



AS IT IS

## Should Europe's Economies Re-open for Christmas?

November 23, 2020

The Christmas season has always been important for the economy. Stores, hotels and travel businesses usually make their money at Christmas time. But it is unclear if the holiday season helps other industries.

The health crisis has forced countries across Europe to shut down until early December to contain the spread of coronavirus. Governments are hoping to re-open their economies in time for Christmas. Some economists, however, wonder if it will do any good.

The question is especially important this year. There is a risk that re-opening too early could hurt public health, economic growth and employment.

### Black Friday and online sales

The financial research firm Deloitte says the biggest European spenders on Christmas last year are those in Britain, Spain, Italy, Germany and Portugal.

In Britain, December sales are usually around 12 percent of the yearly total. Economists say that helps **retail** businesses, even if people buy less in January to recover from December spending.

However, lower-priced Black Friday sales across Europe in late November has made December spending less important. The growth in online purchasing also makes it less necessary for some stores to stay open. German retail association HDE expects online sales to fuel an increase of 1.2 percent over 2019.

Some economists believe that even if people do not buy before Christmas, they will spend on other things.

Paul Donovan is chief economist at UBS Global Wealth Management. He said in his weekly blog, “Not spending on drinks at a Christmas party translates into the purchase of new **furniture**.”

### Last-minute purchase

Television news often shows crowded stores with last-minute purchasers before Christmas. But there are other, less **obvious** effects of the Christmas season.

Usually, **productivity** drops as Christmas nears. Workers rush out to buy things or go to parties. One research company found that 25 percent of workers reported they do less work or try to avoid more work during the holiday season.

There are even some economists who believe the act of buying gifts is bad for the economy.

Yale economist Joel Waldfogel wrote a paper in 1993 called “The **Deadweight** Loss of Christmas.” He said that when people pay a lot for gifts, especially unwanted gifts, that was like destroying their economic value.

Economists continue to argue about this idea. However, few disagree that Christmas does have unintended and harmful effects on the economy, from drunk-driving accidents to increased paper waste.

Information on new coronavirus cases in coming days will show if Europe can reopen for Christmas. But for the economy, it may not make any difference.

I’m Jonathan Evans.

*The Reuters News Agency this story. Susan Shand adapted it for Learning English. Hai Do was the editor.*

---

## Words in This Story

**retail** - *adj.* the business of selling things directly to customers for their own use

**furniture** - *n.* chairs, tables, beds, etc., that are used to make a room ready for use

**obvious** - *adj.* easy to see or notice

**productivity** - *n.* the rate at which goods are produced or work is completed

**deadweight** - *adj.* something heavy that is being carried

---