

# **What Explains Canada-U.S. Differences in Hours Worked?**

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## **Abstract**

Differences in estimates of US total hours worked have non-trivial implication for the measurement of US labour productivity. Calculations by Andrew Sharpe show that the average labour productivity gap between Canada and the US over 1996-2002 shrinks from 18% to 10% when US hours are estimated from the household-based Current Population Survey (CPS) instead of the establishment-based Current Employment Statistics (CES) Survey. The Institute for Competitiveness and Prosperity has concluded that while productivity is still the key challenge in closing the Canada-US prosperity gap, the difference in hours worked is an important factor. On average, Canadians work 2 weeks less a year and 1.5 hours less per week than Americans. The purpose of this paper is to understand why. Is the difference accounted for specific industries or class or worker? Has it increased over time? Is it related to educational attainment or level of income? What is the role of labor laws and regulations? This paper provides a preliminary overview of these potential explanatory factors.