Is the U.S. a Good Model for Reducing Social Exclusion in Europe?

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Contents

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Introduction

Sustained, high levels of unemployment in the majority of Europe's largest economies have led many Europeans to look to the United States as a possible alternative economic model. The political right and center in Europe have emphasized what they see as the flexibility and dynamism of the U.S. economy. Much of the left, meanwhile, have argued that high unemployment in Europe, which is often concentrated in specific geographic regions or demographic groups, is the driving force behind "social exclusion" in Europe today. This has led many Europeans – even some in the continent's social democratic parties – to the reluctant conclusion that the United States may be a good model for reducing social exclusion there.

This paper reviews several international indicators of social exclusion to assess how well the United States has done in using its apparently greater flexibility and dynamism to reduce social exclusion. On most measures of inequality, poverty, health, education, crime, and punishment, the United States does not fare well compared to the much-better-funded welfare states in Europe. The gap between U.S. and European performance in many of these dimensions is striking, and not fully acknowledged in the current debate around promoting U.S.-style reforms in Europe. What is more surprising, however, is that the United States, in fact, performs poorly in two areas where U.S. superiority is usually simply taken for granted: incorporating traditionally disadvantaged groups into the paid labor force and providing opportunities for economic mobility.

Income inequality

We start with what is probably the most basic indicator of social exclusion – household income inequality. **Table 1** presents data on income inequality for 28 OECD countries in various years during the 1990s and the year 2000 from Smeeding (2004). **(All tables appear at the end of this paper.)** The final column of the table, which reports data on the Gini coefficient[1], the most common measure of income inequality, shows that the United States (0.37) had the second highest Gini coefficient among the countries with available data – only Mexico (0.49) had higher income inequality by this measure. The United Kingdom (0.35) was the European country with the next highest level of income inequality, followed by Ireland and Italy (both 0.33), with most of the remaining countries in Europe below 0.30. The countries with the lowest Gini coefficients were Denmark (0.24), Belgium (0.25), Finland (0.25), Germany (0.25), the Netherlands (0.25), Norway (0.25), and Sweden (0.25).[2]

Another basic measure of income inequality is the distance between the 10th, the 50th, and the 90th percentiles of the national income distribution. The greater the distance between points in the distri-

[1] The Gini coefficient varies from zero to one. A Gini coefficient of zero would indicate perfectly equal distribution of income across all households; a Gini coefficient of one indicates that all income is concentrated in one household.

[2] The Gini coefficients in the text are calculated using net disposable income, which subtracts taxes and includes transfer benefits. When measured using pre-tax income, the United States is not such an outlier. Using pre-tax income the Gini coefficient in the United States (0.45) lies well within the European range of market income inequality (0.39 to 0.50). Progressive taxes and especially benefits and transfer payments dramatically reduce inequality in most European nations, with only relatively modest effects in the United States.

What is *Social Exclusion*?

The term *social exclusion* has had a prominent place in the European debate on social problems and policies. The term grew out of a desire to encourage a richer discussion of economic and social inequality and deprivation, which had traditionally focused on income-based measures of inequality and poverty.

The British government, which has established a Social Exclusion Unit, states that social exclusion is "...about more than income poverty. Social exclusion happens when people or places suffer from a series of problems such as unemployment, discrimination, poor skills, low incomes, poor housing, high crime, ill health and family breakdown. When such problems combine they can create a vicious cycle."
(http://www.socialexclusionunit.gov.uk/page.asp?id=213)

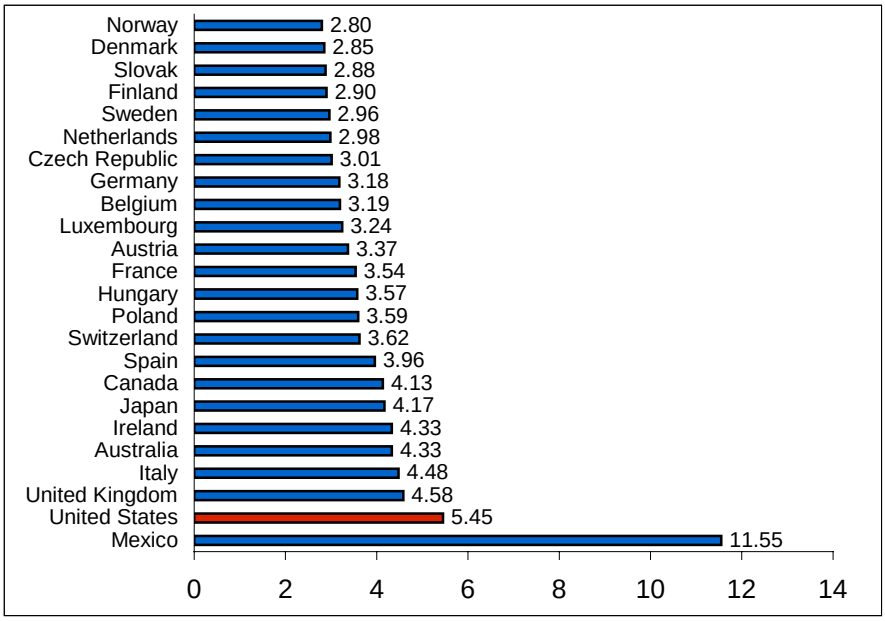
According to Ruggeri Laderchi, Saith, and Stewart (2003): "The first use of the term [social exclusion] has been attributed to Lenoir, French Secretary of State for Social Action in Government in 1974, referring to people who did not fit into the norms of industrial societies, were not protected by social insurance, and were considered social misfits." (p. 21) The term grew to encompass "...processes of marginalisation and deprivation which can arise even within rich countries with comprehensive welfare provisions." (p. 21) Today, they note, "[t]he concept now forms a central aspect of [European Union] social policy." (p. 22)

bution, the greater the overall inequality. The first column of Table 1 demonstrate that, in the United States, the 10th percentile household earned about 39 percent of what the median household earned, while the 90th percentile household (see column two) earned about 210 percent of the median. The 10th percentile earner in the United States was further below the median than was the case in every other country in the table except Mexico (28 percent). In every European country except Italy (44), Ireland (46), and the United Kingdom (47), the 10th percentile household made at least 50 percent of median earnings. Among the major OECD economies, 10th percentile households fared best in Norway (57), Sweden (57), and the Netherlands (56).

Meanwhile, the 90th percentile household in the United States (210) was further above the median than in almost every other country in the table. Only Mexico (328), Luxembourg (215), and the United Kingdom (215) had larger gaps between the 90th percentile and the median. Incomes at the top were closest to the median in Denmark (155), Slovakia (162), Finland (164) , and the Netherlands (167).

The third column in the table calculates the ratio of the 90th and 10th percentile earnings, as an additional measure of income inequality (see **Figure 1**). Mexico (11.55) had, by far, the highest inequality using this simple gauge of inequality. The United States (5.45) was next, well ahead of the United Kingdom (4.58), Australia (4.33), and Canada (4.13). The countries with the lowest "90-10" gap were Norway (2.80), Denmark (2.85), Slovakia (2.88), Finland (2.90), and the Netherlands (2.98).

FIGURE 1. Household income inequality (ratio of 90th to 10th percentiles)



Source: Smeeding (2004)

By most measures, the United States is the most unequal of the major OECD countries, with a higher Gini coefficient, lower relative incomes at the 10th percentile, and a bigger gap between the incomes of rich and poor households than in any of the countries in Western Europe. Whatever capacity the United States might have for using its labor-market flexibility and dynamism to create jobs and channel potential workers into employment (which we examine below), this capacity has not avoided the emergence of substantial levels of income inequality with the resulting potential for heightened levels of social exclusion.

