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Some Links

by Don Boudreaux on May 28, 2010

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[Brad Thompson's new book \(co-authored with Yaron Brook\) on the flaws and perils of neo-conservatism is out. I'm eager to read it!](#)

[Writing in the *Detroit Free Press*, Hillsdale College economist Gary Wolfram has this excellent op-ed on the BP Deepwater oil spill.](#)

Cato's Tim Lynch has two fine pieces on immigration. [One – an essay that focuses on dangers to Americans of enforcement of today's immigration statutes – is at the Huffington Post.](#) Tim's [second essay is at Cato@Liberty.](#)

[Washington Post](#) columnist Charles Krauthammer writes sensibly about the BP Deepwater spill.

[I share Will Wilkinson's assessment of some blog posts by Scott Sumner and by Reihan Salam.](#)

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Showing 3 commentsSort by Oldest first [Subscribe by email](#) [Subscribe by RSS](#)**johndewey** 4 days ago

At least Reihan Salam mentioned GDP per worker hour. Sumner and Krugman seemed to focus on GDP per capita over the past 4 to 6 decades. GDP per capita over that period was influenced greatly by demographic changes both in the U.S. and elsewhere. Here's what I'm referring to:

1. Labor force participation of the working age population steadily increased from 1950 through 1985, but has remained basically unchanged the past 25 years. What really happened is that unpaid workers - housewives - moved into the paid sector. Much of their work was not counted in wage and GDP statistics in the 1950's and 1960's. That work was counted afterward when food preparation, child care, and other household tasks were moved to the paid sector.
2. The non-working retiree population increased every where since 1950, but some nations have seen much larger increases than others. The over 60 populations of Italy and Japan, for example, now represent about one fourth of those nations' total populations.
- 3., Millions of low-skilled immigrant workers were added to the U.S. population after the 1960's, some from southeast Asia but most from Mexico and other Latin American nations. Those workers were, of course, not paid as much as the higher skilled workers added in prior decades.

Taken together, those three demographic changes likely prevented measured GDP per capita from growing the past 30 years at the rates experienced in the 1950's and 1960's.

**johndewey** 4 days ago[vikingvista and 2 more liked this](#)

The Krugman-Sumner-Salam discussion about U.S. GDP growth continues to bother me. It should be obvious that GDP per capita is not as valid a measure as GDP per worker hour. But that's not the only problem, as I see it. Should the measure be the percentage growth in real GDP per worker hour? Why not, instead, the absolute growth in real GDP per worker hour? If we started from a fairly low base in 1950, we should expect a high percentage growth over the next 20 years. But as the real GDP per worker increased, the same absolute increase would yield a lower percentage increase in subsequent decades.

Consider the change in U.S. real GDP per worker hour (in 1990 dollars)*:

1950: \$11.93

1960: \$15.27 (decade increase of \$3.34)

1970: \$19.69 (decade increase of \$4.42)

1980: \$22.99 (decade increase of \$3.30)

1990: \$26.51 (decade increase of \$3.52)

2000: \$31.61 (decade increase of \$5.09)

2009: \$38.00 (9 year increase of \$6.40)

The last two decades saw the largest absolute increases in real GDP per worker hour in history. That's an entirely different picture than Krugman was trying to paint.



Superheater 3 days ago

It should be something of a warning about your internal compass when you find agreeable sentiments on the HuffPo, given its penchant for advocating omnipotent government.



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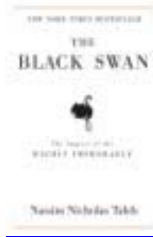
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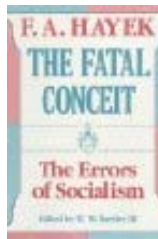
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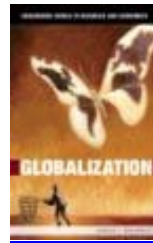


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