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Food Manufacturing Productivity and Its Economic Implications

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Abstract

The gross-output multifactor productivity index for U.S. food manufacturing grew 0.19 percent per year between 1975 and 1997. This productivity growth is low when compared with an estimate of 1.25 percent per year for the whole manufacturing sector. Low investment in research and development (R&D) could be one reason. Although productivity has been relatively low, food manufacturing output has grown significantly at 1.88 percent over the last two decades. Indeed, the expansion of combined factor inputs provided significant impetus to food manufacturing output. Food manufacturing is materials-intensive, and declining real producer prices of crude food and feedstuffs fueled the expansion of input utilization and drove down prices of processed foods paid by consumers.

Keywords: Food manufacturing, multifactor productivity, labor productivity.

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