Occidental College
OxyScholar

UEP Faculty & UEPI Staff Scholarship | Urban and Environmental Policy

Summer 2007

The United States in Comparative Perspective

Peter Dreier
Occidental College, dreier@oxy.edu

Follow this and additional works at: http://scholar.oxy.edu/uep_faculty

Part of the American Politics Commons, Comparative Politics Commons, and the Political Theory Commons

Recommended Citation
Dreier, Peter. "The United States in Comparative Perspective." Contexts. Summer 2007.

This Article is brought to you for free and open access by the Urban and Environmental Policy at OxyScholar. It has been accepted for inclusion in UEP Faculty & UEPI Staff Scholarship by an authorized administrator of OxyScholar. For more information, please contact cdla@oxy.edu.

the united states in comparative perspective

Most Americans do not know how the United States compares to other affluent nations on various measures of economic and social well-being. This makes it difficult for them to consider whether another America, if not another world, is possible, because they have no basis of comparison other than anecdotes, stereotypes, and an often misguided view that the United States is "number one" on most indicators of the good life. At the same time, many Americans feel their economic security and well-being are deteriorating—but they do not know if these trends are reversible, or whether there are lessons to be learned from other countries that do things differently and, in some cases, better. So how *does* the United States compare? Additional charts, tables, and notes on sources can be found at www.contextsmagazine.org/content_vol6-3.php.

Peter Dreier coordinated the feature articles for this special issue of Contexts. *He teaches at Occidental College.*

The United States is the third most prosperous country among affluent nations, following Norway and Japan—countries that were once far behind (based on per capita income in 2004 dollars).

	Per capita income*				
	1960	1979	1989	2000	2004
Norway	$9,887	$23,240	$29,278	$40,547	$42,832
Japan	$7,625	$25,696	$34,792	$40,796	$42,146
United States	$16,522	$24,914	$30,546	$37,721	$39,728
Switzerland	$22,843	$29,271	$34,660	$37,237	$37,007
Denmark	$12,560	$22,735	$26,085	$32,719	$33,595
Sweden	$10,057	$20,783	$25,377	$29,760	$31,927
Ireland	$4,624	$10,640	$13,848	$27,611	$31,778
United Kingdom	$12,497	$17,275	$21,460	$26,731	$29,011
Finland	$5,683	$16,203	$22,150	$25,413	$27,578
Austria	$8,322	$17,101	$20,624	$26,397	$27,358
Canada	$10,249	$18,016	$21,383	$25,399	$26,868
Netherlands	$9,816	$17,781	$20,493	$26,485	$26,719
Germany**	$9,117	$16,959	$20,244	$25,225	$25,823
Belgium	$8,224	$16,368	$19,996	$24,697	$25,792
France	$8,713	$16,409	$19,813	$23,882	$24,826
Australia	$8,344	$15,070	$18,174	$22,614	$24,592
Italy	$5,461	$13,732	$17,322	$20,300	$20,912
Spain	$3,444	$9,452	$11,891	$15,734	$16,753
New Zealand	$8,366	$11,394	$12,898	$14,838	$16,471
Portugal	$2,518	$6,288	$8,472	$11,358	$11,250
Average excluding U.S.	$8,402	$18,058	$22,860	$27,662	$28,761

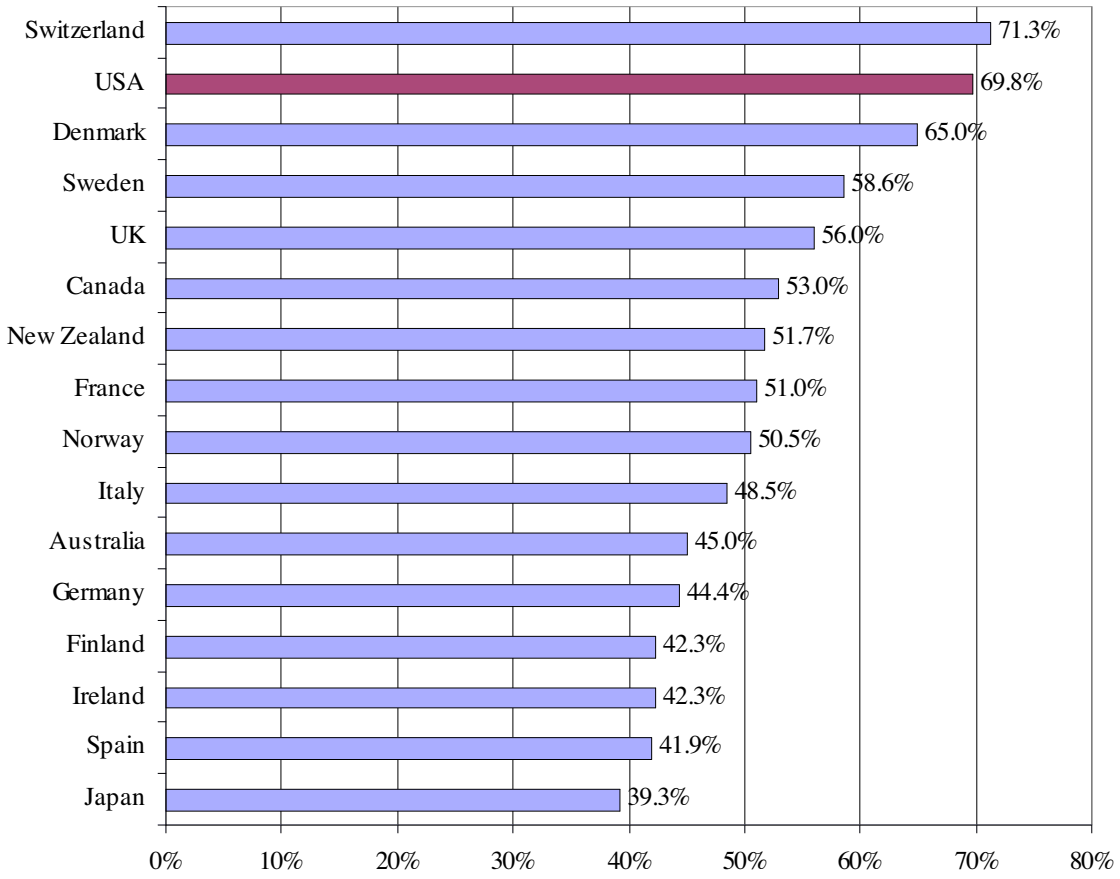
** At the price levels and exchange rates of 2000, except for 1960, which is calculated at 1990 price levels and exchange rates.*

*** OECD data prior to 1991 are for West Germany.*

Source: Lawrence Michel, Jared Bernstein, Sylvia Allegretto, The State of Working America 2006/2007 *(hereafter referred to as SWA)*

Contexts, Vol. 6, Number 3, pp 38-46. ISSN 1536-5042, electronic ISSN 1537-6052. *© 2007 by the American Sociological Association. All rights reserved. Please direct all requests for permission to photocopy or reproduce article content through the University of California Press's Rights and Permissions website, http://www.ucpressjournals.com/reprintInfo.asp.* *DOI: 10.1525/ctx.2007.6.3.38*

