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Preface

With increasing integration of global markets, international labor statistics assume a fundamental role in assessing the relative performance of individual economies and informing both national and international policy decisions. However, direct comparisons of statistics across countries can be misleading because concepts and definitions often differ. To improve the comparability of international labor statistics, the Bureau of Labor Statistics (BLS) International Labor Comparisons (ILC) program adjusts data to a common conceptual framework.

*Charting International Labor Comparisons* features data for the most recent year available, as well as trends over time, for the main indicators measured by ILC: gross domestic product (GDP), hourly compensation, labor force, prices, and productivity. To increase country and indicator coverage, data from other organizations also are included.

Through non-technical language and visual representations of data, this chartbook aims to:

- Increase knowledge of major economic indicators and their significance
- Present comparable data to illustrate the relative position and performance of covered countries
- Examine current and recent economic trends for highly industrialized countries
- Highlight the increasing importance and performance of major emerging economies
- Provide users with sources of comparable international data and, when applicable, caveats concerning comparability

Charts in sections 1 through 4 include economies in North America, Asia, Oceania, and Europe. The selected economies are not representative of all of Europe and the Asian-Pacific region; rather, they tend to be the more industrialized economies in these regions. Weighted aggregates for 15 European Union countries (EU-15) also are shown on many of the charts in these sections and represent the European Union member countries prior to May 1, 2004: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom. Charts in section 5 cover the United States, which serves as a point of reference, and six large emerging economies: Brazil, China, India, Indonesia, the Russian Federation, and South Africa. The appendix describes definitions, sources, and methods used to compile the data, as well as some caveats concerning comparability.

This chartbook contains several major improvements over the previous edition. Foremost, all charts now provide descriptions of indicator definitions and usage to facilitate greater understanding of the data. This edition also includes new indicators of hourly compensation costs in national currencies and GDP per employed person for industrialized economies, along with a new section on consumer and U.S. import prices; furthermore, hourly compensation costs now cover all employees, rather than only production workers. Lastly, country coverage for GDP, productivity, and unit labor costs charts was expanded to include Singapore, which previously was included only on the hourly compensation charts.

The following ILC team, led by Jennifer Raynor, prepared this chartbook: Marshall Carter, Rich Esposito, Christopher Morris, Andrew Petajan, Amy Seale, Jessica Sincavage, Marie-Claire Sodergren, and Chris Sparks. David Mead and Matthias Bennett of the International Price Program and Mubarka Haq of ILC worked with the team to prepare the prices indicators. Constance Sorrentino, Division Chief of ILC, provided overall guidance. Material was edited by Monica R. Gabor of the Office of Publications and Special Studies.
SECTION 4  Prices

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Charts in this section examine gross domestic product (GDP) in relation to population, employment, and international trade. Chart 1.1 shows GDP per capita, the most widely used income measure for international comparisons of living standards. Chart 1.2 highlights changes in GDP per capita over time. Chart 1.3 measures GDP per employed person, an indicator of labor productivity. Chart 1.4 shows the volume of trade in goods relative to GDP, which reflects the importance of trade in goods to an economy.

Charts 1.1 and 1.3 cover GDP converted to U.S. dollars using purchasing power parities (PPPs). PPPs highlight relative purchasing power by identifying the number of foreign currency units required to buy goods and services in a foreign country equivalent to what can be bought with one dollar in the United States. For these charts, PPPs are preferred to exchange rates because market exchange rates do not reflect the relative purchasing power of different currencies.

In contrast, both trade and GDP in chart 1.4 are converted to U.S. dollars using exchange rates, because trade volumes are more commonly measured in this manner.

When measuring changes in GDP over time, it is necessary to distinguish between changes in the volume of output and changes in the price of goods. Chart 1.2 utilizes GDP in national currencies converted to real terms, which holds prices constant over time. The charted growth rates of GDP per capita are thus unaffected by inflation.

This section covers 20 to 21 economies.
1.1 Gross domestic product (GDP) per capita, 2008 (converted at PPP rates)

A country’s GDP per capita, or the market value of all final goods and services produced per person, is one measure of the productive capacity available to meet the economic needs of the population.

Norway had the highest GDP per capita followed by the United States, Ireland, and Hong Kong SAR. GDP per capita was lowest in Mexico.

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**NOTE**: “Hong Kong SAR” stands for “Hong Kong Special Administrative Region of China.” Purchasing power parity (PPP) is the number of foreign currency units required to buy goods and services in a foreign country equivalent to what can be bought with one dollar in the United States.

Converting GDP to real terms removes the effect of price changes over time by holding prices constant. Changes in real GDP per capita, thus, only reflect the combined impact of changes in the volume of output and the size of the population.

The Republic of Korea had the greatest increase in real GDP per capita, followed by Hong Kong SAR, Ireland, and Singapore. Growth in real GDP per capita for the United States, at 1.5 percent, was roughly in the middle of the range of the remaining countries.
GDP per employed person measures the market value of all final goods and services produced per worker in a country and is a general indicator of labor productivity.

GDP per employed person was highest in Norway, the United States, and Ireland. Mexico had the lowest GDP per employed person.

**NOTE:** Purchasing power parity (PPP) is the number of foreign currency units required to buy goods and services in a foreign country equivalent to what can be bought with one dollar in the United States.

Trade in goods as a percent of GDP measures the relative importance of trade to an economy by comparing the total value of each country’s exports and imports to its economic output.

The United States and Japan had the lowest proportions of trade in goods to GDP. The high figures for Singapore and Hong Kong SAR reflect these economies’ status as platforms for re-exports and trans-shipments.

**NOTE:** “Hong Kong SAR” stands for “Hong Kong Special Administrative Region of China.” Trade in goods is defined as the sum of merchandise exports and imports.

**SOURCE:** World Bank.
Charts in this section show comparisons of labor force, employment, unemployment, and related indicators. The size of the labor force is shown in chart 2.1. Labor force growth (chart 2.2) sums up changes in both employment and unemployment over the period. Labor force participation rates (charts 2.3-2.5) measure the share of the population that is working or unemployed. Here, comparisons are shown by sex and for four selected age groups relating to youths and older workers.

Employment and unemployment are key indicators of the functioning of labor markets both within and among countries. Charts 2.6-2.9 compare the proportion of the working-age population that is employed, employment growth rates, trends in full-time and part-time employment, and trends in annual hours worked per employed person. Charts 2.10-2.15 explore unemployment rates, long-duration unemployment, and the connection between unemployment rates and levels of education.

This section covers 16 to 19 countries. In addition, a weighted aggregate for 15 European Union countries (EU-15) is shown on the majority of charts.
The labor force is comprised of all employed and unemployed persons, that is, all members of the working-age population who are either (1) working for pay, profit, or family gain, or (2) available for and actively seeking work. The labor force represents the supply of labor in an economy. The size of the labor force is affected by the size of the country’s population.

The EU-15 countries combined had the largest labor force, followed by the United States.

**Sources:** Bureau of Labor Statistics and Organization for Economic Cooperation and Development.
Growth in the labor force is the result of changes in the size of the employed and unemployed populations. An increase in the labor force may reflect (1) increases in either or both employment and unemployment, or (2) a decrease in either employment or unemployment that is offset by a larger increase in the other population.

Labor force growth rates can help to project the future supply of labor and identify job search expectations. Since the decision to participate in the labor market depends partially on perceived employment opportunities, labor force growth can represent stronger expectations of employment and predict a larger supply of labor in the future.

