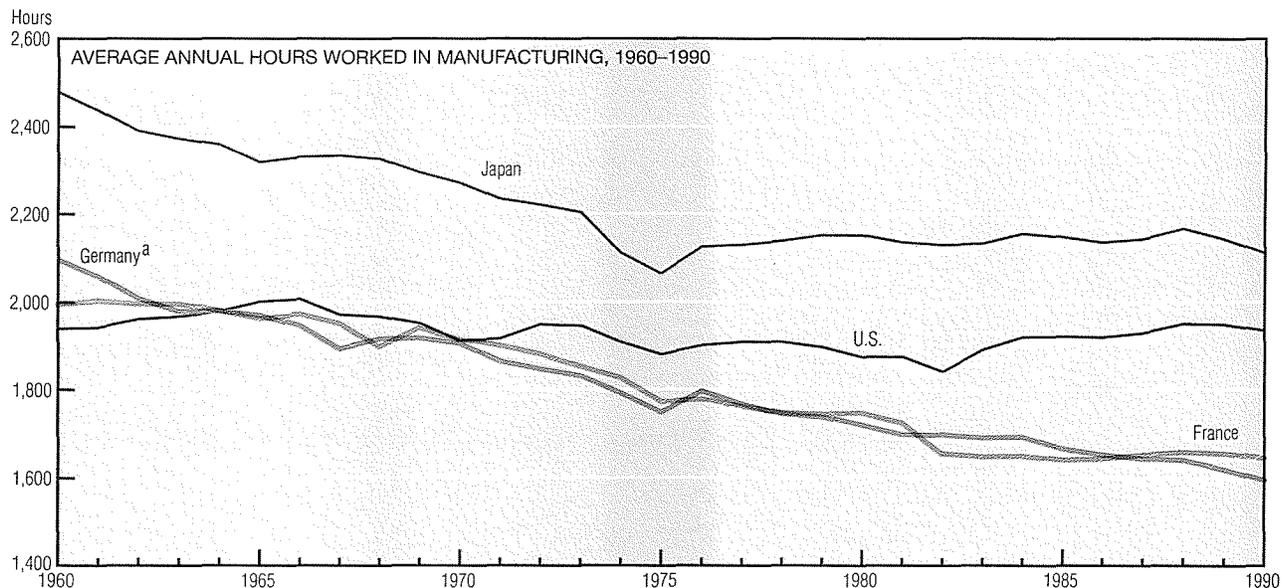
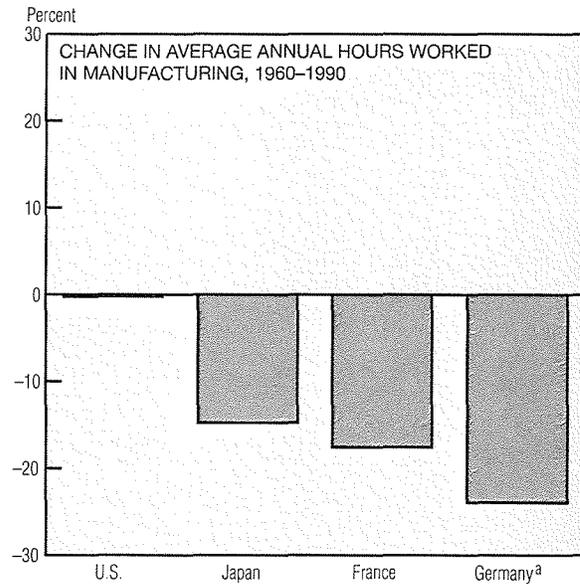
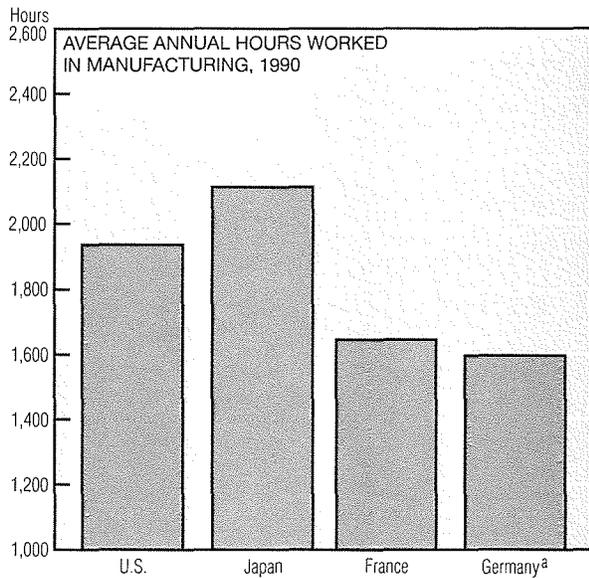


