typical American is capable of producing four times as much output on an hourly rate in 2012 just as in 1948. thse growth rates have not been consistent over time. in the past 60 years, labor has been averaging around slightly above one percent faster than MFP: from 1953-2012, labor productivity grew at an annual rate of 2. 2 percent per year, and MFP grew at an annual average rate of 1. 1 percent per year (). this projects a volatile economic growth rate annually.   
The volatility could be attributed to measurement error in estimation arising from both series. Getting an accurate measurement of these rates is a daunting task given the fluctuations in the rates market. Another reason stems from the fact that series have certain gas between then that cyclical. To illustrate this, consider when the MFP growth fell—in fact, took on negative values—during the recessions that started in 1969, 1980-81, 1990, and 2007 (). the negative values are an indication of how less optimal the inputs have become in yielding the expected returns. Besides, a negative MFP growth can also arise from variation in the utilization rates of capital and labor over the business cycle ().   
In the last 60 years the long-term mean growth rates of labor productivity and MFP have varied substantially in three episodes. In the initial episode, the 1950s through early 1970s, there was a high growth of MFP. MFP growth averaged at 1. 7 percent per year from 1953 through 1972. In the next episode, from the late 1970s through early 1990s, there were lower MFP growth with an average of 0. 5% annually. In the last episode, from the mid-1990s up to now, experiencing an intermediate level of MFP growth of 1. 0% yearly.   
Work cited   
http://www. gpo. gov/fdsys/pkg/ERP-2014/pdf/ERP-2014.