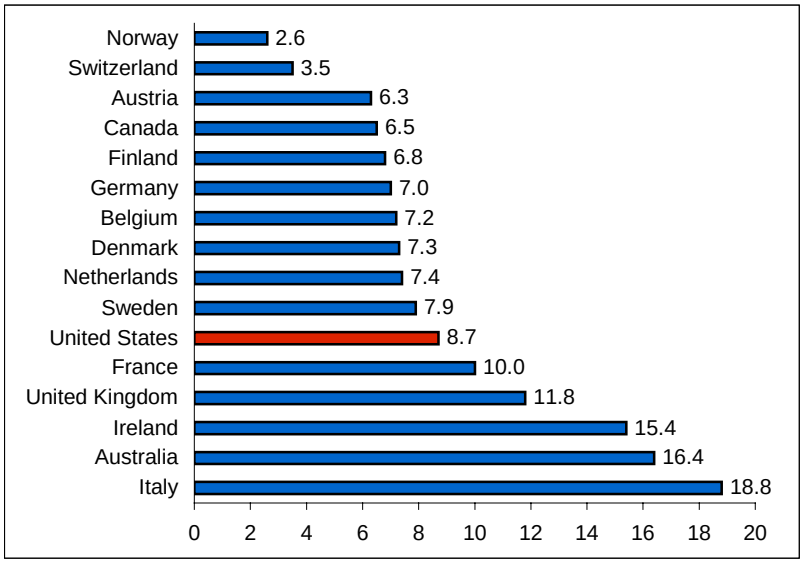
Poverty

Income inequality is, in and of itself, a cause for social concern,[3] but poverty – extreme relative or absolute deprivation – is generally seen as a more important indicator of potential social exclusion. As Townsend (1979) argues: those in poverty have "resources... so seriously below those commanded by the average family or individual that they are in effect excluded from ordinary living patterns, customs and activities."[4]

Table 2 presents data from Scruggs and Allan (2005) on relative and absolute measures of poverty at different points in time over the years 1990 to 2000 for a subset of the countries in the earlier figures on income inequality. The first column of Table 2 contains data on the relative poverty rate, defined as the share of the population in households with incomes below 40 percent of the median (which is obviously closely related to income inequality). Consistent with the earlier results for income inequality, the United States (10.7 percent) had the highest rate of relative poverty, followed

[3] See, for example, Navarro (2002), for a discussion of the health and other impacts of inequality.
[4] Townsend (1979), p. 31.

FIGURE 2. Absolute Poverty Rate (percent of population)



Source: Scruggs and Allan (2005)

by Ireland (8.0) and Italy (7.3). Relative poverty was lowest in Finland (2.1), Norway (2.8), Belgium (3.2), France (3.3), and Sweden (3.6).

With respect to absolute poverty (see column two of Table 2 and **Figure 2**), defined here as earning at least 40 percent of the inflation-adjusted 1986 median income in the United States (converted to local currencies using purchasing power parity exchange rates), the United States, which has a much higher GDP per capita than most of the other countries in the sample,[5] does substantially better. About 8.7 percent of the U.S. population was living in poverty by these criteria, well below rates in Italy (18.8), Australia (16.4), Ireland (15.4), and the United Kingdom (11.8). The United States also does somewhat better than France (10.0). The rest of the European countries in the table, however, have lower absolute poverty rates, despite also having income levels that are 70 to 80 percent of U.S. levels. Norway (which has a GDP per person close to that of the United States) had an absolute poverty rate of only 2.6 percent; the rate in Switzerland was 3.5 percent.[6]

Education

Education is arguably the single most important tool available to combat social exclusion. **Table 3** shows the educational attainment rates, standardized by the OECD, for our sample of OECD countries for 2003. The first two columns examine the share of the adult population with at least an upper-secondary education (roughly the equivalent of a high-school degree in the United States). The first column gives the figures for all adults age 25 to 64. The United States had the highest share of high-school-equivalent graduates, with 88 percent. Norway (87) and Slovakia (87) trailed close

[5] See, for example, Groningen Growth and Development Centre and the Conference Board, Total Economy Database, May 2006, http://www.ggdc.net/.

[6] Smeeding (2006) defines poverty as half of national median income and finds the pattern of poverty remains largely the same in the analysis by Scruggs and Allan (2005).

behind. In most of the rest of Western Europe between 60 and 80 percent of 25-to-64 year olds had completed the equivalent of high school. The biggest exceptions in Europe were Portugal (23), Spain (43), Italy (44), and Greece (51).

European countries do considerably better, however, when we focus on just 25-to-34 year olds (see the second column of Table 3). High-school completion rates for this younger group are generally much higher than for the full 25-to-64 year olds, while rates are almost identical across the two age ranges in the United States (87-88 percent). Nevertheless, the United States generally still does better than European countries do. The exceptions are Finland (89), Sweden (91), Czech Republic (92), Slovakia (94), and Norway (95); while Austria (85), Germany (85), and Denmark (86) do not lag far behind the United States.

The last two columns of the same table show the share of the adult population with roughly the equivalent of a four-year college degree or more. Once again, the United States, with 38 percent of 25-to-64 year olds with college degrees (see column three), does well compared to Western Europe. Only Denmark (31), Norway (31), and Sweden (33) have at least 30 percent of their adult populations with college degrees. Most Western European countries fall in the 20-30 percent range, with several in the teens.

When we look just at 25-to-34 year olds (see column four), many European countries do almost as well or better than the United States (39 percent) with respect to college graduates: Denmark (35), France (37), Ireland (37), Spain (38), Belgium (39), Finland (40), Norway (40), and Sweden (40). Several Western European countries, however, still lag far behind the United States: Italy (12), Austria (15), Portugal (16), Germany (22), and Greece (24).

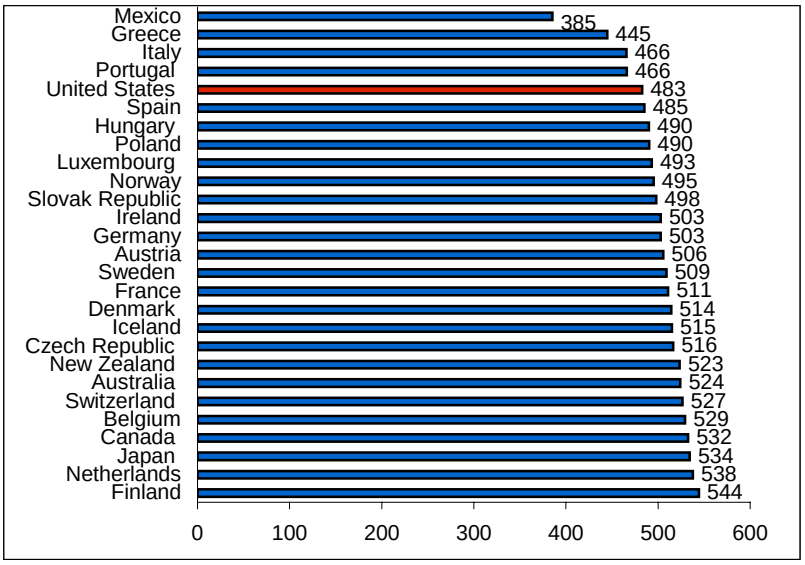
Attainment rates are only one way to measure the potential for educational outcomes to contribute to social exclusion. **Table 4** presents results tabulated by the OECD from an international standardized test of mathematics administered to 15-year-olds. In Western Europe, only Greece (445), Italy (466), and Portugal (466) scored, on average, lower than the United States (483) (see Figure 10). Switzerland (527), Belgium (529), the Netherlands (538), and Finland (544) did the best in Western Europe (see **Figure 3**).

For purposes of social exclusion, however, we may be particularly interested in the scores of the poorest-performing students. The first column of Table 4, therefore, also shows the 10th percentile test scores in each country. In Western Europe, only Greece (324), Italy (342), and Portugal (352) scored lower than the United States (356). The best performers in Western Europe with respect to students at the 10th percentile were Ireland (393), Denmark (396), Iceland (396), Switzerland (396), Netherlands (415), and Finland (438). (For completeness, the last column in the table displays the results at the 90th percentile.)

Table 5 demonstrates that the United States does poorly at both the mean and the 10th percentile[7] despite spending substantially more on education at the primary ($8,049 per student) and secondary ($9,098) level than almost every other country in the OECD. Only Luxembourg spends more at both levels ($10,611 for primary and $15,195 for secondary), and Norway more at the secondary-school level ($10,154). (The data in the next-to-last column demonstrate that at the tertiary level, the United States does spend substantially more per student per year ($20,545) than all other European countries except Switzerland ($23,714). These expenditures, of course, have no direct impact on test

[7] The relative performance of the United States is only marginally better at the 90th percentile, as Table 4 also shows.

