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PRODUCTIVITY

by Dale W. Jorgenson

■ Volume I: Postwar U.S. Economic Growth

■ Volume II: International Comparisons of Economic Growth

These two volumes present empirical studies that have permanently altered professional debates over investment and productivity as sources of postwar economic growth in industrialized countries. The distinctive feature of investment is that returns can be internalized by the investor. The most straightforward application of this idea is to investments that create property rights, but these volumes broaden the meaning of capital formation to include investments in education and training.

Volume I

Postwar U.S. Economic Growth traces the outstanding postwar performance of the U.S. economy to investments in tangible assets and human capital. This volume provides the starting point for a new consensus on policies to generate growth by stimulating and rewarding investments. These policies will focus on returns that can be internalized by investors, ending the fruitless search for "spill overs" that can generate substantial growth without providing incentives for capital formation.

"Even to conceive Dale Jorgenson's research program of measuring and analyzing aggregate productivity required an awesome combination of imagination and energy. To carry it out makes Sisyphus look like a loafer. Here it is, in one place, to be used by lucky people like us."

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Volume II

International Comparisons of Economic Growth focuses on comparisons among industrialized countries. Although Germany and Japan are often portrayed as economic adversaries of the U.S., postwar experiences in all three countries support policies that give high priority to stimulating and rewarding capital formation. In the Asian model of growth exemplified by Japan investments in tangible assets and human capital are especially critical during periods of rapid growth.

"Finally, the all-too-important issue of international productivity comparison has a firm scientific basis. The care and intellectual effort that went into the construction of necessary data bases are enormous."

—Fumio Hayashi, Professor of Economics, Columbia University.

Dale W. Jorgenson is Frederic Eaton Abbe Professor of Economics at Harvard University and Director of the Program on Technology and Economic Policy at the Kennedy School of Government.

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Volume 1: POSTWAR U.S. ECONOMIC GROWTH

"This book shows how to decompose the contributions of labor and capital growth from technical progress in a framework that is consistent with modern production theory. This book belongs on the shelf of every empirically oriented growth economist."

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"Dale Jorgenson's *PRODUCTIVITY, VOLUME 1: POSTWAR U.S. ECONOMIC GROWTH* is must reading for everyone interested in the evolution of the American economy. Jorgenson brilliantly applies economic theory and econometric methods to the most fundamental economic questions of our time: How did the American economy grow so rapidly in the early post-war period? Why did growth slow in the last two decades? What policies are likely to help remedy the growth slow-down and its widespread economic and social ramifications?"

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Volume 2: INTERNATIONAL COMPARISONS OF ECONOMIC GROWTH

"Economists, policy makers, and informed citizens concerned with the implications of global integration of markets and differential rates of productivity growth and innovation among major trading countries would benefit from Jorgenson's magisterial and definitive treatment of the subject."

—T.N. Srinivasan, Samuel C. Park, Jr. Professor of Economics, Yale University

"This book assembles some of the key contributions emanating from Dale Jorgenson's decades-long interest in and dedication to the fields of productivity measurement and the analysis of economic growth. The papers here presented are models of the theoretical rigor and painstaking empirical work that have always characterized his endeavors. They contain much that should be savored and digested by others interested in productivity and growth, and that can show by example what really serious research in these fields look like."

—Arnold C. Harberger, Professor of Economics, UCLA

"Jorgenson is one of the leading analysts of economic growth. The great virtue of his approach is that it helps identify the locus of technical progress by detailed analysis of productivity change over time and across countries."

—Angus Maddison, Professor of Economics, University of Groningen, Netherlands

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