

TLWNSI NEWSLETTER

The Living Wages North and South Initiative (TLWNSI)

Long-term Sustainable Development Through Gradual Wage Equalisation

HIGHLIGHTS

TLWNSI Newsletter – Winter 2010/2011

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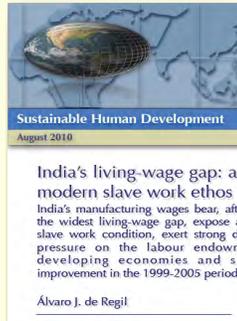
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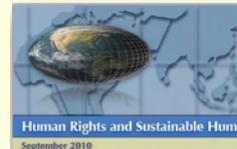
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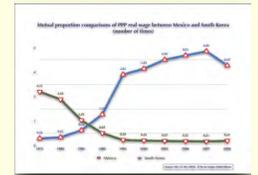
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A COMPARATIVE APPROXIMATION INTO CHINA'S LIVING-WAGE GAP

China's manufacturing wages incorporate millions into the modern slave work model of today's Darwinian capitalism in one of its direst possible forms

Some recent studies argue that, due to demographic trends, this economy may be about to reach the turning point when its pool of surplus labour would start declining, which would make real wages rise. The number of cases of labour strikes and other forms of pressure that have resulted in dramatic wage increases are apparently mounting. But this is still too early to tell and it is strictly based on traditional market logic. On the contrary, if China eventually runs short of workers, market logic –Darwinian as it is– would make multinationals leave China to better labour exploitation heavens, where the political-business oligarchies would be more than happy to let corporations exploit their citizens in exchange for a share of the profits. This Darwinian logic imposes a tremendous downward pressure on the quality of life of many societies in the developing world, for governments have bet their sustainability in power on customary centre-periphery relationships. The result is a rather dire situation for the vast majority of the population in these societies. Neoliberal globalisation has globalised consumer markets, prices and access to labour pools, but wages, deliberately, have not been globalised. In this sense, the extremely low level of China's wages is a perfect strategic element used by corporations to maintain strong pressure on the manufacturing wages of other economies that compete with China. This is the political economy milieu explaining the labour endowments of Chinese workers.



A comparative approximation into China's living-wage gap
 China's manufacturing wages incorporate millions into the modern slave work model of today's Darwinian capitalism in one of its direst possible forms

Álvaro J. de Regil*

Since China is a major global player, TLWNSI has been seeking, for several years, reliable data to assess the state of real wages in China and their gap with a living wage. TLWNSI regularly uses as its main source for its analytical work the annual reports published by the Bureau of Labour Statistics (BLS) of the U.S. Department of Labour. Lett and Bannister –the authors of the BLS' reports on China– argue that albeit these data are not as reliable as those for the most developed economies, the accumulated evidence to date, including China's First National Economic Census, supports the general validity of the BLS' annual calculations on China's manufacturing employment and labour compensation. In this way, TLWNSI now deems it appropriate to prepare its first comparative report of hourly compensation costs in China's manufacturing sector vis-à-vis selected countries. From TLWNSI's living wage concept perspective, this work assesses the dimension of the gap between the real wage and the living wage. Subsequently, two projections into the future of China's manufacturing sector wages are performed. The first projection is based on the growth experienced during the five-year period of this study (2002-2006). This will allow us to prospect how long it would take to close the living-wage gap –at the average nominal wage growth rate of 9,2%– under certain assumed conditions. The second projection explores the average growth rate of Chinese real wages, in the manufacturing sector, required to close the gap in years –TLWNSI's standard to close wide wage gaps– under certain assumed conditions.

