

GA2: Economics

*Establishing beneficial and fair wage
dynamics*

ÇAĞAN ÖZÇELİK



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Student Officer: Çağan Özçelik - President Chair

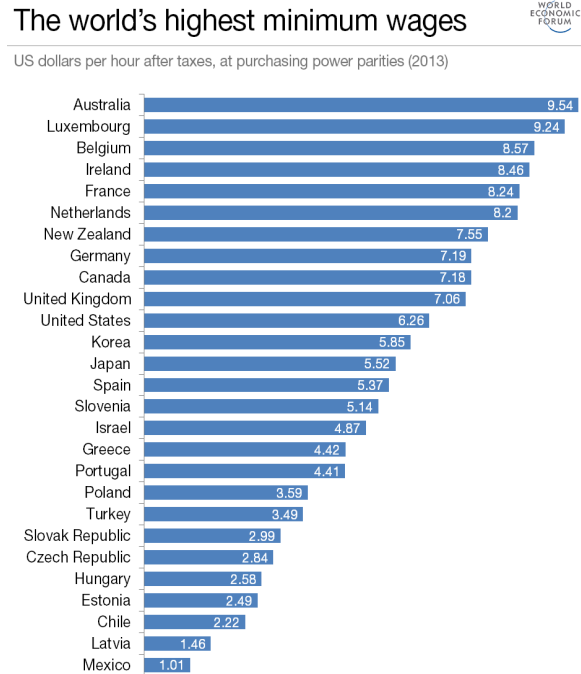
Introduction

Wage dynamics is a major factor determining a state's economic structure and policy. Establishing beneficial and fair wage standards would increase the well-being of citizens, and improve purchasing power of citizens. Establishing a sustainable wage flow that will benefit all of the components of production is a significant issue that relates to many industries and sectors in the modern world. In essence, this matter is about how employers will distribute wages and capital to their employees, and there is a balance between the wages that workers receive and the quality of labor they provide. Although this issue may seem small-scaled. Its effects on the global economy and on market vitality.

There are numerous factors that may affect the regulation of wage dynamics; the cost of living, the level of qualification of the workers, and the nature of the industry in a certain country. Although economic factors play a greater role when determining the wage dynamics of a certain country, demographics such as race, gender, and the structure of the population can be decisive. Discrimination between ethnicities, genders, races, etc. within a country may be detrimental to the fairness of wage distribution.

Ensuring beneficial and fair wage dynamics can enhance the productivity, and the quality of production in a country; growing the domestic product diversity, and sustainability of the economy as a result. The state of well-being established through fair wage dynamics would promote long-standing industries and long-term income for the country and the citizens. As there are various positive effects of equal wage distribution on the economy and the society of a state, when the administration of wages is handled poorly and unfairly it can lead to dissatisfaction among the employees, the emergence of legal disputes, and great separation between classes.

To address this issue internally, many executives and organizations have generated policies and regulated the wage standards, established transparency in wage distribution, and supported individuals with social economic benefits. Although such implementations were effective, in order to solve this issue and set reasonable standards for wage dynamics, internationally accepted solutions should be proposed and performed.



Definition of Key Terms

Minimum Wage: the smallest amount of money that employers are legally allowed to pay someone who works for them:

Living Wage: enough money to buy the things that are necessary in order to live, such as food and clothes:

Equal Pay: the idea that different groups, for example, men and women, should be paid the same amount of money for doing the same or similar jobs, rather than one group being paid more than another:

Wage Discrimination: a situation in which employees are treated unfairly because of their race, sex, age, religion, physical or health problems, etc.:

Collective Bargaining: the system in which employees talk as a group with their employers to try to agree on matters such as pay and working conditions

Labor Standards: an agreement between management and the employees of a company or organization about salary, working conditions, etc.:

Gender Pay Gap: the difference between the amounts of money paid to women and men, often for doing the same work:

Fair Trade: a way of buying and selling products that make certain that the people who produce the goods receive a fair price:

Equilibrium Wage: Equilibrium wage refers to the market wage rate at which the demand for labor equals the supply of labor. In other words, it is the wage rate at which there is no excess demand or excess supply of labor in the market.

Economic Globalization: the integration of national economies into a global economic system characterized by the free flow of goods, services, capital, and information across national borders.

General Overview

The issue of establishing fair and beneficial wage dynamics has evolved over the course of history as forms of labor and employment changed throughout the developing technology of the new world. The issue is based on the equilibrium wage that workers receive, and ensuring that employees are paid fairly and equitably for their job, one that recognizes their economic contributions and enables them to maintain a decent standard of living.

The concept of wage was first introduced in the 19th century when the Industrial Revolution took place. The workers in factories and other industrial sectors often worked long hours for little compensation in hazardous and unhealthy conditions. After the governments and society faced the existence of such needs, trade unions and social advocacy were created for better working conditions and higher wages in return for their labor.

With the major influence of economic globalization, the issue of fair wages remains to be a significant one for the financial stability of a state. One of the main ends of the issue is the income inequality between socio-economic classes and different job positions. The growing use

of reducing costs has fueled the wage gap between high-paid executives and low-paid employees. As the workers struggle to make a living although they work for unrealistic hours, it triggers an additional set of issues such as inflation, high costs of living, increasing rent, and prices for workmanship that are higher than the global average.

The common nature of wage discrimination based on traits such as age, gender, ethnicity, and race is a related conflict. Even when two individuals have similar sets of skills and education, one of them is favored, and paid a greater amount because of their innate traits. For example, white and male peers and people of color are frequently paid less than women and people of color, as the statistics prove. Some organizations and movements were established to provide a solution and bring equality to wage dynamics through legal actions and raising awareness in society.

