

Why is income per head so much higher in the USA than the EU?

If you read the World Bank figures for per capita GDP in 2018, the last annual figures available, you will see that the USA has the highest figure for GDP per head of any of the larger countries, and is ranked 8th in the world. The EU comes in well below its levels, some 42% lower in GDP per head.

The table is always led by a few smaller rich countries with special advantages like oil and gas reserves or a high concentration of rich people or their bank accounts. The US at \$62,641 is well ahead of the EU at \$36,532.

The UK is high by EU standards at \$ 42,491. Only Germany amongst the larger countries is higher , with France, Italy and Spain below the UK.

The gap between the USA and the EU has been growing in recent years, and clearly grew again in 2019. The USA has lower unemployment, higher in work incomes, lower tax rates, more successful technology companies and more small businesses than the EU as a whole.

Much of the media spend their time criticising the USA and features of its economic model. Their personal dislike of Mr Trump spills over into a series of campaigns against US policies and conduct they think could be criticised. They rarely or never do the same to policies and conduct of the EU.

In the interests of fair and neutral reporting they should from time to time ask what the US gets right, and what the EU gets wrong. The large gap between the GDP per head and employment results between the US and EU implies some of the US policies of promoting growth make sense and are worthy of study. The persistently high unemployment in much of the Eurozone and the slow pace of growth in countries like Italy should be matters of concern.

As the UK sets out its own policies to promote greater prosperity we need to learn from both the best in the world and from the mistakes around the world. It is clear from the figures the US has a better tax system and climate to promote innovation and small business than much of the EU manages.