

# INDUSTRIAL RELATIONS IN EU AND OTHER GLOBAL AND EMERGING ECONOMIES

United States Perspective  
Individualisation of Wage,  
Individualisation of  
Employment Relations

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# Individualisation of Wage, Individualisation of Employment Relations

- ◆ U.S. employer costs for employee compensation
- ◆ Average \$28.46 per hour
- ◆ Wages and salaries \$19.83 (69.7%)
- ◆ Benefits \$8.63 (30.3%)
- ◆ Legally required benefits \$2.24 (7.9%)

Source Bureau of Labor Statistics USDL 08-0788  
Wednesday, June 11, 2008



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# U.S. Employer Costs for Employee Compensation Private Industry

- ◆ Lower wages and lower benefits for private sector
- ◆ Average employer compensation cost \$26.76
- ◆ Wages and salaries \$18.91 (70.6%)
- ◆ Benefits \$7.86 (29.4%)
- ◆ Supplemental Pay \$.80 (3.0%)
- ◆ Legally required benefits \$2.24 (8.4%)

Source Bureau of Labor Statistics USDL 08-0788  
Wednesday, June 11, 2008



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# U.S. Employer Health Insurance Costs Private Industry

- ◆ Health insurance \$1.92 per hour (7.2% of total)
- ◆ 1983 Health insurance \$1.41 (6.3% of total)
- ◆ Health insurance costs by occupational groups ranged from \$.90 (6.8%) for service to \$2.77 (5.8%) for management professionals
- ◆ Sales and office \$1.67 (7.9%); construction and maintenance \$2.30 (7.6%); production \$2.21 (9.6%)



# U.S. Employer Costs for Private Industry Union Advantage for Workers

- ◆ Average employer costs of healthcare for union workers are much higher than non-union workers
- ◆ Union workers \$3.95 (10.9%)
- ◆ Non-union workers \$1.68 (6.5%)



# Individualisation of Wage

- ◆ U.S. wages are typically individually assigned by the employer and the non-union individual employee (little or no negotiations occur)
- ◆ Employer has more power and leverage in determining the wage and benefit levels
- ◆ Federal guidelines and labour law covering wages and benefits are limited



# Individualisation of Employment Relations

- ◆ Usually it is unionized employees that engage in collective bargaining and are covered by a contract
  - Private Sector Labour Density 2007 was 7.5%
  - Public Sector Labour Density 2007 was 35.9%
  - Covered by collective bargaining but not members of union 1.6 million workers (half of these workers in government)

Source Bureau of Labor Statistics USDL 08-0092  
Friday, January 25, 2008



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# Individualisation of Compensation

- ◆ Executive Compensation is highly variable and controversial in the United States
- ◆ Abuse involving Wall Street Executive pay keep surfacing highlighting inequity issues
- ◆ Private jets, expensive resorts and other perquisites while asking for public money





# Individualisation of Wages

- ◆ Inflation-adjusted incomes of median households rose by 1.3% from \$49,568 in 2006 to \$50,233 in 2007 (2007 dollars),
- ◆ Overall poverty rate increased slightly, from 12.3% to 12.5%.
- ◆ Median income of working-age households (those headed by someone less than 65) rose insignificantly in 2007, and was \$2,010 below its 2000 level. (Social Security has COLA)



# Household Income 1969-2007

The next series of slides draw from analysis conducted by the Economic Policy Institute using U.S. Census Data

