

Committee: General Assembly 2 - Economic and Financial

Issue: The question on the implementation of a universal minimum wage

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Introduction

In the past decade, there has been a ubiquitous presence of technology, in which the presence has been significant enough to identify the 21st century as the Information Age. As the use of technology continues to expand every year, it is predicted that such digital advancements like diagnostic apps and self-driving cars will be replacing thousands of healthcare workers and millions of drivers respectively. Corresponding with this rapid development, companies have discovered methods of producing more with less labour, and the labour force has already been experiencing unemployment at exceptional rates. Although the development aroused a new set of profession adapting to these changes, job innovations have not been sufficient enough to provide appropriate wage nor a place for those who have lost their occupation.

In order to confront the issue, the United Nations as well as state organizations have put forth an idea of implementing Universal Minimum Wage. The following policies have been advocated by numerous countries for the potential welfare the social policy can bring to a country's economic development. Under the condition that the distributed income on individuals will be spent on merit goods, the solution has been regarded as a key factor that may reduce or even eliminate other major global issues like poverty and extensive waste. Member states like Canada, Kenya, and Finland have acknowledged these traits and are in the process of increasing minimum wage into action; however, the ambitious idea remains to be controversial due to its possible chance of bringing the opposite effect.

Definition of Key Terms

Universal Minimum Wage

A basic payment that the government of a nation sets for every employee working every hour.

Universal Basic Income (UBI)

An unconditional payment made by the government to individuals, usually for a specific period of time. UBI is also viewed as a way of transferring wealth of society while still keeping free market intact, and according to the Basic Income Earth Network, Universal Basic Income must meet the following 5 requirements:

- 1) Periodic: it is paid at regular intervals (for example every month), not as a one-off grant.
- 2) Cash payment: it is paid in an appropriate medium of exchange, allowing those who receive it to decide what they spend it on. It is not, therefore, paid either in kind (such as food or services) or in vouchers dedicated to a specific use.
- 3) Individual: it is paid on an individual basis—and not, for instance, to households.
- 4) Universal: it is paid to all, without means test.
- 5) Unconditional: it is paid without a requirement to work or to demonstrate willingness to work.”

Minimum Basic Income

Income that is paid to individuals in order to stay above the poverty line, in which these incomes vary depending on the country. To illustrate, given that the individual does not have a job, the United States must offer him/her at least a thousand dollars a month so that they can purchase necessity goods.

International Labour Organization (ILO)

Organization in the United Nations that aims to enhance global labour standards and effectuate equal work opportunities.

International Finance Corporation (IFC)

Global institution that invests in private sectors of various companies for the purpose of developing countries. Even though Universal Minimum Wage is not the major focus of this institution, the institution tackles issues that may affect the implementation of UBI such as “improving sustainable farming opportunities” and “expanding access to financial and services to small and medium enterprise clients”.

World Bank (WB)

Another global institution that aims to reduce poverty and assist developing countries to prosper in the long run. With 189 member states, the World Bank directs its largest attention to poverty and also does not actively debate or mention about Universal Minimum Wage.

Special Rapporteur

Individuals who cooperate with various organizations to reach a specific goal in a particular field.

Background Information

Benefits and Consequences

Increase in Demand and Supply

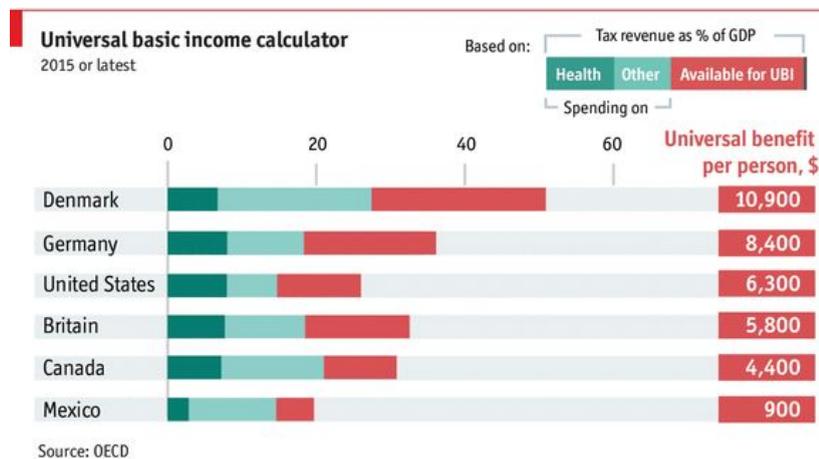
Studies from Oxford, World Bank, and more, have already proven the fact that providing financial support to the low income earners does help alleviate poverty. According to the The Roosevelt study, written by Roosevelt research director Marshall Steinbaum, Michalis Nikiforos at Bard College's Levy Institute, and Gennaro Zezza at the University of Cassino and Southern Lazio in Italy, providing a minimal wage of a thousand dollars to every American adult would result in an upsurge in the country's GDP to approximately 9.1 percent in 8 years. Under the circumstance that the money provided is in a satisfactory level, people, especially those in poverty, would not have to worry about the lack of necessity goods such as food, power, and water. Instead, they would be able to explore other job opportunities, or acquire time for self development with possible reduced working hours. Furthermore, with more to spend, it is very likely that the overall demand of goods and services will increase, causing the supply to increase as well, thus establishing a stronger economy. Not only does Universal Minimum Wage have the potential of allowing people to escape poverty, it also stimulates individuals to achieve goals that would largely develop the economy in the long run.

