

Committee: International Labor Organization (ILO)

Issue: Combatting the decrease of the Minimum Wage due to the COVID-19 Pandemic

Student Officer: Ann Marie Martinou

Position: President

PERSONAL INTRODUCTION

Honorable Delegates,

My name is Ann Marie Martinou, I am 18 years old and I am an IB2 student at the American Community Schools of Athens. It is my utmost pleasure to cordially welcome you to the International Labor Organization Committee in the 5th American College of Greece's Model United Nations. Before you proceed reading this study guide, which serves as the basis of your preparation for the conference, I would like to introduce myself.

One of my greatest passions is meeting others through the communication of thought-provoking ideas; MUN fosters fruitful discussions and therefore is the perfect medium to achieve this goal. Through MUN, I have become more confident in my public speaking skills, allowing me to effectively communicate with others around me. Other than MUN, I enjoy participating in various public speaking clubs, such as Debate, as well as competitive swimming, cooking, and baking.

I am confident that you will have a wonderful ACGMUN experience this year and I, along with my Co-Chairs, the Organizing Team and the Secretariat, will work our hardest to fulfill this goal. I look forward to meeting you all and I wish you a constructive debate during the conference! Should you have any inquiries or concerns please do not hesitate to contact me via email at: martinoua22@stu.acs.gr

Yours Truly,
Ann Marie Martinou

TOPIC INTRODUCTION

Prior to the onset of the COVID-19 pandemic, real average wages were growing rapidly worldwide. When nationwide lockdowns and strict pandemic measures began threatening the integrity of business enterprises, dozens of companies adopted temporary wage subsidies, which were put in place to prevent mass layoffs and high unemployment rates. However, others were not as fortunate, with thousands of workers worldwide left unemployed. Although individuals of various socioeconomic backgrounds have endured the negative effects of the COVID-19 pandemic, those that have been impacted most negatively have been vulnerable groups, such as the lower classes. As a result, the pandemic has threatened to further increase inequality between the higher and lower classes, pushing more families into poverty. Despite this potentially worrisome news, statistical indicators have been found to help governments determine the minimum wage levels that are adequate for workers considering national circumstances, bearing in mind factors such as Gross Domestic Product (GDP).¹

Although the pandemic is highly relevant in the topic of “Combatting the decrease of the Minimum Wage due to the COVID-19 Pandemic,” world economic circumstances prior to the onset and development of the pandemic should also be considered when aiming to ameliorate the matter. Historically, there have been political or social groups that oppose minimum wage laws. They claim that higher labor costs inevitably force businesses to raise the prices of the products or services they provide. Thus, the purchasing power of consumers is lowered. It is also claimed that a higher minimum wage forces businesses to lay off workers, as they cannot otherwise operate in a profitable manner.² On the other hand, supporters of minimum wage laws argue the opposite, claiming that higher national minimum wages increases the standard of living for workers, reduces poverty and inequality, stimulates the economy, and boosts employee productivity.³

Regardless of individuals’ stances on the matter, it is clear that COVID-19 has had specific effects on the minimum wages of multiple countries, including those of Greece, the USA, the UK, inter alia. Due to the often negative repercussions of the pandemic, economists predict that minimum wages could be lowered in some nations, and the effects of this are already felt from poor families to sectors to even nations.⁴ Hence, to combat the decrease of the

¹ “Global Wage Report 2020/21: COVID-19 and Wages,” accessed February 6, 2022,

<https://www.ilo.org/infostories/en-GB/Campaigns/Wages/globalwagereport#introduction>.

² “Minimum Wage by Country 2022,” accessed February 6, 2022, <https://worldpopulationreview.com/country-rankings/minimum-wage-by-country>.

³ “What Are the Pros and Cons of Raising the Minimum Wage?,” Investopedia, accessed February 6, 2022, <https://www.investopedia.com/articles/markets-economy/090516/what-are-pros-and-cons-raising-minimum-wage.asp>.

⁴ “Minimum Wage by Country 2022,” accessed February 6, 2022, <https://worldpopulationreview.com/country-rankings/minimum-wage-by-country>.

minimum wage due to the COVID-19 pandemic, a holistic understanding of the concept of a minimum wage, as well as the world economic circumstances before, during, and potentially after the pandemic, must be gained and analyzed. This could be achieved with reference to the 5th ACGMUN Conference's Theme, "Decent Work and Economic Growth," derived from the Sustainable Development Goal (SDG) 8. Through the promotion of "sustained, inclusive, and sustainable economic growth,"⁵ the aforementioned issue can be addressed and mitigated with the much needed collaboration of all Member States and the international community.

DEFINITION OF KEY TERMS

Consumer purchasing power

"Measures the value in money for which consumers may purchase goods or services."⁶ This is important in regards to minimum wages, because it indicates the extent to which inflation affects consumers' ability to buy goods and services. As such, it can be argued that minimum wages should consider consumer purchasing power.

