

## Macro Roundup Article

**Headline:** [America's Widening Productivity Gap](#)

**Article Link:** <https://www.project-syndicate.org/commentary/us-productivity-growth-non-tradable-sectors-labor-shortages-by-michael-spence-and-belinda-azenui-2023-02>

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**Tweet:** Michael Spence and Belinda Azenui note that labor productivity between the tradable and non-tradable sectors started to diverge in 1998, and by 2021 per-employee value-added in tradable sectors was nearly double the non-tradable sectors. @ProSyn

**Summary:** Value-added per employee is a measure of labor productivity. In America's tradable sector, it has risen steadily over the last two decades in both manufacturing and services, reaching roughly \$185,000 (in chained 2012 dollars) in 2021. Over the same period, productivity growth in this sector averaged nearly 3%. The non-tradable economy [net government] is just 0.57% per annum over the last 20 years. This reflects below-average productivity levels and, in most cases, low-to-moderate productivity growth in the large-employment sectors. There was not always a large gap between the tradable and non-tradable sectors. On the contrary, as the chart shows, labor productivity was about \$100,000 across the economy in 1998. But by 2021, after more than two decades of steady divergence, per-employee value-added in the tradable sector was nearly double the level in the non-tradable sector.

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**Primary Topic:** Manufacturing vs Services

**Topics:** Database, Factoid, High vs Low Skill, Manufacturing vs Services, Op-Ed/Blog Post, Productivity, Weekly, Workforce Reorganization

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