



FACTS & FIGURES

From the Economic Policy Institute

This fact sheet does not yet include 2005 income data, to be released in late August.

Work Hours

Wages and hours

Over the 2000-04 period (2004 is the latest year of data available), annual wages declined by 0.3% annually. However, hourly wages, in inflation-adjusted terms, fell by 0.1% annually. The reason for this disparity was the decline in annual work hours, driven by a shorter workweek

International comparisons

Trends in average wages and average hours, 1967-04 (2005 dollars)

Year	Productivity per hour (1992=100)	Wage levels			Hours worked		
		Annual wages	Weekly wages	Hourly wages	Annual hours	Weeks per year	Hours per week
1967	65.6	\$25,509	585.68	\$14.88	1,716	43.5	39.3
1973	76.3	29,672	683.06	17.70	1,679	43.4	38.6
1979	81.9	29,891	681.67	17.55	1,703	43.8	38.8
1989	94.1	32,718	20.91	18.35	1,783	45.4	39.3
1995	102.0	33,657	32.58	18.43	1,827	45.9	39.8
2000	115.5	37,860	06.45	20.18	1,876	46.9	40.0
2004	132.4	37,424	95.17	20.08	1,864	47.1	39.6
<i>Annual growth rate*</i>							
1967-73	2.5%	2.5%	2.6%	2.9%	-0.4%	0.0%	-0.3%
1973-79	1.2%	0.1%	0.0%	-0.1%	0.2%	0.2%	0.1%
1979-89	1.4%	0.9%	0.6%	0.4%	0.5%	0.3%	0.1%
1989-00	1.9%	1.3%	1.0%	0.9%	0.5%	0.3%	0.2%
1989-95	1.3%	0.5%	0.3%	0.1%	0.4%	0.2%	0.2%
1995-00	2.5%	2.4%	1.9%	1.8%	0.5%	0.4%	0.1%
2000-04	3.4%	-0.3%	-0.4%	-0.1%	-0.2%	0.1%	-0.2%

*Log growth rates.

Source: Authors' analysis of CPS data and Murphy and Welch (1989). For detailed information on table sources, see Table Notes.

- ❖ Annual hours of work per worker generally grew over the 1973 to 2000 period, helping to fuel the growth in family income. But the decline in work hours in the early 2000s recession had not been reversed by 2004.
- ❖ The fall in annual wages and reduced work hours in recent years has led to falling family incomes and higher poverty.
- ❖ In many European countries, the minimum vacation is, by law, four to five weeks per year, while the United States has no mandated vacation time.
- ❖ Workers in the United States clocked more hours than workers in any other Organization for Economic Cooperation and Development (OECD) country except New Zealand. U.S. workers averaged 1,824 hours per year in 2004 (the latest data available), which is a very close second to New Zealand's 1,826 hours per year. Full-time workers in the United States averaged 46.2 weeks of work per year, or 10.2 weeks *more* than workers in Sweden, who worked the fewest weeks of all the OECD countries.

International comparisons

- ❖ Norway's per capita income is 132.7% of the OECD average; their productivity difference was the highest (47.2%), but they also had the lowest hours worked per person (-23.0% of the OECD average). The basic lesson of these employment and hours data is that an important portion of the apparently higher standard of living in the United States comes not from working more efficiently than other comparable economies, but simply from more people working and doing so for more hours.

Family trends

From 2000-04, there was a decline in annual work hours across all income fifths, with larger losses at the low end of the income scale. The lowest fifth experienced a 7.4% loss of work hours over 2000-04, while the top fifth saw a 0.3% loss.

Wives in each fifth increased their hours of work by between one-third and one-half between 1979 and 2000. Middle-income wives added the most hours, up 535, the equivalent of over three months of full-time work.

Annual Hours of Work, Husbands and Wives, 25-54, with Children 1979-2004, by Income Fifth

	1979	1989	2000	2004
Husbands				
Lowest Fifth	1,612	1,664	1,732	1,636
Second Fifth	2,042	2,093	2,095	2,044
Middle Fifth	2,134	2,196	2,220	2,195
Fourth Fifth	2,216	2,248	2,297	2,262
Top Fifth	2,331	2,391	2,430	2,408
Wives				
Lowest Fifth	456	625	683	598
Second Fifth	722	983	1,140	1,069
Middle Fifth	849	1,168	1,385	1,327
Fourth Fifth	1,060	1,311	1,437	1,418
Top Fifth	1,091	1,345	1,437	1,446
Combined				
Lowest Fifth	2,068	2,289	2,414	2,235
Second Fifth	2,764	3,076	3,236	3,112
Middle Fifth	2,983	3,363	3,605	3,522
Fourth Fifth	3,276	3,559	3,734	3,680
Top Fifth	3,422	3,736	3,867	3,854

Addendum: Added Wives' Hours, 1979-2000

	Added Hours	As Full-Time Weeks
Lowest Fifth	226.3	5.7
Second Fifth	418.5	10.5
Middle Fifth	535.4	13.4
Fourth Fifth	377.1	9.4
Top Fifth	346.1	8.7

Source: Authors' analysis of CPS data.

- ❖ During the latter 1990s, 96% of the 13.2% income growth in the bottom fifth was driven by earnings growth, and that was largely a factor of more hours worked. In the other fifths, increased hourly wages were a larger factor than hours growth.
- ❖ For middle-income workers, the growth in annual hours added 4% to income growth in the latter 1990s, and subtracted about that same amount in the 2000s, more than explaining the 2.6% income loss for the middle fifth. Throughout the income scale, much slower wage gains and hours losses led to the sharp reversal in income growth.
- ❖ Family work hours are up significantly, especially for prime-age couples (ages 25-54) with children, providing ample evidence of a time squeeze. This group increased their annual time spent in the paid labor market by about 900 hours between 1975 and the 2000 business cycle peak. This amounts to a net addition of 22 weeks or more than five months of full-time work.

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