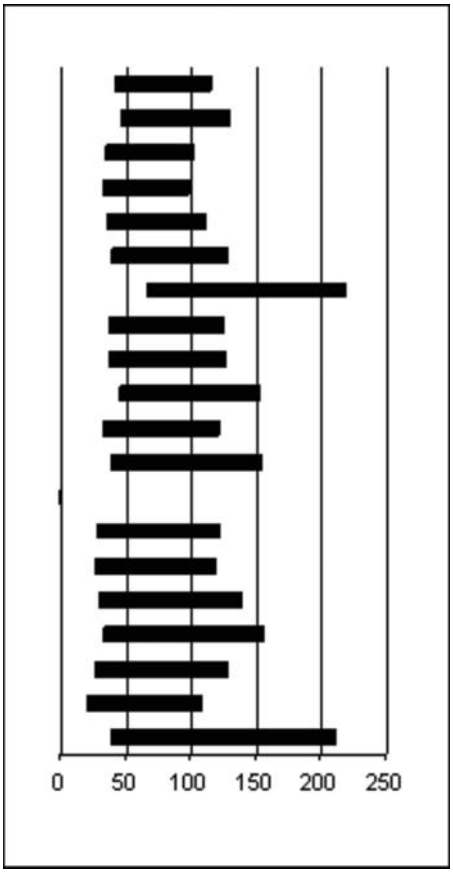
The U.S. ranks second, just behind Switzerland, in the concentration of wealth owned by the richest 10 percent of the population. In the U.S., the top 10 percent own 69.8 percent of the nation's private wealth.



Source: James B. Davies, Susanna Sandstrom, Anthony Shorrocks, and Edward N. Wolff, *The World Distribution of Household Wealth* , December 2006

The U.S. has the widest income gap. This is due to the fact that, in other countries, the poor are better off and the rich are not as rich as their U.S. counterparts. In many affluent countries, the poor have higher real incomes -- purchasing power -- than their counterparts in the U.S. In the U.S., the income of households at the 10th percentile is 39 percent of the country's median household income. In Denmark, the income of households at the 10th percentile is 42 percent of median household income in the United States. In Norway, the income of households at the 10th percentage is 47 percent of median household income in the United States. At the other end of the spectrum, in the U.S., the income of households at the 90th percentile is 210 percent of the country's median income. In Denmark, the income of households at the 90th percentile is only 115 percent of median income in the United States. Only in Luxembourg are the households at the 90th percentile better off, in terms of purchasing power, than their U.S. counterparts. But the income gap in Luxembourg is much narrower because the poor in that country are much better off than the poor in the U.S.

	P10 (Low income)	**Length of bars represents the gap between high and low income individuals**	**P90 (High income)**	**P90/P10 (Decile ratio)**
Denmark 2000	42		115	2.7
Norway 2000	47		130	2.8
Finland 2000	35		102	2.9
Sweden 2000	33		98	3.0
Netherlands 1999	37		111	3.0
Austria 2000	40		127	3.2
Luxembourg 2000	67		218	3.2
Germany 2000	38		125	3.3
Belgium 2000	38		126	3.3
Switzerland 2000	46		152	3.3
France 2000	34		121	3.5
Canada 2000	39		154	3.9
Japan 1992				4.2
Australia 1994	28		121	4.3
Italy 2000	27		119	4.5
Ireland 2000	30		139	4.6
United Kingdom 1999	34		155	4.6
Spain 2000	27		128	4.8
Portugal 2000	21		108	5.0
United States 2000	39		210	5.5



Source: Andrea Brandolini and Timothy Smeeding, "Inequality: International Evidence" available at: http://www-cpr.maxwell.syr.edu/faculty/smeeding/pdf/Smeeding_Palgrave_6_06.pdf

Poverty. The overall poverty rate -- as well as the poverty rate among children and the elderly – is high in the U.S. (Poverty is defined as one-half of each country's median income, so poverty is defined relative to each country's overall prosperity. Figures are for 2000).

Country	Total poverty	Children	Elderly
United States	17.0	21.9	24.7
Germany	8.3	9.0	10.1
France	8.0	7.9	9.8
Italy	12.7	16.6	13.7
United Kingdom	12.4	15.3	20.5
Canada	11.4	14.9	5.9
Australia	14.3	15.8	29.4
Austria	7.7	7.8	13.7
Belgium	8.0	6.7	16.4
Denmark	9.2	8.7	6.6
Finland	5.4	2.8	8.5
Ireland	16.5	17.2	35.8
Netherlands	7.3	9.8	2.4
Norway	6.4	3.4	11.9
Spain	14.3	16.1	23.4
Sweden	6.5	4.2	7.7
Switzerland	7.6	6.7	18.4

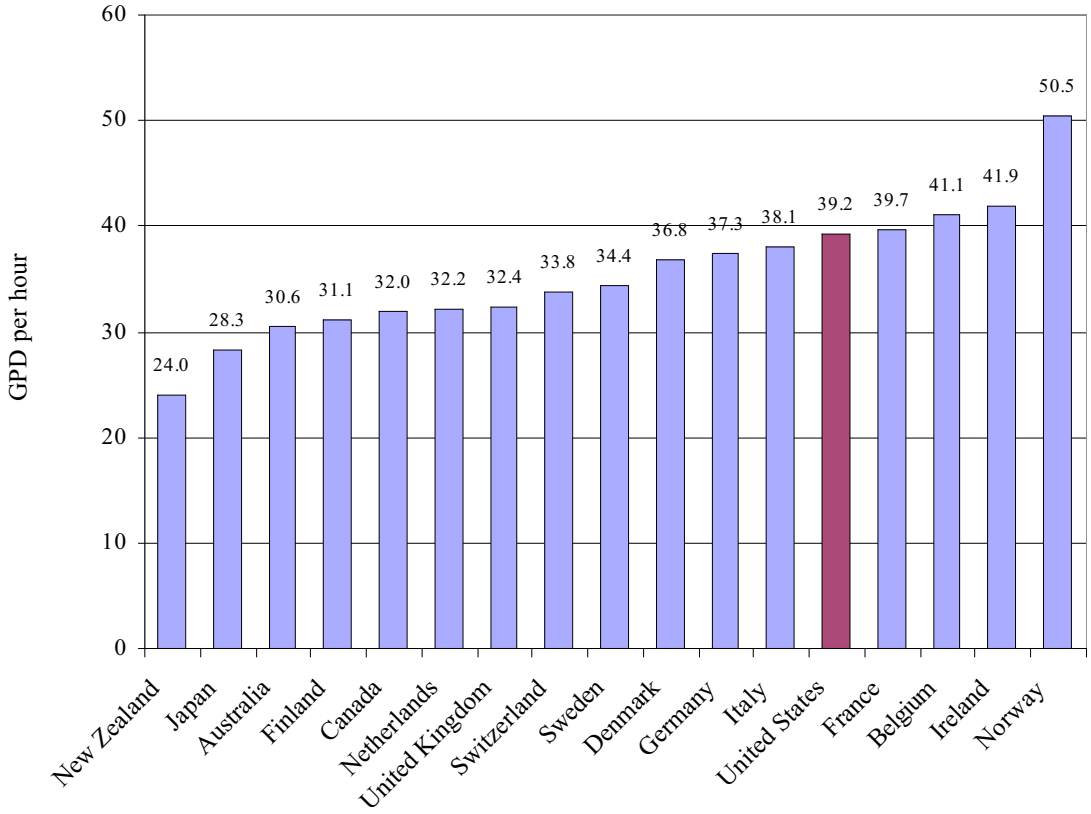
Source: *SWA*.