U.S. labor force growth slightly outpaced that of the EU-15 average. In Europe, labor force growth was stronger in Ireland, Spain, the Netherlands, and Norway than in the United States. The labor force declined only in Japan.
2.3 Labor force participation rates by sex, 2008

Labor force participation rates measure the proportion of the working-age population that is actively engaged in the labor market by being either employed or unemployed. The labor force participation rate is affected by perceived opportunities at finding employment; when employment is seen as difficult to obtain, discouraged potential workers may drop out of the labor force. This indicator, therefore, can reflect differences in the factors affecting labor market decisions across groups of people. Differences in labor force participation rates by sex can reflect child-rearing activities, cultural norms on employment by sex, and discrimination in employment opportunities or in educational opportunities by sex.

Though men still participate in the labor force at higher rates than women, the gaps in labor force participation rates are at historic lows, as men's participation has decreased and women's has increased in recent years.

[Sources: Bureau of Labor Statistics and Organization for Economic Cooperation and Development.]
2.4 Labor force participation rates for two categories of youths, 2008

Differing labor force participation rates for youths across countries can reflect the economic need to work at young ages, legal age restrictions on working, and the availability or lack of educational opportunities for the young.

Labor force participation rates varied widely for teenagers, ranging from 6.5 percent (the Republic of Korea) to 66.2 percent (Denmark). Persons ages 20 to 24 participated in the labor force to a much greater extent than teenagers, with the highest participation rates in Denmark, the Netherlands, and Australia.

**NOTE:** Persons ages 16 to 19, instead of ages 15 to 19, for Norway, Spain, Sweden, the United Kingdom, and the United States.

**SOURCE:** Organization for Economic Cooperation and Development.
Differing labor force participation rates for older workers across countries can reflect the economic need to work at older ages and cultural and legal norms about retirement ages and retirement benefits.

Persons ages 55 to 64 participated in the labor market far less in Italy, France, and Austria than in the remaining countries. Participation rates for persons ages 65 and over varied widely from 1.5 percent (France) to 30.6 percent (the Republic of Korea); the U.S. rate was nearly four times the EU-15 average.

**NOTE:** Persons ages 65 to 74, instead of ages 65 and over, for Norway and Sweden.

**SOURCE:** Organization for Economic Cooperation and Development.
Employment as a percent of the working-age population, also known as the employment-to-population ratio, indicates the capacity to create employment in an economy. Employment levels alone are insufficient to compare human resource utilization across countries because levels do not take into account differences in the number of potential workers.

A high ratio means that a large percent of the population is employed, and a low ratio can mean that much of the population is either unemployed or not participating in the labor force. Generally, a high employment-to-population ratio is viewed favorably, as it indicates that an economy is utilizing its human resources effectively.

Norway had the highest percentage of the working-age population employed. At least half of the working-age population was employed in all countries and areas, except Italy.

<table>
<thead>
<tr>
<th>Country</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway</td>
<td>65.2</td>
</tr>
<tr>
<td>Netherlands</td>
<td>64.5</td>
</tr>
<tr>
<td>New Zealand</td>
<td>64.3</td>
</tr>
<tr>
<td>Canada</td>
<td>64.2</td>
</tr>
<tr>
<td>Australia</td>
<td>63.8</td>
</tr>
<tr>
<td>Denmark</td>
<td>62.9</td>
</tr>
<tr>
<td>United States</td>
<td>62.2</td>
</tr>
<tr>
<td>Sweden</td>
<td>61.1</td>
</tr>
<tr>
<td>Ireland</td>
<td>60.0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>59.9</td>
</tr>
<tr>
<td>Korea, Rep. of</td>
<td>58.7</td>
</tr>
<tr>
<td>Austria</td>
<td>57.8</td>
</tr>
<tr>
<td>Mexico</td>
<td>57.8</td>
</tr>
<tr>
<td>Portugal</td>
<td>57.6</td>
</tr>
<tr>
<td>Japan</td>
<td>57.4</td>
</tr>
<tr>
<td>Germany</td>
<td>54.2</td>
</tr>
<tr>
<td>EU-15</td>
<td>53.4</td>
</tr>
<tr>
<td>France</td>
<td>52.1</td>
</tr>
<tr>
<td>Spain</td>
<td>52.0</td>
</tr>
<tr>
<td>Italy</td>
<td>45.6</td>
</tr>
</tbody>
</table>

**NOTE:** The working-age population is defined as persons ages 15 and over for all countries except Canada, France, Sweden, the United Kingdom, and the United States, where it is defined as persons ages 16 and over.

**SOURCES:** Bureau of Labor Statistics and Organization for Economic Cooperation and Development.
Employment growth does not represent job growth. In a tally of employment (based on a labor force survey), persons who hold more than one job are counted only once. Whereas, in a tally of jobs (based on an establishment survey), persons who work in more than one establishment are counted each time their names appear on payrolls. Therefore, employment growth measures changes in the number of persons working whereas job growth measures changes in the number of positions worked.

Spain and Ireland had the highest growth rates for employment, and employment declined only in Japan. U.S. employment growth outpaced that of 5 of the 12 European countries and Japan.

**Sources:** Bureau of Labor Statistics and Organization for Economic Cooperation and Development.
Many developed economies have seen rapid growth in part-time employment in recent years, due in part to the increasing number of women in the labor force and an effort to introduce more flexibility to the labor market. Some workers choose to work part-time so they can devote more time to family responsibilities or leisure, while others take part-time work because they cannot find full-time employment.

In general, part-time employment grew much faster than full-time employment; the gaps between full-time and part-time employment growth were highest in Austria, Italy, Spain, the Republic of Korea, and Germany. Full-time employment grew faster than part-time employment in only six out of seventeen countries, including the United States; full-time employment growth was highest in Spain, followed by Canada, Ireland, and New Zealand.

### Average annual growth rates for full-time and part-time employment, 1998-2008

<table>
<thead>
<tr>
<th>Country</th>
<th>Full-time</th>
<th>Part-time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>3.2</td>
<td>7.5</td>
</tr>
<tr>
<td>Canada</td>
<td>2.1</td>
<td>5.4</td>
</tr>
<tr>
<td>Ireland</td>
<td>1.9</td>
<td>4.1</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1.9</td>
<td>1.8</td>
</tr>
<tr>
<td>France</td>
<td>0.4</td>
<td>1.5</td>
</tr>
<tr>
<td>Korea, Rep. of</td>
<td>1.4</td>
<td>5.0</td>
</tr>
<tr>
<td>Sweden</td>
<td>1.3</td>
<td>2.1</td>
</tr>
<tr>
<td>Norway</td>
<td>1.2</td>
<td>0.9</td>
</tr>
<tr>
<td>United States</td>
<td>1.1</td>
<td>0.6</td>
</tr>
<tr>
<td>EU-15</td>
<td>1.0</td>
<td>2.7</td>
</tr>
<tr>
<td>Portugal</td>
<td>0.5</td>
<td>2.7</td>
</tr>
<tr>
<td>Italy</td>
<td>0.6</td>
<td>5.4</td>
</tr>
<tr>
<td>Netherlands</td>
<td>0.6</td>
<td>3.4</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0.6</td>
<td>3.4</td>
</tr>
<tr>
<td>Denmark</td>
<td>0.6</td>
<td>1.2</td>
</tr>
<tr>
<td>Austria</td>
<td>0.2</td>
<td>5.4</td>
</tr>
<tr>
<td>Germany</td>
<td>1.0</td>
<td>3.7</td>
</tr>
</tbody>
</table>

**NOTE:** Full-time employment is defined as persons usually working over 30 hours per week in their main job. U.S. data refer to wage and salary workers only. Data for other countries refer to total employment, which includes wage and salary workers, self-employed persons, and unpaid family workers.

