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Why is Growth Better in the United States than in other Industrial Countries?

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1. Introduction

Although the official statistics imply that the rate of growth of real GDP in the United States has declined in recent years, it has still been substantially higher than the real growth rates in Europe and the other industrial countries. The sustained higher rate of real GDP growth in the United States over a longer period of time has resulted in a substantially higher level of real GDP per capita in the United States than in other major industrial countries.

In 2015, real GDP per capita was $56,000 in the United States. On a purchasing power basis, the real GDP per capita in that same year was only $47,000 in Germany, $41,000 in France and the United Kingdom, and just $36,000 in Italy. So the official measures of real GDP clearly point to the cumulative result of higher sustained real growth rates in the United States than in the major industrial countries of Europe and Asia.[1]

[1] In my remarks I will focus on the long-term differences in growth rates that have produced the current differences in the level of real GDP rather than the growth rate differences in the past few