In many countries, manufacturing production workers earn more than their counterparts in the U.S. This challenges the view that U.S. manufacturing's lack of international competitiveness is due to prohibitively high labor costs. This was not true in 1979 and it was even less true by 2004. If hourly compensation in the U.S. is the standard (100), workers in a number of countries -- including Germany (who earn 47% more than U.S. workers), France (3% more), United Kingdom (7% more), Austria (22% more), Belgium (29% more), Denmark (46% more), Finland (32% more), Netherlands (33% more), Norway (50% more), Sweden (23% more), and Switzerland (31% more) – outpace their U.S. counterparts. Market exchange rates reflect the relative value of American goods, services (including labor), and assets in international markets, and thus reflect the relative costs to an employer of hiring U.S. labor.

	Using market exchange rates			
Country	1979	1989	2000	2004
United States	100	100	100	100
Japan	60	88	112	95
Germany	124	123	120	147
France	85	88	78	103
Italy	78	101	70	88
United Kingdom	63	74	85	107
Canada	87	103	84	92
Australia	83	87	73	100
Austria	88	99	97	122
Belgium	131	108	102	129
Denmark	117	102	111	146
Finland	83	118	99	132
Ireland	55	68	65	95
Netherlands	126	105	98	133
New Zealand	51	53	40	56
Norway	114	128	115	150
Portugal	19	21	23	30
Spain	59	63	54	74
Sweden	125	122	102	123
Switzerland	117	117	107	131

Source: *SWA.*

Productivity. The U.S. ranks in the middle among affluent countries in the efficiency of its workforce. Here we see the addition to gross domestic product for each hour worked in 2002.



Source: Jonas Pontusson, *Inequality and Prosperity: Social Europe vs. Liberal America* (Ithaca, N.Y.: Cornell University Press, 2005), p.12.

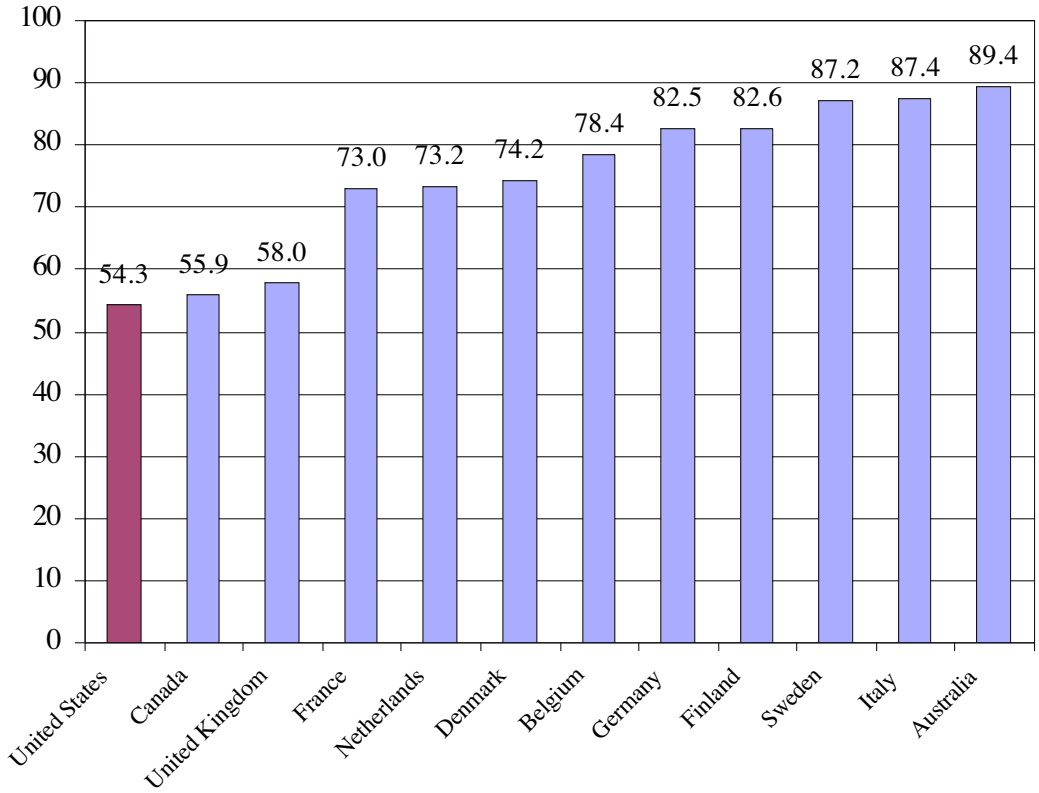
Unions. Labor unions and collective bargaining agreements play a less important role in the U.S. than in other affluent nations. The U.S. (13 percent) ranks next-to-last, behind France (10 percent), in union density – the percentage of the workforce who are union members. In France, however, even workers who are not union members are covered by collective bargaining agreements. They cover 90 percent of all workers in France, compared with only 14 percent of U.S. workers.

	Union density			Collective bargaining coverage		
	1980	2000	Change	1980	2000	Change
Australia	48	25	-23	80	80	
Austria	57	37	-20	95	95	
Belgium	54	56	+2	90	90	
Canada	35	28	-7	37	32	-5
Denmark	79	74	-5	70	80	+10
Finland	69	76	+7	90	90	
France	18	10	-8	80	90	+10
Germany	35	25	-10	80	68	-12
Ireland	57	38	-19			
Italy	50	35	-15	85	80	-5
Japan	31	22	-9	25	15	-10
Netherlands	35	23	-12	70	80	+10
New Zealand	69	23	-46	60	25	-35
Norway	58	54	-4	70	70	
Sweden	80	79	-1	80	90	+10
Switzerland	31	18	-13	50	40	-10
United Kingdom	51	31	-20	70	30	-50
United States	22	13	-9	26	14	-12

Note: Depending on the country, union density refers either to employed union members or employed and unemployed union members as a percentage of the employed labor force. Retired persons who retain their union membership are generally not included.

Source: Pontusson, p.99.

Part-time Work. Part-time workers constitute slightly more than one-tenth of the labor force in Finland and more than one-third of the labor force in the Netherlands. Other countries fall in-between, with part-time workers constituting 13.2% of the labor force in the U.S. (in 2003). But the U.S. ranks last in the hourly earnings of part-time workers as a percentage of the median hourly earnings of full-time employees. In other words, the wage gap between part-time and full-time employees is widest in the U.S., where part-time workers earn only 54.3 of full-time workers' income. 1995 data