Employment

The act of an individual being paid to work for a company or organization⁷

Gross Domestic Product (GDP)

The final value of all output (services and products) produced within a country's borders over a specified period of time, most commonly 12 months (i.e., 4 consecutive quarters); an important indicator signifying economic performance.

Inflation

A general rise in the level of prices for goods and services. There are two main types of inflation: demand-pull inflation⁸ and cost-push inflation⁹

⁵ "Goal 8: Decent Work and Economic Growth," The Global Goals, accessed February 6, 2022, <https://www.globalgoals.org/8-decent-work-and-economic-growth>.

⁶ "Consumer Purchasing Power | Encyclopedia.Com," accessed February 6, 2022, <https://www.encyclopedia.com/history/dictionaries-thesauruses-pictures-and-press-releases/consumer-purchasing-power>.

⁷ "Employment," accessed February 6, 2022, <https://dictionary.cambridge.org/dictionary/english/employment>.

⁸ "Demand-Pull Inflation Definition," Investopedia, accessed February 6, 2022, <https://www.investopedia.com/terms/d/demandpullinflation.asp>.

⁹ "Cost-Push Inflation," Investopedia, accessed February 6, 2022, <https://www.investopedia.com/terms/c/costpushinflation.asp>.

Labor Market

The availability of employment and labor, particularly in terms of supply and demand; employees provide supply for labor, whereas employers provide demand.

Layoff

The termination of an individual's employment by a company; a more technical term referring to "firing" someone.¹⁰

Minimum wage

The lowest possible wage permitted by law; the minimum amount of capital employers must pay their employees¹¹

Real Average Wage

The amount of money an individual or entity makes after adjusting for inflation. Equivalently, it provides a value for a wage in terms of the amount of goods and services that can be bought at a given point in time¹²

Subsidy

A benefit provided to an individual, business, or institution, typically by the government. It typically aims to promote social good or a specific economic policy. Examples of subsidies include direct methods (e.g. cash payments) or indirect methods (e.g. tax breaks)¹³

Unemployment

A person that is actively seeking for employment but is unable to find work¹⁴

Wage

A fixed regular payment earned for work or services, typically paid on a daily or weekly basis¹⁵

¹⁰ "LAYOFF | Meaning in the Cambridge English Dictionary," accessed February 6, 2022, <https://dictionary.cambridge.org/dictionary/english/layoff>.

¹¹ "1.1 Definition and Purpose," Document, December 3, 2015, http://www.ilo.org/global/topics/wages/minimum-wages/definition/WCMS_439072/lang--en/index.htm.

¹² "Real Income Definition," Investopedia, accessed February 6, 2022, <https://www.investopedia.com/terms/r/realincome.asp>.

¹³ "Subsidy Definition," Investopedia, accessed February 6, 2022, <https://www.investopedia.com/terms/s/subsidy.asp>.

¹⁴ "Unemployment Definition and Types," Investopedia, accessed February 6, 2022, <https://www.investopedia.com/terms/u/unemployment.asp>.

¹⁵ "Wage - Definition of Wage by The Free Dictionary," accessed February 6, 2022, <https://www.thefreedictionary.com/wage>.

BACKGROUND INFORMATION

As the COVID-19 pandemic is slowly coming to an end from an epidemiological perspective, the prolonged effects it has left on employment rates and thus the livelihoods of communities in both More Economically Developed Countries (MEDCs) as well as Less Economically Developed Countries (LEDCs) are expected to linger on for months to come.¹⁶ To suitably address this matter, the topic of minimum wages, particularly in relation to the COVID-19 pandemic, can be divided into different realms, such as historical background, the minimum wage today, and the socioeconomic impacts of the pandemic.

History of the Minimum Wage

Initially, the main objective of the implementation of a minimum wage was to stabilize a nation's economy and protect workers in the labor force.¹⁷ It was intended to create a minimum living standard, which would in turn protect the well-being and health of employees, allowing them to purchase basic necessities such as food and water.

How Progressivism in the USA Impacted the Minimum Wage

In the USA specifically, annual wages for Americans were \$380 in 1890, which was below the poverty line of \$500 a year. This simply meant that, in order to be considered officially living in poverty, individuals would make \$500 on a yearly basis. During this era, the political movement of Progressivism emerged, which aimed to improve the livelihoods of all Americans in terms of working conditions and wages. The so-called "Progressives" introduced the idea of a minimum wage in the USA, and they argued that this must be high enough to meet certain worker needs. Of course, the Progressives were influenced by other nations in which this was common practice, such as Australia and New Zealand. These nations had "enacted the world's first minimum wage laws in the 1890s," which helped guide other nations' decisions, as well.¹⁸

The Minimum Wage Today

Within the international community, there are certain countries that have high minimum wages, and others with lower minimum wages. Among the countries with high hourly minimum wages are Australia (14.54 USD), Luxembourg (13.67 USD), New Zealand (13.18

¹⁶ Anton Pak et al., "Economic Consequences of the COVID-19 Outbreak: The Need for Epidemic Preparedness," *Frontiers in Public Health* 8 (2020), <https://www.frontiersin.org/article/10.3389/fpubh.2020.00241>.