FIGURE 3. Mathematics performance among 15-year olds, 2003 (PISA mathematics scale scores)



Source: OECD

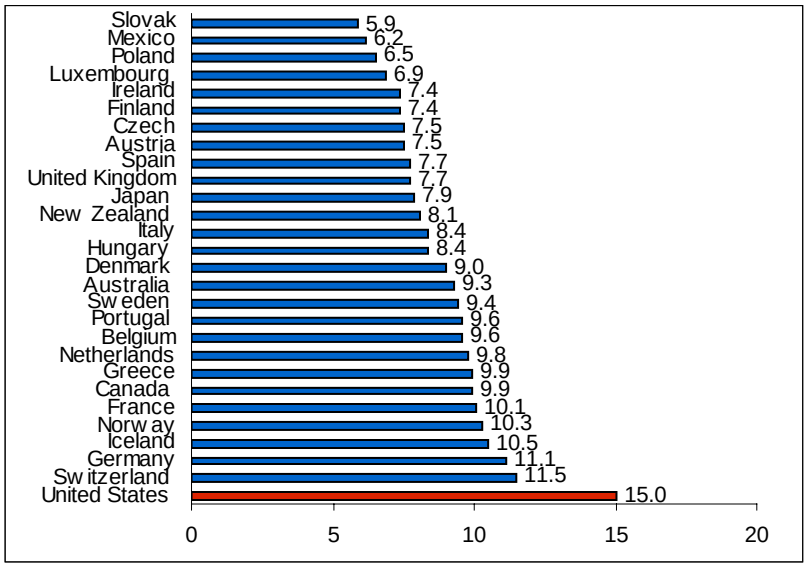
scores of 15-year-olds.) As **Table 6** makes clear, the vast majority of these expenditures at the primary and secondary level in the United States are in public schools (3.8 percentage points of U.S. GDP in 2002), not in private schools (only 0.3 percentage points of GDP in the same year).[8]

Health

The United States spends much more on health care than any other country in our sample. **Table 7** lists total expenditures on health care in 2003, separately for the public and private sectors, based on calculations by the OECD. The first three columns express expenditures as a share of national GDP. The United States spent 15.0 percent of its GDP on health care in 2003 (see **Figure 4**). The next closest countries were Switzerland (11.5) and Germany (11.1); only three other countries spent more than ten percent (Iceland, 10.5; Norway, 10.3; and France, 10.1). Since U.S. GDP per capita is substantially higher than most of the countries in our sample, the gap between U.S. expenditures and those in other countries are even greater when we express health-care costs in terms of expenditures per person per year, which we do in the last three columns of the table. On average, the United States spends about $5,635 on health care per person per year. Of the remaining countries, only four others spend more than $3,000 per person per year: Norway ($3,807), Switzerland ($3,781), Luxembourg ($3,705), and Canada ($3,001).

[8] In the United States, private educational expenditures are more important at the tertiary level, where the country spends about 1.2 percentage points of GDP on public higher education and 1.4 percentage points on private higher education.

FIGURE 4. Annual health-care expenditures, 2003 (percent of GDP)



Source: OECD

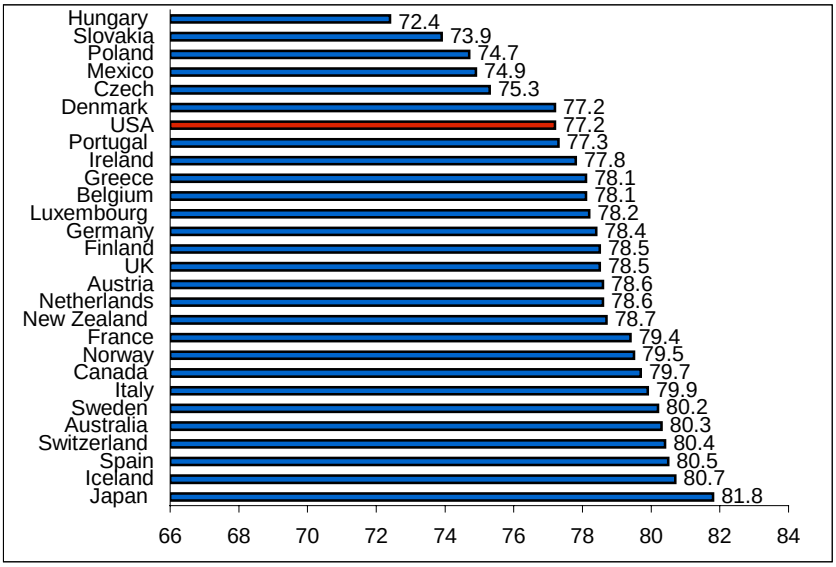
Table 7 also breaks down health-care expenditures by whether they are in the public or private sector. The United States is the only country, except Mexico, in which expenditures in the private sector (8.3 percent of GDP) exceed those in the public sector (6.7). Greece and Switzerland are the only other countries where private-sector health expenditures exceed 40 percent of the total. Even though private expenditures represent the bulk of health expenditures in the United States, public-sector health costs in the United States still fall in about the middle of the range for public expenditures in Western European countries. Denmark (7.5), France (7.7), Sweden (8.0), Norway (8.6), and Germany (8.7) spend more in their public sectors, but Austria (5.1), Finland (5.7), Greece (5.1), Ireland (5.8), Italy (6.3), the Netherlands (6.1), Portugal (6.7), Spain (5.5), Switzerland (6.7), and the United Kingdom (6.4) all spend the same or less than the United States does.

The data in Table 7 establish that the United States spends considerably more on health care than other rich countries do, but other data suggest that the United States nevertheless suffers from high levels of social exclusion with respect to health care. The most obvious element of this exclusion is the high share of the U.S. population without health insurance. The United States and Mexico are the only countries in Table 7 that do not provide essentially universal health-care coverage. In 2003, 15.6 percent of the U.S. population (about 45 million people or roughly the population of Spain) was without any form of health insurance, public or private, throughout the entire year.[9] An additional 12 percent of the U.S. population lacked health insurance for any part of the year.[10]

[9] See Carmen DeNavas-Walt, Bernadette D. Proctor, and Robert J. Mills, "Income, Poverty, and Health Insurance Coverage in the United States: 2003," Washington, DC: U.S. Census Bureau (August 2004), p. 14.

[10] The data refer to 2002, from Boushey (2004).

FIGURE 5. Life expectancy (years)



Source: OECD

Data on many of the most common health indicators also suggest that the U.S. health-care system is highly inefficient, yielding poor outcomes despite high levels of expenditures. **Table 8** provides details on several broad measures of health outcomes compiled by the OECD. Only Mexico and the transition economies of Eastern Europe have a lower overall life expectancy than the United States (77.2 years, identical to Denmark, see column three of Table 8 and **Figure 5**.) On average, residents of Spain (80.5), Switzerland (80.4), and Sweden (80.2) – the three countries with the longest life expectancies in our sample – live three full years longer than residents of the United States. Among the major OECD economies, the United States also has the highest rate of infant mortality (7.0 per 1,000 live births, see column four). The next-highest rate in Western Europe is in the United Kingdom (5.3), while Norway (3.4), Finland (3.1), and Sweden (3.1) have rates that are less than half of those in the United States. The United States also fares poorly with respect to maternal mortality (see column five). At the turn of the century, the United States had 9.1 maternal deaths per 100,000 births, the fourth- highest rate in the table behind Mexico (70.7), Denmark (11.1), and Luxembourg (10.9).[11] As with infant mortality, many Western European countries had maternal mortality rates that were less than half those in the United States: Ireland (3.1), Italy (3.1), Austria (3.6), Greece (3.9), Spain (4.2), Sweden (4.2), and Germany (4.3).

The United States also has a much higher share of its population that exceeds the medical standard of obesity (a body mass index, BMI, of 30 or greater). Just over 30 percent of adults in the United States are obese, compared to 23.0 percent in the United Kingdom, the Western European country with the highest rate of obesity; meanwhile, Switzerland (7.7), Norway (8.3), Italy (8.5), Austria (9.1), France (9.4), Denmark (9.5), and Sweden (9.7) all have obesity rates below ten percent.

[11] Since only a very small share of women die in childbirth, the data for maternal mortality, which are typically presented per 100,000 births, can vary substantially from year to year. As a result, Table 8 presents maternal mortality data averaged over the five most recent (available) years. For small countries with few births per year, even a small number of relatively bad years can have a relatively long-lasting impact on maternal mortality rates.

Public-health campaigns against smoking, however, have apparently been much more successful in the United States than they have been in most of Europe. Only 17.5 percent of U.S. adults smoke cigarettes daily (see the last column of Table 8). In Western Europe, only Sweden (17.5) has a rate as low. Most of Western Europe has smoking rates around 25 percent, with rates above 30 percent in the Netherlands (32.0), Greece (35.0), and Austria (36.3).