**SOURCE:** Organization for Economic Cooperation and Development.
Annual hours worked per employed person, 1998 and 2008

Income, labor market regulations, and cultural attitudes towards work shape the number of hours worked each year by employed persons. The number of hours worked affects workers’ living conditions, as well as productivity and labor costs.

In both years, Koreans worked the most hours annually. The Republic of Korea and Ireland experienced the largest reductions in annual hours worked per employed person. Hours worked increased only in Denmark, Mexico, and the Netherlands.

**NOTE:** Data are for 2007 for the Republic of Korea.

**SOURCE:** Organization for Economic Cooperation and Development.
2.10 Unemployment rates, 2008

Unemployment includes all persons who are (1) not employed, (2) available for work, and (3) actively seeking work. The unemployment rate represents the percentage of persons in the labor force who are unemployed and is one measure of an economy’s unused labor supply.

Seven of the European countries had higher unemployment rates than the United States, with the highest rate in Spain.

Youth unemployment rates are generally higher than those for adults, due to, for example, youths’ greater vulnerability to economic downturns and lesser experience looking for work. A high youth unemployment rate relative to the adult rate indicates that unemployment affects youth disproportionately, while similar rates for the two groups show that unemployment is not a problem specific to youth.

In most countries, unemployment rates were two to three times higher for youths than for adults. The largest gaps between unemployment rates for youths and adults were in Italy, Sweden, and Spain; the gaps were smallest in the Netherlands, Germany, and Japan.

NOTE: Persons ages 16 to 24, instead of ages 15 to 24, for Canada, France, Norway, Spain, Sweden, the United Kingdom, and the United States, and persons ages 25 to 74, instead of ages 25 and over, for Norway and Sweden.

For the same reasons that youth unemployment rates are higher than those for adults, teenagers generally have higher unemployment rates than their 20- to 24-year-old counterparts.

Unemployment rates for teenagers were higher than those for persons ages 20 to 24 in all countries. Spain had the largest gap between the two age groups (19 percentage points) and the highest unemployment rate for teenagers.

**NOTE:** Persons ages 16 to 19, instead of ages 15 to 19, for Canada, France, Norway, Spain, Sweden, the United Kingdom, and the United States.

**SOURCES:** Bureau of Labor Statistics and Organization for Economic Cooperation and Development.
As the duration of unemployment increases, unemployed persons face both diminishing employability and greater financial hardship when unemployment benefits expire and other financial supports become depleted. These data highlight the proportion of unemployed persons who have been unemployed for at least one year.

Long-duration unemployment was least prevalent in Mexico and the Republic of Korea. Roughly half of the unemployed were without work for at least one year in Germany, Portugal, and Italy.

**Persons unemployed one year or longer as a percent of total unemployment, 2008**

**SOURCE:** Organization for Economic Cooperation and Development.
When the unemployment rate for adults without high school degrees is higher than the unemployment rate for adults with college or university degrees, the ratio of these rates is greater than one; a ratio close to one indicates that unemployment rates are nearly equal across the two groups.

Unemployment rates for adults without high school degrees were higher than those for adults with college or university degrees, except for men and women in Mexico and women in the Republic of Korea. The ratios of unemployment rates for the two education levels were highest for women in the United States and Germany and for men in Germany, the United States, and Austria.

**NOTE**: The ratio for Japan compares the unemployment rate for adults with high school degrees to that for adults with college or university degrees. Adults are defined as persons ages 25 to 64.

**SOURCE**: Organization for Economic Cooperation and Development.
2.15 **Educational attainment of the adult population, 2007**
(by highest level completed)

The distribution of the adult population by educational attainment provides information about the educational composition of a country’s labor force.

At least 40 percent of the adult population had attained a college or university degree in Canada, New Zealand, Japan, and the United States. In Portugal and Mexico, roughly 70 percent of the population did not complete high school.

![Educational attainment of the adult population, 2007](chart)

**NOTE:** For Japan, persons who have completed less than high school are combined with persons who have completed high school or trade school. The adult population is defined as persons ages 25 to 64.

**SOURCE:** Organization for Economic Cooperation and Development.
Hourly compensation costs, manufacturing labor productivity, and unit labor costs are useful for partially assessing international competitiveness. The data presented in this section are for the manufacturing sector only.

Charts 3.1 and 3.2 compare the level and trends of hourly compensation costs for all employees in manufacturing. Chart 3.3 depicts employer social insurance expenditures and other labor taxes as a percent of hourly compensation costs.

Charts 3.4-3.6 provide comparisons of manufacturing productivity growth rates, the composition of productivity growth in terms of changes in output and hours worked, trends in unit labor costs, and shares of world manufacturing output.

This section covers 16 to 21 economies. In addition, a weighted aggregate for 15 European Union countries (EU-15) is shown on chart 3.6.
Hourly compensation costs measure the cost to employers to hire one hour of labor in manufacturing. They include payments made directly to workers, as well as employer expenditures on social insurance. In some countries, taxes and subsidies related to employment also are included. For this measure, hourly compensation costs in national currencies have been converted to U.S. dollars using market exchange rates.

Manufacturing hourly compensation costs were highest in Norway, at 1.8 times the U.S. level. Australia, Canada, and 10 of the 12 European countries had higher hourly compensation costs than the United States; Spain and Portugal were the only two European countries that had lower hourly compensation costs than the United States. Hourly compensation costs were under $11 in Mexico, Taiwan, and Portugal.

**SOURCE:** Bureau of Labor Statistics.
Hourly compensation costs can be measured in the national currency of each country or converted to U.S. dollars using exchange rates. When national currencies are converted to U.S. dollars, growth in hourly compensation is magnified if the foreign currency appreciated against the dollar, or lessened if the foreign currency depreciated. The differences between the two growth rates represent the effects of changes in exchange rates.

During this period, the national currency of every country, except Mexico, Singapore, and Taiwan, appreciated against the U.S. dollar; therefore, growth in manufacturing hourly compensation costs was greater in U.S. dollars than in national currencies for all but these three countries. Growth in U.S. hourly compensation costs was relatively low.

NOTE: Data are for 1998-2007 for Germany.
3.3 Employer social insurance expenditures and other labor taxes as a percent of hourly compensation costs, 2007 (all employees in manufacturing)

Social insurance expenditures refer to the value of contributions made by employers to secure employee entitlement to benefits such as, for example, retirement and disability pensions, health insurance, occupational injury and illness compensation, unemployment insurance, or life insurance; these contributions often provide delayed future income and benefits to employees. Other labor taxes refer to taxes on payrolls or employment (or reductions to reflect subsidies).

Social insurance costs as a percent of manufacturing hourly compensation costs ranged widely, from 12.3 percent (Denmark) to 33.1 percent (Sweden) in European countries, and from 4.6 percent (New Zealand) to 26.3 percent (Mexico) in non-European countries.

