

## Macro Roundup Article

**Headline:** [It Wasn't AI: How Fiscal Supports, Supply Chain Healing, & Full Employment Explain Exceptional Productivity In 2023](#)

**Article Link:** <https://www.employamerica.org/blog/it-wasnt-ai-how-fiscal-supports-supply-chain-healing-full-employment-explain-exceptional-productivity-growth-in-2023/>

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**Tweet:** [@IrvingSwisher](#) uses 1986-2023 data to conclude that a 1% gain in the prime-age employment rate adds 0.3% to annual productivity growth. He argues that productivity growth in 2023 was driven by full employment, not AI.

**Summary:** The evidence keeps pointing to high employment rates aiding productivity growth. We now have three distinct episodes in which productivity growth outperformed in the past 40 years for reasons other than aggregate job loss: the late 1990s, 2019, and 2023. What do those periods have in common? The Prime-Age 25-54 Employment Rate was elevated and above 80%, such that labor market was in a more mature state and job and hours growth was primed to endogenously cool. Productivity growth is a multi-causal phenomenon, but recent history suggests that getting to elevated levels of prime-age employment raises the odds of achieving impressive growth outcomes. In a univariate linear specification that excludes recession-distorted observations, 1% higher on the Prime-Age Employment Rate translates into an additional 0.3% of productivity growth. Related: Productivity in the World Economy During and After the Pandemic and The Big Picture: Back to the Future and The U.S. Economy is Roaring. Why Should Rates Come Down?

**Primary Topic:** Growth

**Topics:** GDP, Growth, Investment, Op-Ed/Blog Post, Productivity, Unemployment/Participation, Weekly, Workforce

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