



Dattopant Thengadi Foundation

Global Wage Report 2020: *mitigation of socio-political and economic impacts of rising inequality through wage subsidy*

Date: 23rd December

Timing: 11a.m. – 01 p.m.

Venue: Virtual meeting platform

On 2nd December 2020, International Labour Organization (ILO) brought Global Wage Report 2020 - 21. The report presents the emerging empirical evidence of the effects of the COVID-19 crisis on wages. The report sub-titled as “*Wages and minimum wages in the time of COVID-19*” is the second report of this series that looked at the wage policy. Before this the second report that came ten years ago looked at wage policies at the time of the global financial and economic crisis.

The report brings out new numbers about inequality, wage share, wage level etc. but the trends that it is highlighting are the same of which we have been talking and discussing from a long-time like rising inequality, falling wage share etc. Report talks in length about minimum wage, noting that 90 per cent of ILO Member States have ***Minimum Wage Policies*** in place, either statutory or negotiated through collective bargaining. It has been noted again and again that the policy of wage-suppression and not paying minimum wages is weakening the fight against poverty; at one hand we are witnessing ever increasing wealth whereas on the other there is an issue of working poor. This widening gap is a matter of grave concern. There are 266 million wage earners being paid less than the minimum wage, either because they are not legally covered or because of non-compliance of laws, a large number of them are producing goods (Intermediate) & Services for the corporate making huge profits. If we look at the question of who are the workers not getting minimum wage we find that the already marginalised sections like women, young workers, workers with lower education, rural workers, and workers with dependent children are all over-represented in such groups.

The two most important takeaways for us in the report are:

- It emphasises Minimum wage as a policy instrument to promote economic growth with social justice.

- It in a way brings out the case of wage subsidy.

Dattopant Thengadi Foundation has been highlighting these issues ever since its inception. We are of strong belief that only the enactment of the laws is not going to ensure the well-being of the workers. In our publication “Decent Wage *It’s not just about Workers*” we recommended that to make sure that the very first thing we need to fight against is the presence of working poor. Minimum wages are being bypassed not only by the private interests but government also in the name of honorarium in case of schemes workers etc. Simplification and universalization of minimum wages has been our one of the main areas of advocacy. Similarly in our publication we made a strong case for the wage subsidy and asked that a policy of subsidizing wages should be formulated keeping in mind the current and future challenges – automation etc. The findings of the report further strengthens our conviction that to save jobs, promote job-creation, mitigate the inequality and achieve sustainable goals, governments all over the world should seriously think about provision of wage subsidy and role of different stakeholders in making it a reality.

Keeping this background in mind, DTF has decided to conduct a detailed discussion on the issues highlighted and way forward suggested in the report. The focus will largely be centered on the Indian experiences but not limited to it.

Format of discussion

Welcome Address: 10 minutes

Power Point Presentation on Global Wage Report: 10 minutes

Discussion: There will be 4 speakers. Each of them should speak for 10 (+3) minutes.

A general Discussion: 15-20 minutes with a maximum of 4 questions from panellists/audience.

Concluding remarks: 5 minutes

Vote of Thanks: 2 minutes