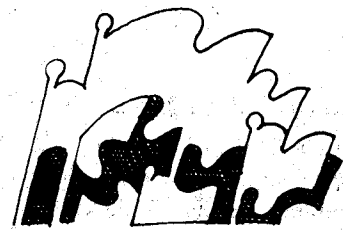


Foreign Labor Developments



International differences in employers' compensation costs

PATRICIA CAPDEVIELLE

In 1987, hourly compensation costs for manufacturing production workers in Germany, Norway, and Switzerland were 25 percent to 30 percent higher than the U.S. cost level, and in Belgium, Denmark, the Netherlands, and Sweden, 8 to 12 percent higher, according to studies conducted by the Bureau of Labor Statistics. Compensation costs in France, Italy, Austria, and Finland rose to more than 90 percent of the U.S. level in 1987; Japanese costs rose to 84 percent and Canadian costs, to about 90 percent; while relative compensation costs rose to more than 60 percent in the United Kingdom and Australia, and to about 60 percent in Spain. (See table 1.)

For Japan and all the European countries, 1987 compensation costs were up sharply from their 1985 relative levels—which ranged from about 40 to 80 percent of average U.S. costs. Japan's level was a new high; France, Italy, Austria, Finland, Norway, and Switzerland surpassed their peaks reached in 1979 or 1980; and Germany matched its previous peak levels of 1979 and 1980.

Hourly compensation costs in the newly industrializing Asian and Latin American countries or areas remained less than 20 percent of U.S. costs, although costs in Hong Kong, Korea, Taiwan, and Brazil were up 20 to 50 percent from 1985. Compensation costs in U.S. dollars for Singapore and Mexico actually declined, however—for Singapore, because of a wage freeze and cuts in employer social benefit contributions and for Mexico, because of the devaluation of the peso. Mexico's relative compensation costs in 1987 were 10 percent of the U.S. level, compared with a peak of 34 percent of U.S. costs in 1981.

For most of the European countries and Japan, exchange rate changes accounted for more than 80 percent of the narrowing in cost differentials with the United States since 1985. Between 1985 and 1987, the

Table 1. Indexes of hourly compensation costs for production workers in manufacturing, 30 countries or areas, 1975-87

[United States = 100]

Country or area	1975	1980	1985	1987
United States.....	100	100	100	100
Canada.....	92	86	84	89
Brazil.....	14	14	9	11
Mexico.....	31	30	16	10
Australia.....	84	82	61	64
Hong Kong.....	12	15	14	16
Israel.....	35	39	31	-
Japan.....	48	57	50	84
Korea.....	5	10	10	13
New Zealand.....	50	54	34	-
Singapore.....	13	15	19	18
Sri Lanka.....	4	2	2	-
Taiwan.....	6	10	11	17
Austria.....	68	87	56	95
Belgium.....	101	134	69	112
Denmark.....	99	111	63	108
Finland.....	72	84	62	97
France.....	71	91	58	92
Germany.....	100	125	74	125
Greece.....	27	38	28	-
Ireland.....	47	60	45	-
Italy.....	73	81	57	92
Luxembourg.....	100	122	59	-
Netherlands.....	103	123	67	112
Norway.....	107	119	82	131
Portugal.....	25	21	12	-
Spain.....	41	61	37	58
Sweden.....	113	127	75	112
Switzerland.....	96	113	75	127
United Kingdom.....	52	76	48	67

NOTE: Dash indicates data not available.

value of the Japanese yen relative to the U.S. dollar rose 65 percent, and gains in the relative values of the currencies of the European industrial countries ranged from 26 to 64 percent.

Measured in national currency, hourly compensation costs rose 6 percent in Japan and from 6 to 18 percent in industrial Europe (except Norway, where hourly costs rose 30 percent, of which 7 percent resulted from a 2½-hour cut in the standard workweek), compared with 4 percent in the United States. Measured in U.S. dollars, costs rose 75 percent in Japan, 46 percent in the United Kingdom, and about 60 to 80 percent in the other European countries.

Recent exchange rate trends. The value of the U.S. dollar has continued to fall relative to the currencies of every country studied, except Brazil, Mexico, Hong Kong,

Patricia Capdevielle is an economist in the Division of Foreign Labor Statistics, Office of Productivity and Technology, Bureau of Labor Statistics.

Israel, and Sri Lanka. As of January 1988, the value of the yen was 13 percent higher than its 1987 average, and the currencies of most European countries were 6 to 10 percent higher. Unless their underlying compensation changes are significantly less than those in the United States, these changes should raise hourly compensation costs further above the U.S. level for Germany and many other European countries; bring Japan's cost level to about 95 percent of the U.S. level; bring the levels for France and Italy almost on par with the United States; and narrow the cost differences for other countries.

Compensation structure. Compensation costs include pay for time worked, other direct pay, employer expenditures for legally required insurance programs and contractual and private benefit plans, and for some countries, other labor taxes.