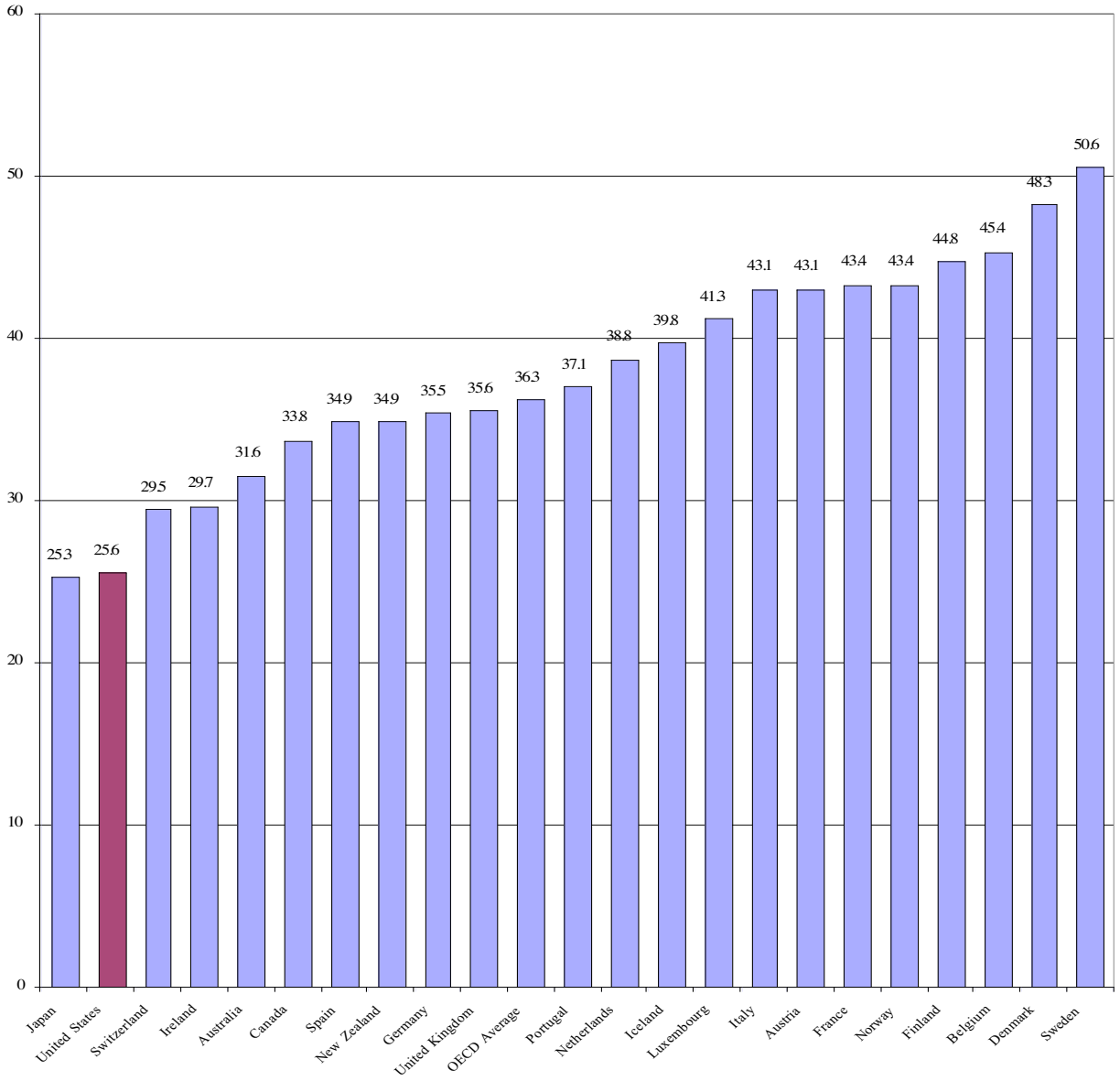
Source: Pontusson, p. 51.

Hours worked. U.S. workers work more weeks each year than their counterparts in other affluent countries, partly because of different vacation policies. The U.S. has no statutory minimum vacation policy. As a result, U.S. workers spend fewer weeks on vacation than workers elsewhere. Many other countries have chosen to take their productivity gains in the form of reduced hours – shorter work weeks, longer vacations, and earlier retirements.

	Full-time employees		
Country	Average annual weeks worked	Statutory minimum vacation in weeks	Actual holiday and vacation in weeks
United States	46.2	0.0	3.9
Japan	—	—	—
Germany	40.6	4.0	7.8
France	40.7	5.0	7.0
Italy	41.1	4.0	7.9
United Kingdom	40.8	4.0	6.6
Canada	—	—	—
Australia	—	—	—
Austria	39.5	5.0	7.3
Belgium	40.3	4.0	7.1
Denmark	39.4	5.0	7.4
Finland	38.9	4.0	7.1
Ireland	43.9	4.0	5.7
Netherlands	39.6	4.0	7.6
New Zealand	—	—	—
Norway	37.0	4.2	6.5
Portugal	41.9	4.4	7.3
Spain	42.1	4.4	7.0
Sweden	36.0	5.0	6.9
Switzerland	42.6	—	6.1

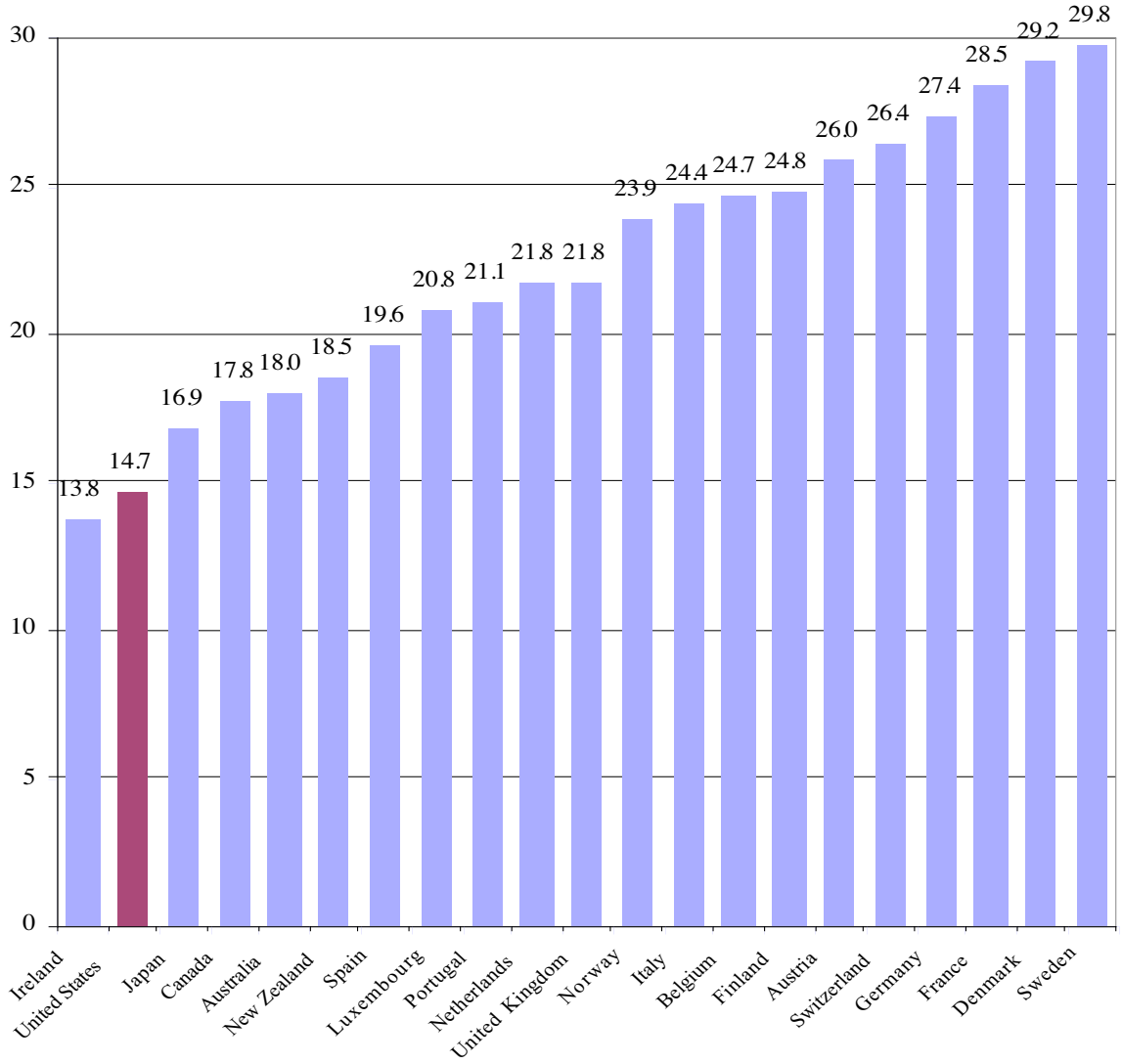
Source: *SWA.*

Taxes. Many Americans think that they are "over-taxed,' but in reality, Americans pay lower taxes than their counterparts in all other affluent countries except Japan. On the high end of the spectrum, Swedes pay more than half of their gross domestic product in taxes. On the low end, Japan and the U.S. pay about one-quarter of their GDP in taxes. (Total tax revenue as percent of GDP, 2003.)