¹⁷ "Minimum Wage," LII / Legal Information Institute, accessed February 6, 2022, https://www.law.cornell.edu/wex/minimum_wage.

¹⁸ "History of the Minimum Wage - ProCon.Org," accessed February 6, 2022, <https://minimum-wage.procon.org/history-of-the-minimum-wage/>.

USD), and Monaco (11.88 USD). Among the countries with the lowest hourly minimum wages are Mexico (1.05 USD), Turkey (1.93 USD), Brazil (2.18 USD), and Chile (2.25 USD).¹⁹

Main Factors Affecting the Minimum Wage Today

According to the International Labor Organization (ILO) Minimum Wage Policy Guide, there are numerous factors that cause nations to have higher or lower minimum wages. More specifically, these characteristics include the requirement for economic development (particularly relevant in LEDCs), levels of productivity within the economy (widely measured through GDP or GDP per capita), and the desirability of “attaining and maintaining a high level of employment” whilst keeping unemployment levels as low as possible.²⁰

Apart from the aforementioned, lawmakers must consider the proportion of workers affected by a potential minimum wage bill or law. This can be done by considering the proportion of employees who will likely be affected by the introduction of a minimum wage or an increase in the already existing minimum wage of a country. If minimum wage is set too high, this may trigger price inflation, which could either be positive or negative.²¹

Socioeconomic Impacts of the COVID-19 Pandemic on Nations and Individuals

Other than the obvious health and economic impacts the COVID-19 pandemic has had on individuals, communities, and nations, some have suffered social repercussions, as well. It is imperative that the interconnection between social and economic impacts is recognized and accounted for when considering the potential decrease of minimum wages due to the COVID-19 crisis. Since humans are social animals with the inherent need to communicate with each other, taking into account social aspects may affect productivity and motivation in the workplace, directly impacting the economy. As such, negative social triggers may have detrimental economic effects, as potential decreases in motivation due to the pandemic can affect job security and job satisfaction, affecting firms’ revenue and profits, and hence nations’ GDPs. In turn, the standard of living is subject to fluctuations.

Social Impacts

Research suggests that the pandemic has had psychological and therefore social impacts on the well-being of vulnerable groups, such as children, university students, and healthcare workers. It has been found that these groups are more likely to develop post-traumatic stress

¹⁹ “Minimum Wage by Country 2022,” accessed February 6, 2022,

<https://worldpopulationreview.com/country-rankings/minimum-wage-by-country>.

²⁰ “5.4 Economic Factors,” Document, December 3, 2015, http://www.ilo.org/global/topics/wages/minimum-wages/setting-adjusting/WCMS_439252/lang-en/index.htm.

²¹ “5.4 Economic Factors,” Document, December 3, 2015, http://www.ilo.org/global/topics/wages/minimum-wages/setting-adjusting/WCMS_439252/lang-en/index.htm.

disorder, anxiety, depression, and other symptoms of distress. In a study by Orgilés et al (2020), a sample of 1,143 parents of Italian and Spanish children were given a survey regarding the risk of children developing symptoms of anxiety during quarantine. For children aged 3-18, parents observed both emotional and behavioral changes in their children. Irritability was reported to be at 39%, restlessness at 38.8%, nervousness at 38%, and a sense of loneliness and uneasiness at 31%. These statistics may indicate the extent to which the pandemic, and the measures implemented as a result of it, have affected individuals in a society.²² Understanding the effects the pandemic has had on children is important, because their parents or guardians are in charge of providing for them. If minimum wage laws do not allow for families to sufficiently cover expenses, then standards of living dramatically decrease, affecting the health and livelihoods of entire communities.

Economic Impacts

According to economists, the staggering economic effects that the COVID-19 pandemic has had on economic growth in the 2020 fiscal year is beyond anything experienced in the last century. Estimates indicate that the pandemic reduced global economic growth in 2020 at a rate of around -3.2%.²³ However, according to forecasts, economic downturn, or the sustained slowdown of economic activity over time, was not as negative as initially expected.²⁴ This was due to fiscal and monetary policies that were adopted and implemented by governments in 2020. Unfortunately, economic growth sharply decreased in the second quarter of 2020, but rebounded quickly shortly thereafter. Overall, the cost of lives lost due to the pandemic will permanently affect worldwide economic growth, in addition to elevated levels of poverty and increased social unrest. Estimates indicate that between 65-75 million people face extreme poverty as of 2020, with 80 million more undernourished, as compared to figures prior to the pandemic.²⁵

Impact on the Minimum Wage

Although it can be assumed that the COVID-19 pandemic has had an effect on the setting of the minimum wage, this must be examined on a case-by-case basis so as to address all the nuances of the situation. However, generally speaking, low-wage workers, such as cashiers

²² Valeria Saladino, Davide Algeri, and Vincenzo Auriemma, "The Psychological and Social Impact of Covid-19: New Perspectives of Well-Being," *Frontiers in Psychology* 11 (2020), <https://www.frontiersin.org/article/10.3389/fpsyg.2020.577684>.

