

First meeting of the 2008/2009 Bureau

Washington D.C. (United States), 20-21 October 2008

Item 2b of the Provisional
Agenda

IN-DEPTH REVIEW OF MEASUREMENT OF LABOUR COST

Note prepared by the UNECE secretariat

1. The components presented below are a summary of the points raised at a discussion organised within the UNECE Statistical Division.
2. As explained in the note prepared by the OECD (ECE/CES/BUR/2008/OCT/4), the term labour cost is rather broad and covers a range of concepts. The labour cost measure is compiled on the basis of statistics on wages, salaries, earnings and compensation of employees. It also requires measurement of hours worked. Thus, the development of comparable labour cost statistics relies on the quality and comparability of the “primary” statistics on wages and earnings, etc.
3. The development of comparable statistics on wages and earnings and hours worked, would benefit not only labour cost measures but also other statistics such as, for example, the national accounts. With the globalization and the associated problems in estimating the national accounts and the BOP, reliable national statistics on wages and earnings might provide useful input to the estimation of the national accounts and balances.
4. Unlike the situation for a number of other key economic statistics, e.g. national accounts, prices and balance of payments statistics, there is no single globally accepted measure of wages or earnings.
5. Across the UNECE member countries there are significant differences in the published statistics on wages and earnings and the applied definitions. The more statistically developed economies tend to use “hourly earnings” as the key indicator. However, most of the developing economies in the UNECE region, including the CIS and South East European countries, publish only monthly wages and earnings statistics. It is thus not possible to easily compare wages and salaries of these countries with those of the more developed countries. Moreover, among the less developed countries comparisons are hampered because of different definitions, coverage and classifications in the individual countries.¹ Thus, both at the UNECE level but also at the global level there is a need for harmonization of wages and earnings statistics.

¹ More details on the differences in wages and salaries statistics among CIS and South Eastern European countries are available from the *Report on international comparability of short-term statistics in the CIS and South-East European countries*, UNECE Statistical Division, January 2008. The report was presented to the Bureau in February 2008.

6. Concerning the use of data on employment and hours worked in national accounts, in 2006 the UNECE conducted a survey in 23 countries – CIS, Western Balkans, Andorra, Israel, Liechtenstein, Monaco and San Marino. It complemented the Eurostat/OECD survey on their member states. A number of problem areas were identified and raised in the summary report that was presented at the Joint ECE/Eurostat/OECD meeting on National Accounts held in Geneva in April 2008². An update of the survey is foreseen in two years time, and the topic is planned to be included in the agenda of the special session for transition economies at the National Accounts meeting in 2010.

7. The possibility of developing a set of global guidelines or recommendations – or minimum standards – for compilation and dissemination of wages and earnings statistics, including also hours worked, should be considered. This is likely to be a large and difficult task, and the active participation of the major players in the area will be a prerequisite for a successful outcome.

8. The eighteenth International Conference of Labour Statisticians (ICLS), 24 November-5 December 2008, will discuss, among other subjects, data compilation and dissemination and the measurement of working time. The ICLS may produce output that can be useful in further work, and this may be an opportunity to raise the issue of developing comparable labour costs statistics at the ICLS.

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² <http://www.unece.org/stats/documents/ece/ces/ge.20/2008/10.e.pdf> ;
<http://www.unece.org/stats/documents/ece/ces/ge.20/2008/10.add.1.e.pdf>