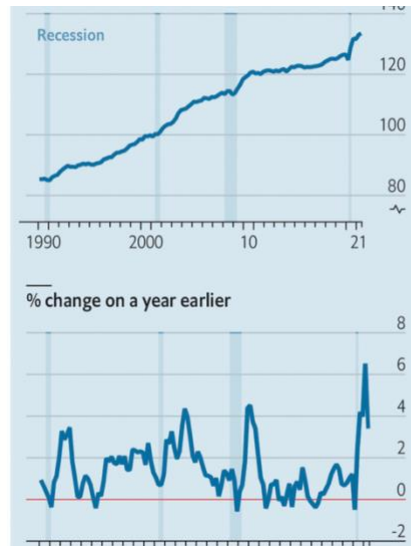


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America's roaring recovery might carry lessons for future recessions



added back. Still, hiring is once again lagging behind GDP. Though output reached a new high in the second quarter, employment remained more than 4% below its pre-pandemic level. Moreover, the resulting jump in the level of output per worker over the course of this recovery looks remarkably similar to that which followed the global financial crisis (see chart). At present, America is producing more output than it managed just a year and a half ago, with roughly 6m fewer workers.

in retail trade jumped by nearly 8% in 2020, for example. The surge in output per worker also reflects the changing mix of the workforce. Employment in the leisure and hospitality industries, where productivity tends to be low, remains about 10% below the pre-pandemic level, compared to a 3% shortfall in the higher-productivity manufacturing sector.

How might the future path of jobs and productivity evolve as a result? One scenario is that, powered by stimulus, the economic expansion remains rapid, but that early gains in productivity fail to be preserved. Consumer demand would shift back towards labour-intensive services, leading to frantic hiring. The result would be a jobs-rich recovery, but a productivity-poor one.