

Mitchell’s Musings: 4/18/11 International Data: Here Today; Gone Tomorrow?

At one point about a year ago, there appeared to be a plan to end international data collection through the U.S. Bureau of Labor Statistics (BLS), connected to budgetary concerns. The threat was publicized on the web and protests were registered. Given the current budgetary issues in Congress, I am concerned that international data could again be threatened – if not this year, then some time in the future.

Chart 1:

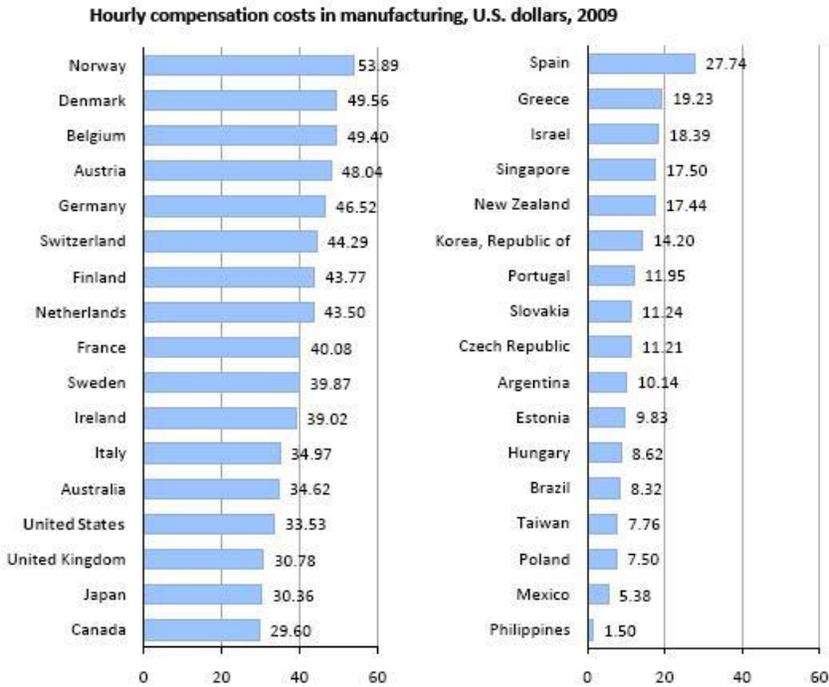
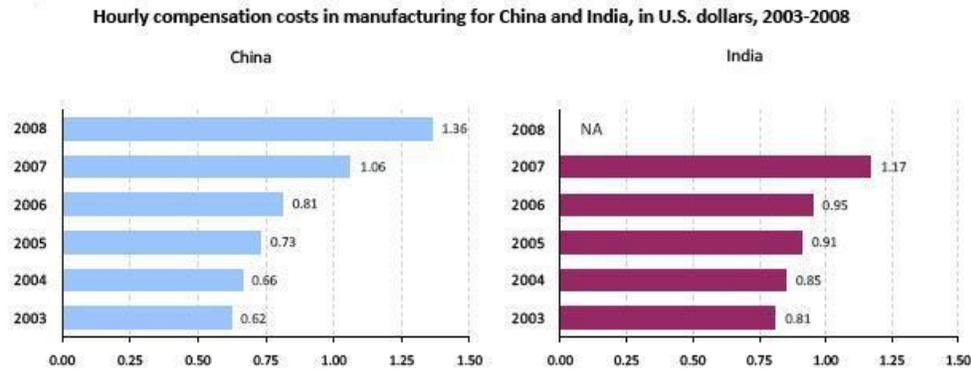


Chart 1 above is illustrative of one kind of international information found currently on the BLS website and in various BLS publications. If you wanted to know how U.S. hourly labor costs (wages, benefits, payroll taxes), at prevailing exchange rates, rank relative to those of other countries, you can find the information readily. Of course, by itself, such information does not provide everything you might want to know about trade “competitiveness.” But it does, for example, indicate that the U.S. is not an especially high-wage country within the developed world. And it does show that in the developing world, the wage gap relative to the U.S. is particularly large. Distance matters importantly in international trade and migration so the fact that the U.S. shares a border with Mexico – where pay is only 16% of the American level – is obviously significant with regard to both issues.

One of the major world economic developments since the 1980s is the emergence of China (20% of the world’s population), and now India (17%), into the international marketplace. Unfortunately, data collection in both countries is limited. But the BLS website does provide some information, suggesting pay in both is approaching the level of the Philippines, as Chart 2 (next page) illustrates.

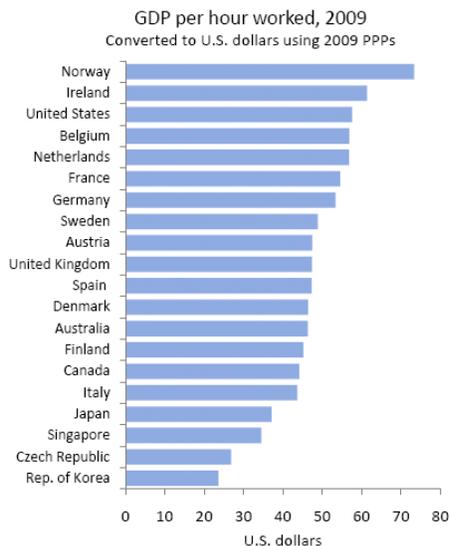
Chart 2



The March 2011 BLS *Monthly Labor Review* has a detailed article on China and the complexity of data gathering and interpreting there. [<http://www.bls.gov/opub/mlr/2011/03/art4full.pdf>] An earlier study in May 2010 provided a similar analysis of India: <http://www.bls.gov/opub/mlr/2010/05/art1full.pdf>.

What about productivity? BLS provides information on trends in output per hour in manufacturing and unit labor costs over time. Those data, however, are in the form of index numbers which don't permit comparisons at a moment in time. But you can find data on GDP per work hour measured in purchasing power parity (PPP) terms which give a crude indication of international productivity differences, as illustrated on Chart 3 (below).

Chart 3



It might surprise you to learn from the chart above (and the underlying data that can be found at http://www.bls.gov/fls/intl_gdp_capita_gdp_hour.pdf) that by this measure, Japanese productivity is about two-thirds of the U.S. level.

I could go on giving illustrations of the use of international data collection. Many readers will know, for example, that the BLS adjusts foreign labor force data – such as unemployment rates – to American concepts. Such information provides a means to compare, for example, the impact and severity of the Great Recession across countries.

It seems odd that these kinds of international comparative data were ever on the cutting block. Truisms such as “we live in a global economy” still abound in popular discourse. If you look back over time, you would find that at one time the BLS produced far more information on the union sector than it does today. There were “wage chronologies” that followed particular union-management settlements viewed as pattern setters. Union settlements by contract were reported regularly in *Current Wage Developments*. Calendars of contract expirations appeared in the *Monthly Labor Review*. Data on work stoppages covered small strikes and lockouts, not just those involving 1,000 or more workers, as is the case today. The dropping of these various programs – a process that essentially began in the 1980s – was rationalized on the grounds that the union sector was declining. Whatever the merits of that argument, there is surely no analogous decline in the importance of global developments to the U.S.

Chart 3