**SOURCE:** Bureau of Labor Statistics.
3.4 Average annual growth rates for manufacturing productivity, output, and hours worked, 1998-2008

Labor productivity is a measure of economic efficiency that shows how effectively hours worked are converted into output. When output growth is larger than growth in hours worked, productivity increases; conversely, when growth in hours worked is larger than output growth, productivity decreases. Advances in productivity can increase national income.

In all countries, manufacturing output growth was larger than growth in hours worked, indicating increasing productivity; specifically, as output increased, hours worked decreased in all but four countries. The Republic of Korea had the largest increase in manufacturing labor productivity, followed by Sweden, Taiwan, and the United States; growth was lowest in Italy.

**NOTE:** Productivity is defined as real output per hour worked.

**SOURCE:** Bureau of Labor Statistics.
Unit labor costs are calculated by dividing hourly compensation (compensation per hour) by productivity (output per hour). This indicator, therefore, measures the cost of labor compensation expended to produce one unit of output. Unit labor costs have a large impact on an economy’s international cost competitiveness; declines in unit labor costs indicate that an economy is becoming more cost competitive.

Manufacturing unit labor costs declined only in Taiwan, Japan, Singapore, and the United States. Australia had the largest increase in unit labor costs.
Manufacturing output as a percent of world manufacturing output, 2008

Manufacturing output as a percent of world manufacturing output measures the relative contribution of the manufacturing sector of each country to world output.

Although U.S. employment in manufacturing has decreased steadily in recent years, the United States remains the world’s leading producer of manufactured goods. The EU-15 countries’ combined share of world manufacturing output surpassed that of the United States.

NOTE: “Hong Kong SAR” stands for “Hong Kong Special Administrative Region of China.”
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Charts in this section depict international trends in price inflation through price indexes, which measure the average change over time in the price paid for a fixed selection, or “market basket,” of goods and services.

Chart 4.1 compares national Consumer Price Indexes (CPIs) to Harmonized Indexes of Consumer Prices (HICPs) to highlight the affects of indicator coverage and definitions on measured consumer price inflation. Chart 4.2 shows short- and longer-term inflation trends in the HICPs. Chart 4.3 tracks changes in the prices paid by U.S. importers for goods bought from other countries.

Charts 4.1-4.2 cover 12 to 14 countries. Chart 4.3 covers only the United States; the data charted represent the prices paid by U.S. importers for goods coming from seven foreign countries.
Average annual growth rates for Harmonized Indexes of Consumer Prices (HICPs) and national Consumer Price Indexes (CPIs), 2003-2008

Consumer Price Indexes show the average change over time in the prices paid by consumers for a fixed selection, or “market basket,” of goods and services. CPIs are used primarily to adjust income payments for changes in the cost of living and to compute inflation-adjusted measures of other economic series. HICPs cover both urban and rural consumers and are based on European Union definitions. In contrast, coverage and definitions for national CPIs differ across countries. HICPs, therefore, provide more meaningful international comparisons of consumer price inflation.

For most countries, the two measures recorded similar consumer price inflation, with the HICP being higher than the CPI for 6 of the 12 countries. The United Kingdom had the largest difference between the two series because the national CPI market basket includes only retail goods, whereas the HICP covers a broader range of consumer expenditures, including, for example, health, education, and financial services.

NOTE: National CPI data are not comparable across countries.

Comparing the 2007-2008 consumer price inflation trend against the annual average over 2003-2008 highlights differences in short- and longer-term inflation levels.

Consumer price inflation grew more quickly during 2007-2008 than the annual average for 2003-2008; Denmark, Norway, and Sweden had the largest gaps between inflation growth rates for the two periods. During 2007-2008, growth in consumer prices was highest in the United States and lowest in Japan.

**Average annual growth rates for Harmonized Indexes of Consumer Prices (HICPs), 2003-2008 and 2007-2008**

**Sources:** Bureau of Labor Statistics and Eurostat.
4.3 U.S. Import Price Indexes by country of origin, 2005-2008 (percent change from same period of previous year)

U.S. Import Price Indexes by country of origin track the prices paid by U.S. importers for goods bought from other countries. These indexes are used primarily to analyze cross-country pricing trends that may be impacted by the product mix of imports from a given country, the relative strength of the U.S. dollar against the respective foreign currencies, or other regional economic variables. These indexes also are used to compute inflation-adjusted measures of other economic series, particularly the foreign sector component of GDP.

U.S. import prices for goods from Canada, Mexico, and the United Kingdom (selected fuel suppliers to the United States) increased sharply from the last quarter of 2007 through the first half of 2008 and declined sharply over the latter half of 2008, each relative to the same period of the previous year; prices for goods from Germany and France—whose exports to the United States generally do not include fuel—exhibited similar but less volatile trends during this time. In contrast, prices for goods from China and Japan were relatively flat overall but have trended up over recent years.

**Price of U.S. imports from North American and Asian countries**

**Price of U.S. imports from European countries**

**SOURCE:** Bureau of Labor Statistics.
Charts in this section provide a broad overview of basic economic indicators for the United States and six large emerging economies. These emerging economies are not included in the other charts in this chartbook due to data limitations; however, these charts provide similar data categories to those shown in other sections.

Chart 5.1 presents each country’s share of world population, providing context for the potential impact of each country on the world and its region. Chart 5.2 measures the age composition of the population—a rough indicator of the economic dependency of children and the elderly on working-age persons.

The remaining charts illustrate indicators already presented for more industrialized countries in earlier sections. Charts 5.3-5.5 highlight three gross domestic product (GDP) indicators: GDP per capita, GDP per employed person, and trade in goods as a percent of GDP. Charts 5.6 (labor force participation rates by age) and 5.7 (employment-to-population ratios by sex) present labor market indicators. Chart 5.8 shows industry output as a percent of world industry output.

This section covers the United States, which is included as a reference point, and six large emerging economies: Brazil, China, India, Indonesia, the Russian Federation, and South Africa. In addition, an aggregate for the rest of the world is shown on charts 5.1 and 5.8.
5.1 Share of world population, 2008

Shares of world population across countries provide one indication of the relative size of the economies, and are the basis for considerations of overall productive potential.

The six large emerging economies accounted for nearly half of the world’s population, with China and India together accounting for 37 percent.

The age composition of the population measures the share of the total population for working-age persons (ages 15 to 64), children (ages 14 and under), and the elderly (ages 65 and over). Working-age persons constitute the vast majority of the labor force; therefore, a larger proportion of persons in this age group represents a potentially greater ability to care for children and the elderly and to maintain solvency of public child-care and retirement programs.

For each of these countries, the working-age population was between 63 percent and 72 percent of the entire population. South Africa and India had the highest proportion of children, accounting for almost one-third of those countries’ total populations. In contrast, the Russian Federation and the United States had the highest percentage of the elderly.

NOTE: Age groups may not sum to 100 percent due to rounding.

5.3 Gross domestic product (GDP) per capita, 2008 (converted at PPP rates)

A country’s GDP per capita, or the market value of all final goods and services produced per person, is one measure of the productive capacity available to meet the economic needs of the population.

Among the six large emerging economies, GDP per capita was highest in the Russian Federation, followed by Brazil and South Africa. GDP per capita was lowest in the three Asian countries, ranging from 3,000 U.S. dollars (India) to 6,000 U.S. dollars (China).

**NOTE:** Purchasing power parity (PPP) is the number of foreign currency units required to buy goods and services in a foreign country equivalent to what can be bought with one dollar in the United States.

