

TABLE 1: FACTORS AFFECTING PAST PERIOD OF ACCELERATED LABOR PRODUCTIVITY GROWTH

Factors Affecting Productivity Growth	Periods of Accelerated Productivity Growth		
	POST CIVIL WAR	POST WORLD WAR I	POST WORLD WAR II
Years / Growth Rate	1873-90 / 2.6%	1917-27 / 3.8%	1948-73 / 2.9%
A. DIFFUSION OF TECHNOLOGY	Steam Engine; Bessemer process; Siemen's open hearth method; Telegraph	Electric motors in factories; telephone; internal combustion engine, office automation equipment	Polymer chemistry (plexiglas, teflon, nylon); longer range aircraft; catalytic cracking methods; synthetic rubber; pharmaceuticals; micro - electronics (transistor); diesel locomotive; road improvements
B. CHANGES IN BUSINESS ORGANIZATION ACCOMPANYING INCREASE IN OPTIMAL SIZE	Increasing importance of businesses with hierarchical organizations	Forward vertical integration into distribution and retail	Increasing use of divisions along product lines; multinational firms
C. CHANGES IN FINANCE	Increasing importance of debt and preferred stock financing	Increasing importance of equity financing; evolution of ratings agencies, regular audited financial statements, investment trusts and retail brokerage firms	Increasing importance of external financing; rise of Eurodollar mkt; institutional investors
D. CHANGES IN THE LABOR MARKET	Increased demand for both unskilled production workers and workers with clerical and management skills	Increased demand for white collar workers, and those with basic science training	Rise in more highly educated workers including engineers and technicians
E. PUBLIC SECTOR SUPPORT ACTIVITIES	Support of elementary education; improvements in patent protection; land grants to railroads	Support of higher education; support of basic research; improvements in patent protection	Support of higher education; macroeconomic stabilization policies; support of basic and applied research; improvements in patent protection; interstate highways; business tax policy