

Forum:	Economic and Social Council
Issue:	Promoting a living wage for workers in MEDCs
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Introduction

"We have come to a clear realization that true individual freedom cannot exist without economic security and that "necessitous men are not free men". People who are hungry and out of a job are the stuff of which dictatorships are made. In our day these economic truths have become self-evident. We have accepted, so to speak, a Second Bill of Rights of economic security. Among these are: ... the right to earn enough to provide adequate food, clothing and recreation ("Franklin D. Roosevelt: State of the Union Message to Congress January 11, 1944.")". Even though President Franklin D. Roosevelt's proposal for a Second Bill of Rights for economic security was never enacted into law in the United States, it has had an extensive effect on the world. His emphasis on establishing a living wage undoubtedly influenced the United Nations Universal Declaration of Human Rights, a framework his wife, Eleanor Roosevelt, was influential in the drafting of (Anker, 1). Nevertheless, attaining his vision of a free individual continues to be a global struggle involving economic safety and wages.

The regulations on minimum wages and the implementation of these regulations worldwide have seen great progress in the past century. Today, nearly all countries in the world have minimum wage legislation for the public sector. However, these laws often do not assure that individuals will receive a salary which will allow them to maintain a safe and decent standard of living. Government-determined minimum wages often fall short of what is estimated to be the living wage of the region. A vast majority of people in less economically developed countries (LEDCs) continue to struggle to live on minimum wages. Thus, the topic of living wages continues to be a challenging issue for the global community.

The past few years have seen a rise in interest in the issue of wages from a range of stakeholders "including consumers, the media and, not least, workers themselves" ("A Living Wage for Workers."). Important developments in thinking on the issue have emerged, and a number of useful new reports have been published. We will address some of them in this report. During this period, wages in many global supply

chains have come under pressure. Dramatic efforts by employees to have their voice heard in demanding better wages have been seen; some examples being in South Africa, Bangladesh and Cambodia.

However the issue is not confined to emerging economies. In MEDCs, people continue to earn less than the Living Wage determined for their region. There persists to be a class of people earning between the minimum and the living wage that are not being addressed. The first chairman of the Low Pay Commission (which recommends the level of the minimum wage for the UK each year), Professor Sir George Bain, has explained the contemporary issue at hand recently: *"In the early years of the minimum wage, we were successful in tackling some of the worst excesses of low pay and exploitation. This was our number one priority. The challenge for the next 15 years is much harder - how to help people earning above the minimum wage but below the living wage. Yet on current forecasts it looks like the gap between the minimum wage and the living wage could only widen in the coming years. Fresh thinking is going to be needed (Gertner)".* It is essential that global leaders, including the members of the United Nations, acknowledge the need to promote a living wage.

A conflict lays in the approach that the UN should take on this topic. While it is a role of the UN to engineer a universal legal framework to protect the rights of workers worldwide and prompt a framework that countries and a range of stakeholders including consumers, the media and, workers themselves can engage in, it is fundamental that the sovereignty of its Member States is respected during the process of finding a solution to the issue of promoting a living wage for workers in MEDCs.

Definition of Key Terms

Minimum Wage: The lowest wage paid or permitted to be paid; specifically: a wage fixed by legal authority or by contract as the least that may be paid either to employed persons generally or to a particular category of employed persons ("Minimum Wage.").

Living Wage: A wage high enough for the worker (and perhaps her or his family) to survive and remain healthy and comfortable ("UNTERM."). The living wage is also defined as the wage that can meet the basic needs to maintain a safe and decent standard of living within the community (Gertner). Promoted by the Living Wage Foundation and calculated annually by the Resolution Foundation, it's a benchmark and recommendation of what it will take now (not years down the line) to improve living standards (Schutte). While the minimum wage is set by law, the living wage is not. The minimum wage and living wage differ in

that the former can fail to meet the requirements to have a basic quality of life and can leave the family to rely on government programs for additional income.

Extreme Poverty: The international standard of extreme poverty is set to the possession of less than 1\$ a day ("Poverty.").

Collective Bargaining: A type of negotiation in which unions - representatives of workers - directly negotiate with chambers of commerce - representatives of employers - in order to set minimum wage rates for each industry. Collective bargaining allows workers to demand a safe working environment, health benefits, right to have paid leaves, or other fundamental economic rights through an official platform.