The United States spends markedly more on health care (as a share of GDP or in dollars on a per person basis) than any other country in the world. Yet, more than 15 percent of its population typically finds itself without health coverage – private or public – throughout the entire length of any given year, with 27 percent lacking coverage at some point during the year. The additional U.S. expenditures on health care are also associated with substantially worse outcomes for basic health indicators including life expectancy, infant and maternal mortality, and obesity. The United States, however, has succeeded in lowering rates of adult smoking to the lowest level among the rich, industrialized countries.

Crime and Punishment

Another potential dimension of social exclusion is crime. **Table 9** summarizes some basic indicators of both the prevalence of criminal activity, as well as the associated incarceration rates.

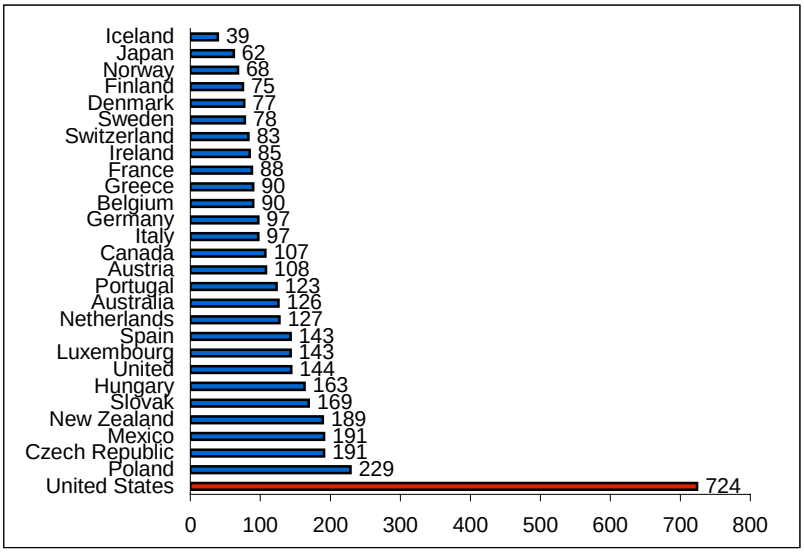
The most reliable crime data are for murders, since murders are generally reported and accurately recorded. The first column of the table gives the murder rate for our list of countries, based on data compiled by the UK Home Office. The United States, at 5.6 murders per 100,000 people, has by far the highest murder rate in the sample of countries in the table. Finland (2.9) is next, followed by Slovakia (2.6), the Czech Republic (2.5), and New Zealand (2.5). The U.S. murder rate is about five times higher than the rate in the safest Western European countries: Austria (1.2), Germany (1.2), Portugal (1.2), Spain (1.1), Sweden (1.1), Switzerland (1.1), and Denmark (1.0).

The United States does substantially better with respect to self-reported victimization rates, falling near but not at the top of the countries in Table 9. The second column of the table shows criminal victimization rates, expressed as reported offences per 100 people, from the 2000 International Crime Victims Survey.[12] In Western Europe, Switzerland (42.6 per 100 per year), Sweden (45.6), the Netherlands (48.1), and the United Kingdom (54.5) had higher victimization rates than the United States (39.5), while Denmark (35.1), France (33.9), Belgium (33.3), Austria (31.4), Finland (28.6), and Portugal (25.8) were all below the U.S. rate.

Given that the United States has high, but not the highest overall, victimization rates, all else constant, we might expect the United States to fall somewhere near the top, but not at the top of the sample of countries when it comes to the portion of its population that is incarcerated. The last two columns of Table 9, which report prison-population rates from the International Center for Prison Studies, demonstrate however, that the United States has a prison-population rate (724 per 100,000) that is five to ten times higher than rates in Western Europe, where incarceration rates range from 68 in Norway to 143 in Spain and Luxembourg and 144 in the United Kingdom. Most of Western Europe, in fact, has incarceration rates below 100, including Finland (75), Denmark (77), Sweden

[12] Total of ten crimes: car theft; theft from car; motor-cycle theft; bicycle theft; burglary; attempted burglary; robbery; personal thefts; and assaults or threats.

FIGURE 6. Prison population rate (number of prisoners per 100,000 people)



Source: International Centre for Prison Studies (2006)

(78), Switzerland (83), Ireland (85), France (88), Belgium (90), Greece (90), Germany (97), and Italy (97) (see **Figure 6**).

The magnitude of the incarcerated population in the United States is sometimes difficult to comprehend. In 2004, U.S. prisons and jails held 2.1 million inmates, about 90 percent of whom were men.[13] Given that the adult male workforce age 16 and older in the same year was about 78.7 million,[14] this implies that a staggering 2.3 percent of the adult male population of the United States was in prison or jail in 2004.

Labor Market

Based on the evidence reviewed so far, the U.S. economic and social model appears to generate a considerable degree of social exclusion, with high levels of income inequality, high relative and even absolute poverty rates, poor and unequal educational outcomes, poor and unequal health outcomes, and high rates of crime and incarceration. The U.S. model maintains its appeal in the face of poor performance in these areas, however, because supporters believe that the United States offers two compensating advantages: a flexible economy that yields high employment rates, and high income mobility that, in principle, compensates for greater inequality.

As the first column of **Table 10** demonstrates, the U.S. experience with overall unemployment (5.6 percent in 2004) is good, and certainly far better than in Germany (9.9), France (9.6), and Spain (11.0). At the same time, several Western European countries, with decidedly less "flexible" labor

[13] See, U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics, Bulletin, "Prison and Jail Inmates at Midyear 2004," April 2005.

[14] Bureau of Labor Statistics, Current Population Survey home page, http://www.bls.gov/cps/home.htm, customized tables, series LNS11000001Q, for second quarter 2004, which corresponds most closely to the mid-year 2004 prison and jail estimates.

markets in the usual sense of that term, had unemployment rates in 2004 that were the same or lower than the United States: Ireland (4.4), Switzerland (4.4), Norway (4.5), the Netherlands (4.7), the United Kingdom (4.7), Austria (5.3), and Denmark (5.3).

Despite the alleged superiority of U.S.-style flexibility, the United States does not do much better when it comes to unemployment rates for typically marginalized groups such as young people and those with less education, the kinds of groups most likely to benefit from greater wage flexibility, for example. The third column of Table 10 reports the unemployment rate for 15-to-24 year-olds. The rate in the United States (11.8 percent) is well below rates in France (21.3), Italy (23.5), and Spain (22.0), but above rates in Switzerland (7.7), Denmark (7.8), the Netherlands (8.0), Ireland (8.1), the United Kingdom (10.9), Austria (11.0), Germany (11.7), and Norway (11.7). (The unemployment rate, and even the employment rate, for youth does not necessarily paint an accurate picture of how well the labor-market is performing for young people, since many young people are probably best off in school. We will examine this issue below.) The fourth column shows a similar pattern for those with the equivalent of less-than-a-high-school education. The U.S. unemployment rate for this group (in 2002) was 9.9 percent, higher than the corresponding rates in Norway (3.9), Portugal (5.7), Sweden (6.1), Switzerland (6.1), Ireland (6.3), Greece (6.6), United Kingdom (6.9), Denmark (7.2), and Austria (7.9).

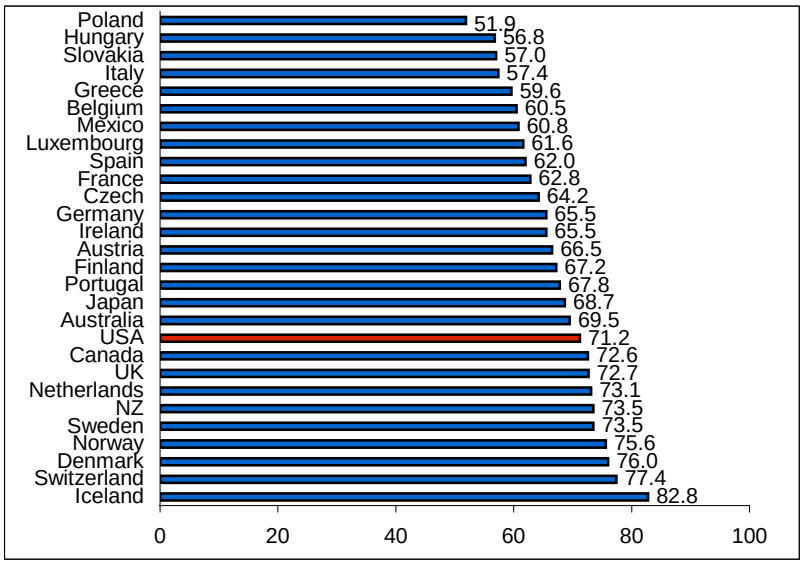
The unemployment rate, however, is not the only measure of labor-market performance. The next four columns of Table 10 give the employment-to-population rates for different demographic groups. Among 15-to-64 year olds, the United States does manage to incorporate more of the population into jobs (71.2 percent) than is the case in several major European economies, most notably France (62.8), Germany (65.5), Italy (57.4), and Spain (62.0) (see **Figure 7**). Nevertheless, many smaller, "less flexible" Western European economies have higher employment rates than the United States: the United Kingdom (72.7), the Netherlands (73.1), Sweden (73.5), Norway (75.6), Denmark (76.0), and Switzerland (77.4).[15]

The United States has done well in incorporating women into the paid labor force. But, the data in column six show that many Western European countries have also succeeded in this respect. In 2004, 65.4 percent of U.S. women ages 15-to-64 were employed. This was substantially higher than the corresponding rates in Italy (45.2), Spain (49.0), France (56.9), and Germany (59.9). The U.S. rates, however, are not as high as those in many European economies: Finland (65.5), the Netherlands (65.7), the United Kingdom (66.6), Switzerland (70.3), Sweden (71.8), Denmark (72.0), and Norway (72.7).