²³ James K. Jackson et al., "Global Economic Effects of COVID-19" (Congressional Research Service, November 10, 2021), <https://sgp.fas.org/crs/row/R46270.pdf>.

²⁴ Small Business and Training Employment, "Surviving an Economic Downturn," Collection; Text (corporateName=The State of Queensland;; December 16, 2011), <https://www.business.qld.gov.au/running-business/protecting-business/risk-management/surviving-downturn>.

²⁵ James K. Jackson et al., "Global Economic Effects of COVID-19" (Congressional Research Service, November 10, 2021), <https://sgp.fas.org/crs/row/R46270.pdf>.

and fast-food workers, have been affected the most.²⁶ Bearing this context in mind, adequate minimum wages, as set by governments or even negotiated via collective bargaining, can play an integral role in improving the issue. Stakeholders can protect the wages of workers from “spiralling down to unduly low levels.”²⁷ Such events must be prevented so as to contribute to economic stability and aid in recovery following recessions brought upon by COVID-19. The three factors that affect the extent to which a minimum wage is realized, to its utmost potential, are (1) the characteristics of the beneficiaries (those that receive) of the minimum wage, (2) legislation and compliance with said legislation, and (3) adequate minimum wage level, according to a specific country’s economic structure and policies. It is estimated that 19% of the world’s wage earners are paid at minimum wage or below.²⁸ Seeing as this is a vast percentage, the severity of the matter is once again reinforced.

MAJOR COUNTRIES AND ORGANIZATIONS INVOLVED

Afghanistan

Following the administrative change after the events that occurred in August of 2021, the economy of Afghanistan has remained paralyzed, and the economy continues to negatively impact the labor market. Employment losses are expected to increase to almost 700,000 by the second quarter of 2022, amidst struggling businesses and job scarcity. If the outmigration of women intensifies, employment losses could amount to more than 900,000 by the second quarter of 2022. Moreover, key sectors, such as the agriculture sector, have suffered both as a result of the COVID-19 pandemic as well as the Taliban crisis.²⁹

Greece

According to the Ministry of Labor and Social Affairs, between January-June 2020, 253,072 new job positions were lost. This figure reflects the extent to which the negative impacts of the pandemic left their mark on the Greek labor market. Prior to the pandemic, the government issued an increase in the minimum wage, stimulating the economy. During the pandemic, the government was notably active in introducing measures to help both employees and employers navigate the potential economic consequences of lockdowns. Moreover, the government provided numerous forms of tax and rent relief for businesses,

²⁶ “Low-Wage, Low-Hours Workers Were Hit Hardest in the COVID-19 Recession: The State of Working America 2020 Employment Report,” *Economic Policy Institute* (blog), accessed February 6, 2022, <https://www.epi.org/publication/swa-2020-employment-report/>.

²⁷ “Global Wage Report 2020/21: COVID-19 and Wages,” accessed February 6, 2022, <https://www.ilo.org/infostories/en-GB/Campaigns/Wages/globalwagereport#introduction>.

²⁸ “Global Wage Report 2020/21: COVID-19 and Wages,” accessed February 6, 2022, <https://www.ilo.org/infostories/en-GB/Campaigns/Wages/globalwagereport#introduction>.

²⁹ “Employment Prospects in Afghanistan: A Rapid Impact Assessment.” International Labor Organization (ILO), n.d. https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/briefingnote/wcms_834525.pdf.

financial support and social insurance coverage for employees whose contracts were suspended. Other measures included the introduction of telework and unemployment benefit extensions.³⁰

Sweden

Although an MEDC, Sweden has abolished the minimum wage. Instead, minimum wages are set within different sectors or industries through collective bargaining, which entails the negotiation of wages by an organized group of individuals.³¹ This is achieved primarily through trade unions. Nearly all Swedish citizens belong to one of almost 110 trade unions and employers' organizations "that negotiate wage rates for regular hourly work, salaries, and overtime."³² This is also common in other Nordic countries, such as Denmark.

