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The Origins of U.S. Total Factor Productivity Growth in the Golden Age

by

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ABSTRACT

A consideration of TFP growth in the United States during the golden age (1948-73) raises two related questions: on the one hand why was it so strong and on the other hand, why were TFP growth rates lower than they were during the Depression years (1929-41)? A continuing downward trend in TFP growth within manufacturing, and its declining share after World War II, help provide answers to the latter question. A persisting productivity windfall associated with the build out of the surface road infrastructure helps answer the former question. By adopting a longer historical perspective, we can move beyond understanding the golden age *sui generis*, and begin to see it instead as a period reflecting the persistence of trends and developments whose origins are to be found prior to the Second World War.