Employment rates for youth (column seven) repeat the now familiar pattern. The United States does better than the large, high-unemployment economies, but not as well as a host of smaller European economies. For youth, employment rates in the United States were 53.9 percent in 2004, well above the rates in Italy (27.2), France (29.5), Spain (38.4), and Germany (41.9), but not as high as rates in Norway (54.4), the United Kingdom (60.1), Denmark (61.3), Switzerland (62.0), and the Netherlands (66.2).

[15] Schmitt and Baker (2006) find that the declining coverage rate of the Current Population Survey (CPS) in recent decades may lead the CPS, which is the source of the U.S. unemployment and employment rate figures cited here, to overstate employment in the United States by about 1.4 percentage points, with the largest biases for more marginalized groups, especially young black men and young Hispanic women. To the extent that European surveys do not suffer from similar problems, the comparison here would overstate the U.S. performance relative to Europe.

FIGURE 7. Employment-to-population rate (percent employed, all individuals ages 15-64)



Source: OECD

With respect to employment rates for the less-educated, the United States actually underperforms when compared with much of Western Europe. In 2003, 58 percent of the less-educated population in the United States was in work. This rate was near or below rates in Ireland (57), Spain (57), Finland (58), Greece (58), France (59), Denmark (61), Norway (62), Switzerland (66), Sweden (68), and Portugal (72).

Earlier, we mentioned that using the unemployment rate (and even the employment rate) to measure social exclusion among youth may be misleading. From a societal perspective, we may be just as concerned about whether young people are in school as we are about whether they are in work. The last three columns of Table 10, therefore, report OECD data for 2002 on the share of young people in each country that were neither in work nor in employment. The United States does not do particularly well among either 15-to-19 year olds or 20-to-24 year olds. For the younger group, only Hungary (8.0), the United Kingdom (8.6), Italy (10.5), and Finland (14.8 percent) had a higher share of young people out of both work and school (the U.S. rate was 7.5 percent). For the next-older age group, the United States (15.6) does better than some Western European economies – Germany (15.9), Belgium (17.4), Finland (18.8), Greece (22.0), and Italy (24.3) – but not as well as Denmark (7.3), the Netherlands (7.9), Norway (9.7), Switzerland (9.7), Ireland (10.8), Sweden (11.2), Austria (11.7), Portugal (12.0), France (14.4), Spain (15.1), and the United Kingdom (15.3).

The review of these data suggests that U.S. labor-market performance is generally – though not always – better than that of the four, large, high-unemployment European economies (France, Germany, Italy, and Spain). Nevertheless, the United States consistently underperforms relative to many of the smaller Western European economies whose labor markets are conventionally seen as much more rigid than those of the United States.

Economic Mobility

Advocates of the U.S. model also maintain that the country's economic dynamism produces a level of economic mobility that compensates for high levels of inequality and poverty. Economic and social distances may be much greater in the United States than they are in Europe, but, the argument goes, those at the bottom have a much greater chance to get ahead than they do in Europe. In this final section, we briefly review some international evidence on economic mobility both within and across generations.

Table 11 and **Figure 8** present OECD data on short-term income mobility for a subsample of 14 countries. The table gives the share of low-income families (where low-income was defined as earning less than half of the national median income) that managed to escape from low-income status over a three-year period in the mid-1990s.[16] Contrary to the view that the United States offers substantial mobility, the United States has the lowest share of low-income workers that exit their low-income status from one year to the next (29.5 percent). The corresponding rates in several European countries are greater than 50 percent: Ireland (54.6), the Netherlands (55.7), the United Kingdom (58.8), and Denmark (60.4).

Table 12 summarizes the results from three separate studies of longer-term intergenerational mobility across countries. In all three cases, the studies investigated the degree of correlation between fathers' and sons' incomes at different points in time. These intergenerational income coefficients quantify the economic advantage conferred by parents to their children: the higher the coefficient, the more likely that children born to poor parents are to remain poor later in life.

Panel (a) summarizes Blanden's (2004) findings for Canada, Germany, the United Kingdom, and the United States. Blanden found the lowest level of correlation between fathers' and sons' incomes – therefore, the highest degree of economic mobility-- in Germany (0.12), followed by Canada (0.18) and the United Kingdom (0.27). Intergenerational economic mobility was lowest, by a substantial margin, in the United States (0.45).

Panel (b) presents similar correlation coefficients from a review of international studies by Solon (1992).[17] The 0.40 coefficient for the United States is Solon's estimated average based on research in the United States. According to these data, only South Africa (0.44) and, in one of two studies, the United Kingdom (0.57), had lower rates of mobility than the United States (0.40) did. Canada (0.23), Finland (0.13 and 0.22), Germany (0.11 and 0.34), and Sweden (0.13, 0.14, and 0.28) all appear to have substantially greater economic mobility across generations than the United States does.

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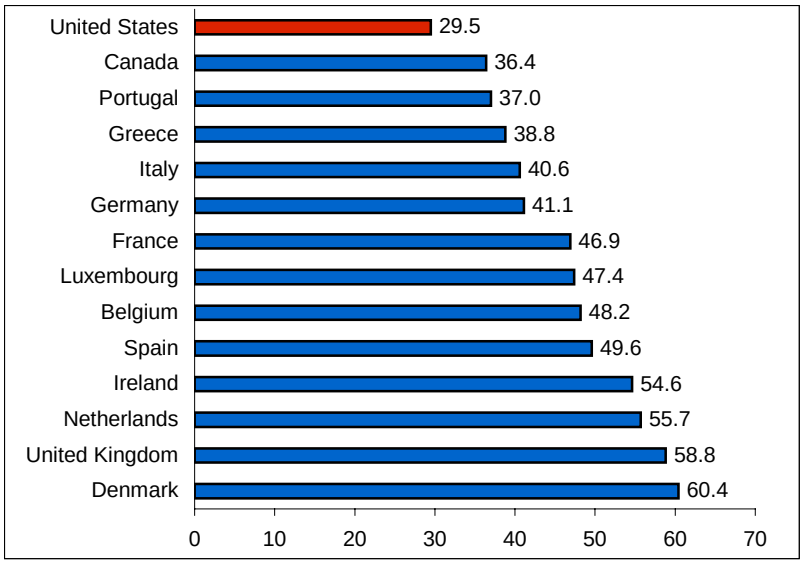
[16] The data for the United States refer to 1987-1989. The OECD notes that: "The time periods used to study poverty dynamics in the different countries are not fully comparable. The most important instance of non-comparable time periods is that poverty dynamics for the United States are studied for an earlier period ... than that studied for the other countries, due to data consistency problems in the American data for more recent years. Although the periods chosen are those for which business cycle conditions in the United States approximated those in the other countries studied, this difference means that the results do not reflect the impact on American poverty dynamics of recent reforms in welfare programmes and more generous in-work benefits (i.e. expansion of the Earned Income Tax Credit). On the other hand, the PSID data for income years after 1992 show greater poverty incidence and persistence in the United States, so that the use of these data would reinforce the comparative results for the United States. Exclusion of these data can be regarded as representing a somewhat conservative approach to the assessment of American poverty."

[17] Some countries have more than one study.

