

**Abstract**

This paper investigates the driving forces of output change in 77 countries during the period 1970-2000. A flexible modeling strategy is adopted that accounts for (i) the inefficient use of resources, and (ii) different production technologies across countries. The proposed model can identify technical, efficiency, and input change for each of three endogenously determined regimes. Membership in these regimes is estimated, rather than determined ex ante. This framework enables explorations into the determinants of output growth and convergence issues in each regime.