**SOURCES:** Bureau of Labor Statistics and World Bank.
GDP per employed person measures the market value of all final goods and services produced per worker in a country and is a general indicator of labor productivity.

GDP per employed person varied widely among the large emerging economies, ranging from 7.5 thousand U.S. dollars (India) to 33.5 thousand U.S. dollars (the Russian Federation). GDP per employed person was lowest in the three Asian countries.

**NOTE:** Purchasing power parity (PPP) is the number of foreign currency units required to buy goods and services in a foreign country equivalent to what can be bought with one dollar in the United States.

Trade in goods as a percent of GDP measures the relative importance of trade to an economy by comparing the total value of each country’s exports and imports to its economic output.

Brazil and the United States had the lowest proportions of trade in goods to GDP. Trade in goods was greater than 50 percent of GDP for South Africa, China, and Indonesia.

**NOTE:** Trade in goods is defined as the sum of merchandise exports and imports.

**SOURCE:** World Bank.
Labor force participation rates measures the proportion of the working-age population that is actively engaged in the labor market by being either employed or unemployed. Differing labor force participation rates by age across countries can reflect the economic need to work at young and old ages, legal age restrictions on working, cultural and legal norms about retirement ages and retirement benefits, as well as the availability or lack of educational opportunities for the young.

China had the highest rate of labor force participation for prime-age persons (ages 25 to 54), whereas Indonesia had the highest percentage of older persons in the labor force (70.2 percent for persons ages 55 to 64, and 39.5 percent for persons ages 65 and over). Youths and persons ages 55 to 64 participated in the labor force to a much lesser extent in South Africa than in the other countries.

NOTE: Persons ages 16 to 24, instead of ages 15 to 24, for the United States.

5.7 Employment as a percent of the working-age population by sex, 2008

Employment as a percent of the working-age population, also known as the employment-to-population ratio, indicates the capacity to create employment in an economy. Employment levels alone are insufficient to compare human resource utilization across countries because they do not take into account differences in the number of potential workers.

India had the largest gap in employment-to-population ratios between women and men, with 32.4 percent of working-age women employed and 77.4 percent of working-age men employed; China had the narrowest gap between women and men.

NOTE: The working-age population is defined as persons ages 15 and over for all countries except the United States, where it is defined as persons ages 16 and over.

Industry output as a percent of world industry output measures the relative contribution of the industry sector of each country to world output.

The six large emerging economies accounted for about one-fifth of total world industry output, with China constituting 12 percent.

**NOTE:** Industry is defined as mining, manufacturing, construction, and public utilities.

**SOURCE:** United Nations.
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This chartbook is based mainly upon the output of the Bureau of Labor Statistics (BLS) program of international comparisons of labor force, compensation, prices, and productivity. To increase country and indicator coverage, BLS data are supplemented by data from the Organization for Economic Cooperation and Development (OECD) and other organizations.

BLS adjusts foreign statistics to a common conceptual framework, thereby aiding users in making meaningful international comparisons. Comparability issues arise due to, for example, differences in definitions, time periods, and population coverage. Summary descriptions of the BLS comparative series are provided below. More detailed information can be found in the source documents listed, which are available on the BLS international labor comparisons Web site at http://www.bls.gov/ilc/.

To increase country coverage for the GDP, labor market, and prices charts (sections 1, 2, and 4), BLS data are supplemented by data mainly from the OECD, but also from the Statistical Office of the European Union (Eurostat), the World Bank, and national sources. Data from these alternative sources are judged reasonably comparable with the BLS series unless otherwise noted. The charts on hourly compensation and productivity in manufacturing (charts 3.1-3.5) have not been supplemented by other sources; data are from the BLS series. To provide other indicators of interest, 17 of the charts (charts 1.4, 2.4, 2.5, 2.8, 2.9, 2.13-2.15, 3.6, and all charts in sections 5) are based on statistics compiled by other organizations, mainly the OECD, but also The Conference Board, the International Labour Organization (ILO), the United Nations, and the World Bank. Discussion of the data from the non-BLS sources is included below. Although these source organizations have made some adjustments to enhance comparability, the non-BLS data generally are not considered fully comparable across countries. Where applicable, some caveats concerning comparability are noted.

Country coverage varies by indicator. Coverage in sections 1 through 4 varies from 12 to 21 economies. In addition, weighted aggregates for 15 European Union countries (EU-15) are shown on almost half these charts.
The EU-15 includes European Union member countries prior to the expansion of the European Union to 25 countries on May 1, 2004, and to 27 countries on January 1, 2007. The 15 countries are Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom. It should be noted that some countries for which data are available are not included on the charts for analytical or presentation purposes. Nine countries appear on all charts in the first four sections: Denmark, France, Germany, Italy, the Netherlands, Spain, Sweden, the United Kingdom, and the United States. In addition, data for Australia, Austria, Canada, Ireland, Japan, the Republic of Korea, Mexico, New Zealand, Norway, and Portugal appear on almost all of these charts; data for Hong Kong Special Administrative Region of China (Hong Kong SAR), Singapore, and Taiwan appear only on some charts. Section 5 covers the United States, which is presented as a reference point, and six large emerging economies: Brazil, China, India, Indonesia, the Russian Federation, and South Africa.

The latest data available are shown for each chart. All data are either annual averages or mid-year estimates. Average annual growth rates are calculated using the compound-rate method. For trends, there are some breaks in the historical continuity of the labor force and employment series; however, the breaks generally do not substantially affect the trends depicted. The nature of the breaks is documented in the source publications.

In the descriptions that follow, some charts are discussed as a group, while others warrant individual treatment.

**Gross domestic product**
(charts 1.1-1.4 and 5.3-5.5)

A country’s gross domestic product (GDP) represents the sum of value added by all producers in that country. Value added is the value of the gross output of producers less the value of intermediate goods and services used in production. GDP is generally used to measure the size of an economy and should not be interpreted as necessarily measuring the wealth and well-being of the residents of that country.

Purchasing power parities (PPPs) are currency conversion rates that allow output in different currency units to be expressed in a common unit of value. A PPP is the ratio between the number of units of a country’s currency and the number of U.S. dollars required to purchase an equivalent basket of goods and services within each respective country.

**GDP per capita**
(charts 1.1, 1.2, and 5.3)

GDP per capita (charts 1.1 and 5.3). GDP per capita measures the size of an economy relative to its population. These charts show GDP measured in U.S. dollars converted at PPP rates.

Measures are taken from the data underlying a periodic report published by BLS for Australia, Austria, Canada, Denmark, France, Germany, Ireland, Italy, Japan, the Republic of Korea, the Netherlands, Norway, Singapore, Spain, Sweden, the United Kingdom, and the United States. For the remaining countries, the measures are based on data published by the World Bank.


Average annual growth rates for real GDP per capita (chart 1.2). Real GDP is GDP that has been adjusted for overall price changes over time in order to remove the effects of inflation. Change in real GDP per capita over time is the result of changes in both a country’s real GDP and in its population. This chart uses GDP measured in real national currencies.

Measures are taken from the data underlying a periodic report published by BLS for Australia, Austria, Canada, Denmark, France, Germany, Ireland, Italy, Japan, the Republic of Korea, the Netherlands, Norway, Singapore, Spain, Sweden, the United Kingdom, and the United States. Data for Hong Kong are from the Hong Kong Census and Statistics Department, and data for the remaining countries are from the OECD.

