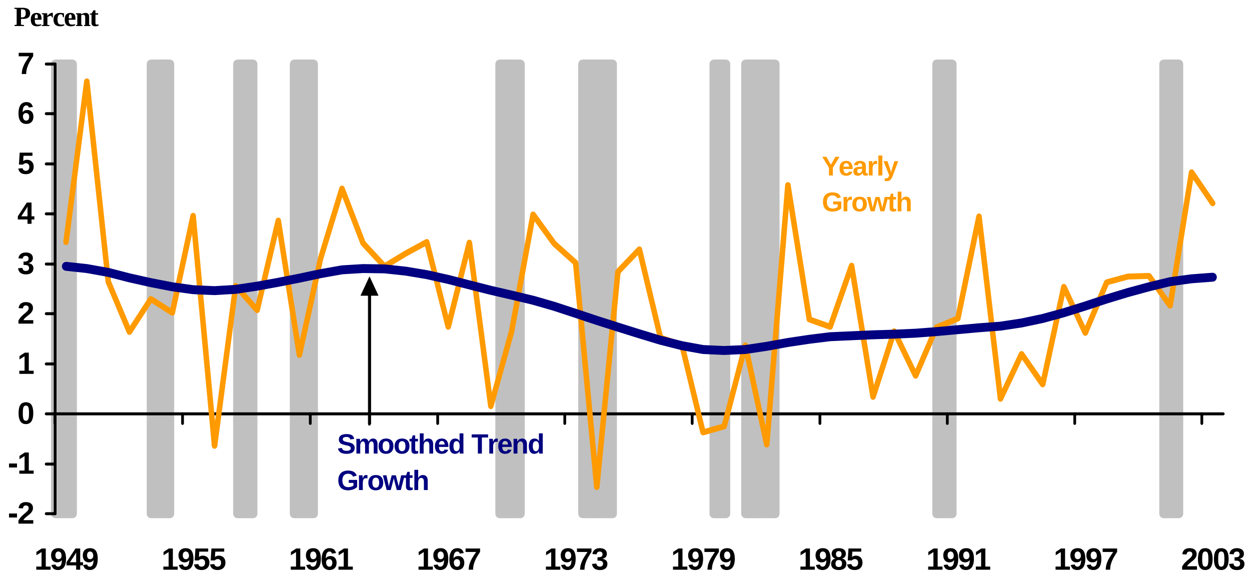
In Short

The Resurgence of U.S. Productivity Growth

The remarkable strength of productivity growth has been a hallmark of the economy in recent years. The most familiar measure of productivity, labor productivity, is measured by real (inflation-adjusted) output per labor hour. Prior to the second half of the 1990s, the U.S. economy had endured a more than twenty-year slump in labor productivity growth. From 1973 through 1995, for example, labor productivity grew at an average rate of only about 1.4 percent per year. In the eight years ending in 2003, labor productivity growth averaged an impressive 3.0 percent per year.

Strengthening Productivity Growth

Real Output per Labor Hour, Nonfarm Business



Source: Bureau of Labor Statistics and FRBSF.

For more information see Shaping the Economy: Innovation and Productivity, FRBSF Annual Report 2004.

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