General Overview

Human Rights

The issue of living wages is one that involves human rights. Below are articles that protect the rights of workers that would be considered the bases of the living wage.

According to Article 23 of the United Nations Universal Declaration of Human Rights (1948): "Everyone who works has the right to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity".

According to Article 24 of the United Nations Universal Declaration of Human Rights: "Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay". Thus, there must be a balance between working and nonworking hours. With that in mind, even in most developed countries, individuals working 40 hours a week might not be able to maintain a normal standard of living. Therefore, it is important to consider a living wage on its own rather than considering the total income of an individual working multiple jobs to reach a sustainable income.

With the UN Universal Declaration of Human Rights, the United Nations has highlighted, amongst others, "economic, social, cultural, civil, political rights and the right to development". A fair wage is at the heart of these aspirations ("Human Rights Day: A Fair Wage: A Human Right.").

Reluctance of Employers

Even though the idea of living wages are widely discussed, action is not taken as often. A major reason that is cited on why living wage is not more widely applied is that there is not a generally accepted definition of

what a living wage is, and that there there is not a generally agreed methodology on how to measure a living wage (Anker, 1). This claim is the basis of many companies announcing that they do not attempt to pay their workers a living wage and many governments not seriously considering workers' needs when they set legal minimum wages. When addressing the issue of employers, specifically companies, not recognizing the living wage, the Ethical Trade Initiative explained: "It's important that companies don't allow the challenge of how to calculate a living wage to distract them from getting on with raising wages. In many countries the minimum wage falls so far below any living wage estimations that even significant increases in pay are unlikely to exceed a living wage ("A Living Wage for Workers.")". Even though this argument is valid in the sense that the minimum wage falls far below the living wage in many countries, the argument that there should be a generally accepted definition and methodology is also valid. It is natural that companies expect a definite outline that is recognized and validated by an authoritative organization such as the United Nations.

Two large multinational corporations and one NGO put forward their opinion on implementing a vague living wage:

1. "We do not feel that we have all the information we need to be able to responsibly implement and enforce a living wage requirement in our Code of Conduct. As a matter of policy, we will not add provisions to our Terms Of Engagement that we cannot adequately enforce" (Levi- Straus, quoted in Labour Behind the Label, 2009).
2. "We do not endorse artificial wage targets or increases based on arbitrary living wage definitions" (Nike, 2006).
3. "The main problem is how to define the living wage in a consistent way and making sure that it is auditable" (Fair Labor Association, quoted in Chhabara, 2009).

Although many companies, governments and NGOs may use the lack of an agreed definition and measurement methodology as an excuse for avoiding action, this deficit can cause other companies and governments interested in paying a living wage to be perplexed. Although more than 120 cities across the U.S. have established living wage laws applicable to employers who work on government contracts, whether at the state, county, or city level - according to the National Employment Law Project - many countries do not have data on living wages supplied by the government or involved organizations. Governments, international organizations, NGOs and companies sincerely interested in a living wage are at a distinct disadvantage due to the lack of an agreed definition and measurement methodology. Unions advocating for the living wage are also at a disadvantage during wage negotiations "when they argue the need for higher wages without the benefit of a solid and defensible living wage estimate" (Anker, 1). Therefore, delegates

need to concentrate on the definition and calculations of a living wage when considering how to promote it as it is an issue that hinders the improvement of the issue at hand.

Major Parties Involved and Their Views

The United Kingdom

The UK has a long history with wage legislations and is one of the most active users of the living wage calculations. In 1524, municipal regulation of wage levels began in some towns in the United Kingdom. With the Trade Boards Act 1909, national minimum wage law began. The Wages Councils Act 1945 set minimum wage standards in many sectors of the economy. Wages Councils were abolished in 1993 and replaced with a single statutory national minimum wage by the National Minimum Wage Act 1998, which is still in force. The country's Low Pay Commission reviews the rates each year. As of 1 April 2016, the minimum wage has been paid as a mandatory National Living Wage for workers over 25. It is to be carried out in gradual stages in between 2016 and 2020 and is set at a higher level than previous minimum wage rates. By 2020 it is expected to have risen to at least £9/hour.

Nevertheless, the National Living Wage is lower than the value of the Living Wage calculated by the Living Wage Foundation. The Trades Union Congress general secretary Frances O'Grady explained: "Unlike the government's NLW, the real Living Wage is based on a review of the evidence on what is currently happening to people (Pidgeon)".

