

Setting minimum wages during times of accelerating inflation

ITUC Training – 7 July 2022

Background

The global challenges arising from climate change, the consequences of the COVID-19 pandemic, as well as the global impacts of Russia's invasion of Ukraine causing scarcity of key commodities for global supply chains, have led to a sharp increase in prices. Globally, inflation – the generalized rate of increase of prices' – is having abrupt consequences on households' budgets and is eroding the real value of wages. Negotiating wages that are adjusted to the accelerating inflation experienced globally, is more crucial than ever to ensure decent lives for workers and their families. Increasing minimum wages is especially important in order to avoid further shocks on the poorest households, who have already been suffering the most since the outbreak of the pandemic. Evidence shows that increasing minimum wages does not cause inflation to rise. Instead, they help ensure that workers' purchasing power keeps pace with inflation and increasing global GDP, and can contribute to sustain aggregate demand and economic activity overall.

In this virtual ITUC training, trade union participants will be able to explore the main trends experienced globally in relation to inflation and wages, including minimum wages. They will be able to exchange amongst each other their experiences in setting and adjusting national minimum wages and the challenges encountered. These exchanges will moreover seek to building solid common ground for joint action.

Agenda

	ITUC Workshop – Setting and adjusting minimum wages at times of inflation <i>Chair: Evelyn Astor</i>
14.00 – 14.15	Introduction and scene setter Evelyn Astor, Economic and Social Policy Advisor, ITUC
14.15 – 15.00	Social dialogue & minimum wages at times of accelerating inflation Presentation by Daniel Kostzer, Economist, ITUC
15.00 – 15.15	Break
15.15 – 16.15	Exchange of experiences: <ul style="list-style-type: none"> • Guillermo Zuccotti, CGT Argentina • Plamen Dimitrov and Lyboslav Kostov, CITUB Bulgaria • Prince Asafu-Adjaye, TUC, Ghana • Ayuba Wabba, NLC, Nigeria • Juan Pablo Martinez, TUCA/CSA Americas • Eva Arcos, TUCP, Philippines

	<p>Guiding questions for the discussion</p> <p>a. MW setting:</p> <ul style="list-style-type: none"> ○ What is the process to adjust minimum wages in your country? ○ How regularly are they updated? ○ How are social partners involved? ○ Which main criteria are considered? <ul style="list-style-type: none"> ○ Inflation ○ Cost of living ○ Other economic factors? <p>b. Inflation trends</p> <ul style="list-style-type: none"> ○ What is the rate of inflation in your country, which items had larger increase? ○ How does inflation relate to real wage growth? ○ How are governments combating inflation? ○ What has your union been doing to ensure wages are not eroded due to inflation? <p>Followed by open discussion</p> <p><i>Moderator: Beatrice di Padua, Economic and Social Policy Project Officer, ITUC</i></p>
16.15– 17.00	<p>Moving forward & closing</p> <p>Discussion moderated by Alison Tate, Director, Economic and Social Policy Department, ITUC</p>

Interpretation will be available in BSCM – EN – ES – FR