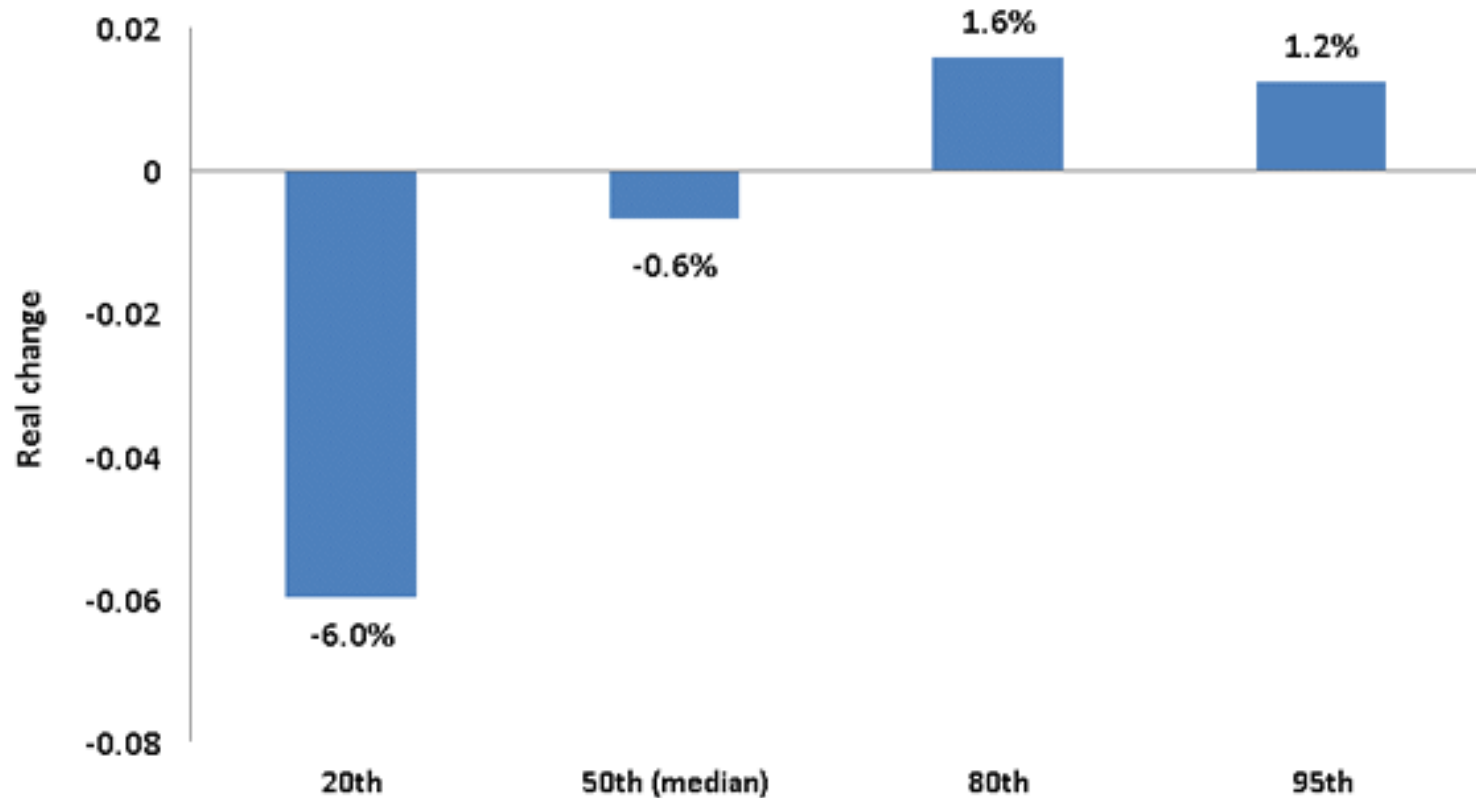
**Table 1: Household income growth across peak years, 1969-2007**

	Dollar changes (2007 \$)	Percent changes
1969-79	\$1,869	4.5%
1979-89	\$2,855	6.5%
1989-2000	\$3,888	8.3%
2000-07	-\$324	-0.6%

Source: U.S. Bureau of the Census.



