

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.

Primary Topic: Manufacturing vs Services

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

Permalink: <https://www.edwardconard.com/macro-roundup/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?view=detail>

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