An Empirical Estimation of Total Factor Productivity Growth for Australia from 1960 to 2010

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Declaration

I declare that the research and work on this thesis is my own and has not been submitted to any other institution.

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Abstract

Australia's economy has shown resilience and flexibility to deal with challenges over the past century. Krugman (1997) has claimed that the long run growth of a country is almost entirely dependent on productivity. The subject of this thesis is total factor productivity (TFP), which is based on the neoclassical growth model pioneered by Solow (1956). This thesis has two objectives. The first is to review the literature on the Solow growth model. The second is to empirically estimate TFP growth in Australia from 1960 to 2010 and in doing so, attempt to update the literature. The results suggest Australia experienced a decline in productivity growth during the latter half of the 2000s, however, policy makers recognise the challenges facing the economy.
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