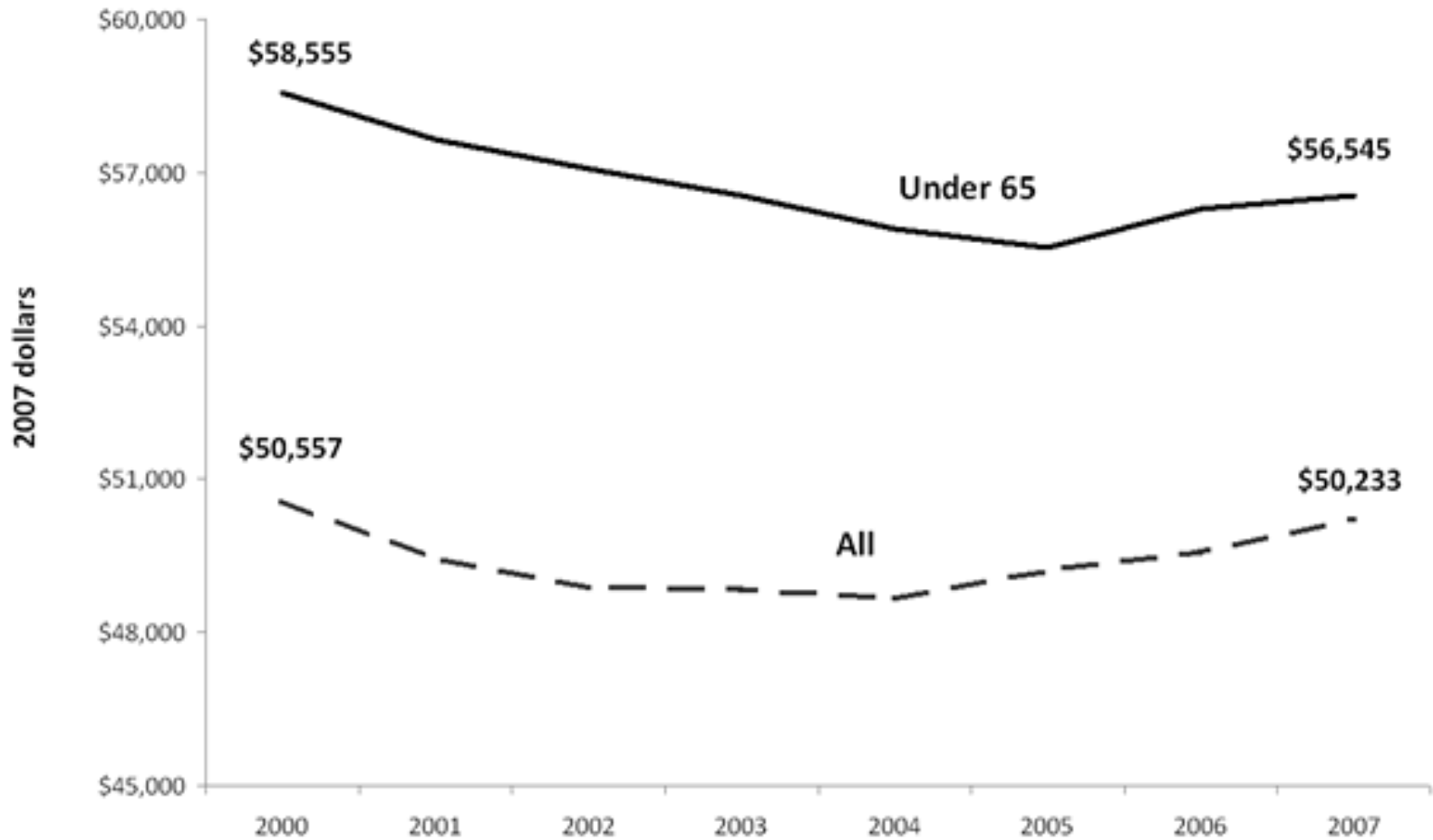
Figure 4: Change in real income by income percentile, 2000-07



Source: Author's analysis of US Census Bureau data.