United Kingdom (UK)

In the UK, there was a -25% cumulative decline in GDP in March and April 2020. This was one of the largest falls in the post-Second World War era. Fortunately, economic growth returned in May of the same year at a 2.7% monthly increase. Fast paced growth later followed, with GDP growing by 9.1% in June and 6.3% in July, respectively. There has been an uneven effect on sectors, with the largest declines observed in the accommodation and food sector, in which output became lower by 91% in April and May 2020. Other sectors experienced smaller falls, such as the information and communication sector, with a maximum fall of 14%. Although unemployment levels are up by 326,000, general unemployment and employment rates do not indicate drastic changes, given the scale of the recession. "This may be at least partly due to the Coronavirus Job Retention Scheme (CJRS), as furloughed workers are classed as employed in official statistics."³³

United States of America (USA)

In the USA, the national minimum wage was created by Congress under the Fair Labor Standards Act (FLSA) in 1938. It enacted this legislation under Article I, Section 8 of the US Constitution. Now, the federal government has set the minimum wage at \$7.25 an hour. However, some states have their own minimum wages. States are broken down in 4 classifications in regards to minimum wage: (1) states with minimum wages higher than the federal government's, (2) states that match the federal minimum wage, (3) states without

³⁰ Elena Kousta, "Greece: Working Life in the COVID-19 Pandemic 2020," n.d., <https://www.eurofound.europa.eu/sites/default/files/wpef21017.pdf>.

³¹ Investopedia. "5 Developed Countries without Minimum Wages." Accessed February 7, 2022. <https://www.investopedia.com/articles/investing/080515/5-developed-countries-without-minimum-wages.asp>.

³² L&E Global Knowledge Centre. "Trade Unions and Employers Associations in Sweden," November 22, 2020. <https://knowledge.leglobal.org/employers-associations-and-trade-unions-in-sweden/>.

³³ Christine Aumayr-Pintar, "UK: Working Life in the COVID-19 Pandemic 2020," n.d., <https://www.eurofound.europa.eu/sites/default/files/wpef21034.pdf>.

any sort of minimum wage statute, (4) states that explicitly set out a minimum wage lower than the federal government's.³⁴

Vietnam

As with most other nations, the pandemic has impacted the wages of workers in Vietnam. On April 9, 2020, the Vietnamese government passed Resolution NO. 42/NQ-CP on measures to support those who are facing hardship due to the COVID-19 pandemic.³⁵ The average monthly income of workers in the third quarter of 2021 fell to \$229 (USD), according to the General Statistics Office of Vietnam. In the same quarter, the number of employed workers fell sharply. Some sectors were more affected by others, such as the services sector, whose workers' average monthly incomes fell \$44.³⁶

The European Foundation for the Improvement of Living and Working Conditions (Eurofound)

Eurofound is an agency of the European Union (EU) that provides knowledge in order to assist in the development of improved social, employment, and work-related policies. According to research carried out by the organization, in most EU countries, governments approved nominal and real increases in statutory minimum wages for 2021. Moreover, it found that wage support mechanisms introduced by governments contributed to supporting wages in the private sector, especially for workers whose hours were or have been reduced, or for those who have been temporarily laid off. Hence, it has concluded that wage support mechanisms and setting minimum wages have played an integral role in reducing the impact of the pandemic on earning inequalities.³⁷

International Labor Organization (ILO)

The ILO is a United Nations agency whose mandate is to advance social and economic justice through setting international labor standards. Unlike the Security Council (SC) and the International Court of Justice (ICJ), its mandate is not legally binding for member states. On the contrary, it provides suggestions based on the research it carries out. In the context of minimum wage setting, it has been an active stakeholder in monitoring minimum wage rate fluctuations in member states. The ILO claims that the purpose of minimum wages is to

³⁴ "Minimum Wage," LII / Legal Information Institute, accessed February 6, 2022, https://www.law.cornell.edu/wex/minimum_wage.

³⁵ "Workers in Vietnam See Fall in Wages in Q3'2021 Due to COVID-19 | HRM Asia : HRM Asia," accessed February 6, 2022, <https://hrmasia.com/workers-in-vietnam-see-fall-in-wages-in-q32021-due-to-covid-19/>.

³⁶ "Government of Vietnam Announces Financial Relief Measures for COVID-19," Tilleke & Gibbins, accessed February 6, 2022, <https://www.tilleke.com/insights/government-vietnam-announces-financial-relief-measures-covid-19/>.