FIGURE 8. Income mobility, late 1980s-mid 1990s (percent of low-income families exiting low-income status each year)



Source: OECD

Corak's (2004) review (see panel (c)) reaches similar conclusions. The United Kingdom (0.50) and the United States (0.47) have the least economic mobility. France (0.41), Germany (0.32), Sweden (0.27), Canada (0.19), Finland (0.18), Norway (0.17), and Denmark (0.15) all offer greater economic mobility than the United States.

What appear to be small differences in intergenerational income coefficients actually imply substantial differences in economic mobility. Take, for example, the case of a family with earnings that are half of the national average. Other factors held constant, if a country has a correlation coefficient for parent-child earnings of 0.20, we would expect that descendants of the poor family would reach the average national earnings in less than two generations, or about 25 to 50 years.[18] In countries with a coefficient of 0.45, a typical level in the estimates for the United States (and, in some cases, for the United Kingdom), however, descendants of the poor family would not, on average, close the income gap with the average family for more than three generations, or about 75 to 100 years.

[18] Intergenerational mobility coefficients are determined by the regression: $\ln Y_{i,t} = \alpha + \beta \ln Y_{i,t-1} + \varepsilon_{i,t}$, where generations are indexed by t. If $G_t = Y_{1,t}/Y_{2,t}$ and non-parental income influences are ignored ($\varepsilon = 0$), the income gaps between two sets of parents, G_0, and their respective children, G_1, satisfy $G_1 = G_0^{\beta}$. Similarly, $G_n = G_0^{\beta \hat{} n}$, which implies that $n = \ln (\ln G_n / \ln G_0)/\ln \beta$. The calculations above assume $G_0 = 2$ (the 200 percent gap between the mean and half the mean), $G_n = 1.05$ (only a five percent gap) , and a generation equals 25 years.

Conclusion

The U.S. economic and social model is associated with substantial levels of social exclusion, including high levels of income inequality, high relative and absolute poverty rates, poor and unequal educational outcomes, poor health outcomes, and high rates of crime and incarceration.

At the same time, the available evidence provides little support for the view that U.S.-style labor-market flexibility dramatically improves labor-market outcomes. The U.S. labor market appears to fare consistently better than the four large, high-unemployment economies in Europe – France, Germany, Italy, and Spain – but the U.S. does no better and often noticeably worse than many smaller European economies that have labor markets that are highly regulated relative to the United States and even relative to the labor markets in the large, high-unemployment countries.

The data also appear to contradict the belief that greater economic mobility in the United States can somehow compensate for greater levels of inequality and "social exclusion." Despite popular prejudices to the contrary, the U.S. economy consistently affords a lower level of economic mobility, both in the short-term (from one year to the next) and in the longer-term (across generations), than all the continental European countries for which data are available. Given the high direct levels of social exclusion in the United States and especially the low levels of economic mobility across generations, the United States, therefore, stands as a poor model for a Europe seeking to combat social exclusion.

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Tables

TABLE 1
Household income inequality, late 1990s-2000

	10th percentile	90th percentile	Ratio	Gini
	(as percent of national median)		90th to 10th	coefficient
Australia	45	195	4.33	0.31
Austria	53	178	3.37	0.27
Belgium	53	170	3.19	0.25
Canada	46	188	4.13	0.31
Czech Republic	60	179	3.01	0.26
Denmark	54	155	2.85	0.24
Finland	57	164	2.90	0.25
France	54	191	3.54	0.29
Germany	54	173	3.18	0.25
Greece	--	--	--	--
Hungary	54	194	3.57	0.30
Iceland	--	--	--	--
Ireland	46	201	4.33	0.33
Italy	44	199	4.48	0.33
Japan	46	192	4.17	0.32
Luxembourg	66	215	3.24	0.26
Mexico	28	328	11.55	0.49
Netherlands	56	167	2.98	0.25
New Zealand	--	--	--	--
Norway	57	159	2.80	0.25
Poland	52	188	3.59	0.29
Portugal	--	--	--	--
Slovak Republic	56	162	2.88	0.24
Spain	50	197	3.96	0.30
Sweden	57	168	2.96	0.25
Switzerland	52	188	3.62	0.31
United Kingdom	47	215	4.58	0.35
United States	**39**	**210**	**5.45**	**0.37**

Notes: Timothy M. Smeeding, "Public Policy and Economic Inequality: The United States in Comparative Perspective," Luxembourg Income Study Working Paper Series No. 367, February 2004, Figure 1. Data for Japan and Switzerland refer to 1992.

TABLE 2
Poverty rate, 1990-2000
(percent of population)

	Relative rate	Absolute rate	Year
Australia	6.6	16.4	1994
Austria	4.0	6.3	1997
Belgium	3.2	7.2	1997
Canada	6.5	6.5	2000
Czech Republic	--	--	--
Denmark	4.9	7.3	1994
Finland	2.1	6.8	2000
France	3.3	10.0	1994
Germany	4.2	7.0	2000
Greece	--	--	--
Hungary	--	--	--
Iceland	--	--	--
Ireland	8.0	15.4	2000
Italy	7.3	18.8	2000
Japan	--	--	--
Luxembourg	--	--	--
Mexico	--	--	--
Netherlands	4.5	7.4	1999
New Zealand	--	--	--
Norway	2.8	2.6	2000
Poland	--	--	--
Portugal	--	--	--
Slovak Republic	--	--	--
Spain	5.2	--	1990
Sweden	3.6	7.9	2000
Switzerland	4.0	3.5	1992
United Kingdom	5.4	11.8	1999
United States	10.7	8.7	2000

Notes: Lyle Scruggs and James P. Allan, "The Material Consequences of Welfare States: Benefit Generosity and Absolute Poverty in 16 OECD Countries," Luxembourg Income Study Working Paper Series No. 409, April 2005, Table 1. Relative poverty is less than 40 percent of median adjusted disposable income. Absolute poverty is less than 40 percent of US median income in 1986 adjusted for inflation and converted using purchasing power parity exchange rates.

TABLE 3
Educational attainment by age, 2003
(percent)

	At least upper secondary education		At least tertiary education	
	25-64	25-34	25-64	25-34
Australia	62	75	31	36
Austria	79	85	15	15
Belgium	62	78	29	39
Canada	84	90	44	53
Czech Republic	86	92	12	12
Denmark	81	86	32	35
Finland	76	89	33	40
France	65	80	23	37
Germany	83	85	24	22
Greece	51	72	18	24
Hungary	74	83	15	17
Iceland	59	64	26	29
Ireland	62	78	26	37
Italy	44	60	10	12
Japan	84	94	37	52
Luxembourg	59	68	15	19
Mexico	21	25	15	19
Netherlands	66	76	24	28
New Zealand	78	84	31	32
Norway	87	95	31	40
Poland	48	57	14	20
Portugal	23	37	11	16
Slovak Republic	87	94	12	13
Spain	43	60	25	38
Sweden	82	91	33	40
Switzerland	70	76	27	29
United Kingdom	65	71	28	33
United States	88	87	38	39

Notes: OECD, Education at a Glance, 2005, web edition, Tables A1.2a and A1.3a.

TABLE 4
Variation in mathematics performance among 15-year-olds, 2003
(percent)

	10th percentile	Mean	90th percentile
Australia	399	524	645
Austria	384	506	626
Belgium	381	529	664
Canada	419	532	644
Czech Republic	392	516	641
Denmark	396	514	632
Finland	438	544	652
France	389	511	628
Germany	363	503	632
Greece	324	445	566
Hungary	370	490	611
Iceland	396	515	629
Ireland	393	503	614
Italy	342	466	589
Japan	402	534	660
Luxembourg	373	493	611
Mexico	276	385	497
Netherlands	415	538	657
New Zealand	394	523	650
Norway	376	495	614
Poland	376	490	607
Portugal	352	466	580
Slovak Republic	379	498	619
Spain	369	485	597
Sweden	387	509	630
Switzerland	396	527	652
United Kingdom	--	--	--
United States	356	483	607

Notes: OECD, Education at a Glance, 2005, web edition, Table A4.3. Entries are scores in OECD PISA mathematics scale.