Targets of the policy

Universal Minimum Wage is aimed to benefit workers who earn income that is relatively lower than others in the same nation. Instead of supporting people who are in critical need of financial aid, Universal Minimum Wage raises the wages of those that choose to be employed; for example, a teenager with a part-time job rather than a parent that takes care of 5 children. Hence, the policy does not help the unemployed as they are not considered as income earners.

Economic Feasibility

Numerous Adaptations



Caption #1: Infographic showing the distribution of tax revenue to health and other factors, including the revenue that may be used for Universal Basic Income.

Governments cannot simply print more money to provide every one of its citizens an adequate income. The printing of money would only devalue the country's currency, putting the country's economy at risk. Thus, the government has to consider the opportunity cost of executing Universal Minimum Wage, and must make decisions on which sectors of government expenditures they would transfer to be utilized as Universal Minimum Wage. These sectors include defence budget, taxes, medicare, social security, and more.

Because countries are in extremely diverse stances in economy, Universal Minimum Wage cannot be in a single value, or a single currency. Depending on the country, with the same value, one can purchase significant amounts of goods and services, while another may not have any improvements in his or her lifestyle. Furthermore, it is likely that within the same country, there may be differences in basic expenses and requirements. Therefore, if the policy was to be applied to all countries, it is crucial that member states discuss upon how they will adjust the income regarding each countries' local values and welfare.

Timeline of Events

Below is a timeline of key conferences and treaties made between countries in relation to universal minimum wage:

Date	Description of event
14 December, 2011	United Nation publishes a report on "income and services", advocating the Social Protection Floor through methods such as but not limited to child care

services, universal minimum wage, basic income for the unemployed, and pension.

- 3 June, 2013 Michelle Bachelet, the head of UN Women, further elaborates the **Social Protection Floor** initiative, which concentrates on the idea of minimum wage.
- 13 May, 2016 Under the supervision of director Paul Ladd from United Nations Research Institute for Social Development, experts and numerous United Nation sectors such as Elimination of Discrimination against Women speak about how minimum wage and basic income could be regulated to achieve Sustainable Development Goals constructed by member states in the United Nations in 2015. The meeting was held at the Palace of Nations in Geneva.
- 8 June, 2017 The United Nations Special Rapporteur, Philips Alston presents the relationship between poverty, human rights, and income as well as the different types and characteristics of minimum wage.
- 3-5 July, 2017 **Presentation for the 5th Conference on Regulating Decent Work** by Prof. Dr. Gerhard Bosch, discusses the question of whether “universal basic income can resolve future income security challenges.”
- 23 October, 2017 Delegates are highly encouraged to look at the [meeting document](#) formulated in the presentation for further understanding of the issue.
- The United Nations Development Program (UNDP) holds a tableround at Beijing, China to talk through the advantages and disadvantages of applying Universal Basic Income in the country.

UN Involvement, Relevant Resolutions, Treaties and Events

Despite the growing interest of Universal Minimum Wage, there has not been a resolution drafted by the United Nations that explicitly discussed about this issue. Because Universal Minimum Wage directly associates itself with the use and the allocation of money, member states have been reluctant to step forward and support the policy. Fortunately, policies regarding this issue have been discussed in international meetings as aforementioned in the Timeline of Events in the previous section.

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