³⁷ "Impact of the COVID-19 Crisis on Wages and Wage Setting | Eurofound," accessed February 6, 2022, <https://www.eurofound.europa.eu/el/publications/article/2021/impact-of-the-covid-19-crisis-on-wages-and-wage-setting>.

protect workers against unduly low pay. Furthermore, it aims to ensure a just and equitable share of progress to all. It suggests that minimum wages can be one element of a policy to overcome poverty and reduce inequality, including the potential wage gap between men and women.³⁸

TIMELINE OF EVENTS

Date	Description of Event
1919	The International Labor Organization (ILO) became the first specialized agency of the UN
1928	Minimum Wage Fixing Machinery Convention was held
1938	National minimum wage was created by US Congress under the Fair Labor Standards Act (FLSA)
1970	Minimum Wage Fixing Convention was held
May 26, 1975	Eurofound was established
2007	Last approved increase of the Federal Minimum Wage in the US occurred
March 2020	The UK experienced a -25% cumulative decline in GDP—one of the largest falls in the post-Second World War era
April 9, 2020	The Vietnamese government passed Resolution No. 42/NQ-CP
August, 15 2021	The capital of Afghanistan, Kabul, is captured by the Taliban, having detrimental effects on the country’s economy and sociopolitical stance.

RELEVANT RESOLUTIONS, TREATIES, AND EVENTS

Minimum Wage Fixing Machinery Convention, 1928

Among the first of its kind, this convention encourages Members of the ILO to create or maintain machinery that can allow for minimum rates of wages to be fixed for workers employed in certain trades, including but not limited to manufacture and commerce. It includes the need for employers and employees to be aware of the minimum wage and the rights they are entitled to in regards to the workplace.

³⁸ “Our Mandate,” Document, November 23, 2015, http://www.ilo.org/global/about-the-ilo/how-the-ilo-works/departments-and-offices/jur/WCMS_428623/lang--en/index.htm.

Minimum Wage Fixing Convention, 1970

A general conference held as part of the ILO, noting the terms of the Minimum Wage Fixing Machinery Convention of 1928. It encourages member states that ratify the convention to establish a system of minimum wages that cover all groups of wage earners. In Article 5, it stresses that appropriate measures can and should be enforced to ensure the efficacious application of all provisions pertaining to minimum wages.

EU-Wide Minimum Wage Call by Macron

In June 2019, French President Emmanuel Macron claimed that fundamental change is necessary for the world to work, including the implementation of an EU-wide minimum wage to bridge inequalities. This could indicate the willingness of France or the EU to encourage the setting of sufficient minimum wages so as to stimulate the economy, especially during the post-pandemic period.

European Parliament Resolution of 10 February 2021 on Reducing Inequalities

This resolution, proposed in the European Parliament, aims to holistically address economic inequalities among individuals of various socioeconomic classes. This is a strong attempt, following the climax of the COVID-19 pandemic, to ameliorate the matter of income inequality. More specifically, it stresses the importance of safeguarding a Minimum Wage, and guaranteeing that statutory minimum wages are always set above the poverty threshold.

PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

Raising the Minimum Wage

In an attempt to stimulate the economy and take workers' rights into account, US Congress has raised the minimum wage a total of nine times since its creation in 1938. The last approved increase occurred in 2007, and Congress is considering enacting a new Raise the Wage Act, which would raise the federal minimum wage to \$9.50 an hour and incrementally increase it to \$15 an hour over the course of a few years.³⁹

COVID-19 Economic Relief Programs

In the US, the American Rescue Plan provided \$350 billion in emergency funds for eligible state, local, territorial, and tribal governments to respond to the COVID-19 crisis and raise

³⁹ "Increasing the Minimum Wage," accessed February 6, 2022, <https://www.ncsl.org/research/labor-and-employment/increasing-the-minimum-wage.aspx>.

employment rates. Other nations, such as the UK, Greece, and Vietnam, have also attempted to implement similar programs.

POSSIBLE SOLUTIONS

Raising the Minimum Wage

Raising the minimum wage may be the obvious solution to the problem at hand, but it is not always feasible. As aforementioned, raising the national minimum wage may cause goods' and services' prices to increase, therefore not addressing the issue of systemic inequities between the low, middle, and upper economic classes. This solution is also difficult to manage, as it would be implemented on a case-to-case basis.

Implementing Wage Policies

In the short term, a promising solution includes developing balanced wage policies, primarily through inclusive social dialogue. Balanced wage adjustments should take into account socioeconomic factors, which are required to safeguard jobs whilst sustaining demand for certain goods and services. For some firms specifically, wage reductions may be necessary to avoid lay-offs, particularly when wage subsidies are not accessible.

Promoting Inclusive Collective Bargaining

During times of crisis, collective bargaining can facilitate change, allowing both employees and employers to negotiate a trade-off between wages, working time, and employment. For example, in Germany, social partners negotiated short-time work, which includes less hours and lower pay in exchange for an employment guarantee. Such trade-offs may increase job security and employee morale, potentially boosting the economy and raising standards of living.⁴⁰

Introducing COVID-19 Economic Relief Programs

As seen in the above sections, economic relief programs have been deemed quite effective in ameliorating economic devastation during the COVID-19 pandemic. A promising solution to addressing the matter would be for individual governments to issue relief programs, ideally targeted towards vulnerable groups most affected by the pandemic.