TABLE 5
Average annual educational expenditures per student, 2002
(US dollars at purchasing power parity exchange rates)

	Pre-primary	Primary	Secondary	Tertiary	Total
Australia	--	5,169	7,375	12,416	7,209
Austria	6,169	7,015	8,887	12,448	8,943
Belgium	4,420	5,665	8,272	12,019	7,933
Canada	--	--	--	--	--
Czech Republic	2,724	2,077	3,628	6,236	3,449
Denmark	4,673	7,727	8,003	15,183	9,261
Finland	3,929	5,087	7,121	11,768	7,304
France	4,512	5,033	8,472	9,276	7,467
Germany	4,999	4,537	7,025	10,999	7,129
Greece	--	3,803	4,058	4,731	4,136
Hungary	3,475	3,016	3,184	8,205	3,872
Iceland	--	7,171	7,229	8,251	7,548
Ireland	--	4,180	5,725	9,809	5,711
Italy	5,445	7,231	7,568	8,636	7,708
Japan	3,691	6,117	6,952	11,716	7,438
Luxembourg	--	10,611	15,195	--	--
Mexico	1,643	1,467	1,768	6,074	1,950
Netherlands	4,923	5,558	6,823	13,101	7,241
New Zealand	4,650	4,536	5,698	--	--
Norway	--	7,508	10,154	13,739	9,560
Poland	2,691	2,585	--	4,834	2,962
Portugal	4,158	4,940	6,921	6,960	6,080
Slovak Republic	2,125	1,471	2,193	4,756	2,300
Spain	3,845	4,592	6,010	8,020	5,914
Sweden	4,107	7,143	7,400	15,715	8,520
Switzerland	3,450	7,776	11,900	23,714	11,334
United Kingdom	8,452	5,150	6,505	11,822	6,691
United States	7,881	8,049	9,098	20,545	11,152

Notes: OECD, Education at a Glance, 2005, web edition, Table B1.1. Expenditures for non-tertiary post-secondary education not shown, but included in total.

TABLE 6
Average annual educational expenditures as share of GDP, 2002
(percent)

	Primary and secondary			Tertiary			Total		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
Australia	3.6	0.7	4.2	0.8	0.8	1.6	4.4	1.5	5.9
Austria	3.7	0.1	3.8	1.1	--	1.1	4.8	0.1	4.9
Belgium	4.1	0.2	4.3	1.2	0.1	1.4	5.3	0.3	5.6
Canada	--	--	--	--	--	--	--	--	--
Czech Republic	2.8	0.1	2.9	0.8	0.1	0.9	3.6	0.2	3.8
Denmark	4.1	0.1	4.2	1.9	--	1.9	6.0	0.1	6.1
Finland	3.8	--	3.9	1.7	--	1.8	5.5	--	5.6
France	4.0	0.2	4.2	1.0	0.1	1.1	5.0	0.4	5.3
Germany	3.0	0.7	3.6	1.0	0.1	1.1	3.9	0.8	4.7
Greece	2.5	0.2	2.7	1.2	--	1.2	3.7	0.2	3.9
Hungary	3.1	0.2	3.3	1.0	0.3	1.2	4.1	0.5	4.5
Iceland	5.4	0.3	5.7	1.0	--	1.1	6.5	0.3	6.8
Ireland	3.0	0.1	3.1	1.1	0.2	1.3	4.0	0.3	4.3
Italy	3.4	0.1	3.5	0.8	0.2	0.9	4.2	0.3	4.5
Japan	2.7	0.2	3.0	0.4	0.6	1.1	3.2	0.9	4.0
Luxembourg	3.9	--	3.9	--	--	--	3.9	--	3.9
Mexico	3.5	0.7	4.1	1.0	0.4	1.4	4.5	1.1	5.5
Netherlands	3.3	0.2	3.4	1.0	0.3	1.3	4.3	0.4	4.7
New Zealand	4.4	0.5	4.9	0.9	0.6	1.5	5.3	1.1	6.3
Norway	4.2	--	4.3	1.4	0.1	1.5	5.6	0.1	5.7
Poland	4.0	0.1	4.1	1.1	0.5	1.5	5.0	0.6	5.6
Portugal	4.2	--	4.2	0.9	0.1	1.0	5.2	0.1	5.2
Slovak Republic	2.7	0.1	2.8	0.7	0.1	0.9	3.5	0.2	3.6
Spain	2.9	0.2	3.2	1.0	0.3	1.2	3.9	0.5	4.4
Sweden	4.6	--	4.6	1.6	0.2	1.8	6.2	0.2	6.3
Switzerland	4.0	0.6	4.6	1.4	--	1.4	5.4	0.6	4.6
United Kingdom	3.7	0.6	4.3	0.8	0.3	1.1	4.5	0.9	5.4
United States	3.8	0.3	4.1	1.2	1.4	2.6	5.0	1.8	6.7

Notes: OECD, Education at a Glance, 2005, web edition, Table B2.1b.

TABLE 7
Average annual health-care expenditures, 2003
(percent)

	As a share of GDP			US dollars, PPP		
	Public	Private	Total	Public	Private	Total
Australia	6.3	3.0	9.3	1,822	877	2,699
Austria	5.1	2.4	7.5	1,556	746	2,302
Belgium	9.6	0.0	9.6	2,827	0.0	2,827
Canada	6.9	3.0	9.9	2,098	903	3,001
Czech Republic	6.8	0.7	7.5	1,169	129	1,298
Denmark	7.5	1.5	9.0	2,293	470	2,763
Finland	5.7	1.7	7.4	1,620	498	2,118
France	7.7	2.4	10.1	2,215	688	2,903
Germany	8.7	2.4	11.1	2,343	653	2,996
Greece	5.1	4.8	9.9	1,032	979	2,011
Hungary	6.1	2.3	8.4	919	350	1,269
Iceland	8.8	1.7	10.5	2,601	514	3,115
Ireland	5.8	1.6	7.4	1,912	539	2,451
Italy	6.3	2.1	8.4	1,696	562	2,258
Japan	6.4	1.5	7.9	1,743	396	2,139
Luxembourg	6.2	0.7	6.9	3,331	374	3,705
Mexico	2.9	3.3	6.2	271	312	583
Netherlands	6.1	3.7	9.8	1,857	1,119	2,976
New Zealand	6.4	1.7	8.1	1,484	402	1,886
Norway	8.6	1.7	10.3	3,186	621	3,807
Poland	4.5	2.0	6.5	520	224	744
Portugal	6.7	2.9	9.6	1,253	544	1,797
Slovak Republic	5.2	0.7	5.9	686	91	777
Spain	5.5	2.2	7.7	1,307	528	1,835
Sweden	8.0	1.4	9.4	2,303	400	2,703
Switzerland	6.7	4.8	11.5	2,212	1,569	3,781
United Kingdom	6.4	1.3	7.7	1,861	370	2,231
United States	6.7	8.3	15.0	2,502	3,133	5,635

Notes: Authors' calculations based on OECD, OECD Health Data 2005, web edition. US dollars at purchasing power parity (PPP) exchange rates.

TABLE 8
Various health outcomes, circa 2003

	Life expectancy (years)			Infant mortality (deaths per 1,000 live births)	Maternal mortality (deaths per 100,000 births)	Obesity (percent adults BMI>30)	Smoking (percent adults smoking daily)
	Female	Male	All				
Australia	82.8	77.8	80.3	4.8	4.7	21.7	19.8
Austria	81.6	75.6	78.6	4.5	3.6	9.1	36.3
Belgium	81.1	75.1	78.1	4.3	7.8	11.7	27.0
Canada	82.1	77.2	79.7	5.4	4.4	14.3	17.0
Czech Republic	78.5	72.0	75.3	3.9	7.7	14.8	24.1
Denmark	79.5	74.9	77.2	4.4	11.1	9.5	28.0
Finland	81.8	75.1	78.5	3.1	6.3	12.8	22.2
France	82.9	75.8	79.4	3.9	8.0	9.4	27.0
Germany	81.3	75.5	78.4	4.2	4.3	12.9	24.3
Greece	80.7	75.4	78.1	4.8	3.9	21.9	35.0
Hungary	76.5	68.3	72.4	7.3	7.1	18.8	33.8
Iceland	82.4	79.0	80.7	2.4	9.7	12.4	22.4
Ireland	80.3	75.2	77.8	5.1	3.1	13.0	27.0
Italy	82.9	76.9	79.9	4.3	3.1	8.5	24.2
Japan	85.3	78.4	81.8	3.0	6.5	3.2	30.3
Luxembourg	81.5	74.9	78.2	4.9	10.9	18.4	33.0
Mexico	77.4	72.4	74.9	20.1	70.7	24.2	26.4
Netherlands	80.9	76.2	78.6	4.8	6.9	10.0	32.0
New Zealand	81.1	76.3	78.7	5.6	6.6	20.9	25.0
Norway	81.9	77.0	79.5	3.4	6.6	8.3	26.0
Poland	78.9	70.5	74.7	7.0	5.6	--	27.6
Portugal	80.6	74.0	77.3	4.1	5.4	12.8	20.5
Slovak Republic	77.8	69.9	73.9	7.9	7.0	22.4	24.3
Spain	83.7	77.2	80.5	4.1	4.2	13.1	28.1
Sweden	82.4	77.9	80.2	3.1	4.2	9.7	17.5
Switzerland	83.0	77.8	80.4	4.3	5.0	7.7	26.8
United Kingdom	80.7	76.2	78.5	5.3	6.5	23.0	26.0
United States	79.9	74.5	77.2	7.0	9.1	30.6	17.5

Notes: OECD, OECD Health Data 2005, web edition. Maternal mortality are averages for five most recent years. BMI is body mass index.

