

Macro Roundup Article

Headline: [Productivity Growth and the European Slowdown](#)

Article Link: <https://dietrichvollrath.substack.com/p/productivity-growth-and-the-european>

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Tweet: [@DietzVollrath](#) notes that the European productivity slowdown could be in part explained by higher labor force participation which drew "relatively less skilled (or possibly less experienced?) workforce that lowered measured productivity growth."

Summary: The entries in the table are the change in the growth rate of each element from 1979-1999 to 1999-2019. In Germany (DEU), for example, the annual growth rate of GDP per capita fell by -0.67 percentage points from the earlier period to the later period. That is the slowdown we're trying to understand. The remaining columns are the breakdown of that drop in the growth rate of GDP per capita into different parts. For example, in Germany the fall in the growth rate of productivity subtracted 1.32 percentage points from the growth rate of GDP per capita, and changes in education subtracted 0.43 percentage points. In contrast, changes in hours worked added 0.5 percentage points to the growth rate and increases in labor force participation added 1.38 percentage points. Those latter things helped offset all the other negatives, making the slowdown not as bad as it could have been. Related: Fully Grown - European Vacation! and The Slowdown in Europe via Human Capital

Primary Topic: Growth

Topics: GDP, Growth, Investment, Op-Ed/Blog Post, Productivity

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