Parting from TLWNSI's living wage concept, the two projections expose, comparatively, the dramatic gap that currently exists between the real wages paid, on average, to all manufacturing employees in China and the nominal wages that would constitute a living wage in real terms. This gap is dramatically wider than those prevalent in the two largest East Asia economies of Japan and South Korea, and still quite wider than those in some of the so-called emerging markets in other regions, such as Brazil and Mexico. Moreover, the likelihood that China's future economic policy will integrate a reasonable long-term plan of thirty years to achieve labour endowments of a living wage condition is currently unrealistic. Although, in the last few years, Chinese real wages have been appreciating, China's role as the largest supplier of cheap labour –under modern slave conditions– in the global capitalist system's international division of labour, does not show any signs of any significant abatement. China's development policies are still anchored on offering the traditional centre-periphery comparative advantages, namely cheap labour. Thus, the weight of China's huge labour pool will continue to exert strong downward pressure on the wages of other developing economies that are dependent on centre-periphery relationships.

Download the assessment of China's living-wage gap here!

INDIA'S LIVING-WAGE GAP

Another modern slave work ethos

Regarding the real value of the manufacturing wages, India's living-wage gap is not as dramatically dire as China's. However, as could be expected, it is still one of the worst in the world, for it clearly exhibits its sheer modern slave work nature. As a result, India's increasingly deregulated economy is rapidly becoming a very important source of misery wage manufacturing workers for the Darwinian capitalist system of today's global corporations and their institutional investors. Whereas there is increasing talk about China reaching a turning point when its pool of surplus labour would start declining, India is expected to contribute, over the next few decades, a larger labour supply to its manufacturing sector than China. Yet, to be sure, this will continue to occur at rather meagre real wages. Consequently, along with China, India will continue to exert tremendous downward pressure on the wages of all the developing nations that have bet their economic strategy on the traditional centre-periphery relationship, anchored on the offering of comparative advantages. In this way, as Álvaro de Regil, the author of this analysis argues, from the perspective of real democracy and human rights, this poses a rather intractable problem for the labour endowments of workers worldwide, but all the more so for those in the periphery of the world's Darwinian capitalist system in which we have been undemocratically immersed.



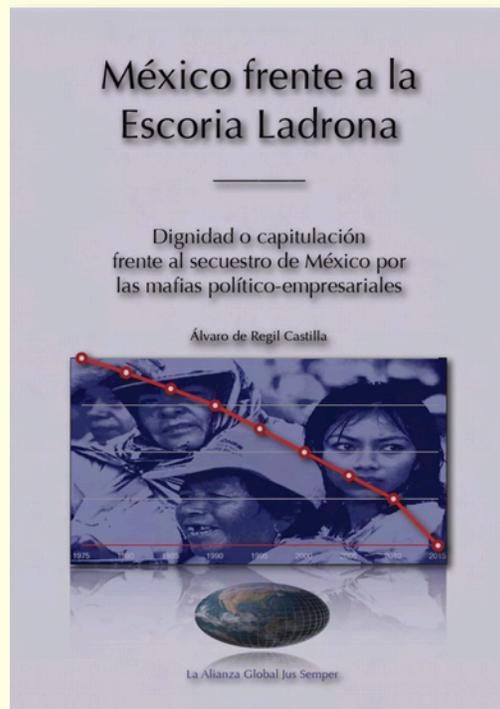
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MEXICO VIS-À-VIS THE ROBBER SCUM

Dignity or Capitulation in the Face of Mexico's Abduction by the Political-Business Mafias



What is Mexico dying of?

Next to the miseries of modernity, a whole series of inherited miseries distress us, a by-product of the resilience of ancient forms of production already outdated, with all their entourage of anachronistic political and social relations. Not only those alive besiege us, but also the dead. (Marx, 1867)

If we had the chance to look at Mexico from a point in the future, surely we would shudder at seeing the whirlwind of contingencies in which it sinks, and with painful urgency we would ask ourselves, why did it happen this way?

Yet today the problem is to understand our situation from the point of view that we have access to: the present. And, from this vision, the truth is not only that daily we are stressed out by poverty, unemployment and violence, but, all the more, by, from the citizen's perspective, the lack of solutions, unless we endow ourselves with another political class: for the current one lacks moral stature, strategic intelligence, public responsibility and vocation to lift the country from its sinking.