Educating the General Public

Raising awareness on the issue of the minimum wage, as well as basic economic matters, would allow individuals to understand why raising the minimum wage could be positive or negative, both in the short-term and in the long-term. If all parties involved in setting the minimum wage are aware of the potential benefits and drawbacks of that solution, then

⁴⁰ Patrick Belser, "Fair and Inclusive Wage Systems" (International Labor Organization (ILO), n.d.), ilo.org/wcmsp5/groups/public/@africa/documents/presentation/wcms_178747.pdf.

groups of individuals can advocate for change if they deem necessary, acting as pressure groups towards the government, incentivizing potential change.

The Inception of United Nations (UN) Resolutions, Treaties, and Conventions

The UN has, to some extent, remained active on the matter of the minimum wage. It should be noted that all UN organs, besides the SC and the ICJ, cannot propose legislation that countries are legally obligated to follow. Nevertheless, the assistance of UN specialized agencies, such as the active ILO, as well as UN conventions, may help raise awareness on the matter of the minimum wage and the impact of the COVID-19 pandemic. This can prove particularly useful in the long-term. In turn, this may prompt diplomats to further understand the issue at hand and begin assessing a framework to manage nations' minimum wages, ensuring they encourage satisfactory standards of living for all parties involved.

BIBLIOGRAPHY

"1.1 Definition and Purpose." Document, December 3, 2015.

http://www.ilo.org/global/topics/wages/minimum-wages/definition/WCMS_439072/lang--en/index.htm.

Investopedia. "5 Developed Countries without Minimum Wages." Accessed February 7, 2022. <https://www.investopedia.com/articles/investing/080515/5-developed-countries-without-minimum-wages.asp>.

"5.4 Economic Factors." Document, December 3, 2015.

http://www.ilo.org/global/topics/wages/minimum-wages/setting-adjusting/WCMS_439252/lang--en/index.htm.

Human Rights Watch. "Afghanistan: Taliban Takeover Worsens Rights Crisis," January 13, 2022. <https://www.hrw.org/news/2022/01/13/afghanistan-taliban-takeover-worsens-rights-crisis>.

Aumayr-Pintar, Christine. "UK: Working Life in the COVID-19 Pandemic 2020," n.d.

<https://www.eurofound.europa.eu/sites/default/files/wpef21034.pdf>.

Belser, Patrick. "Fair and Inclusive Wage Systems." International Labor Organization (ILO), n.d.

ilo.org/wcmsp5/groups/public/@africa/documents/presentation/wcms_178747.pdf.

"Consumer Purchasing Power | Encyclopedia.Com." Accessed February 6, 2022.

<https://www.encyclopedia.com/history/dictionaries-thesauruses-pictures-and-press-releases/consumer-purchasing-power>.

“Convention C131 - Minimum Wage Fixing Convention, 1970 (No. 131).” Accessed February 6, 2022.

https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_IL O_CODE:C131.

Investopedia. “Cost-Push Inflation.” Accessed February 6, 2022.

<https://www.investopedia.com/terms/c/costpushinflation.asp>.

Investopedia. “Demand-Pull Inflation Definition.” Accessed February 6, 2022.

<https://www.investopedia.com/terms/d/demandpullinflation.asp>.

“Employment.” Accessed February 6, 2022.

<https://dictionary.cambridge.org/dictionary/english/employment>.

“Employment Prospects in Afghanistan: A Rapid Impact Assessment.” International

Labor Organization (ILO), n.d. https://www.ilo.org/wcmsp5/groups/public/---asia/--ro-bangkok/documents/briefingnote/wcms_834525.pdf.

Employment, Small Business and Training. “Surviving an Economic Downturn.”

Collection; Text. corporateName=The State of Queensland;, December 16, 2011.

<https://www.business.qld.gov.au/running-business/protecting-business/risk-management/surviving-downturn>.

———. “Surviving an Economic Downturn.” Collection; Text. corporateName=The State

of Queensland;, December 16, 2011. <https://www.business.qld.gov.au/running-business/protecting-business/risk-management/surviving-downturn>.

“Global Wage Report 2020/21: COVID-19 and Wages.” Accessed February 6, 2022.

<https://www.ilo.org/infostories/en-GB/Campaigns/Wages/globalwagereport#introduction>.

The Global Goals. “Goal 8: Decent Work and Economic Growth.” Accessed February 6,

2022. <https://www.globalgoals.org/8-decent-work-and-economic-growth>.

Tilleke & Gibbins. “Government of Vietnam Announces Financial Relief Measures for COVID-19.” Accessed February 6, 2022.

<https://www.tilleke.com/insights/government-vietnam-announces-financial-relief-measures-covid-19/>.

“History of the Minimum Wage - ProCon.Org.” Accessed February 6, 2022.

<https://minimum-wage.procon.org/history-of-the-minimum-wage/>.

