Since 1970, strong European productivity growth has been offset by falling working hours and lower labor utilization. While these trends have partly reversed since 1995, low labor utilization remains a key concern, especially in continental Europe.

Figure 1.13. Europe: Why Has per Capita GDP Stagnated Relative to the United States?

Per Capita GDP Relative to the United States (ratio of per capita GDP in 2000 PPP dollars in Europe to that in the United States)

Per Capita Income Growth (Europe less United States, cumulative percent)

Employment Rates (percent, 2004)

Sources: OECD, Economic Outlook; Eurostat; and IMF staff calculations.

1 Includes differences in age structure of the population.