"Mexico vis-à-vis the Robber Scum" is an assessment of the outrageous situation endured by our country. It is about the systemic illegalities executed by those in government invariably against the citizenry. It is about an

institutional edifice that establishes predatory privileges for the coalition in power. It is about, unequivocally, a "despotic island" that maintains, exacerbated, all the authoritarian and illegal depravities of the Mexican State, with repercussions deeply damaging of our social wellbeing; as if its historical clock had stopped before adjusting to the West, and the time of modernity remained an unreachable promise.

This book describes the systematic and paralysing plundering that Mexican society is facing up to. Nonetheless, for its author, Álvaro de Regil, to think about Mexico's problems just as a matter of moral order is tantamount considering the predators, the robber scum, would need to humanise how they deal with the citizenry and be upright with the public matter. For this, to infuse morality, is indeed to go against the nature of the current regime. Moreover, a strategy of this kind does not end with the ungovernability and misgovernment, for the plundering has been exacerbated by the institutionalisation of a perverse method.

De Regil compartmentalises comprehensively and critically the institutional system and its incapacity to process the challenges posed by today's environs. Even more, the author ponders beyond the mere critique of the perverse effects of neoliberalism, and explores a grim and subdued terrain: the pending responsibilities of the citizenry. In this area, he underscores the issues of the modern concept of democracy, demanding the fundamental conditions: participation, rights and empowerment. That is, we are what we are, by virtue of our participation (active or passive) in the public life of our society. Hence his final proposal is a call to action to get rid of, as citizens, the inherited miseries, as Marx would say, that keep Mexico in agony.

In sync with this vision, "Mexico vis-à-vis the Robber Scum" puts together quite revealing dimensions of the undertones of the political process and their meaning in the national and international debate. To grasp the character and the motives of this agony in which Mexico is trapped will allow us to assess our life as citizens and to know where we are heading.

Guadalupe Lizárraga
Independent journalist and writer

Download here the detailed assessment about the threat that looms over Mexico! (document currently available only in Spanish-language version).



A DIALOGUE WITH RUGGIE?

To change so that everything remains the same... An assessment of John Ruggie's 2009 and 2010 Reports



A Dialogue with Ruggie?

To change so that everything remains the same... An assessment of John Ruggie's 2009 and 2010 Reports

Alejandro Teitelbaum

Alejandro Teitelbaum has devoted many years to work on the issue of human rights in the sphere of influence of global corporations and other business enterprises. As the former Permanent Representative to the United Nations Office in Geneva, for the American Association of Jurists –based in Buenos Aires, he spent time toiling with the bureaucracies of the UN and member states, in his pursuit of an international legal framework that would harness business activity so that it would stop violating a wide array of human rights in its sphere of influence, as is customarily the case today. As such, he participated in the process followed by the now extinct Sub-Commission on the Promotion and Protection of Human Rights of the UN's Economic and Social Council to assess the impact on human rights of business activities and to prepare a legally-binding code of conduct on this issue. He witnessed how, time and time again, the bureaucracies succumbed to the will of the leading economic powers, who were adamant at maintaining the preeminence of corporate interest over their responsibility for their infringement on human rights.

In recent years Teitelbaum has assessed the clearly biased work of John Ruggie, the so-called Special Representative of the UN Secretary General for Business and Human Rights, appointed, arguably, to design a framework that would "increase the stakes" for corporations when infringing upon human

rights in their daily operations. Teitelbaum has consistently criticised Ruggie’s clear inclination for neoliberal ideology at the service of transnational economic power, which clearly opposes any kind of instrument that would govern, in a binding manner, business practices concerning human rights. In this brief, we have combined his assessments of Ruggie’s 2009 and 2010 reports. Teitelbaum’s commentary recounts how it all began at the UN, in the 1970s –when a growing concern for increasing human rights violations by business entities elicited a call to regulate their practices. This provides a very valuable background to expose how both governments and multilateral institutions have coalesced with corporations to block any attempt by civil society, up to now, to rein in business practice through a legally-binding framework.