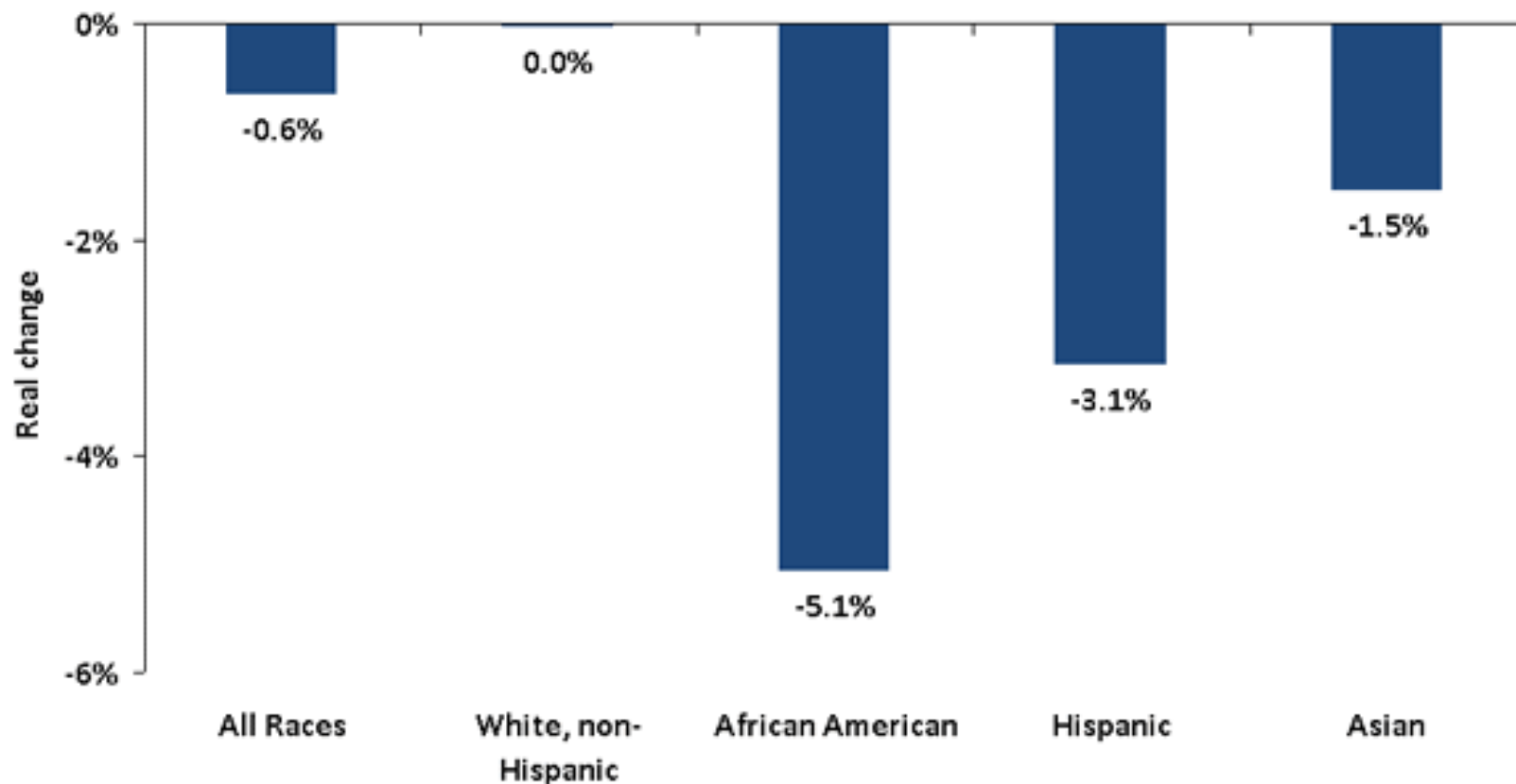
Figure 2: Real median household income, 2000-07



Source: U.S. Census Bureau data.



**Figure 3: Change in real median household income by race, 2000-07**



Source: Author's analysis of US Census Bureau data.



