

Request to the OECD on the assessment of wages in South Korea

1. Background

The OECD is currently conducting an international comparison of minimum wages; and that of the ratio of minimum wages to monthly average income.

However, we are concerned that a comparison based on different criteria, as represented in the OECD's assessment in Korean case, might cause serious problems of inadequate evaluations or misunderstandings. Therefore, we would like to explain the actual situation in Korea and politely request to reconsider the current assessment of wages made by the OECD Secretariat.

2. Asking for the reconsideration of current assessment

In Korea, enterprises operate a unique system of “paid weekly holiday” that is hardly practiced elsewhere in the world. This means that 8 hours of weekly paid-holiday scheme should be practically included in paid working hours.

Currently, the OECD indiscriminately applies 173.3 hours as the multiplier of minimum wage (quoted from Stats-Extracts part of OECD website), which significantly underestimates the wage level in Korea. Taking into account of the Korean system, we believe the calculation should reflect the actual situation by applying 209 hours (40 hours a week labour time) or 226 hours (44 hours a week labour time) as a justifiable multiplier that incorporates 8 hours of weekly paid holiday into the working hours in the existing formula.

As the most of employees receiving minimum level wages are concentrated in workplaces that hire less than 20 workers, and as the rule of weekly 44 hours of labour time is applied in those workplaces in South Korea, we are certain that 226 hours should be adopted in the OECD's calculation to rightfully reflect the reality.

3. Request for evidence on median income level

The *2010 Going for growth* compares the ratio of minimum wages in comparison to median income across countries.

The Minimum Wage Council in Korea has tried to assess the index with all possible statistical documents, with no available results.

Therefore, we would be immensely grateful if the OECD Secretariat could kindly provide the evidence of statistical result; and also that of other countries which are subject to comparison.

4. Request for the revision in the “average annual wages”

The *OECD Employment Outlook* annually reports “average annual wages in the total economy”.

In a similar context, we would appreciate if the publisher could insert a footnote of ‘the average income in workplaces that hire 5 or more employees’ to related countries such as Japan and Hungary as well as South Korea. We believe this would clarify factual backgrounds when conducting international comparison.

5. Additional words for international comparison

In conclusion, we would very much appreciate the efforts the OECD Secretariat could make to reflect significant institutional differences of membership countries by explicating both common and different measures and criteria applied in the assessments. We suppose utilizing footnotes could be one of effective ways to resolve the current issues.