

# Special conference 1

## Establishing a global minimum wage



<b>Forum</b>	Special Conference 2
<b>Issue:</b>	Establishing a global minimum wage
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## Introduction

Many countries over the last couple of years have established a minimum wage in the hope to stop unduly low pay and promote good work. Although there is now the consideration of implementing a minimum wage globally through organisations such as the ILO "International Convention for a Global Minimum Wage" which is an organisation which was established in 1919 where they primarily focus on implementing the global minimum wage and discuss the many benefits that come along with this.

The aim of a minimum wage is for a fair and more decent income for workers. The need for establishing a global minimum wage stems from the stark disparity between wages and working conditions. Workers have different standards of living worldwide because of differences in labour laws, economic development, etc. Therefore, a global minimum wage would then establish a baseline standard and would then also ensure a fair playing field for workers globally. It could also largely contribute to reducing income inequality by giving workers at the lower end of the spectrum when it comes to working and living conditions a chance for a better living standard as well as an improved economic stability.

Although there are some risks that come along with establishing a global minimum wage being that it would increase labour costs making it less profitable to produce specific goods and services. Because companies would then have to be paying every individual the minimum wage in return leaving them with less money. In addition, it would reduce the number of jobs available, as companies would not be left with enough money to pay their workers.

Introducing a global minimum wage could be quite complicated due to the risks associated with many benefits.

## Definition of Key Terms

### Remuneration

The overall compensation an employee receives is known as their remuneration. In addition to base pay, it also includes any bonuses, commissions, overtime pay, or other financial perks that an employee receives from the company they work for.

### Minimum wage

A minimum wage is the lowest amount paid to workers mandatory from the law or a special agreement. Meaning that every nation has to give their workers at least their given prices being their minimum wage due to an agreement.

### Labour costs

The total labour costs are the charges incurred when employing labour including wages, salaries, etc.

### Economic instability

This is the stage when an economy is when there is an increase in price levels, which disrupts the economy which then has negative impacts on the businesses and countries as a whole. Examples of economic stability when there are fluctuations in the stock market and changes in interest prices.

### Downturn

A downturn means a decline in business or economic activity.

## General Overview

### Late 19th century

In the industrial revolution as the industrialization advanced, the labour conditions were bad and workers were faced with long hours, unsafe work surroundings and low wages. They then in return wanted to improve these working conditions but the idea of establishing a global minimum wage has not been considered just yet.

### *Early 20th century*

In the early 20th century, the first couple of steps were taken to establishing a minimum wage. This was first introduced in New Zealand with a minimum wage for female workers in 1894 which later in 1896 Australia had also done. Through having implemented this minimum wage, it improved living standards for female workers. This is because women and in addition women of colour get segregated into low-wage jobs. A new CAP analysis also proves that 58% of essential workers making an hourly wage of under \$15 are women. Therefore through implementing this 23% of all women who would see a raise would be black women and latinas. In addition The working conditions in the past for example in factories were often very harsh and very commonly unsafe which sometimes led to deaths and injuries. The days in the factories would be very long ranging from 10-12 hours a day and most people would not be paid well.

### Concept expanding

After countries such as New Zealand and Australia more countries started to follow by adapting similar measures. In 1903 The United Kingdom had also introduced a minimum wage and a variety of European countries had done the same. In this time the IDO played a crucial role in these changes within the nations.

### *Global recognition*

In the post-World War 2 period, the concept of a minimum wage had expanded worldwide where many countries had established this to improve the living and wellbeing of their citizens.

Especially in the more recent years there have been more and more concerns about living wages, the cost of living, working conditions and income inequality. Therefore, the discussions surrounding the minimum wage had drastically increased. The consideration of this idea had mainly been initiated from more of the western countries, as mentioned countries such as New Zealand as well as the United Kingdom but this idea had quickly spread globally. The concept had spread rapidly through the several organisations being made about this topic. As well as the support from many influential figures such as politicians and the government.

### Why is it not more global?

As mentioned above there are a lot of risks that come along with implementing a global minimum wage. Being that it would increase labour costs making it less profitable to produce specific goods and services, reducing the number of jobs available, etc. Some other concerns within this concept are the economic disparities between different nations and countries. This is very crucial to keep in mind as there are many elements associated with establishing a global minimum wage. Every country has a different level of development including living costs. The cost of living which very much varies between countries and regions as a viable wage is determined by the cost of living so that workers can have their basic needs met. As well as the productivity when making a minimum wage globally for these countries could not work as well as many predicted. It could potentially lead to business closures, job losses and many developing countries could struggle with economic instability. This is because if the economy is strong and significantly increasing the idea to have a higher minimum wage could be very much possible but during a downturn you have to pay extra attention so that businesses shut down or cause any job losses.

Another risk coming with establishing a global minimum wage is that every country and region has different costs of living. Establishing a minimum wage that works for a certain country or maybe even continent does not mean that it provides the same standard of living which leads to unfair results. This is because every country has healthcare prices, education costs, housing, etc.

## Major Parties Involved

### Luxembourg

Luxembourg is a small European country, surrounded by Belgium, France and Germany. Luxembourg is a major party involved as they have the highest minimum wage globally. With the monthly minimum payment being €2.387,40 from the age of 18 this minimum payment being for skilled talent.