## International Wage Trends



a. Data are for West Germany.

NOTE: Hours data exclude paid holidays, vacations, and sick leave.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

Internationally, a great deal of disparity exists in average annual hours worked in manufacturing. For example, in 1990, U.S. manufacturing workers put in roughly 300 hours more on average than their counterparts in Germany and France, but 177 hours less than workers in Japan. Between 1960 and 1990, average annual hours worked fell substantially in Japan and most parts of Europe, but remained roughly constant in the U.S. Over this period, Japanese workers consistently logged the longest hours.

These facts have led some U.S. policymakers, union leaders, and

economists to conclude that our manufacturing sector has "fallen behind" in reducing work hours—a situation they would like to see rectified. Typically, such an initiative is promoted as a means of increasing employment by spreading a fixed number of hours across more people. Hence, it is interesting to explore the growth of manufacturing employment, total hours, and output across countries during this 30-year period of falling average hours worked.

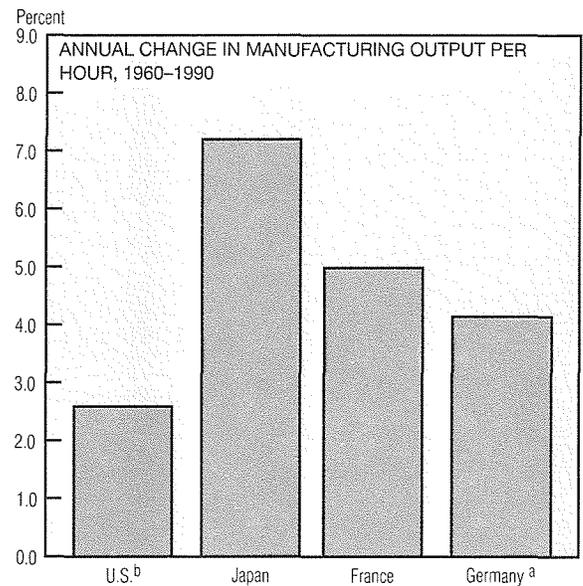
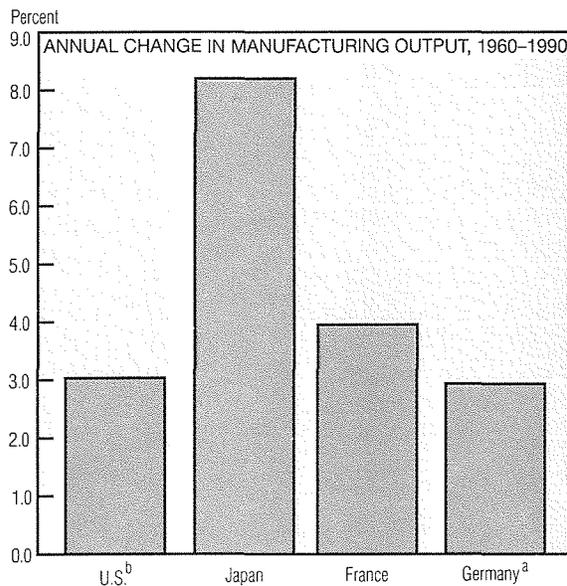
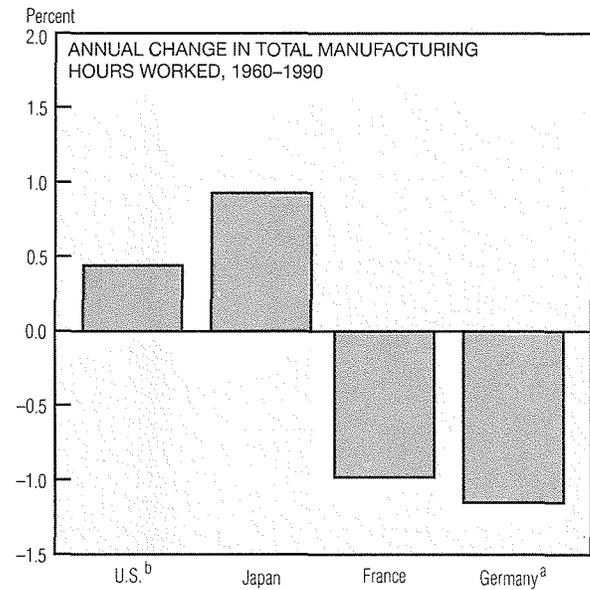
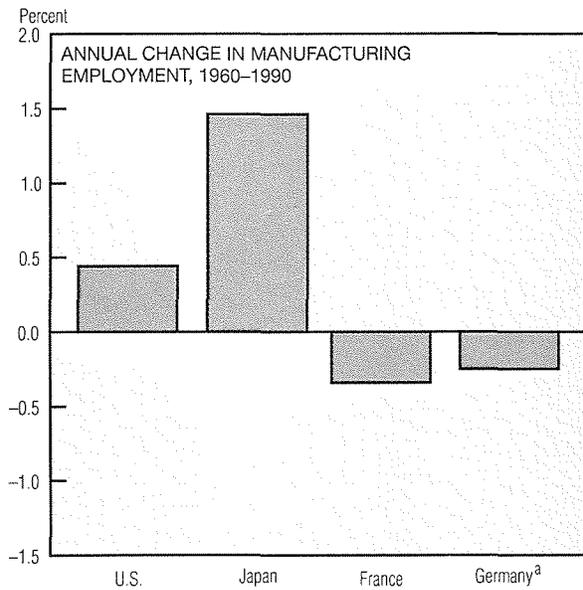
Japan experienced the steepest upturn in manufacturing employment—a 1.5% annual rise—yet it

