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The US growth model of recent years is not transferable to Europe

US growth is driven by:

- rising investment in intellectual property products and in artificial intelligence (AI);
- rising consumption by the highest-income and wealthiest US households.

This feature of the US growth model appears to have become even more pronounced in 2025.

This growth model is not transferable to Europe, for two main reasons:

- innovation is far more dynamic in the United States than in Europe, owing in particular to less stringent employment protection and broader access to finance for innovation;
- the levels of income and wealth inequality observed in the United States would not be socially acceptable in Europe.

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Where does US growth come from?

US growth stems mainly from:

- the increase in investment in intellectual property products and in AI (Charts 1A and 1B);

Chart 1A
Investment in intellectual property products
(as % of GDP, in volume terms)

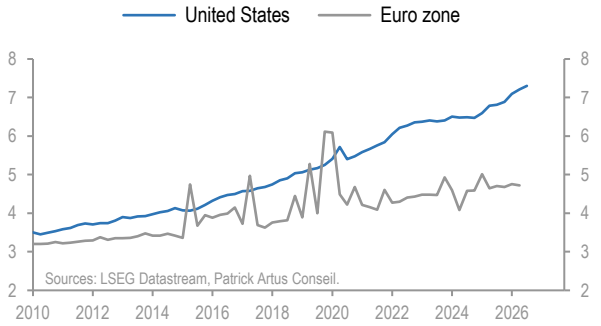
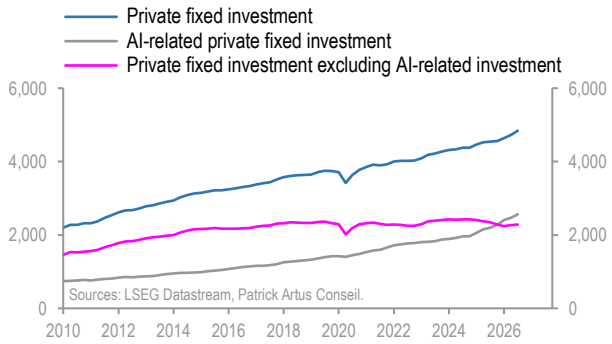


Chart 1B
United States: Private fixed investment
(chained 2017 USD billion)



- the increase in consumption by the highest-income and wealthiest US households. Table 1 shows the share of total spending by income and wealth decile.

Table 1: Share of total spending by income and wealth deciles (%)

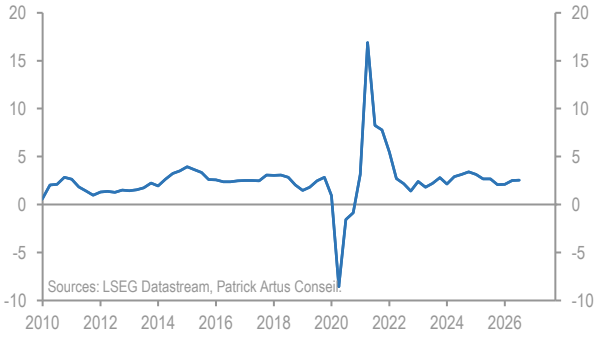
Decile	Income decile	Wealth decile
0-10	3.2	5.4
10-20	4.0	4.2
20-30	5.2	6.5
30-40	6.0	6.9
40-50	7.1	7.4
50-60	8.9	7.7
60-70	10.7	9.0
70-80	12.3	10.9
80-90	14.3	14.1
90+	28.3	27.9

Note: non-housing spending.

Sources: Federal Reserve, 2025 Survey of Consumer Finances; Aladangady et al. (2026), FEDS Notes.

In 2025, this divergence in consumption across income levels appears to have widened. Total consumption growth (Chart 2) has therefore recently been driven mainly by the highest-income and wealthiest households.

Chart 2
United States: Real household consumption (Y/Y, %)



The US growth model is not transferable to Europe

Europe cannot base its growth on rising investment in artificial intelligence and intellectual property products, nor on rising consumption by high-income households, for two main reasons.

1. Innovation is markedly less dynamic in Europe than in the United States

Whether one looks at:

- the level of research and development expenditure (**Chart 3**);
- the weight of investment in intellectual property products and AI (**Charts 1A and 1B** above);
- the size of the information and communication technology sector (**Chart 4**);
- or labour productivity growth (**Chart 5**),

it is clear that **innovation is markedly less dynamic in Europe than in the United States**.

