

Productivity Biggest Factor Behind Record High Gross National Product This Year

By HENRY J. BECHTOLD
UPI Financial Editor
New York — The Commerce department recently reported the nation's gross national product at a record annual rate of \$505 billion during the second quarter this year.

This was the value of all goods and services turned out by our factories, farms and shops. The record was attributed to a strong rise in consumer demand, reflecting substantially higher food and clothing outlays, rising credit needs and an increase in U.S. exports.

The big factor behind the gross national products is pro-

ductivity—the efficiency with which goods and services are produced; that is, the ratio of the output of goods and services to the input of resources.

Citing the extreme interest business and the public have shown in productivity lately, General Electric Co. published an eight-page booklet on the subject for management use.

Deals With Efficiency

The giant electrical manufacturer said that when we speak of productivity increases, "too few of us are clear as to which of several kinds we have in mind in the particular instance."

There are increases in productivity by the economy as a whole. This concept, GE said, deals with the efficiency with which the nation produces its goods and services.

The increase in productivity for the economy as a whole reflects the average performance of all enterprises—those that are advancing, those standing still, and those declining or failing.

The measurement of national productivity tends to be the only meaningful basis by which the inflationary impact of wage increases can be judged, the company asserted. It noted, however, that the problems of productivity measurement are so profound that great care and judgment must be used in interpreting results.

Productive efficiency by a company also must be considered. The bulk of the increases in productivity efficiency in this case, GE management was told, comes from technological advances, creative innovation in products and attendant progress in products, materials, facilities and methods, and in organization of work.

In today's economy, the booklet stated, professional specialists, through their innovations and creative ideas, bear a substantial part of responsibility for economic progress, along with others who contribute to increasing the efficiency of business operations by using its resources more effectively.

Spur of Competition

Most of this progress, it was pointed out, is accomplished under the spur of competition for customers who demand, and usually get, more attractive products at more attractive prices.

Other factors that contribute to a company's actual or seeming productivity increase or decrease include rising or falling output, expanding or shrinking work force, introduction of new lines, changes in product mix, and changes in utilization of facilities, GE noted.

The last type of productivity increase is that contributed by the individual worker from his own inner resources of skill, care and effort, the firm said.

It pointed out that some employees increase their contributions and some do not. Thus, it said, "the ability and on-the-job attitude of an employee can make the difference between actions which either increase output or, in contrast, increase waste and spoilage."

While productivity is commonly measured in terms of man hours of input, GE stated, it is the other factors of input, which are the "dynamic determinants" of productivity growth.

These include the input of capital, innovation, technical proficiency, materials, managerial know-how and a host of other factors.

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Spur of Competition



DEN MOTHER—Making like an ideal den mother is "Queenie" as she tends to her newborn cub while her other two offspring take an afternoon nap. The three lion cubs were born at the Highland Park zoo in Pittsburgh last Sunday and are unnamed as yet. (UPI Telephoto)



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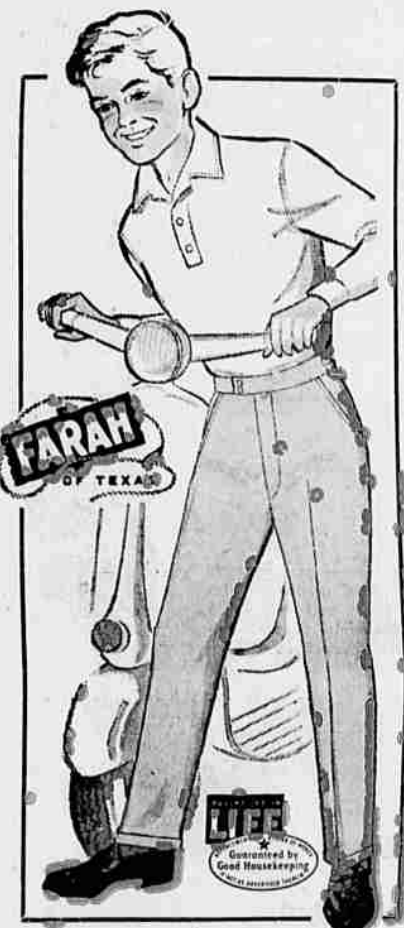
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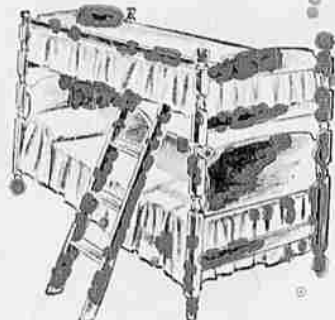
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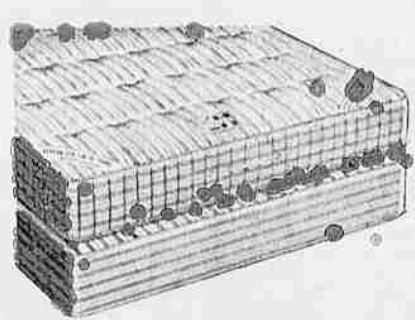
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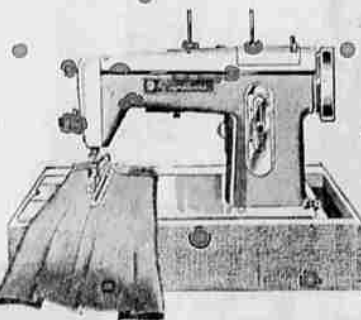
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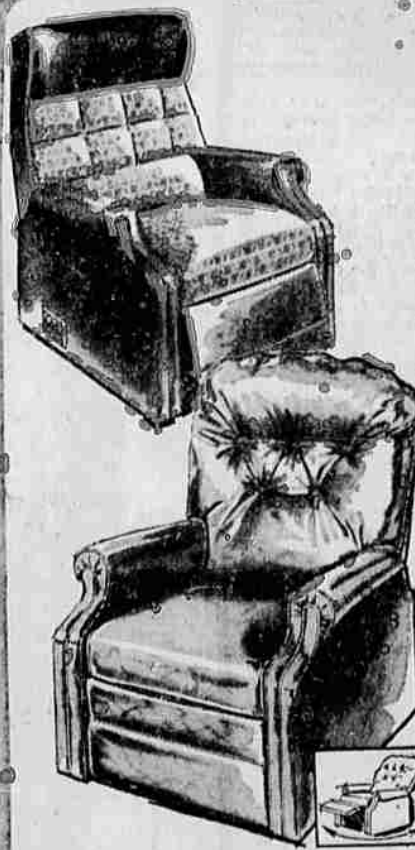
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