Some organisations voluntarily pay a living wage to their staff, at a level somewhat higher than the statutory level. For example, from September 2014, all National Health Service (NHS) Wales staff have been paid a minimum of the "living wage" recommended by the Living Wage Commission. 2,400 employees have received an increase in their basic salary of up to £470 due to the organisation adapting a living wage policy (Smith). This example should not be taken out of context as it is only one example. According to new estimates published in October of 2016 by KPMG, some 5.6 million people in the UK are paid less than the voluntary Living Wage, constituting 22% of all working people ("Over 5 Million People Paid Less than Living Wage.").

International Labour Organization

From the ILO webpage: "As the only tripartite U.N. agency, the ILO has been bringing together governments, employers and workers representatives of 187 member States since 1919 in order to set labour standards, develop policies and devise programmes promoting decent work for all with the main aims

of promoting rights at work, encouraging decent employment opportunities, enhancing social protection and strengthening dialogue on work-related issues" ("About the ILO.").

Ethical Trading Initiative (ETI)

From the ETI webpage: The Ethical Trading Initiative (ETI) is an alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. It reaches out to 9.8 million workers per year. ETI enforces corporates to implement the ETI base code in their supply chains and therefore implement ethical trade. The ETI base code reflects ethical trade by stipulating the need for freely chosen employment, freedom of association, safe working conditions, and reasonable working hours ("The Ethical Trading Initiative (ETI).").

The Living Wage Foundation

The Living Wage Foundation's campaign has moved from the margins to the mainstream at remarkable speed. Ten years ago this took the form of a handful of innovative community activists hassling a few big banks in Canary Wharf, and building alliances with faith and civic groups. Today 2,300 employers are accredited, including more than a quarter of the FTSE 100 and a range of public authorities, such as the Scottish and Welsh governments, the GLA and a fast-growing number of councils. (Kelly)

Timeline of Events

1894	New Zealand becomes the first county to adopt minimum wage legislation with the Industrial Conciliation and Arbitration Act (Humphrey).
1907	The Harvester decision is handed down in Australia, which establishes a 'living wage' for a man, his wife and two children to "live in frugal comfort" ("Minimum wage.").
1912	The state of Massachusetts organizes a commission, recommends non-compulsory minimum wages for women and children (Figueroa).

1919	The International Labour Organization is founded as a part of the treaty of Versailles ("About the ILO.").
1938	In the United States, statutory minimum wages are first introduced nationally through the Fair Labor Standards Act of 1938 (Grossman).

UN Involvement

The United Nations formed an NGO called the International Labour Organization (ILO) in 1919, as seen above in the timeline. It is a tripartite organization, bringing together representatives of governments, employers and workers in its executive bodies. It was first drafted in early 1919, then commissioned by the United States and representatives from eight other countries: Belgium, Cuba, Czechoslovakia, France, Italy, Japan, Poland, and the United Kingdom. In 1946, ILO became the first specialized agency of the newly formed UN.

According to its site, the ILO is “devoted to promoting social justice and internationally recognized human and labor rights, pursuing its founding mission that social justice is essential to universal and lasting peace”.

Its 4 objectives are to:

- Set and promote standards and fundamental principles and rights at work,
- Create greater opportunities for women and men to decent employment and income,
- Enhance the coverage and effectiveness of social protection for all,
- Strengthen tripartism and social dialogue.

The ILO increased its impact on our world with the Millennium Development Goals. They created a project called “The Goal of Decent Work for All”. Now with the Sustainable Development Goals, the ILO focuses on the 8th goal which is “Decent work and economic growth”. They aim to “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”.

Relevant UN Documents

United Nations Declaration of Human Rights, 1948 (General Assembly resolution 217A)

The Declaration consists of thirty legally non-binding articles. The Commission on Human Rights, which was established by the UN Economic and Social Council in June 1946, was constituted to undertake preparing an International Bill of Rights. Chaired by Eleanor Roosevelt, the commission and many other well-known members of the drafting committee finished their work in May 1948. It was accepted the same year. The Bill was criticized by the British UN representatives of 1948 due to the lack of legal obligation. This document is relevant to our committee and topic, as seen especially in Articles 22, 23, 24, and 25.