Chart 3
Gross domestic expenditure on R&D (as % of GDP)

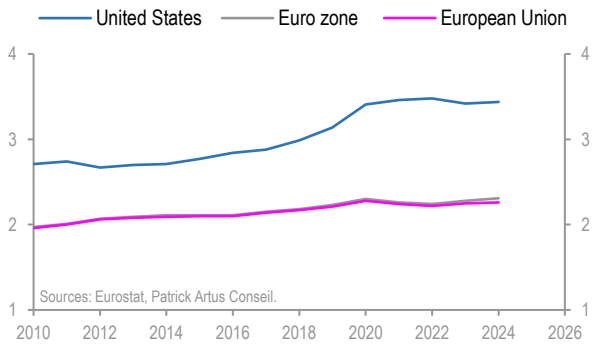


Chart 4
ICT sector value added (as % of GDP)

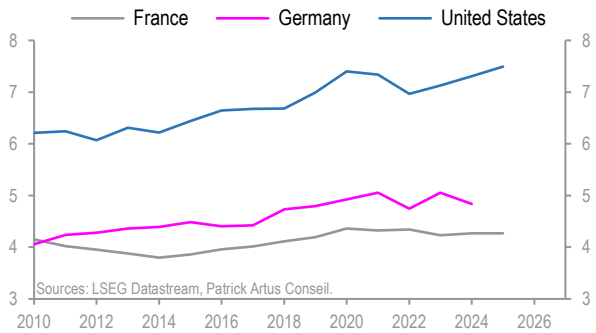
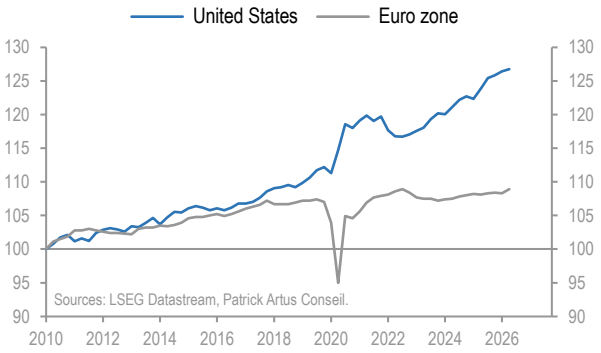


Chart 5
Labour productivity per worker (Q1 2010 = 100)



This gap stems in particular from:

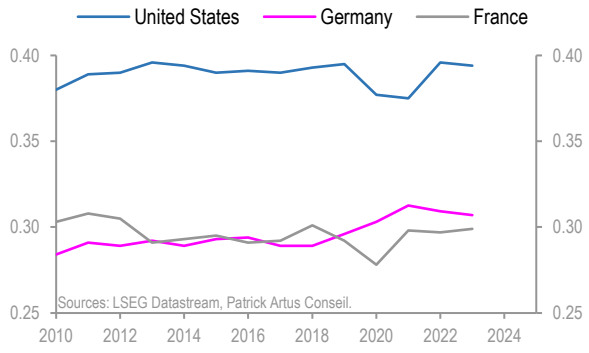
- **strong employment protection in Europe**, which makes the labour market rigid, prevents the reallocation of jobs towards more skilled and more productive positions and imposes very high adjustment costs when a company needs to reduce its workforce – a particular handicap for technology companies;
- **more limited access to finance for innovative companies in Europe**.

In particular, **private equity is far more developed in the United States than in Europe**. Between 2022 and 2025, venture capital funds raised USD 66–220 billion a year in the United States, compared with EUR 22–37 billion in Europe. This difference largely reflects the far larger size of the pension fund industry in the United States, whose assets amounted to 160% of GDP at the end of 2025, compared with 16% in the European Union.