“Impact of the COVID-19 Crisis on Wages and Wage Setting | Eurofound.” Accessed February 6, 2022.

<https://www.eurofound.europa.eu/el/publications/article/2021/impact-of-the-covid-19-crisis-on-wages-and-wage-setting>.

“Increasing the Minimum Wage.” Accessed February 6, 2022.

<https://www.ncsl.org/research/labor-and-employment/increasing-the-minimum-wage.aspx>.

Jackson, James K., Martin A. Weiss, Andres B. Schwarzenberg, Rebecca M. Nelson, and Michael D. Sutherland. “Global Economic Effects of COVID-19.” Congressional Research Service, November 10, 2021. <https://sgp.fas.org/crs/row/R46270.pdf>.

Kousta, Elena. “Greece: Working Life in the COVID-19 Pandemic 2020,” n.d.

<https://www.eurofound.europa.eu/sites/default/files/wpef21017.pdf>.

“LAYOFF | Meaning in the Cambridge English Dictionary.” Accessed February 6, 2022.

<https://dictionary.cambridge.org/dictionary/english/layoff>.

Economic Policy Institute. “Low-Wage, Low-Hours Workers Were Hit Hardest in the COVID-19 Recession: The State of Working America 2020 Employment Report.”

Accessed February 6, 2022. <https://www.epi.org/publication/swa-2020-employment-report/>.

LII / Legal Information Institute. “Minimum Wage.” Accessed February 6, 2022.

https://www.law.cornell.edu/wex/minimum_wage.

“Minimum Wage | Wex | US Law | LII / Legal Information Institute.” Accessed February 6, 2022. https://www.law.cornell.edu/wex/minimum_wage.

“Minimum Wage by Country 2022.” Accessed February 6, 2022.

<https://worldpopulationreview.com/country-rankings/minimum-wage-by-country>.

“Our Mandate.” Document, November 23, 2015. http://www.ilo.org/global/about-the-ilo/how-the-ilo-works/departments-and-offices/jur/WCMS_428623/lang-en/index.htm.

Pak, Anton, Oyelola A. Adegboye, Adeshina I. Adekunle, Kazi M. Rahman, Emma S.

McBryde, and Damon P. Eisen. “Economic Consequences of the COVID-19 Outbreak: The Need for Epidemic Preparedness.” *Frontiers in Public Health* 8 (2020). <https://www.frontiersin.org/article/10.3389/fpubh.2020.00241>.

U.S. History II Final Project by Kathleen Sullivan. “Progressivism.” Accessed February 6, 2022. <http://kathleensullivanushistory2final.weebly.com/progressivism.html>.

Investopedia. “Real Income Definition.” Accessed February 6, 2022.

<https://www.investopedia.com/terms/r/realincome.asp>.

“Reducing Inequalities with a Special Focus on In-Work Poverty.” European Parliament, February 10, 2021. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021IP0044>.

Saladino, Valeria, Davide Algeri, and Vincenzo Auriemma. "The Psychological and Social Impact of Covid-19: New Perspectives of Well-Being." *Frontiers in Psychology* 11 (2020). <https://www.frontiersin.org/article/10.3389/fpsyg.2020.577684>.

Investopedia. "Subsidy Definition." Accessed February 6, 2022.

<https://www.investopedia.com/terms/s/subsidy.asp>.

L&E Global Knowledge Centre. "Trade Unions and Employers Associations in Sweden," November 22, 2020. <https://knowledge.leglobal.org/employers-associations-and-trade-unions-in-sweden/>.

Investopedia. "Unemployment Definition and Types." Accessed February 6, 2022.

<https://www.investopedia.com/terms/u/unemployment.asp>.

"Wage - Definition of Wage by The Free Dictionary." Accessed February 6, 2022.

<https://www.thefreedictionary.com/wage>.

Investopedia. "What Are the Pros and Cons of Raising the Minimum Wage?" Accessed February 6, 2022. [https://www.investopedia.com/articles/markets-](https://www.investopedia.com/articles/markets-economy/090516/what-are-pros-and-cons-raising-minimum-wage.asp)

[economy/090516/what-are-pros-and-cons-raising-minimum-wage.asp](https://www.investopedia.com/articles/markets-economy/090516/what-are-pros-and-cons-raising-minimum-wage.asp).

"Workers in Vietnam See Fall in Wages in Q3'2021 Due to COVID-19 | HRM Asia : HRM Asia." Accessed February 6, 2022. [https://hrmasia.com/workers-in-vietnam-see-](https://hrmasia.com/workers-in-vietnam-see-fall-in-wages-in-q32021-due-to-covid-19/)

[fall-in-wages-in-q32021-due-to-covid-19/](https://hrmasia.com/workers-in-vietnam-see-fall-in-wages-in-q32021-due-to-covid-19/).