United Nations International Covenant on Economic and Social Cultural Rights, 1966

The UN Declaration of Human Rights was a great milestone in the awareness of the rights of all humans, but it was not legally binding to the Member States. It had moral but no legal obligation. The International Covenant on Economic and Social Cultural Rights (ICCPR) was adopted by the UN General Assembly in 16 December 1966. The ICCPR came into force in 1976 give a legal status to most of the Declaration of Human Rights.

ILO Declaration on Fundamental Principles and Rights at Work, 18 June 1998

International Labor Organization specifically strives to improve universal minimum labor standards and promotes a living wage. The standards mentioned in the ILO's declaration should be seen as the basic rights that workers should be entitled to.

Possible Solutions

In less economically developed countries, the employers' capacity to pay is so low that wages of the employees often fall lower than the living wage. ILO senior economist Patrick Belser says that part of the solution is "for governments to pursue policies that are conducive to economic growth and higher productivity, including improving opportunities for education and training ("Human Rights Day: A Fair Wage: A Human Right.")". Nevertheless, economic growth alone is not enough, evident by the working poor in MEDCs as well. There are two different courses of action that can be taken in order to tackle the issue of promoting a living wage for workers in MEDCs: domestic and international.

The first one is taking domestic action. Workers of a country must find a way to cooperate with each other and pressure their governments to increase the minimum wage. This will require for unions and nongovernmental organizations to engage with the workers through public awareness campaigns and demonstrations. "Trade unions can also help the low paid get a fair wage," ILO senior economist Patrick Belser explains. "This is one of the reasons why the ILO is working to strengthen union rights worldwide. They are necessary to allow workers and employers to negotiate improvements in wages and conditions of work, and to ensure that wages increase in line with productivity. In addition, the ILO supports governments across the world to set minimum wages that take into account not only economic factors, but also the needs of workers and their families ("Human Rights Day: A Fair Wage: A Human Right.>"). There have been some proposed and some executed actions governments can take to solve the issue at hand. Belser explains that living wage initiatives, such as those started in the UK or US, and the steps taken by multinationals to implement living wages in their supply chains, have been helpful in the process of promoting a living wage for workers in MEDCs. Nevertheless, none of them are substitutes for union rights, minimum wages or collective bargaining. A different possible solution when it comes to promoting a minimum wage for everyone is to guarantee basic income programs. This means that the government provides its citizens with an income, regardless of whether or not they work. This type of income supplement is sometimes compared to the way social security currently works in America. This method would not work as well when it comes to promoting a living wage as there are significant differences between the minimum and living wage in most countries and regions. Another proposed solution is to increase the child tax credit. Because most people who need a minimum wage are of low-income families with children, aid through child tax credit would actually help them get a better standard of living. Again, this solution is more viable when it comes to promoting a minimum wage and would not be enough to address the layer of people living between minimum and living wage. Lastly, subsidising private companies that do follow a policy of paying their workers a living wage is a possible action that governments can take without directly involving themselves with the public.

The second course of action that can be taken is international. Pressurizing international corporations is possible, so that they supply workers in countries they function in with adequate wages, even if it isn't necessary by law. For example, after international reports were published against Nike's poor treatment of its employees in Asia, Nike had to respond to these claims by significantly ameliorating the working standards of its workers in Asia. This can serve as an example of how the condition of workers in other countries can be bettered without interfering with other countries' sovereignty.

Still, the effects of a higher wage should not be considered as only positive. As delegates delve into further research, they should consider the effect of the change in minimum wage for employers as well as its effect on the number of employees that the employer can afford to have working at a certain wage.

Delegates are reminded that, even though we are primarily concerned with wages, there are other approaches to this issue to promote a better life for those working under the living wage. Employers can take actions other than increasing wages to increase the welfare of their employees, such as fringe benefits and stamps. Delegates can take these into consideration during their research process.

Notes from the Chair

The topic of the promotion of living wages for workers in MEDCs is not one that is discussed in the everyday life of most delegates. Delegates might initially confuse alike terms, but, by reading this report carefully and delving into further research as needed, there is no doubt that you will be well-prepared for the upcoming session of ECOSOC at RCIMUN 2017. I would recommend the website of National Employment Law Project for delegates wishing to find out more about the status and changes of the living wages in the United States, as it a MEDC that has differing policies from state to state and even city to city. When investigating further into the issue at hand, delegates should try to keep an open mind as this issue involves not only the rights of workers, but also those of employers, Member States and unions.

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