



# **The ILO and the Living Wage**

## **A Historical Perspective**

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Emmanuel Reynaud

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# The ILO and the living wage

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- Principle of a living wage at each of key moments when principles and objectives of the ILO defined: 1919, 1944 and 2008
- The provision of “an adequate living wage” (1919) or of “a minimum living wage” to all employed (1944 and 2008)
- An apparent paradox: notion does not appear in ILO instruments on minimum wage (machinery of “MW fixing”)



# The ILO and the living wage

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- A historical perspective in three parts:
  - Adoption of the principle: Paris, 1919; Philadelphia, 1944
  - Implementation in the first decade: MW-fixing machinery
  - Implementation in the 1960s: MW fixing
- The living wage: from an objective to a criterion in minimum wage fixing, under “workers needs”
- From a broad principle enshrined in Constitution to its translation into positive legislation
- A good illustration of the functioning of the ILO



# I. Adoption of the principle of a living wage

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- Wages an especially important issue since the origin
- Tension between two dimensions:
  - Wages: essential for workers as the source of livelihood
  - Low wages: comparative advantage in international trade
- Closely linked to the very reason for establishing an international labour organization:
  - To avoid social unrest in improving labour conditions in context of economic competition and free trade
  - 1919 context: post-WWI labour unrest and experience of pre-war “first globalization”



# The principle of a living wage: the Peace Treaty, 1919

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- Part XIII of Versailles Treaty, in 2 sections. The living wage mentioned in both:
- In the preamble: “an improvement of (the conditions of labour) is urgently required: as, for example, (...), the provision of an adequate living wage”
- In Art. 427 (“The Labour Charter”): “The payment to the employed of a wage adequate to maintain a reasonable standard of life as this is understood in their time and country.”



# Paris Peace Conference, 1919

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- Commission on International Labour Legislation
- Little debate on living wage
- Initial British draft: “the provision of a living wage”  
→ “the provision of an adequate living wage”
- “Labour Charter”: living wage among 9 principles listed, under “The Principle of the Minimum Wage”
- Unanimously adopted by Conference, 28 April 1919
- An ambitious objective: the provision of an adequate living wage, understood as a MW



# The principle of a living wage: Declaration of Philadelphia, 1944

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- The International Labour Conference restated the aims and purposes of the ILO, in Apr-May 1944
- The living wage among the programmes the ILO has “the solemn obligation to further among the nations of the world”:  
“a minimum living wage to all employed and in need of such a protection.”
- Very lengthy discussion, but not on living wage
- Unanimously adopted, incorporated in Constitution



# Social Justice Declaration, 2008

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- Reaffirms full relevance of Philadelphia Declaration and explicitly mentions the minimum living wage as an objective to be pursued
- Living wage included in definition of Decent Work by ILC, using language of Philadelphia Declaration
- By and large, principle of a living wage always adopted unanimously and with little controversy
- Actual implementation: a difficult exercise leading to a much less ambitious objective





## II. Implementation of the principle in the first decade

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- From “an adequate living wage” to “a minimum wage-fixing machinery”
- Complexity of the issue, lack of international comparative information and data
- Extensive work on statistics (with ICLS), survey of legislation on MW in various countries, incl. NZL and AUS which applied “the living-wage principle”
- Objective: to provide background information for adoption of international standards on wages



# Placing the issue on ILC agenda: limiting the scope

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- The main concern: the comparative advantage of low wages in international economic competition
- Initiative from British government in 1925
- A “modest” proposal: establishing a national machinery for fixing MW in low-paid trades
- No intention of fixing an international MW
- Adoption in 1928 of C26 and R30 on MW-fixing machinery
- Issue of determining MW not dealt in C26



# The principle of an adequate living wage in R30, 1928

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- A distant reference to the provision of an adequate living wage in R30:

“the wage-fixing body should in any case take account of the necessity of enabling the workers concerned to maintain a suitable standard of living.”
- References proposed: prevailing practice in similar trades with effective collective agreements or level of wages in country or locality
- Do not relate to living requirements of workers



## III. Implementation of the principle in the 1960s

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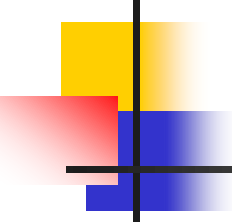
- A fresh approach in context of post-WWII decolonization and growth of ILO membership
- A resolution on minimum living standards from workers at ILC 1964 requesting the Office:
  - to undertake studies on interdependence of minimum standards of living and economic growth
  - to work out a proposal for revision of C26 and R30
- As a follow-up the GB approved the proposal of the Office to convey a meeting of experts



# A meeting of experts, 1967

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- MW fixing with special reference to developing countries and possible revision of C26 and R30
- Identified three traditional criteria for MW fixing: workers' needs, employers capacity to pay, wages or income elsewhere in the economy
- Added a new criterion, decisive in the last resort: the requirements of economic development
- Pointed to the difficulty to specify workers' needs
- Desirability to draw up new instruments, C and R



# Minimum wage at ILC, 1969 and 1970

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- ILC in favour of new instruments: a Conv. and a Rec. providing guidelines for implementation
- Lengthy discussions in 1<sup>st</sup> and 2<sup>nd</sup> year and drafting of much more developed instruments
- Criteria for determining MW in both C131 and R135
- Strike a balance between needs of workers and economic considerations
- Points of contention: “basic needs” or “needs”, including families or not in needs of workers



# Determining the level of minimum wages in C131, 1970

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“The elements to take into consideration in determining the level of minimum wages shall, so far as possible and appropriate in relation to national practice and conditions, include –

- (a) the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups;
- (b) economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment.”



# The ILO and the principle of a living wage today

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- C131 implements the principle of a LW as a criterion for fixing MW, under the notion of “the needs of workers and their families”
- Far from the ambition of initial commitment
- The process shows the complexity of achieving the objective of an adequate living wage for all
- Relevant guidelines to set up LW systems in C131
- Long ILO experience can provide useful insights for today’s renewed debate on LW