As could be expected, Teitelbaum’s succinct recommendation, at the end of his assessment of Ruggie’s 2010 report, is that “the UN Human Rights Council should make an about turn of 180 degrees on this issue to be in sync with the gravity of the social and economic situation in which the world is living”. Jus Semper is happy to welcome an intellectual work, based on first hand experiences, that makes an important contribution to expose the connivance between governments, multilateral institutions and the owners of the market to maintain the same “laissez faire” ethos that has brought the world to a very dangerous state.

[Download the pdf file with the assessment of Ruggie's 2009 and 2010 reports here!](#)



MEXICO: HELL IS THE TIJUANA ASSEMBLY LINE

The maquiladora factories, where consumer goods are pieced together along the Mexican-US border, are falling apart. Their workforce is without rights, without hope, and increasingly without jobs

Anne Vigna’s incisive account of the maquiladora sector –in-bond plants that import about 97% of the parts, which are assembled to be then “exported” back to their contractors– exhibits the dire and complete disenfranchisement of Mexican workers in the formal economy. Yet over 50% of workers toil at a living in the even worse underground economy.

In Vigna’s first hand experience, right on the field during 2009, she talked to workers earning even lower wages. She found workers –mostly women– earning \$58 per week in the electronics sector. That is barely more than a dollar an hour (about \$1,16), for the typical work week of at least 48 to 50 hours. In the

apparel sector, the hourly pay could easily be below a dollar an hour. Such labour endowments are, to be sure, what is now commonly regarded as modern-slave work wages. Contrary to popular wisdom, slavery in the XXI century is not by any account a thing of the past. It is a social phenomenon that has been growing in direct proportion to the grip that today’s global Darwinian capitalism –the worst of its kind– is increasing on a world where representative democracy has been supplanted by marketocracy, where the institutional investors and their corporations dictate the public agendas.

Indeed, the most prominent feature of the practice of modern-slave work in Mexico’s maquiladora sweatshops –a far more accurate adjective to refer to this mode of production– is the complete, systematic and customary violation of all international labour rights as well as many other human rights that Mexico’s Congress ratified many years ago. This creates an ethos clearly reminiscent of the worst kind of social Darwinism practiced in the factories of the English Industrial Revolution that Charles Dickens so eloquently portrayed.

In the case of Mexico, Anne Vigna’s brief vividly exposes the dire circumstance that millions of Mexicans working in the maquiladora sector throughout Mexico endure daily in a gripping account of first hand experiences. Since NAFTA took effect, millions of Mexicans have been displaced –completely disenfranchised– for they lost their past livelihoods as part of the so-called “market externalities” of today’s global economy. Many of them have sought to work in the sweatshop sector as a measure of last recourse; many after trying unsuccessfully to migrate to the U.S. where many corporations and millions of consumers benefit from the

modern-slave work conditions model of Mexico’s maquiladora industry.

As could be expected, the maquiladora sector is only a symptom of a far more complex and dire problem. The actual systematic depredation and destruction of this nation for the last three decades is due to the close partnership between the Mexican oligarchy, foreign corporations and their governments, who have worked closely –through the traditional centre-periphery relationship– to exploit at ease the human and natural resources of this depredated territory.

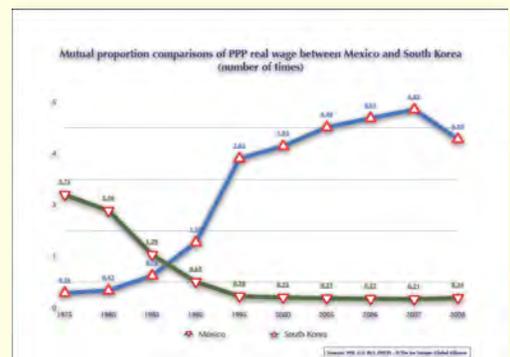
Anne Vigna’s account of life in the maquiladora sector represents a rather important contribution to expose the truth about Mexico and denounce it. Far from being a democracy, the real Mexico can only be regarded as a devastated “protectorate” of global Darwinian capitalism, imposed jointly by the Mexican oligarchic mafias and their tutors in the global centres of economic power.

