
Economic Policy Institute

1660 L STREET, NW • SUITE 1200 • WASHINGTON, DC 20036 • 202/775-8810 • FAX 202/775-0819 • www.epinet.org

FOR IMMEDIATE RELEASE: Thursday, August 5, 2004

CONTACT: Nancy Coleman, Karen Conner or Stephaan Harris 202-775-8810

[PREVIEW: Read a PDF of the international comparisons section of *The State of Working America*](#)

** *Preview data from The State of Working America 2004/2005* **

OTHER NATIONS LEAD U.S.: HIGHER PRODUCTIVITY, LOWER POVERTY

New Economic Policy Institute research released today shows seven European countries have surpassed the United States' productivity levels with fewer working hours and lower poverty rates. These unprecedented findings from the Organization for Economic Cooperation and Development (OECD) are analyzed in a chapter on international comparisons in the forthcoming EPI book, *The State of Working America 2004/2005*, a comprehensive review of the U.S. labor market and living standards.

The chapter released today compares the United States to the 19 other countries in the OECD which share similar economic factors. It finds that the average worker in the United States put in 1,815 hours in 2002, 59 days more than the average worker in the Netherlands, who worked 1,340 hours in 2002. Only Australia and New Zealand averaged comparable hours worked per year, at 1,824 and 1,816 respectively.

The Netherlands' hourly productivity reached 106 percent of the U.S. rate, while working fewer hours and keeping its poverty rate, as measured by the OECD, to less than half that of the U.S. The level and growth of productivity is the main determinant of an economy's standard of living. Norway's productivity reached 131 percent of the U.S. level while maintaining a poverty rate less than half that of the U.S. France's productivity reached 103 percent of the U.S. level even as it lowered the standard workweek to 35 hours and kept the poverty rate less than half of that in the U.S.

In 1950, the U.S. economy was far more productive than other economies. The nearest competitors were other economies that had escaped massive dislocation during World War II. Now, however, seven OECD countries have surpassed the U.S. in productivity: Norway, with 131 percent of U.S. productivity levels; Belgium, 111 percent; Netherlands, 106 percent; Italy, 105 percent; France and Ireland, both 103 percent; and Germany, 101 percent. The ability of these countries to surpass U.S. productivity in 2002 suggests their comprehensive welfare and collective-bargaining systems have not stymied income growth or improvements in economic efficiency relative to the more free-market-oriented U.S.

"These comparisons offer a lesson," said EPI economist and *State of Working America* co-author Sylvia Allegretto. "The apparently higher standard of living in the United States comes simply from working longer, not more efficiently, than other comparable economies. Other countries may choose to have more time off over more material goods."

-more-

By one measurement, the U.S. holds the top spot in per capita income at 31.3 percent higher than the average of all the OECD nations. Nevertheless, by OECD measurements the U.S. has 17 percent of its total population living in poverty – the highest level of overall poverty among the 17 OECD countries where data was available. The U.S. also holds another shameful first – a child poverty rate which, at 21.9 percent, is higher than in any other OECD countries.

“Policy makers have not addressed the high rate of poverty in the United States,” said Allegretto. “Now that countries with progressive social policies have productivity levels which surpass U.S. levels, policy makers should look beyond our borders for model social policy.”

The U.S. also stands out as among its peer nations as the country with the lowest social expenditures as a percentage of GDP. OECD countries with relatively higher social expenditures had a smaller share of children in poverty. The connection between low social expenditures and high child poverty is clearly evident.

The OECD countries, in addition to the US, are:

Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom.

###

***The State of Working America* will be released on Labor Day, September 6, 2004. Journalists wishing a preview copy should contact EPI communications at 202-775-8850 or email news@epinet.org.**