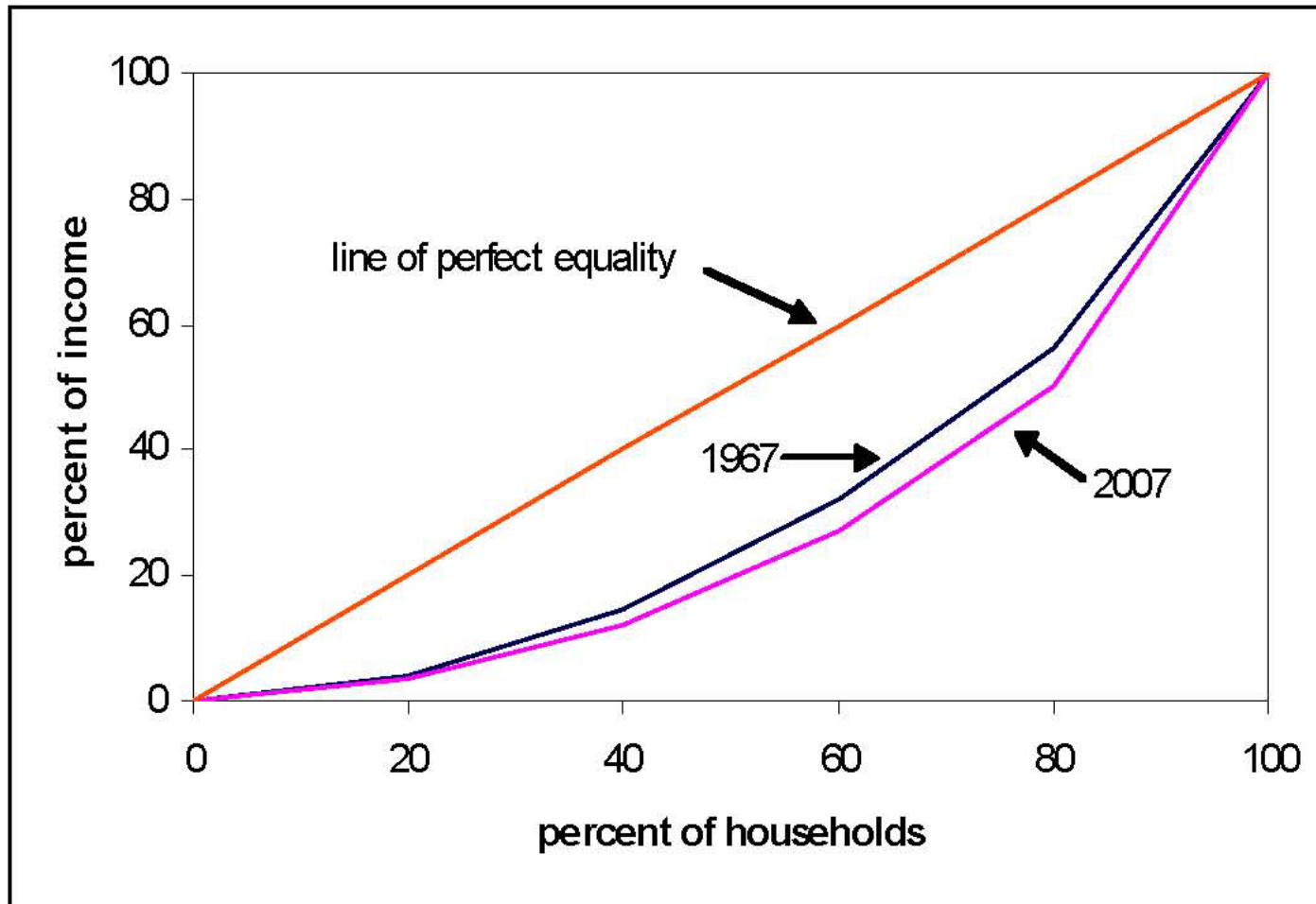
**Table 1. Distribution of Household Income by Quintile**

	Percentage Share of Total Household Income					
	Bottom	Second	Third	Fourth	Fifth	Top 5%
1967	4.0	10.8	17.3	24.2	43.6	17.2
1977	4.2	10.2	16.9	24.7	44.0	16.8
1980	4.2	10.2	16.8	24.7	44.1	16.5
1990	3.8	9.6	15.9	24.0	46.6	18.5
2000	3.6	8.9	14.8	23.0	49.8	22.1
2001	3.5	8.7	14.6	23.0	50.1	22.4
2002	3.5	8.8	14.8	23.3	49.7	21.7
2003	3.4	8.7	14.8	23.4	49.8	21.4
2004	3.4	8.7	14.7	23.2	50.1	21.8
2005	3.4	8.6	14.6	23.0	50.4	22.2
2006	3.4	8.6	14.5	22.9	50.5	22.3
2007	3.4	8.7	14.8	23.4	49.7	21.2