had by far the longest average annual hours worked in each year of the period. Germany, which posted the largest drop-off in hours worked, saw only a modest decline in its payrolls, while the decrease in hours worked in France was accompanied by an employment cutback of 0.4% per year. In contrast, employment in the U.S. expanded 0.4% annually.

Comparing the growth rates of total manufacturing hours worked, France and Germany experienced annual declines of about 1.0% each, while the U.S. and Japan posted

*(continued on next page)*

## International Wage Trends (cont.)



a. Data are for West Germany.

b. Manufacturing output, total hours, and output per hour for the U.S. are taken from the June 1992 *Monthly Labor Review*. These data were subsequently revised, and the new series are not available before 1977.

NOTE: Hours data exclude paid holidays, vacations, and sick leave.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

gains of 0.4% and 0.9%, respectively. The downturns in Germany and France reflect the fact that employment did not increase to offset the drop in average annual hours. Employment growth in Japan, by contrast, was strong enough to compensate for the reduction in average hours and led to an increase in total hours worked.

Manufacturing output increased at an average annual rate of about 3.0% in the U.S. and Germany and 4.0% in France. France and Germany saw production pick up despite the decline in total hours

worked, implying that output per hour grew more rapidly in these countries than in the U.S. In Japan, total output was up 8.0% per year; with output per hour growing 7.2% versus 5.0% for France, 4.1% for Germany, and 2.6% for the U.S.

In summary, the country with the longest average hours worked in each year of the sample period—Japan—experienced the highest growth in employment, output, and output per hour, while the nation with the largest decline in average hours—Germany—saw no employment growth and only a moderate

upturn in output and output per hour. The U.S., which showed no reduction in average hours, displayed relatively strong growth in employment and relatively weak growth in output and output per hour.

While exploring these trends does not tell us how the U.S. economy would respond to a policy aimed at reducing average work hours, it does show that although several European countries “lead” the world in this regard, cutting hours does not necessarily translate into greater employment and economic growth.