

Macro Roundup Article

Headline: [How to Start Fixing Europe's Economy](#)

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Tweet: The EU's GDP/working age population has remained ~32% lower than the US's since 1995, as rising working-age employment has been offset by declining GDP/person employed. @ChrisGiles_

Summary: 2008 was something of a turning point. Before then, the EU (excluding the UK) had a larger economy, and now it is about 10% smaller [than the US]. Real gross domestic product per head grew 53% between 1995 and 2022 in the US, compared with 47% in the EU. GDP growth per person of working age has been broadly the same on both sides of the Atlantic since 1995. The European growth rate just eclipses that of the US, growing 56% compared with 54%. For sure, European levels of GDP per person of working age are lower, but this reflects choices to have longer holidays, retire earlier and work fewer hours. The main reason for a stable gap between US and EU GDP per person of working age has been two offsetting forces netting out. European employment rates have risen from about 60% of the working-age population in 1995 to a rate close to or even slightly higher than the traditional US rate of more than 70%. Offsetting a rising European employment rate have been slower improvements in output per person employed and per hour worked. Europe has more people in work now than it did, but they are not terribly productive.

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Primary Topic: Business Cycle

Topics: Business Cycle, Database, Demographics, GDP, Important!, Op-Ed/Blog Post, Productivity, Wages/Income, Weekly, Workforce

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