**Source:** U.S. Department of Commerce, U.S. Census Bureau.



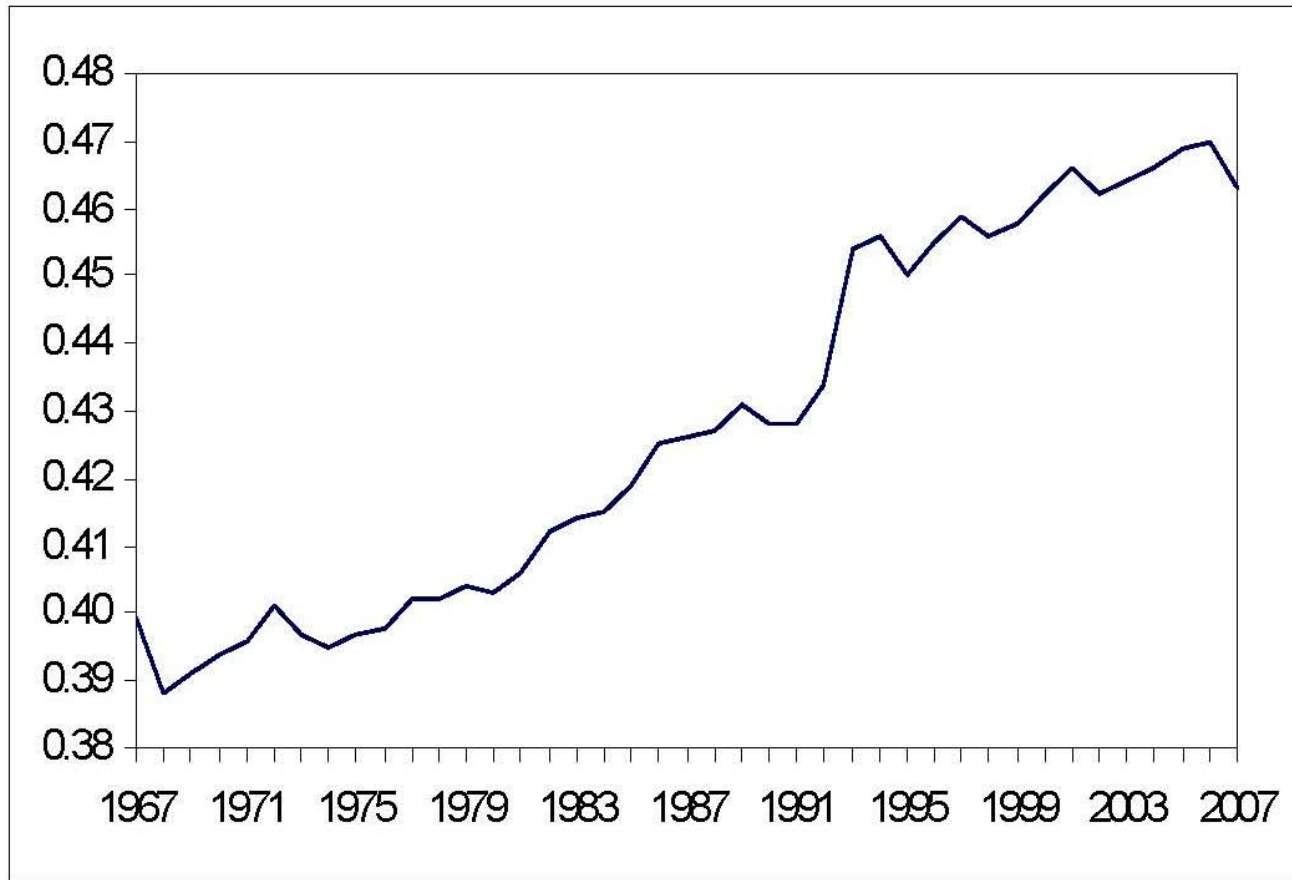
**Figure 1. Distribution of Household Income: 1967 and 2007**



**Source:** U.S. Department of Commerce, U.S. Census Bureau.



**Figure 2. Household Income Gini Index, 1967- 2007**



**Source:** U.S. Department of Commerce, U.S. Census Bureau.

CRS Report for Congress, *Inequality in the Distribution of Income: Trends and International Comparisons*, Updated October 20, 2008: Brian W. Cashell Order Code RL32639



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**Table 2. Summary Measures of Income Distributions for Selected Countries**

Country	Year	Gini Index	$P_{90}/P_{10}$	$P_{90}/P_{50}$
Denmark	2004	0.228	2.78	1.56
Netherlands	1999	0.231	2.78	1.63
Sweden	2005	0.237	2.82	1.63
Norway	2000	0.251	2.80	1.59
Germany	2000	0.275	3.37	1.80
France	2000	0.278	3.45	1.88
Belgium	2000	0.279	3.30	1.74
Australia	2003	0.312	4.24	1.98
Canada	2000	0.315	4.19	1.93
Italy	2000	0.333	4.47	1.99
United Kingdom	2004	0.345	4.46	2.14
United States	2004	0.372	5.68	2.13
Russia	2000	0.434	8.37	2.76
Mexico	2004	0.458	8.48	2.98

**Source:** Luxembourg Income Study.

CRS Report for Congress, Inequality in the Distribution of Income: Trends and International Comparisons, Updated October 20, 2008: Brian W. Cashell Order Code RL32639



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# Thank You

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