Pay for time worked accounted for about 75 to 80 percent of total compensation costs in the United States, Canada, the United Kingdom, and several other countries in 1987, but accounted for less than 60 percent of total compensation in Japan and many European countries. Other direct pay accounted for more than 25 percent of total compensation in Japan and for 15 to 20 percent in several European countries. (Other direct pay is the difference between total direct pay and pay for time worked, consisting primarily of vacation and holiday pay and seasonal bonuses.) In France, Italy, and Sweden, employer social insurance expenditures and other labor taxes (the difference between total direct pay and total compensation costs) accounted for 30 percent of compensation, whereas in some other countries with extensive social benefits, they accounted for 15 percent or less.

The differences in compensation structures among countries reflect differences in holiday and vacation entitlements, the prevalence of yearend and other seasonal bonuses, and the relative cost and methods of financing social insurance benefits.

International Comparisons of Hourly Compensation Costs for Production Workers in Manufacturing, 1975-86, Report 745 (September 1987), and Preliminary Measures for 1987, Report 750 (February 1988), are available from the Bureau of Labor Statistics, Washington, DC 20212. The reports present comparative levels and trends in compensation costs in 30 countries or areas. These comparative measures have been developed to provide a basis for assessing international differences in employer labor costs. Definitions, methods, and data limitations are summarized in the reports. □

Part-time employment in Great Britain: establishment survey data

Part-time employment has been the major feature of employment change in Great Britain, according to a recent study.

The study uses data from the 1980 Workplace Industrial Relations Survey, which was sponsored by the Department of Employment Policy Studies Institute and the (then) Social Science Research Council. The data set included 2,040 observations of establishments, or "places of employment at a single address or site" throughout England, Scotland, and Wales. Establishments were limited to those with 25 employees or more who worked both full time and part time. The survey involved interviews with senior managers and worker representatives (who were nominated by management respondents). Part-time workers were defined as persons who work fewer than 30 hours per week.

According to Great Britain's 1981 Census of Employment data (which are directly comparable with the data in the report), 4.5 million persons worked part-time in a work force of 21.3 million employees. The proportion of men who worked part time was 5.9 percent and women, 41.6 percent. Over the 1971-81 period, part-time employment among women increased 37.1 percent. For men, however, a 22.9-percent increase in part-time employment was offset by a 10.4-percent decline in full-time employment.

According to the Workplace Industrial Relations Survey, part-time workers accounted for 13.8 percent of total employment—87.2 percent of whom were women.

The study looks at the distribution of part-time workers by industrial sector, the characteristics of establishments that employ significant proportions of part-time workers, and distinct industrial relations patterns where part-time workers are prevalent.

Industries. Most of the part-time workers were concentrated in the nonmanufacturing sector—18 percent of the total labor force, compared with less than 7 percent in the manufacturing sector. A higher proportion of the labor force worked part time in the public sector than in the private sector. Of the 40 industries surveyed, 12 accounted for 76 percent of part-time employees: food; other textiles and leather; clothing and footwear; retail food; other retail distribution; other business services; education; medical services; hotels and pubs; miscellaneous services; insurance; and other services.

Characteristics. To closely examine the characteristics of part-time establishments, the study describes "part-time

using establishments" as those that employed at least 25 part-timers who constituted at least 50 percent of the labor force in establishments with fewer than 50 employees. These characteristics were found in 445 establishments, which accounted for three-fourths of all part-time employment, and about 85 percent of these establishments were among the 12 industries which employed mostly part-timers.

Industrial relations: A higher share of the labor force tended to work part time in nonunion establishments than in unionized establishments. Compared with full-time workers, a smaller proportion of part-timers were employed in establishments where unions were recog-

nized. The study also found that the pay bargaining level was less important for part-time workers than for full-timers. The pay for higher proportions of part-timers was determined by wage councils awards. In other instances, head offices determined pay levels. Moreover, part-time workers were most likely to be found in establishments with informal procedures for dealing with pay, conditions, dismissals, or individual grievances.

THE FULL REPORT is entitled, *Part-time employment in Great Britain: An analysis using establishment data*, research paper no. 57, by David Blanchflower and Bernard Corry (London, Research Administration, Department of Employment, 1986). □

Commissioner Neill studies *The Jungle*

Early in 1906, Upton Sinclair published *The Jungle*, which exposed the unsanitary practices of the Chicago packers and stirred public indignation. [President Theodore] Roosevelt called for action. The Bureau of Animal Industry of the Department of Agriculture, which maintained a staff of inspectors at the stockyards, immediately launched an investigation. The President directed [BLS Commissioner Charles P.] Neill to make an independent inquiry: "I want to get at the bottom of this matter and be absolutely certain of our facts when the investigation is through." Neill, along with James Bronson Reynolds, a reformer from New York City, spent 2½ weeks gathering information and then submitted a report to Roosevelt, who praised him for his work. In addition, not satisfied with the report of the Animal Industry Bureau, Roosevelt asked Neill to revise it.

Based on these reports, Roosevelt ordered the Department of Agriculture to prepare a bill establishing more stringent meat inspection procedures. On June 19, [1906,] Congress agreed to a meat inspection bill, and the President signed it on June 30, the same day he signed the Pure Food Law.

—JOSEPH P. GOLDBERG AND WILLIAM T. MOYE

The First Hundred Years of the
Bureau of Labor Statistics,
Bulletin 2235 (Bureau of Labor
Statistics, 1985).
