BLS Spotlight on Statistics: International Labor Comparisons

Bureau of Labor Statistics

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Abstract
[Excerpt] With international trade at an all-time high, global markets are the new normal for U.S. companies and residents. In 2012, total volume of trade (imports and exports) in the United States was nearly $5 trillion—the largest in the world. U.S. international competitiveness can be assessed by comparing key economic measures across countries. These measures include gross domestic product, unemployment rates, compensation costs, labor productivity rates, and consumer prices. In this Spotlight on Statistics, we compare these and other measures across countries in the Americas, Europe, and Asia and the South Pacific to get a glimpse of how individual economies have performed in recent years and historically.

Comments
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International Labor Comparisons

With international trade at an all-time high, global markets are the new normal for U.S. companies and residents. In 2012, total volume of trade (imports and exports) in the United States was nearly $5 trillion—the largest in the world. U.S. international competitiveness can be assessed by comparing key economic measures across countries. These measures include gross domestic product, unemployment rates, compensation costs, labor productivity rates, and consumer prices. In this Spotlight on Statistics, we compare these and other measures across countries in the Americas, Europe, and Asia and the South Pacific to get a glimpse of how individual economies have performed in recent years and historically.
Real gross domestic product per capita and per hour, in U.S. dollars

Gross domestic product (GDP) per hour is a general indicator of productivity while GDP per capita is an indicator of overall wealth in a country. Increases in productivity signal a potential for increases in a country's standard of living. Generally since 1970, overall productivity and wealth have tended to grow together for all countries shown. Countries which gravitate toward the lower right of the chart have lower productivity (GDP per hour) relative to their wealth (GDP per capita) than countries which gravitate to the upper left. Singapore and the United States, for example, have had consistently high wealth, relative to productivity. In contrast, productivity has been relatively higher than wealth in countries such as France and Germany.
Unemployment rates, 1996-2011

Although unemployment rates in the countries compared generally remained higher in 2011 than they were in 2008, most countries experienced some recovery in unemployment in 2011: Unemployment rates fell or stayed the same from 2010 to 2011 in all countries compared except Spain and the United Kingdom. Historically, compared with unemployment rates in the 1990s, rates in 2011 were typically lower in a majority of countries. The United States is a notable exception, where unemployment rates in 2011 were about double the rates in the late 1990s.

Note: Agriculture includes agriculture, forestry, hunting, and fishing. Industry includes manufacturing, mining, and construction. Services includes transportation, communication, public utilities, trade, finance, public administration, private household services, and miscellaneous services.
Employment-population ratios by sector, 1970-2011

The percentage of the working age population employed has remained between 50 and 65 percent in most countries covered over the past 40 years, but the share of the working age population employed in each sector has shifted over time. The share of the working age population employed in agriculture dropped by more than half in all countries covered except the Netherlands, and the share of the working age population employed in industry (manufacturing, mining, and construction) fell in all countries covered except the Republic of Korea. In contrast, the share of the working age population employed in services increased in all countries covered, and by 2011, the share was nearly at or above 40 percent in all countries except Italy.

Note: Agriculture includes agriculture, forestry, hunting, and fishing. Industry includes manufacturing, mining, and construction. Services includes transportation, communication, public utilities, trade, finance, public administration, private household services, and miscellaneous services.
Labor force size and participation rates by sex, 2011

Labor force participation rates provide information about what percentage of the working age population is employed or actively seeking work. Labor force participation rates are higher for men than women in all countries compared, but relatively fewer women are working or actively seeking work in Turkey (27 percent) and Mexico (41 percent). On the other end of the spectrum, men and women are much more evenly engaged in the labor force in Canada, New Zealand, and the United States, which have among the highest overall rates of labor force participation.

Note: Men's (women's) participation rates are as a percentage of the total male (female) working age population. Europe includes France, Germany, Italy, Netherlands, Spain, Sweden, and the United Kingdom. Source: U.S. Bureau of Labor Statistics, International Labor Comparisons.
Labor force participation rates by sex, 1970-2011

Men continue to have higher rates of labor force participation than women, but the gap between the two has been narrowing over the past 40 years in all countries compared. In most countries, this is due to a combination of a decreasing rate of participation for men and an increasing rate for women. In 2011, the gap between the sexes was narrowest in Sweden, Canada, and France, and was largest in Turkey, Mexico, and the Republic of Korea.

Manufacturing average hourly compensation costs in U.S. dollars, by components of compensation, 2011

Hourly compensation costs measure the average hourly cost to employ a worker, including benefits. Compared to the United States, countries with higher average hourly compensation costs were primarily in northern and western Europe. Countries with lower average hourly compensation costs were primarily in southern and eastern Europe, Asia, and Latin America. Expanding the chart to show components of compensation as a percentage of total compensation reveals that the proportion of directly paid benefits (mostly leave time and bonuses) was lower in the United States than in all countries compared except Israel, while the proportion of social insurance costs tended to be higher than the U.S. level in Europe and Latin America.
Manufacturing average hourly compensation costs in U.S. dollars, by components of compensation, 2011

Note: For Mexico, Republic of Korea, Norway, and Taiwan, pay for time worked and directly paid benefits are combined into total direct pay.

Average hourly compensation costs in sub-manufacturing industries, U.S. dollars, 2011

Average hourly compensation costs in manufacturing can vary widely by industry. In the United States, average costs in the highest cost industry (other transport equipment) are nearly 2.5 times those of the lowest cost industry (wearing apparel). Selecting other countries shows that, in general, the same industries (for example, petroleum and pharmaceuticals) tend to rank among the highest compensated industries across countries, while the same is true for the lowest compensated industries (apparel, textiles, leather, and wood).
Average hourly compensation costs in sub-manufacturing industries, U.S. dollars, 2011

Average annual percent change in manufacturing productivity, output, and hours worked, 2000-2011

Increases in labor productivity are approximately equal to the difference between the growth of output and the growth of hours worked; the larger the gap between output and hours, the greater the productivity growth. Since 2000, output has outpaced hours in all countries compared, resulting in increasing productivity. The largest productivity gains were in the Czech Republic, Taiwan, and the Republic of Korea, and were primarily the result of strong output growth (while hours dipped slightly); productivity also increased in the United Kingdom, Spain, and Denmark despite declining output because hours worked declined even more.

Annual percent change in manufacturing productivity, output, and hours worked, 2010-2011

In 2011, output growth was the main driver of productivity in many countries, although robust productivity growth in both Spain and the United Kingdom resulted from approximately equal portions of output growth and hours decline. The four countries with red bars at the right of the chart experienced declines in productivity when output was outpaced by hours; Australia, where output fell about 2 percent despite a 2 percent increase in hours, saw the biggest drop in productivity.

Gap between productivity and real hourly compensation in manufacturing, 1970-2011

Since 1970, labor productivity has outpaced real hourly compensation in the United States, creating a productivity-compensation gap. Increases in productivity signal a potential for increases in labor income, and by extension, for increases in the standard of living of workers. Although the U.S. gap is the largest among the countries compared, selecting other countries shows the existence of a productivity-compensation gap in all countries except Norway.
Measures of consumer price inflation, average annual percent changes, 2007-2011

Consumer price indexes (CPI) and harmonized indexes of consumer prices (HICP) are two measures of consumer price changes. The HICP, however, are adjusted for comparability across countries, whereas the CPI are not adjusted. Over the past 4 years, inflation averaged between 1.5 and 2.5 percent in all but four countries compared. Prices increased at a faster rate in the United Kingdom and Belgium, while Japan was the only country where prices declined since 2007.
More

For more information visit International Labor Comparisons at the BLS website.