

Macro Roundup Article

Headline: [How Did the US Eclipse Europe in Productivity? Mass Layoffs](#)

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Tweet: In 2022, GDP/hour in France was 15% under the US and Germany was 11% lower. @foxjust argues this is likely driven by mass layoffs from low-pay services jobs in the US during the pandemic, and a reallocation of labor towards more productive activities.

Summary: So what the US got was mass layoffs followed by a rapid economic comeback. Productivity rose initially because both consumption and employment shifted away from the low-pay, low-productivity in-person services most affected by pandemic shutdowns. But it held up even as Americans started eating out and traveling again because restaurants and hotels weren't able to hire nearly as fast as demand grew, forcing them to come up with labor-saving innovations. In the meantime, many laid-off restaurant and hotel workers found opportunities to upgrade to higher-pay, higher-productivity work. "There was a silver lining to the — brutal, almost inhumane — shedding of labor in the US," emailed Philipp Carlsson-Szlezak, global chief economist at Boston Consulting Group. European countries avoided the layoffs, he went on, "but it looks like they missed out on the learnings that came with these massive gyrations (while US stimulus also managed to protect the population via stimulus checks)."

Related Articles: Labor Productivity Is Popping and Comparing EU-to-US Output Per Hour and Productivity Has Grown Faster in Western Europe than in America

Primary Topic: Business Cycle

Topics: Business Cycle, GDP, Op-Ed/Blog Post, Productivity

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