GDP per employed person (charts 1.3 and 5.4)

GDP per employed person measures the amount of GDP attributable on average to each employed person, working in tandem with all other inputs or factors of production. These charts show GDP measured in U.S. dollars converted at PPP rates.

Measures are taken from the data underlying a periodic report published by BLS for Australia, Austria, Canada, Denmark, France, Germany, Ireland, Italy, Japan, the Republic of Korea, the Netherlands, Norway, Singapore, Spain, Sweden, the United Kingdom, and the United States. For the remaining countries, the measures are based on data published by the World Bank for GDP, and the OECD and The Conference Board for employment (in charts 1.3 and 5.4, respectively).

The use of employed persons in the denominator of the indicator does not standardize sufficiently the measure of labor input. The number of hours worked, on average, by each employed person can vary markedly across countries and over time.


Trade in goods as a percent of GDP (charts 1.4 and 5.5)

Trade in goods as a percent of GDP is the sum of merchandise exports and imports divided by GDP, all of which are valued in current U.S. dollars using exchange rates. The value taken by the indicator does not give the share of GDP generated by imports and exports; rather, it indicates that the value of imports and exports is equivalent to the resulting percentage of GDP.


Labor market indicators (charts 2.1-2.15 and 5.6-5.7)

Charts in section 2 depict aspects of the labor force. Charts 2.1-2.3, 2.6, 2.7, and 2.10-2.12 contain BLS comparative data on labor force, employment, and unemployment and are supplemented by data from the OECD; in contrast, charts 2.4, 2.5, 2.8, 2.13, and 2.14 contain only OECD data. Due to this difference in sources, these two groups of charts are discussed separately. Chart 2.9, annual hours worked per employed person, and chart 2.15, educational attainment of the adult population, are discussed individually. Finally, charts 5.6 and 5.7, which present labor market indicators for large emerging economies, are discussed as a set at the end of the section.

In the United States, the unemployed are those not working but available for work in the reference week, and actively seeking work in the past 4 weeks. Those persons waiting to be recalled from layoff need not be seeking work to be classified as unemployed. The employed are those persons who during the reference week did work for at least 1 hour as paid employees, worked in their own business, profession, or on their own farm, or worked 15 hours or more as unpaid workers in an enterprise operated by a family member. Those temporarily absent from work but who had jobs or businesses to return to are also counted as employed. For other countries, definitions of unemployed and employed may vary.

The labor force is the sum of the employed plus the unemployed; the unemployment rate is the ratio of the unemployed to the labor force. The labor force participation rate is the ratio of the labor force to the population of working age (ages 15 or 16 and over for these charts); the employment-to-population ratio is the ratio of the employed to the population of working age.

For charts in this section, BLS data have no upper age limit, and lower age limits vary slightly. Coverage for OECD data varies across countries but generally includes persons ages 15 or 16 and over, unless otherwise noted; for employment and unemployment, some differences remain for upper age limits. These differences should not materially affect the estimates shown because the number of persons in the oldest age groups generally is small.
Labor force, employment, and unemployment (charts 2.1-2.3, 2.6, 2.7, 2.10-2.12)

BLS comparative measures of the civilian labor force, employment, unemployment, and related indicators are used for Australia, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, the United Kingdom, and the United States. OECD data are used for Austria, Denmark, the EU-15, Ireland, the Republic of Korea, Mexico, New Zealand, Norway, Portugal, and Spain.

In the BLS comparisons program, adjustments are made to each country’s published data, if necessary and where possible, to provide measures approximately consistent with U.S. definitions. The data are adjusted to the U.S. concepts used in the Current Population Survey (CPS), the official source of U.S. labor force data. To adjust the data, BLS employs data from several sources, including data obtained by special request from the central statistical offices of the foreign countries. Further information on the nature of the adjustments for each country can be found in the BLS source document cited at the end of this section.

OECD data generally are from labor force surveys that are based on ILO guidelines for measurement of the labor force, employment, and unemployment. These guidelines are available on the Internet at http://www.ilo.org/public/english/bureau/stat/download/res/ecacpop.pdf.

The ILO guidelines have become standards for many countries; consequently, definitions used in labor force surveys are now broadly similar in outline and purpose if not in all of their details. The ILO guidelines facilitate cross-country comparisons because they draw countries toward a common conceptual framework. The charted OECD data are reasonably comparable to the corresponding BLS data, although some adjustments for comparability that are made by BLS are not made by the OECD.

The OECD produces a series of "harmonized unemployment rates" (HURs) that are adjusted to ILO concepts. In recent years, the OECD series yielded unemployment rates closely comparable to the BLS comparative series of unemployment rates for the countries common to both programs, but some differences remain.

The OECD HURs are used to broaden the coverage of the unemployment data on chart 2.10. The unemployment rates for the following countries are obtained from the OECD: Austria, Denmark, Ireland, the Republic of Korea, Mexico, New Zealand, Norway, Portugal, and Spain.

OECD data used to broaden the country coverage of charts 2.1-2.3, 2.6, 2.7, 2.11, and 2.12 are not adjusted by the OECD for comparability to the extent that the HURs are adjusted; the OECD does not publish harmonized labor force and employment figures or harmonized unemployment figures for subgroups.


Labor force, employment, and unemployment (charts 2.4, 2.5, 2.8, 2.13, and 2.14)

The charts discussed below are derived from the OECD. Data from the OECD are used because the BLS labor force comparisons program does not provide indicators for participation rates by age (charts 2.4 and 2.5), full-time and part-time employment (chart 2.8), duration of unemployment (chart 2.13), or unemployment by educational attainment (chart 2.14).

Labor force participation rates by age (charts 2.4 and 2.5). The participation rate for a given age group is defined as the percentage of the labor force for the age group as a share of the population for the age group. Two age groups are charted for youths in chart 2.4: persons ages 15 to 19 and persons ages 20 to 24. Two age groups are charted for older workers in chart 2.5: persons ages 55 to 64 and persons ages 65 and over. Data for charts 2.4 and 2.5 are from the OECD and are generally derived from labor force surveys. The OECD has made no attempt to standardize these data to international definitions. According to the OECD, international
comparisons of these data must be made with caution. In countries where young people are conscripted into the armed forces, their measured participation rates will differ considerably according to whether the figures include or exclude the armed forces. Differences in the lower age limit also affect the comparability of the data.


Average annual growth rates for full-time and part-time employment (chart 2.8). The OECD has adjusted full-time and part-time employment to a common conceptual basis, insofar as possible. Full-time employment is defined as persons usually working over 30 hours per week in their main job. Part-time employment is defined as persons usually working 30 or fewer hours per week in their main job. Data are obtained from labor force surveys and are generally limited to persons declaring usual hours worked.

Except for the United States, the data relate to total employment. For the United States, the data cover wage and salary employment only. This difference should not materially affect the comparisons because paid workers account for more than 90 percent of total U.S. employment.

Data for the Republic of Korea are not comparable to those of other countries because they are based on “actual hours worked,” rather than “usual hours worked.” They are included in chart 2.8 to track the broad trends in full-time and part time work.


Persons unemployed one year or longer as a percent of total unemployment (chart 2.13). The OECD data on duration of unemployment represent the length of time that unemployed persons have been looking for work. The OECD data have not been standardized, but they are all from labor force surveys.