2. The levels of income and wealth inequality observed in the United States would not be socially acceptable in Europe

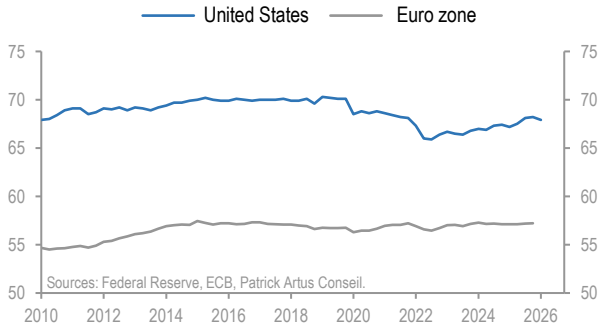
Consumption growth in the United States is driven by the highest-income and wealthiest households. **Income and wealth inequality therefore contributes to rapid consumption growth in the United States. Such levels of inequality (Charts 6 and 7) would not be socially accepted in Europe**.

Chart 6
Gini index* of income inequality (after redistribution)



* Gini index: 0 = complete equality; 1 = complete inequality

Chart 7
Share of net wealth held by the top 10% of households (%)



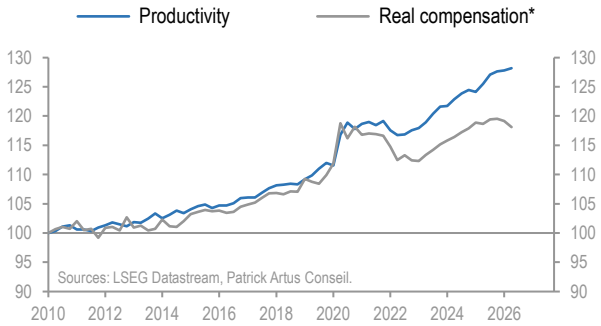
If the share of total income accruing to the top 10% of households by income were lower in the United States, aggregate consumption would grow more slowly, since it is driven mainly by the very rapid increase in consumption by these households.

Higher income and wealth inequality in the United States than in Europe stems mainly from:

- a distribution of value added that is far more favourable to profits in the United States than in Europe (**Charts 8A and 8B**);

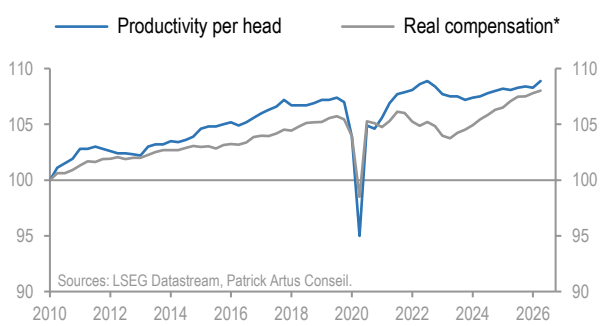
- a much sharper rise in stock market valuations in the United States than in the euro zone (Chart 9), driven in the United States by strong demand for equities from pension funds and by the rise of artificial intelligence.

Chart 8A
United States: Productivity and real compensation per hour, business sector (Q1 2010 = 100)



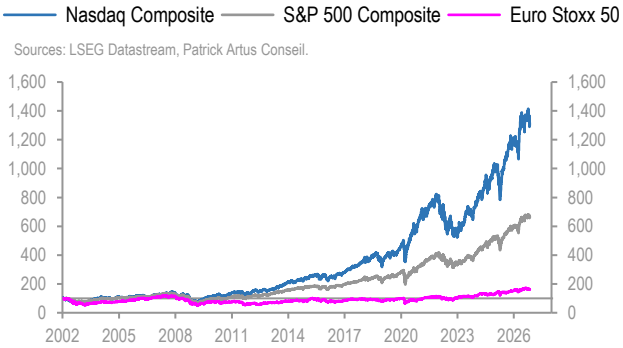
* Compensation deflated by the GDP deflator

Chart 8B
Euro zone: Real compensation and productivity per head (Q1 2010 = 100)



* Deflated by the GDP deflator

Chart 9
Stock market indices (1 January 2002 = 100)



Conclusion: US growth rests on drivers that are not transferable to Europe

US growth is driven by AI-related investment and investment in intellectual property products, as well as by consumption among the wealthiest households.

This type of growth cannot be replicated in Europe because of:

- the more limited effort devoted to innovation and to investment in artificial intelligence;
- the social unacceptability in Europe of the levels of income and wealth inequality observed in the United States, which stem from a distribution of value added that is unfavourable to labour and from the sharp rise in equity wealth, linked to the presence of large institutional investors (pension funds) and to the innovation effort.

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