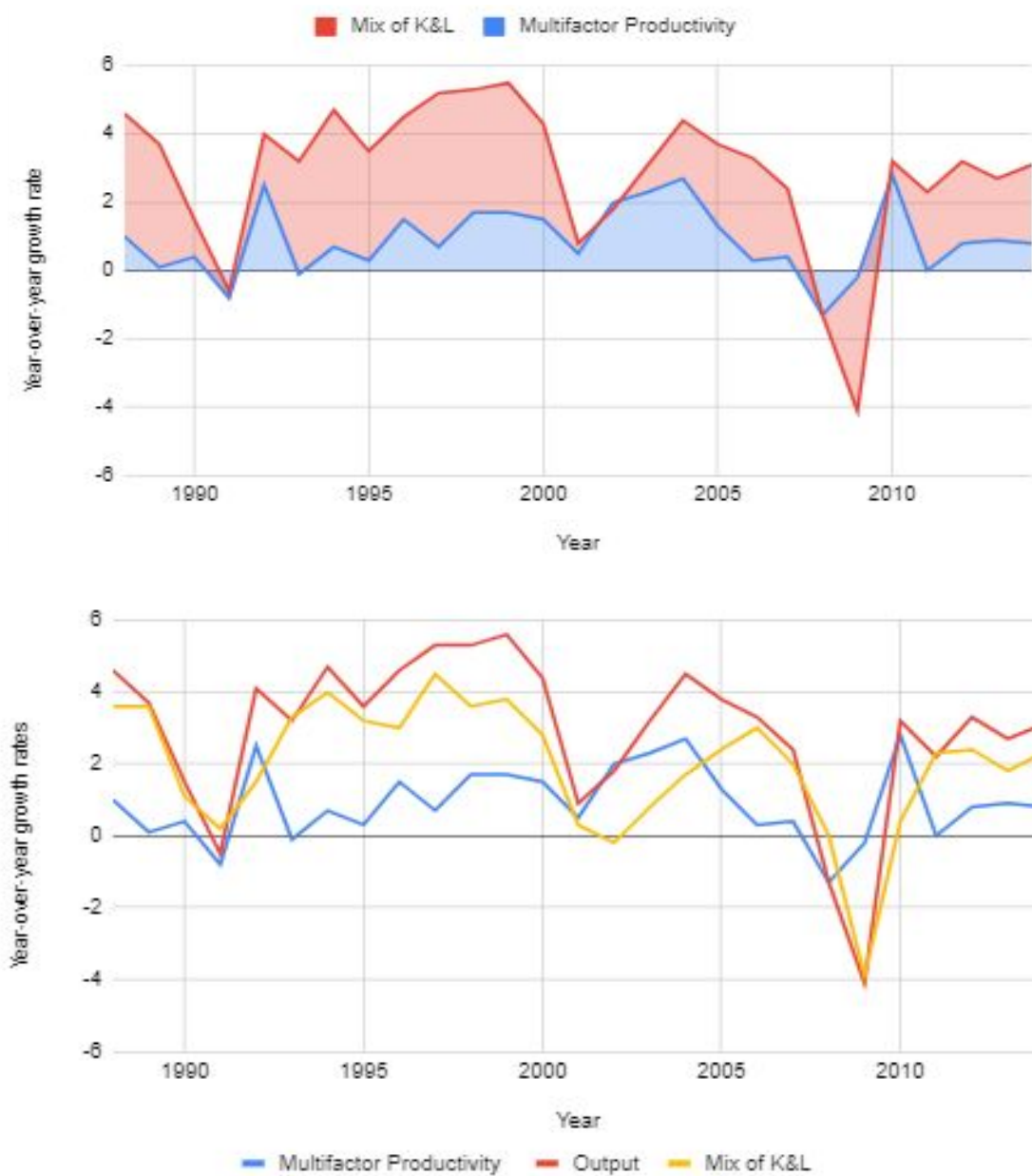


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ECON-102-C

Factors of Output



Annual averages	Multifactor Productivity	Output	Mix of K&L
Full Sample	0.9074074074	2.92962963	1.981481481
1989-1995	0.4428571429	2.9	2.414285714
1995-2003	1.355555556	3.855555556	2.422222222

	Multifactor Productivity	Mix of K&L
Percent of Output	30.97%	67.64%

Productivity is defined as the efficiency at which inputs are turned into outputs. It is important because productivity growth is a significant source of potential national income and is fundamental to raising living standards. However, in this case you can say inputs are more of a driver of Output. Looking at the data you can see that K&L makes up 67.64% percent of output whereas productivity only makes up 30.97%. This means that K&L is contributing slightly more than double of what productivity contributes to output. The top graph showing area also makes it apparent how much more K&L in contributing in a visual format.