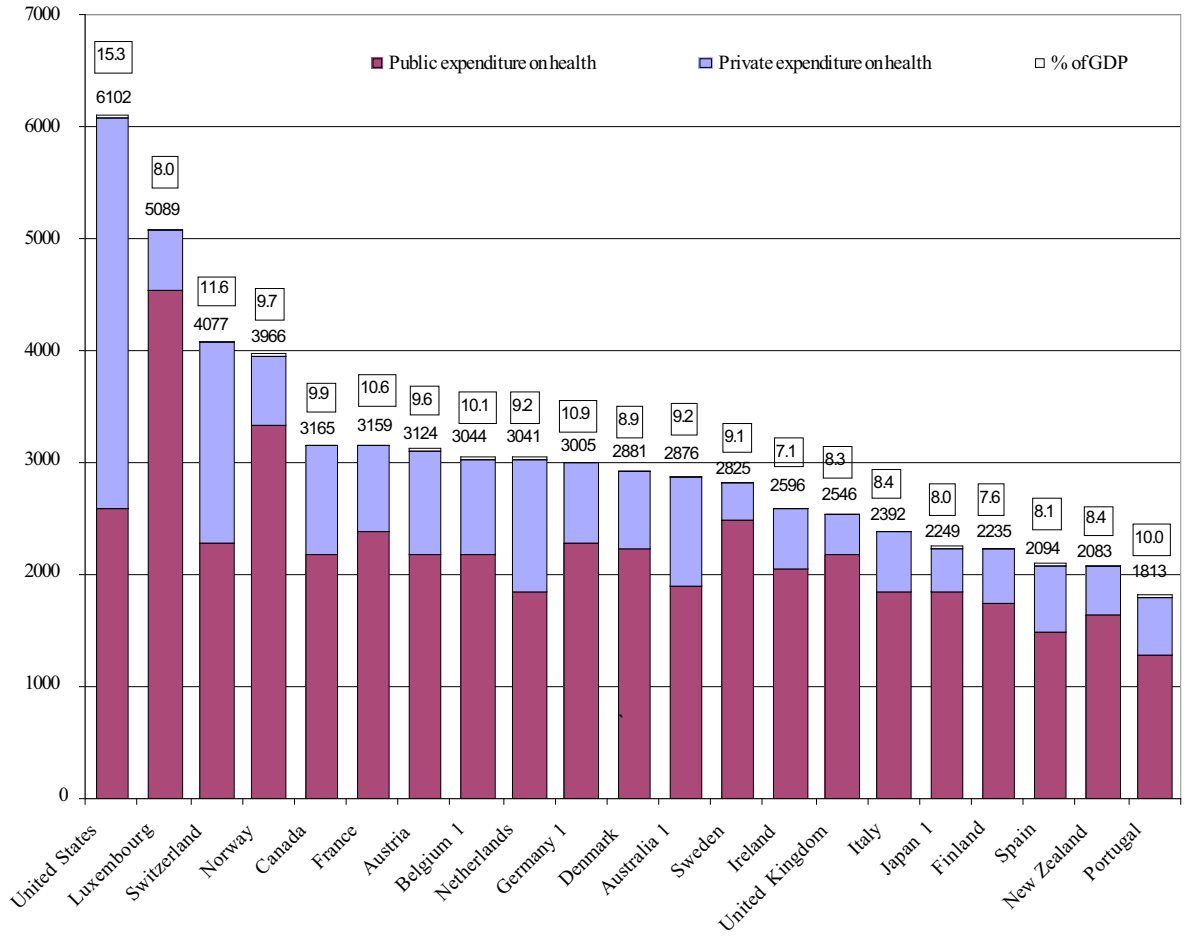
Source: Statlink: http://dx.doi.org/10.1787/352874835867
http://miranda.sourceoecd.org/v1=2344648/cl=20/nw=1/rpsv/factbook/09-03-01-g01.htm

Social Programs. The U.S. ranks next to last, after Ireland, in the amount of economic resources devoted to government social programs, measured as a percentage of GDP. These figures include family assistance (called "welfare" in the U.S.), child care, health care and similar programs. They do not include education, including job training.



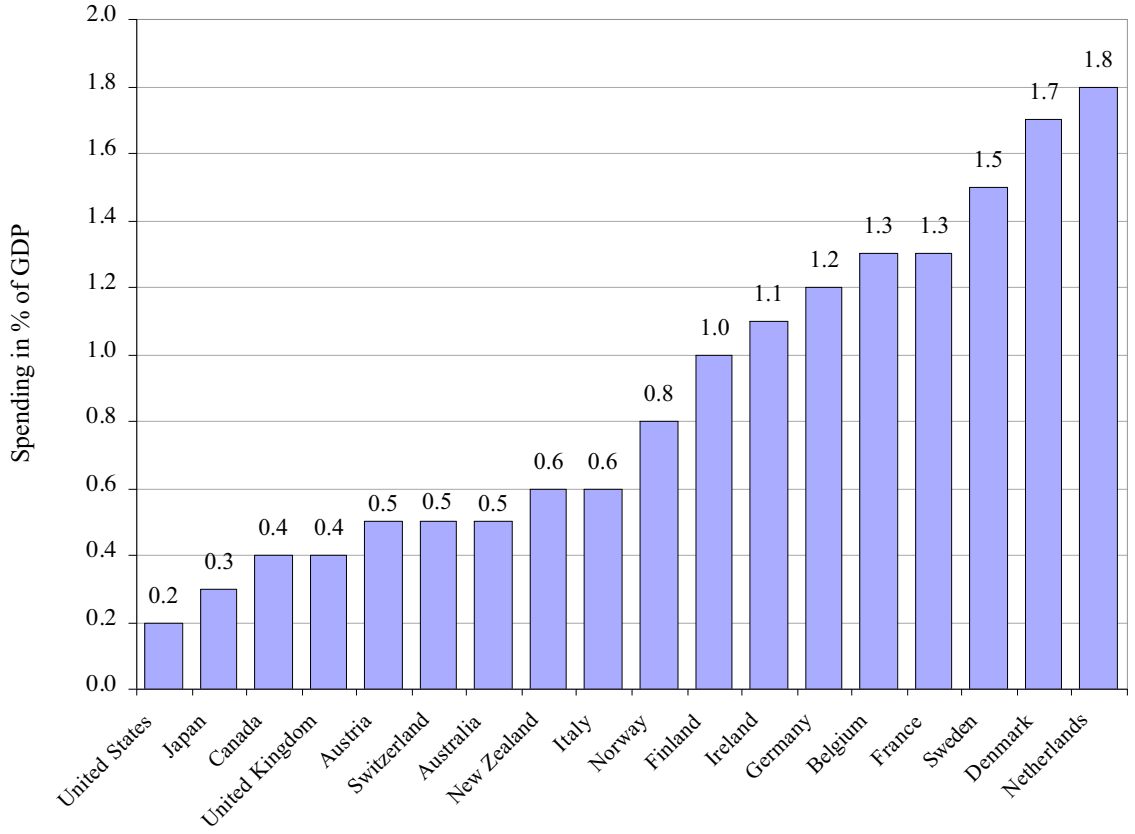
Source: Statlink: http://dx.doi.org/10.1787/858664373233
http://lysander.sourceoecd.org/v1=11804387/cl=13/nw=1/rpsv/factbook/09-02-01-g01.htm

Health spending accounted for 15.3 percent of GDP in the United States in 2004, by far the highest share in the affluent nations. The U.S. also spends more on health on a per capita basis. Government spending for health care is much greater in other countries than in the U.S.