Ratios of unemployment rates for adults without high school degrees to those for adults with college or university degrees (chart 2.14). Because educational systems vary widely across countries, the OECD adopted a broad classification system based upon the International Standard Classification for Education (ISCED) developed by the United Nations Educational, Scientific, and Cultural Organization (UNESCO). The OECD summarizes the UNESCO categories into seven educational attainment groupings—ISCED 0 to ISCED 6—that refer to completed education. The OECD grouping "below upper secondary," which includes ISCED 0 through 2, corresponds to "without high school degrees." The grouping "tertiary-type A and advanced research programs," a subset of ISCED 5, corresponds to "with college or university degrees." Data on unemployment have not been standardized, but they are all from labor force surveys. Data refer to persons ages 25 to 64.


Annual hours worked per employed person (chart 2.9)

The concept used is the total number of hours actually worked over the year, divided by the average number of persons in employment. Data are intended generally for comparisons of trends over time. Annual hours worked per employed person are affected by legislation and agreements on normal and overtime hours. They also are influenced by factors such as the proportion of part-time workers and self-employed, who work fewer and longer hours, respectively. In addition, data sources and methods of estimation vary by country.

The ILO standard definition for hours actually worked includes hours actually worked during normal periods of work; time worked in addition to the normal periods and generally paid at higher rates; time spent at place of work in preparation, repair, and record keeping; time spent at place of work on stand-by basis or under a guaranteed work contract; and time corresponding to short rest periods, including tea or coffee breaks. Hours actually worked should exclude hours paid for but not worked, such as: annual leave, public holidays, paid sick leave, meal breaks, and time spent on travel between home and work. Comparative data on annual hours worked based precisely on this ILO definition are not available.
The comparisons shown in chart 2.9 are the published OECD data series on average annual hours actually worked per worker, which include some adjustments towards the above definition for each country. Data generally cover all persons in employment, including both full-time and part-time workers. Data are on a per-employed-person basis, except for Austria, Canada, Japan, and the United States, where data are on a per-job basis. Data sources include labor force surveys, establishment surveys, and administrative data. Annual estimates are based on actual or usual weekly hours worked from labor force and establishment surveys, or from normal hours worked from survey or administrative data.

Across countries, these data are adjusted to varying degrees to account for effective weeks worked during the year, hours not worked due to annual leave and public holidays, and underreporting of hours lost due to illness and maternity leave. For most countries, data are consistent with national accounts concepts.

Data for the United States are OECD estimates. These estimates are based on unpublished BLS statistics of annual hours worked per job, estimated from the Current Employment Statistics Survey and the CPS. The OECD adjusts these unpublished BLS statistics for multiple jobholding using data from the CPS to produce estimates of annual hours worked per employed person.


Educational attainment of the adult population (chart 2.15)

As discussed for chart 2.14, the OECD uses UNESCO categories for seven educational attainment groupings. In chart 2.15, these are grouped into three broad categories. The grouping “less than high school” includes early childhood education (ISCED 0), primary level of education (ISCED 1), and lower secondary level of education (ISCED 2). The grouping “high school or trade school” includes upper secondary level of education (ISCED 3) and post-secondary non-tertiary level of education (ISCED 4). The grouping “college or university” includes the first stage of tertiary education (ISCED 5) and advanced research qualification (ISCED 6). The data refer to persons ages 25 to 64.


Labor market indicators for large emerging economies (charts 5.6 and 5.7)

Measures for these charts are from BLS for the United States and from ILO for the six large emerging economies. Data from ILO are used because the BLS labor force comparisons program does not cover large emerging economies.

Chart 5.6 presents labor force participation rates by age. The participation rate for a given age group has been previously defined in this section. Four age groups are charted in chart 5.6: youths (persons ages 15 to 24), prime working-age (persons ages 25 to 54), and two groups of older workers (persons ages 55 to 64 and persons ages 65 and over). The ILO series is harmonized using an econometric model to account for differences in national data and scope of coverage, collection and tabulation methodologies, and other country-specific factors such as military service requirements. For further information on the methodology used to harmonize estimates, see the source document.

Chart 5.7 displays employment-to-population ratios by sex, which is defined as the ratio of the employed for a given sex to the population of working age for that sex. The population of working age has been defined previously in this section. The ILO employment series is derived from nationally reported data and the harmonized labor force data used to calculate labor force participation rates described previously. Nationally reported data are used only when they meet strict criteria in terms of international comparability and geographic coverage. Model estimates are used where national data are not available or satisfactory. Limitations to comparability are described more fully in the source document.

Competitiveness indicators (charts 3.1-3.6 and 5.8)

Section 3 focuses on several key labor-related indicators of competitiveness in world markets for goods: manufacturing hourly compensation costs, productivity and unit labor costs, and manufacturing output as a percent of world manufacturing. Note that the hourly compensation costs indicators in charts 3.1-3.3 show levels and trends, whereas the productivity and unit labor costs indicators in charts 3.4-3.5 are limited to trend comparisons.

The manufacturing sector provides the best data for such comparisons, and the BLS indicators presented in charts 3.1-3.5 have been adjusted to a common conceptual framework to facilitate comparisons. Nevertheless, it should be noted that these indicators allow only for a partial assessment of international competitiveness of economies. The aggregate (all manufacturing) nature of the indicators may mask important variations in competitiveness of manufacturing sub-sectors. In addition, competitiveness relationships in manufacturing may not be the same as the relationships in services, a growing sector for trade flows. Although competitiveness is heavily dependent on labor costs, there are many other factors that influence competitiveness, including the quality of the product, the timeliness of its delivery, after-sales service, and the flexibility needed to respond to changes in customers’ requirements.

Hourly compensation costs for all employees in manufacturing (charts 3.1-3.3)

These charts present data on comparative hourly compensation costs for all employees in manufacturing to assess international differences in employer labor costs. Comparisons based on the more readily available average earnings statistics published by many countries can be misleading—national definitions of average earnings differ considerably, average earnings do not include all items of labor compensation, and the omitted items of compensation frequently represent a large proportion of total compensation.

Hourly compensation costs include (1) hourly direct pay and (2) employer social insurance expenditures and other labor taxes. Hourly direct pay includes all payments made directly to the worker, before payroll deductions of any kind, consisting of (a) pay for time worked (basic time and piece rates plus overtime premiums; shift, holiday, or night work premiums; cost-of-living adjustments; and bonuses and premiums paid each pay period) and (b) other direct pay (pay for time not worked—vacation, holidays, and other leave, except sick leave, seasonal or irregular bonuses, allowances for family events, commuting expenses, etc., the cash value of payments in kind, and severance pay where explicitly not linked to a collective agreement). Social insurance expenditures and other labor taxes include (c) employer social insurance expenditures (employer expenditures on retirement and disability pensions, health insurance, income guarantee insurance and sick leave; life and accident insurance; occupational injury and illness compensation, unemployment insurance, severance pay where linked to a collective agreement, and other social insurance expenditures) and (d) other labor taxes (taxes on payrolls or employment or reductions to reflect subsidies). Generally, other labor taxes account for less than 1 percent of total compensation.

The BLS definition of hourly compensation costs is not the same as the ILO definition of total labor costs. Hourly compensation costs do not include all items of labor costs. The costs of recruitment, employee training, and plant facilities and services—such as cafeterias and medical clinics—are not included because data are not available for most countries. The labor costs not included account for no more than 2 percent of total labor costs in any country for which these data are available.