### Sudan

In contrast to Luxembourg Sudan has the lowest minimum wage in the world. Workers receiving \$0.71 monthly. There are many factors that have contributed to the result of a low minimum wage, the main factor being their economic instability as Sudan has prolonged long periods of time inflations and economic instability.

### International Convention for a Global Minimum Wage (IDO)

Since the start of the research in 1919, the "International Convention for a Global Minimum Wage" action may be the only practical global minimum wage idea left. This organisation was founded by Francis Journot and additionally made a letter in favour of establishing a global minimum wage. This comprehensive practical, and structural economic approach could lessen environmental harm and inequality. IDO is an NGO meaning that it is a non-governmental organisation. This organisation was founded to encourage good employment opportunities, promote rights at work and to improve social protection and the discussion of workplace difficulties.

### United Nations Development Programme (UNDP)

The UNDP works in 170 countries to reduce poverty and inequality. They also help countries in building policies, institutional capacity, leadership, partnerships, and resilience to accomplish the Sustainable Development Goals. Their efforts are primarily focused on three areas: climate and disaster resilience, democratic governance, and sustainable development.

### **Sustainable Trade Initiative (IDH)**

The IDH is a Dutch non-profit organization committed to advancing sustainable trade practices and creating a good social and environmental impact throughout international supply chains. IDH develops and implements initiatives that promote sustainability across commodity sectors like agriculture, forestry, and textiles in partnership with companies, governments, and civil society organizations. IDH intends to promote multi-stakeholder cooperation that will advance group action and address supply chain systemic issues. It focuses on creating trade and production models that are sustainable, encouraging financial investments in sustainability, assisting smallholder farmers and employees, and tracking and analysing the results of its activities. IDH is crucial in improving sustainable trading practices and bringing about positive change in the global marketplace because of its focus on inclusivity and effect control.

### **The International Labour Organization (ILO)**

The international labour organization sets international labour standards, such as agreements and guidelines on minimum salaries, but these norms are not legally enforceable on member states. Through conventions like No. 131 and guidelines like No. 135, which emphasize the need to take into account a variety of requirements when determining and changing minimum wages at the national level, the ILO provides guidance on minimum wage setting. The adoption of a legally binding worldwide convention or accord, which is now lacking, would be necessary for the establishment of a global minimum wage. Complex talks, taking into account the various economic and social conditions of different countries, would be necessary to establish a worldwide minimum wage.

## Timeline of Key Events

<b>Date</b>	<b>Description of event</b>
1894	The first country is New Zealand to install a minimum wage. It proved that national legislation could actually be implemented.
1896	Australia is the second country following New Zealand to implement a minimum wage.
1919	The creation of the International convention for a global minimum wage (IDO) in an attempt to make this concept more global.
1945-1959	The idea of a minimum wage has become more widespread around the world, where many nations have implemented it to raise the standard of living and welfare of their population.
1965	The United Nations Development programme (UNDP) was established, a treaty working with 170 countries to help reduce poverty and inequality.
2007	The Sustainable trade initiative (IDH) was created. The IDH develops and implements initiatives that promote sustainability across commodity sectors.
2019	The IDO ended this concept as the founder came to the conclusion that this idea was not applicable on a global scale.
2023	Luxembourg's minimum wage was increased to the highest in the world.

## UN involvement, Relevant Resolutions, Treaties and Events

- Minimum wage systems in Geneva, 2014 (ILC.103/III/1B)
- Universal declaration of Human rights, 1948 (A/RES/217(III))

## Previous Attempts to solve the Issue

Some previous attempts to solve this issue was the creation of an International Convention for a Global Minimum Wage. This was created in 1919 and ended in 2019. This treaty was created in hope to reduce inequalities and environmental damage. They would implement this minimum wage based on the proportion of the median wage or of an average income of each country. But this idea has now been drafted as it has proved to be an inapplicable solution on a global scale. This is because as mentioned there are many aspects that come into play when trying to establish this idea globally, such as increased labour costs, reducing the number of jobs available, business closures, job losses and the fair global wage primarily relying on the cost of living of each individual country. Enforcing such a policy on a global scale could be hard to monitor across nations due to the several differences in labour laws, administrative capabilities and enforcement capabilities. Therefore, the founder of this organisation (Francis Journet) felt as though this could not successfully continue, therefore this organisation did not remain and did not pan out internationally.

## Possible Solutions

Some possible solutions to this could be similar to the creation of an international convention for global minimum wage. But instead, it can be something more realistic which can be applied more globally. Making a group as well as involving the United Nations could bring more recognition to this suggestion of establishing a global minimum wage to where potentially more countries could be adopting this measure. It could also call for an annual meeting discussing the terrible conditions several workers go through in many countries not being able to have a healthy well-being because of them not being paid enough. Also discussing the many inequalities within wages and how individuals struggle to even provide for their families therefore in return increasing the rate of poverty. Through creating a party discussing these topics it will definitely spread awareness and make this concept more global to more member states additionally.

Another possible solution is to establish a reporting mechanism being a platform within the UN where countries are required to communicate their wage policies and to give data on their wage levels. Having this accessible platform would help everything be better monitored because as mentioned this is a large factor on why “international convention for global minimum wage.” Did not continue.

The final possible solution is for this concept to gradually be implemented. This would be a very open-minded solution as there are so many economic disparities within countries as well as many differences. Gradually implementing a global minimum wage with keeping in mind their economic conditions and the ability to modify wages.

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## Appendix or Appendices

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