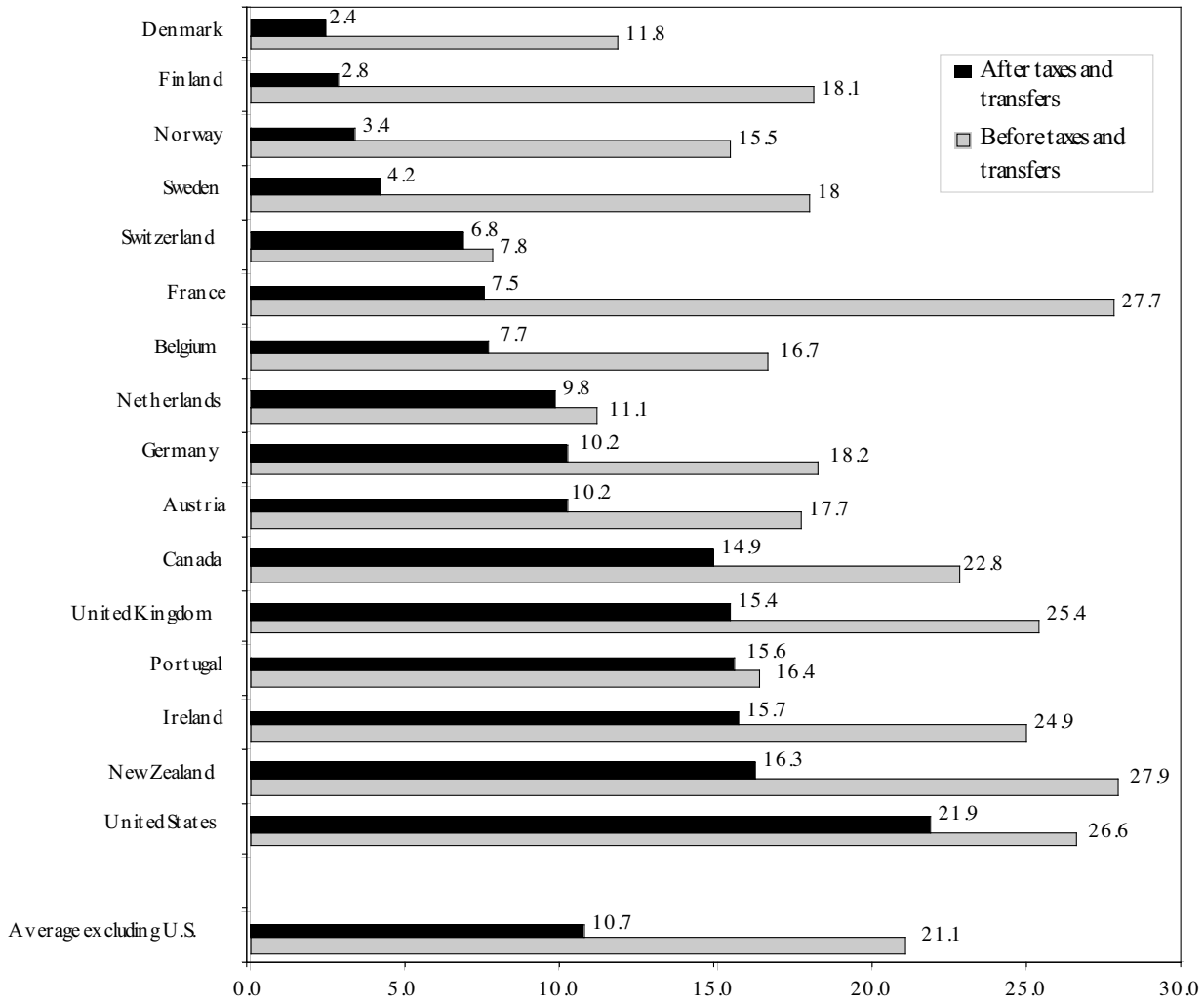
1. 2003. Source: OECD Health Data 2006, June 2006.
Available at http://www.oecd.org/dataoecd/29/52/36960035.pdf

Labor market policies. Affluent countries vary significantly in their efforts to help workers find new and better (higher-paying) jobs. The U.S. ranks last in terms of spending for active labor market policies such as retraining programs, relocation subsidies, and public employment services for workers.



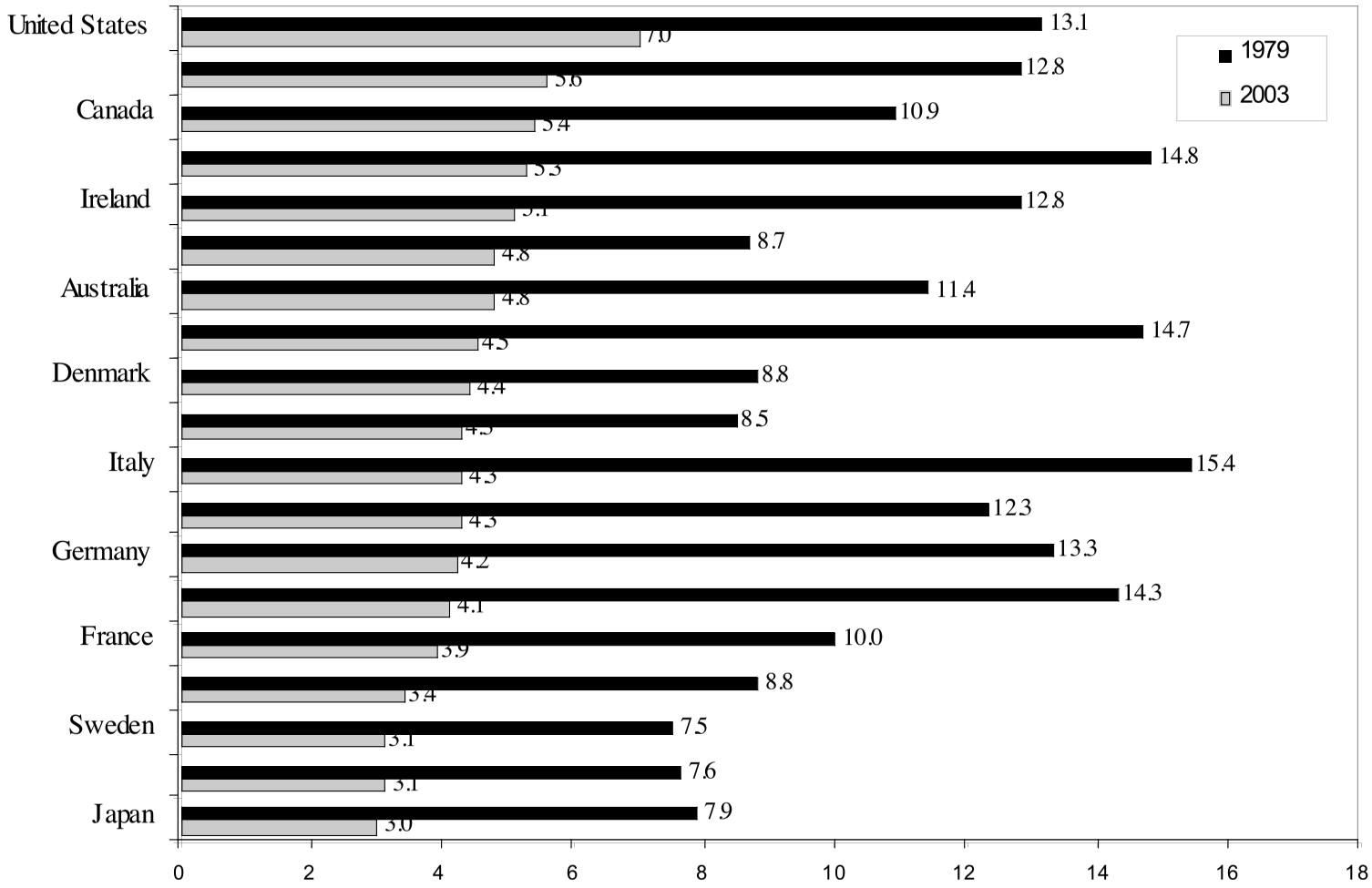
Source: Pontusson, p.126.