All employees include both full- and part-time employees and temporary employees. Persons are considered employed if they receive pay for any part of the specified pay period. The self-employed, unpaid family workers, and workers in private households are excluded.
Total compensation is computed by adjusting each country’s average earnings series for items of direct pay not included in earnings and for employer expenditures for social insurance, and other labor taxes. For the United States and other countries that measure earnings on an hours-paid basis, the figures also are adjusted to approximate compensation per hour worked. Earnings statistics are obtained from surveys of employment, hours, and earnings, from surveys or censuses of manufactures, or from other data sources.

Adjustment factors for most countries are obtained from periodic labor cost surveys or censuses of manufacturers and are interpolated or projected to non-survey years using data such as tabulations of employer social security contribution rates provided by the International Social Security Association, information on contractual and legislated fringe benefit changes, or statistical series on indirect labor costs. For the United States, the adjustment factors are special calculations for international comparisons based on data from several surveys.

To the extent possible, the statistics are adjusted to account for major differences in worker coverage; differences in industrial classification systems; and changes over time in survey coverage, sample benchmarks, and frequency of surveys.

The compensation measures are computed in national currency units and are converted to U.S. dollars using the average daily exchange rate for the reference period. The exchange rates used are prevailing commercial market exchange rates as published by either the U.S. Federal Reserve Board or the International Monetary Fund. Changes over time in compensation costs denominated in U.S. dollars reflect the underlying national wage and benefit trends measured in national currencies, as well as frequent and sometimes sharp changes in currency exchange rates. It should be noted that the exchange rate adjusted compensation measures provide comparative measures of employer labor costs; they do not provide inter-country comparisons of the purchasing power of worker incomes.

For further information on the methodology used in these estimates, see the source document.


Manufacturing productivity and unit labor costs (charts 3.4 and 3.5)

The productivity estimates refer to labor productivity, defined as real output per hour worked. It is based on the manufacturing output produced in each country and the total labor input in the form of hours worked. Output is defined as the real (deflated) GDP produced in the manufacturing sector of the economy. GDP has been defined previously (see Gross Domestic Product section). The output data are published as part of each country’s national accounts.

Hours worked in manufacturing include the hours of all persons engaged in the manufacturing process, including the self-employed. For some countries, the data on the number of hours worked in manufacturing are also published with the national accounts. For other countries, BLS constructs its own estimates of aggregate hours worked, multiplying employment figures published with the national accounts by estimates of average annual hours worked.

Manufacturing unit labor costs are defined as the cost of labor compensation per unit of output. Changes in unit labor costs reflect the net effect of changes in hourly worker compensation and in labor productivity. Unit labor costs rise when compensation per hour rises faster than labor productivity. Conversely, if labor productivity rises faster than hourly compensation, unit labor costs decline. Because labor costs are frequently a major factor in total production costs, changes in unit labor costs affect the prices of manufactured products.

Labor compensation includes employer expenditures for legally required insurance programs and contractual and private benefit plans, in addition to all payments made in cash or in kind directly to employees. Data on labor compensation are usually taken from the countries’ national accounts. When data for the self-employed are not available, total compensation is estimated by assuming the same hourly compensation for self-employed and employees.
Changes in a country’s unit labor costs, expressed in U.S. dollars, are estimated by combining changes in the unit labor cost expressed in each nation’s currency with changes in the exchange rate of the country’s currency against the U.S. dollar.


Output by sector as a percent of world output by sector (charts 3.6 and 5.8)

Output is defined as the value added in that sector for each country. Industry is defined as activities in mining, manufacturing, construction, and public utilities; manufacturing is a sub-sector of industry.

Each country’s value added, expressed in U.S. dollars, is divided by world value added. The value added series are converted to U.S. dollars by applying the corresponding exchange rate for the year shown in the chart, as reported by the International Monetary Fund (IMF). Reported rates are annual averages of the exchange rates communicated to the IMF by the monetary authority of each member country.

While exchange rates are the most appropriate conversion method, one must keep in mind that they are volatile by nature and can change suddenly and significantly, leading to sharp realignments of the comparative levels of value added. For example, if a country’s currency is "undervalued," the value added for that country would be reduced. If the currency were to strengthen, the country’s value added (in U.S. dollars) would rise, even if its volume of output (in local currency units) remained unchanged.


Prices
(Charts 4.1-4.3)

Average annual growth rates for Harmonized Indexes of Consumer Prices (HICPs) and national Consumer Price Indexes (CPIs) (charts 4.1 and 4.2). Charts 4.1 and 4.2 depict 1-year and 5-year trends in international consumer price inflation. CPIs measure the change over time in the prices paid by consumers for a fixed selection, or "market basket," of goods and services.

The national CPIs in chart 4.1 are not comparable across countries and have not been adjusted for comparability by BLS. Differences exist mainly in population coverage, frequency of market basket weight changes, and treatment of homeowner costs. Data for the United Kingdom refer to the "Retail Price Index" (RPI) published by the United Kingdom’s Statistical Agency, which covers retail prices only.

The HICPs in charts 4.1 and 4.2 cover both urban and rural consumers and are based on European Union definitions; the HICPs, therefore, provide more meaningful international comparisons of consumer price inflation. HICP data for the United States are an experimental BLS series produced outside of regular production systems and, consequently, with less than full production quality. HICP data for Japan refer to the "General, excluding imputed rent" CPI published by Japan’s Statistical Agency. While the HICP series for the United States and Japan broadly follow the European Union definitions, some difference remain in the frequency of market basket weight changes, aggregation methods, and quality adjustments.


U.S. Import Price Indexes by country of origin (chart 4.3). The BLS Division of International Prices produces monthly indexes of U.S. import and export prices. U.S. Import Price Indexes by Locality of Origin, measure the change in prices paid by U.S. importers for goods bought from other countries. Imports for this index cover merchandise goods purchased from abroad by U.S. residents. The country of origin refers to the last location from which goods were exported before they arrived in the United States.
Data in chart 4.3 represent the percentage change in the index from the same month of the previous year. These indexes are based on the North American Industry Classification System (NAICS).


### Population (charts 5.1-5.2)

Figures represent the de facto population, which includes all residents of a country, regardless of legal status or citizenship—except for refugees not permanently settled in the country of asylum, who are generally considered part of the population of their country of origin. The values shown are mid-year estimates for the current year.

Standard demographic techniques are used to estimate population for the current year. For most countries, national population censuses are the main source of data; however, frequency and quality vary by country. Most countries conduct a complete enumeration no more than once a decade. Pre- and post-census estimates are interpolations or extrapolations based on demographic models. Surveys conducted by international organizations, such as the Demographic and Health Surveys Program, are often the source of the most recent demographic information for developing countries.

International comparability of population indicators is limited by differences in the concepts, definitions, data collection procedures, and estimation methods used by national statistical agencies and other organizations that collect population data. Furthermore, ages are not always reported accurately, particularly in developing countries.

For charts 5.1 and 5.2, data are from the World Bank. The share of world population (chart 5.1) shows each country’s share of the total world population. The total population presents one overall measure of the potential impact of the country on the world and within its region.

The age composition of the population (chart 5.2) refers to the percentage of the total population that constitutes each specific age group. Three age groups are presented in chart 5.2: persons ages 14 and under, persons ages 15 to 64, and persons ages 65 and over.