This issue has two separate effects on developing and developed countries. In developing countries, workers receive low wages and lack access to basic labor protections, and social benefits. Individuals don't have the constitutional right to organize and unite to request healthier standards. Whereas in developed countries that depend on foreign direct investment, and liberal economic production, many workers earn insufficient wages compared to the cost of living.

There are worries about the minimum wage increase's potential drawbacks, such as the chance of job losses and higher prices for products and services. Some economists discuss that concentrating on measures like education and training programs, tax credits for low-income workers, and stronger labor protections would be a better strategy for supporting fair wages.

Overall, establishing beneficial and fair wage dynamics is a complex issue that requires legal attention and government policy changes with the help of major organizations that play an important role in promoting fair wage and labor standards.

Treaties and Events

International Labour Organization's Minimum Wage Fixing Convention, 1970 (No. 131):

This convention provides guidelines for establishing minimum wage levels that consider the requirements of both workers and their families.

International Covenant on Economic, Social and Cultural Rights, 1966: The right to work, the right to just and healthy working conditions, the right to a sufficient standard of living, and the right to equitable, fair wages are recognized by this treaty.

European Social Charter, 1961: This treaty sets out standards for minimum wages, collective bargaining, and social protection.

Universal Declaration of Human Rights, 1948: Although it is not legally binding as some other conventions and treaties mentioned in this section, it provides a statement of principles that have shaped the development of human rights including the rights of workers and the right to work under fair conditions.

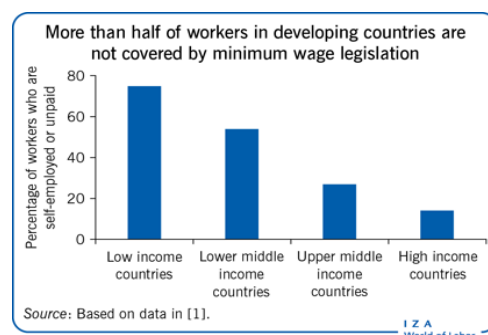
North American Free Trade Agreement (NAFTA), 1994: This agreement includes provisions related to labor standards, including the right to collective bargaining and the right to fair wages.

Trans-Pacific Partnership (TPP), 2016: This trade agreement was highly opposed by labor unions, environmental organizations, and politicians who argued that it would damage the environment and workers' benefits. Furthermore, it was believed that it gave corporations too much power.

The United Nations Guiding Principles on Business and Human Rights, 2011: These guidelines offer direction to companies on how to uphold human rights, including the right to fair wages.

Evaluation of Previous Attempts to Resolve the Issue

There have been multiple attempts to resolve the international issue of establishing beneficial and fair wage dynamics through conventions, conferences, and other initiatives. However, most of these events have been limited and have faced significant challenges in implementation.



One of the main tools in this area is the International Labor Organization's (ILO) Minimum Wage Fixing Convention (No.131), which sets out regulations for establishing minimum wage levels that take the needs of workers and their relatives into consideration; however, not all countries have ratified this convention and enforcing the terms listed in the convention is a challenge in the countries that have ratified.

The United Nations Sustainable Development Goals (SDGs) also address the issue of fair wage dynamics, with SDG number 8 calling for "decent work and economic growth" and SDG number 10 focusing on reducing inequality between employees. However such goals are not legally binding and their effectiveness when delivering a solution is questionable in most cases.

One crucial reason for the failure of these attempts to tackle this issue of fair wages is the lack of political awareness and the government's commitment to collaborating with employers to create a domestic compensation formula that will benefit both society and the flow of production in a country. Relating to this aspect of this issue, some interest groups have opposed the efforts to give improved rights and wages to workers, stating that it would harm the economic independence and competitiveness of the market. Besides, the changing technology and alternating nature of labor make it hard to find a sustainable solution to the issue.

While there have been several attempts to resolve the global issue of fair wage dynamics, these efforts have faced challenges of enforcement, and they were not profound enough to be effectively put into use. Therefore, Governments, businesses, and employees must all remain committed to finding solutions that benefit all parties involved. They must also be willing to participate in dialogue and collaboration.

Possible Solutions

As can be seen in the previous section about the previous attempts to solve the issue, the proposed solutions must be sustainable, on a global scale, and should call for contributions from as many states as possible.

Drafting and establishing labor laws domestically but more importantly, internationally is a possible fix for the issue of wage dynamics. Governments can establish and agree to follow the rules that protect the workers' rights including a fair wage for their work which must be accepted by the vast majority of the global community in order to be valuable as a solution. This may include new standards of minimum wages, overtime pay requirements, and eliminating the wage discrimination issue.

Strengthening the channels for united bargaining of workers may have a minor effect in the direction of fixing the unfair wage systems. Such channels would allow workers to negotiate with their employers and demand improved wages and conditions through dialogue. Governments can also benefit from this idea as the production of the country wouldn't be disturbed and the employer and the employee would act regarding each other's benefits.

Increasing and developing transparency and accountability within businesses and governments is a doable solution as in many cases of diplomatic relations. If corporations and governments become more transparent and disclose data regarding the fairness of worker wages, the issues may be identified and addressed in a peaceful manner. This might build the grounds for businesses to report on their labor operations and workers stating the violations of internationally and nationally accepted laws.

Addressing the gender pay gap between men and women would be beneficial for society. Men on average earn more annually than women and addressing this difference between genders is an important step.

Promoting fair trade policies that contain fair and ethically right labor practices can help establish fair and beneficial wage dynamics. Governments can meet particular labor standards when conducting business deals and workers must be considered as a part of the international product trade before entering into trade agreements.

Investing in the education and training of individuals, thus helping workers become more qualified and skillful in their areas of work would help them become distinguished sources of labor, helping them to secure higher-paying job opportunities.

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