Child Poverty Rates. Government programs (taxes and transfers) can reduce poverty, defined as one-half of each country's median income. The relatively generous social programs in many affluent countries – family assistance, health insurance, and others – result in dramatic declines in poverty rates, including those among children. In France, for example, the poverty rate among children falls from 27.7 percent to 7.5 percent as a result of government social programs. The U.S. child poverty rate fell from 26.6 percent to 21.9 percent, the smallest decline among the affluent countries, leaving the U.S. with the highest child poverty rate. Data are for 2000.



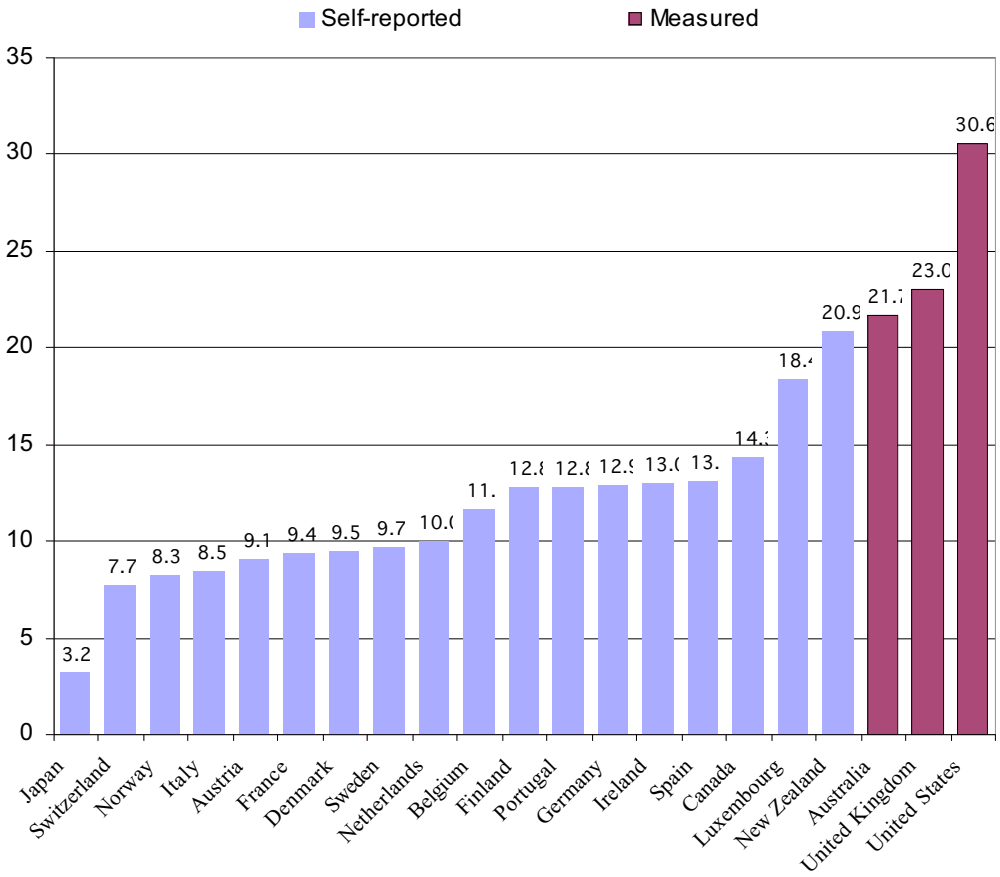
Source: *SWA; "Child Poverty in Rich Countries 2005,"* United Nations Children's Fund, 2005. Miles Corak, *"Principles and Practicalities for Measuring Child Poverty in the Rich Countries."* Bena, Germans, Institute for Study of Labor, April 2005.

Infant Mortality. All affluent countries have reduced infant morality rates (infant deaths per 1,000 live births), but the U.S. rate remains the highest.



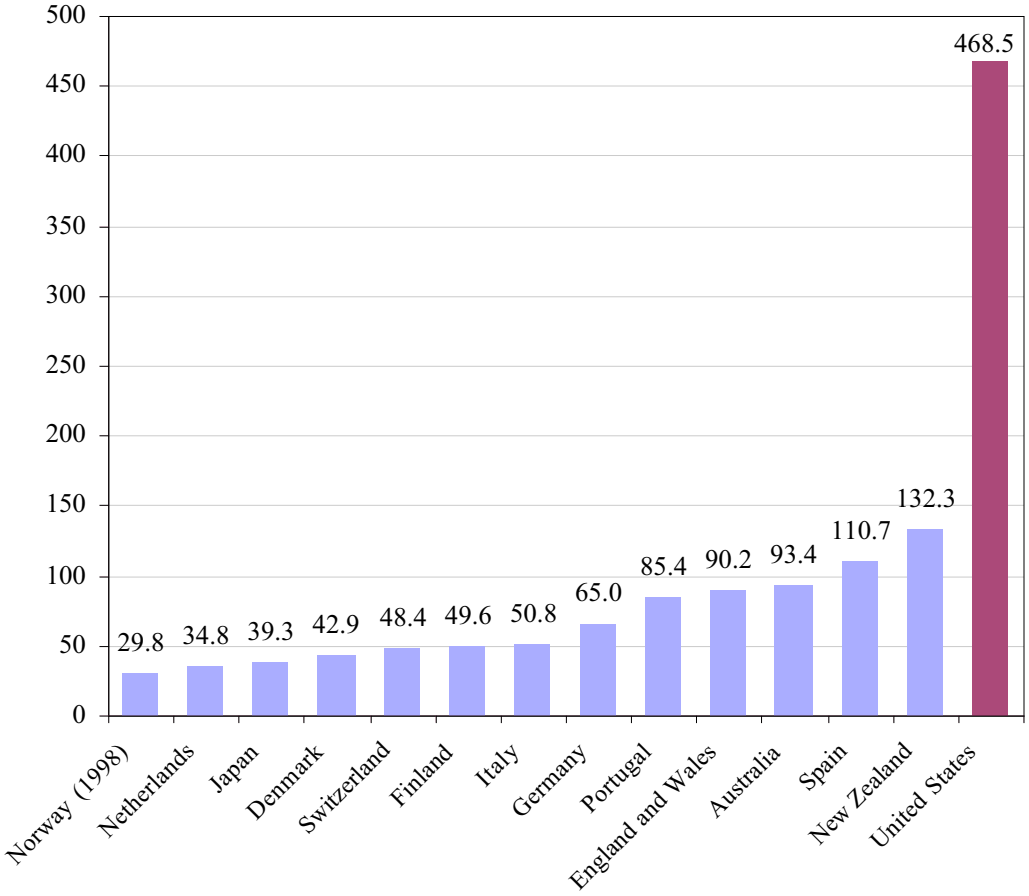
Source: OECD (2005c) data. *SWA*.