TABLE 9
Crime and punishment, 2000s

	Murder rate (per 100,000)	Crime victimization (offences per 100)	Prison population rate	
			Rate (per 100,000)	World rank
Australia	1.9	54.3	126	60
Austria	1.2	31.4	108	173
Belgium	1.8	33.3	90	138
Canada	1.8	40.4	107	129
Czech Republic	2.5	--	191	156
Denmark	1.0	35.1	77	60
Finland	2.9	28.6	75	122
France	**1.7**	33.9	88	129
Germany	1.2	--	97	145
Greece	1.4	--	90	80
Hungary	2.3	--	163	107
Iceland	--	--	39	103
Ireland	1.4	--	85	142
Italy	1.5	--	97	198
Japan	1.1	21.0	62	119
Luxembourg	--	--	143	63
Mexico	--	--	191	146
Netherlands	1.5	48.1	127	102
New Zealand	2.5	--	189	93
Norway	1.0	--	68	138
Poland	2.1	39.7	229	92
Portugal	1.2	25.8	123	93
Slovak Republic	2.6	--	169	75
Spain	1.1	--	143	168
Sweden	1.1	45.6	78	157
Switzerland	1.1	42.6	83	160
United Kingdom	1.6	54.5	144	48
United States	5.6	39.5	724	1

Notes: Gordon Barclay and Cynthia Tavares, "International comparisons of criminal justice statistics 2001,"United Kingdom Home Office, Research Development and Statistics Directorate, October 24, 2001, Table 1.1. Murders recorded by the police. United Kingdom refers to England and Wales. International Centre for Prison Studies, King's College, London, http://www.prisonstudies.org/. United Kingdom refers to England and Wales. Ireland excludes N. Ireland. Ranking out of 213 countries and regions. J.N. van Kesteren, P. Mayhew, and P. Nieuwbeerta, "Criminal Victimization in Seventeen Industrial Countries: Key Findings from the 2000 International Crime Victims Survey," The Hague: Ministry of Justice, Appendix 4, Table 2. Total of ten crimes: car theft; theft from car; motor-cycle theft; bicycle theft; burglary; attempted burglary; robbery; personal thefts; and assaults or threats. United Kingdom refers to England and Wales.

TABLE 10
Labor-market outcomes, 2004
(percent)

	Standardized unemployment rate				Employment-to-population rate				Not in education and not employed		
	All 15-64	Women 15-64	Youth 15-24	Less-educ. 25-64	All 15-64	Women 15-64	Youth 15-24	Less-educ. 25-64	Ages 15-19	Ages 20-24	Ages 25-29
Australia	5.5	5.6	11.7	7.0	69.5	62.6	59.4	61	7.0	13.2	17.8
Austria	5.3	5.3	11.0	7.9	66.5	60.1	49.9	55	6.3	11.7	12.4
Belgium	7.4	8.3	17.5	10.7	60.5	53.0	28.1	49	6.8	17.4	17.2
Canada	7.2	6.9	13.4	10.9	72.6	68.4	58.1	57	6.5	14.0	16.7
Czech Republic	8.4	10.0	20.4	19.8	64.2	56.0	28.5	44	6.0	18.1	23.8
Denmark	5.3	5.5	7.8	7.2	76.0	72.0	61.3	61	2.4	7.3	6.7
Finland	8.9	9.0	20.8	11.1	67.2	65.5	38.1	58	14.8	18.8	19.7
France	9.6	10.7	21.3	12.1	62.8	56.9	29.5	59	3.4	14.4	18.2
Germany	9.9	9.4	11.7	18.0	65.5	59.9	41.9	50	4.7	15.9	17.4
Greece	10.4	16.0	26.5	6.6	59.6	45.5	27.4	58	6.2	22.0	25.2
Hungary	6.1	6.1	15.5	10.6	56.8	50.7	23.6	37	8.0	20.3	27.6
Iceland	3.1	3.0	8.1	--	82.8	79.4	66.3	--	--	--	--
Ireland	4.4	3.7	8.1	6.3	65.5	55.8	44.8	57	4.8	10.8	14.7
Italy	8.1	10.6	23.5	--	57.4	45.2	27.2	--	10.5	24.3	24.8
Japan	4.9	4.7	9.5	6.7	68.7	57.4	40.0	67	0.0	0.0	0.0
Luxembourg	4.8	6.9	18.3	3.3	61.6	50.6	21.4	61	3.0	7.0	11.6
Mexico	3.1	3.5	6.4	1.6	60.8	41.3	45.2	63	17.5	26.6	30.6
Netherlands	4.7	5.0	8.0	--	73.1	65.7	66.2	--	4.6	7.9	12.9
New Zealand	4.0	4.5	9.3	4.9	75.6	66.5	56.8	63	--	--	--
Norway	4.5	3.9	11.7	3.9	73.5	72.7	54.4	62	3.2	9.7	10.7
Poland	19.3	20.2	40.8	25.9	51.9	46.4	20.0	38	3.1	25.4	31.8
Portugal	7.0	8.0	15.3	5.7	67.8	61.7	36.9	72	7.3	12.0	12.2
Slovak Republic	18.2	19.1	32.7	44.9	57.0	50.9	26.5	29	15.6	33.9	30.5
Spain	11.0	15.1	22.0	11.2	62.0	49.0	38.4	57	7.2	15.1	19.8
Sweden	6.6	6.2	17.0	6.1	73.5	71.8	42.8	68	4.6	11.2	8.1
Switzerland	4.4	4.8	7.7	6.1	77.4	70.3	62.0	66	4.4	9.7	12.6
United Kingdom	4.7	4.3	10.9	6.9	72.7	66.6	60.1	54	8.6	15.3	16.0
United States	5.6	5.5	11.8	9.9	71.2	65.4	53.9	58	7.5	15.6	17.7

Notes: OECD, Employment Outlook 2004, 2005, various tables. Data for less-educated refer to 2003. Data for individuals not in education or employment refer to 2002.

TABLE 11
Income mobility, 1993-1995
(percent of low-income families exiting low-income status each year)

Australia	--
Austria	--
Belgium	48.2
Canada	36.4
Czech Republic	--
Denmark	60.4
Finland	--
France	46.9
Germany	41.1
Greece	38.8
Hungary	--
Iceland	--
Ireland	54.6
Italy	40.6
Japan	--
Luxembourg	47.4
Mexico	--
Netherlands	55.7
New Zealand	--
Norway	--
Poland	--
Portugal	37.0
Slovak Republic	--
Spain	49.6
Sweden	--
Switzerland	--
United Kingdom	58.8
United States	29.5

Notes: OECD, OECD Employment Outlook 2001, Table 2.2.
Low-income defined as earning less than half of the national median income. US data refer to 1987-1989.

TABLE 12
Correlation of income between fathers and sons

(a) Blanden (2004)	
United States	0.45
United Kingdom	0.27
Germany	0.12
Canada	0.18
(b) Solon (2002)	
United Kingdom	0.57
South Africa	0.44
United Kingdom	0.42
United States	0.40
Germany	0.34
Sweden	0.28
Canada	0.23
Finland	0.22
Sweden	0.14
Finland	0.13
Sweden	0.13
Germany	0.11
(c) Corak (2004)	
United Kingdom	0.50
United States	0.47
France	0.41
Germany	0.32
Sweden	0.27
Canada	0.19
Finland	0.18
Norway	0.17
Denmark	0.15

Notes: (a) Jo Blanden, "International Evidence on Intergenerational Mobility," Centre for Economic Performance, January 2004, Table 3. (b) Gary Solon, "Cross-Country Differences in Intergenerational Earnings Mobility," Journal of Economic Perspectives, vol 16, no. 3, Summer 2002, pp. 59-66, Table 1 and text. © Miles Corak, “Do poor children become poor adults?” unpublished paper, 2004.