Will Europe catch up with America?

On current trends, no: the gap widens. Europe has the savings, science and market size to close it – if it decides to act as one.

Forecasting is cheap, so let's do this properly: three scenarios, what each requires, and which one the evidence currently supports.

Scenario one: the trend continues

Extrapolation is brutal because the divergence is old and steady – 17 % to 30 % in two decades. ECIPE's projection of current trends puts American GDP per head near $96,000 in 2035 against roughly $60,000 in the EU: a prosperity gap the width of today's gap between Europeans and much poorer economies. Nothing exotic needs to happen for this scenario; it is the default. Europe merely has to keep doing what it is doing – running twenty-seven capital markets, twenty-seven energy policies and a fraction of American AI investment – and compound interest does the rest.

Scenario two: the reform path

The catch-up recipe has been written down repeatedly, most exhaustively by Draghi: a genuine capital markets union so €35 trillion of European savings funds European firms, one energy market, a single market that finally covers services, joint funding of frontier technology and defense – roughly €800 billion a year of redirected investment. The arithmetic works; the IMF's 44 %-and-110 % internal-barrier estimates are, read optimistically, a map of free growth lying on the table.

What the recipe requires is the part every summit chokes on: member states surrendering vetoes, national champions and regulatory fiefdoms. One year after Draghi, trackers found about a tenth of it moving, with the December 2025 savings-and-investments package the largest real step. The plan exists; the sovereignty to execute it is still parceled into twenty-seven pieces.

Scenario three: the muddle

The likeliest path is neither: partial reforms, crisis-driven bursts of integration (the pattern since 2008 – euro crisis, pandemic fund, rearmament), enough to slow the divergence but not reverse it. Muddling has kept Europe safe, healthy and pleasant so far. Its cost is optionality: each decade of muddle, the entry price of the frontier – in AI, in defense, in energy – rises further beyond what any single European state can pay.

The honest bottom line

Will Europe catch up? Not by trend, and not by talent shortage either – the inputs all exist. Whether they get configured is a political question with a known answer nobody has yet voted through: the catch-up plan and the unity question are the same document. Europe's real choice by 2035 is not between America's economy and its own way of life. It is between integrating enough to afford that way of life, or keeping the vetoes and renting the future from others.

All questions →

FREQUENTLY ASKED

How far behind is Europe now?

The output gap at constant prices grew from about 17 % in 2002 to around 30 % by 2023. Per person and at purchasing power it is smaller – but it has widened in the same direction for two decades.

What happens if nothing changes?
Projections are blunt: ECIPE extrapolated US GDP per head near $96,000 by 2035 against about $60,000 for the EU – a prosperity gap comparable to today's gap between Europe and much poorer economies.

Is anything actually being implemented?
Slowly. A year after the Draghi report, independent trackers found roughly a tenth of its proposals moving; the December 2025 Savings and Investments Union package is the biggest concrete step so far.

What cards does Europe still hold?
Enormous savings (~€35 trillion), a world-class science base, the largest developed consumer market, the rule of law, and rearmament acting as accidental industrial policy. The inputs exist; the configuration doesn't.

So will it catch up?
Not on current trends – and not never. Every credible catch-up scenario runs through integration: one capital market, one energy market, one market for services. The economics is settled; the politics is the variable.

SOURCES

- Draghi report (2024) and one-year implementation trackers (~10 % moving, 9/2025)
- ECIPE: US vs EU GDP per capita projection to 2035 ($96k vs $60k)
- EU Savings and Investments Union package (December 2025)
- EU household financial assets ~€35tn (ECB)
- IMF: internal barriers ≈ 44 % / 110 % tariff-equivalents