Obesity. Over 30 percent of Americans over 15 old are obese. This is by far the highest obesity rate among affluent countries. Obesity is a known risk factor for several diseases such as diabetes, hypertension, cardiovascular disease, respiratory problems (asthma) and musculoskeletal diseases (arthritis).



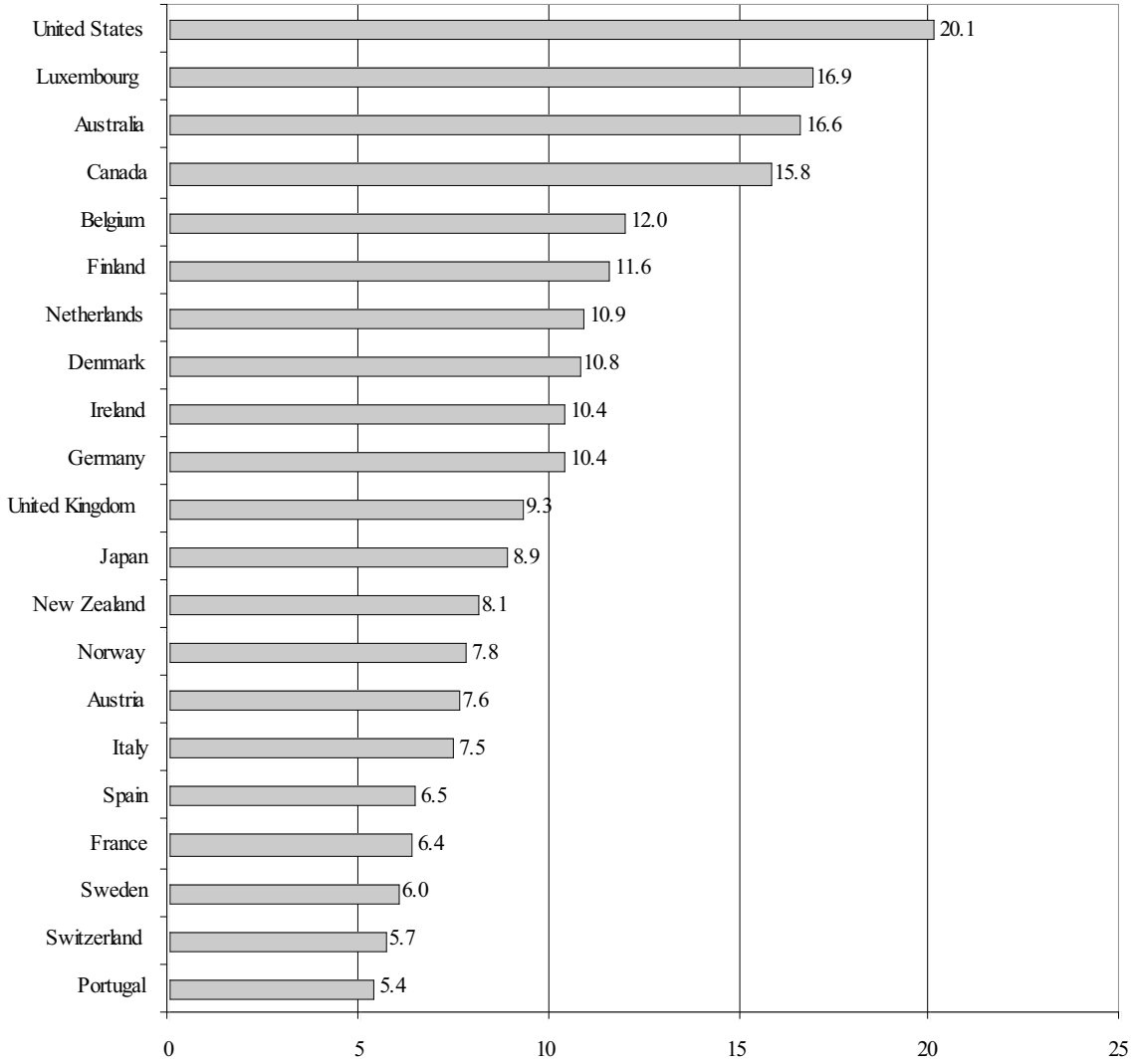
Available at: http://puck.sourceoecd.org/vl=11319243/cl=20/nw=1/rpsv/factbook/10-01-03-g01.htm
http://dx.doi.org/10.1787/114436723474

Imprisonment. The U.S. imprisons more of its adults, by far, than any other country. Here we see the number of convicted adults admitted to prisons per 100,000 population in the year 2000.



Source: Statlink: http://dx.doi.org/10.1787/030075570344
http://miranda.sourceoecd.org/v1=246586/cl=11/nw=1/rpsv/factbook/10-04-01-g01.htm

Air Pollution. The U.S. leads the industrial world in carbon dioxide (CO2) emissions, with 20.1 tons per inhabitant, more than double the average for European countries (1998 figures). CO2 emissions comprise the largest share of human-made "greenhouse gases"



Source: OECD
http://www.oecdobserver.org/news/printpage.php/aid/494/Emission_impossible_.html

Literacy. The U.S. ranks near the bottom in adult literacy (ages 16-65), while the Scandinavian countries rank at the top. In particular, low-income adults in the U.S. (those at the 5th percentile of the income distribution) perform dramatically worse on literacy tests that their low-income counterparts in most other countries. As a result, the gap in literacy between the richest (those at the 95th percentile) and poorest (5th percentile) is far wider in the U.S. The implication is that the U.S. schools are less effective at educating the poor. (Literacy test scores for population aged 16-65, 1994-98)

	Mean	5th percentile	Ratio of 95th to 5th percentile
Australia	274	146	2.46
Belgium	277	163	2.20
Canada	280	145	2.57
Denmark	289	214	1.65
Finland	288	195	1.86
Germany	285	208	1.73
Ireland	263	151	2.34
Netherlands	286	202	1.76
New Zealand	272	158	2.29
Norway	294	207	1.75
Sweden	304	216	1.79
Switzerland	271	151	2.31
United Kingdom	267	145	2.48
United States	272	133	2.79

Note: The figures are averages for three separate literacy tests, each scored on a 500-point-scale. The Swiss figures are unweighted averages for three language groups. The Belgian figures refer to Flanders only.

Source: OECD, Literacy in the Information Age (2000), pp.135-36; Pontusson, p.136.