[Download Anne Vigna's account of Mexico's sweatshops here!](#)



MEXICO’S (1975 - 2008) REAL LIVING-WAGE GAP ANALYSIS

The Mexican State, still challenged for the lack of legitimacy of its election, corroborates every year its vocation as a customary violator of the labour rights of its citizens



The following assessment may seem redundant to those who have read our analyses of previous years. Yet the stubborn policy of the government in power –which deliberately pauperises the Mexican labour force– compels us to insist in the same assessment that exhibits the nefarious consequences of such policy. Moreover, it is necessary to depict once again the political context in which it is imposed. To start, by evaluating wage data of the manufacturing sector of thirty three years, the exploitative and repressive character of the group that has wielded real power for the last three decades, when it submitted itself to the Washington Consensus, with the goal of remaining in

power, becomes rather blatant. This has engendered an environment that stands out on a global scale for the tremendous erosion of labour rights. The illegitimate and mafia like nature that accurately delineates the Mexican State, has imposed an ethos of labour bondage that takes the country back to conditions prevailing before the social revolution of 1910.

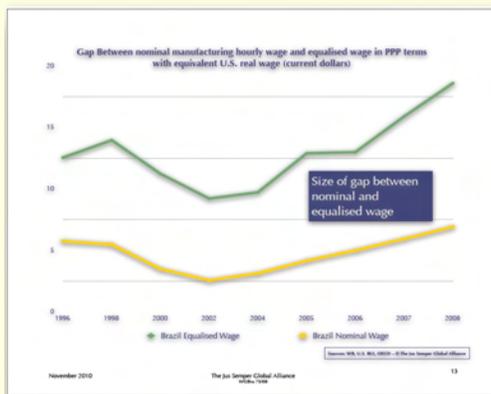
The future of production-line manufacturing wages in Mexico is absolutely ominous unless society removes from power those who have imposed the mafia State and impose a citizen's government of real democracy. Every year the government's economic policies contain or further erode real wages. Additionally, the State has unleashed a policy of repression of the rights of freedom of association and to organise and collective bargaining. The deep impoverishment of Mexicans is a fact. Official data acknowledge that 81% of Mexicans are poor (Coneval 2009). By the same token, based on INEG's 2006 National Survey of Occupation and Employment, it is estimated that in 2006 the minimum wage could only afford 22,5% of the cost of the so-called basic basket of 40 goods (CBI) deemed essential for survival (Sánchez Juárez: 2006). Parting from these findings, it is estimated that 77% of the economically-active population does not earn the wage required to acquire a CBI. Moreover, the government began 2010 with strong price increases in the energy sector, which guarantee a greater pauperisation of real wages. This prospectus is the same conveyed in the 2007 report, for the deprivation, depredation and deliberate pauperisation – as a State policy– continue deepening.

In summary, more than a quarter century of predatory capitalism in Mexico exposes, decisively, a government's policy –from the perspective of manufacturing wages– of perverse and premeditated pauperisation and exploitation of Mexican labour, for the only public policy of the mafia State is to govern for the benefit of domestic and foreign institutional investors and their corporations. In this way, as long as the "robber baron" elites currently in power remain in control, the deepening of the pauperisation of Mexico's population is more than guaranteed, in such a way that the odds in favour of making the closing of Mexico's living wage gap in the term of thirty years a reality is currently zero.

[Download the pdf file with the analysis of Mexico's wage gap here.](#)

BRAZIL'S (1996 - 2008) REAL LIVING-WAGE GAP ANALYSIS

Brazil's recovery of production-line manufacturing wages remains idle in 2008. Yet, there is a plan for a strong long-term equalisation

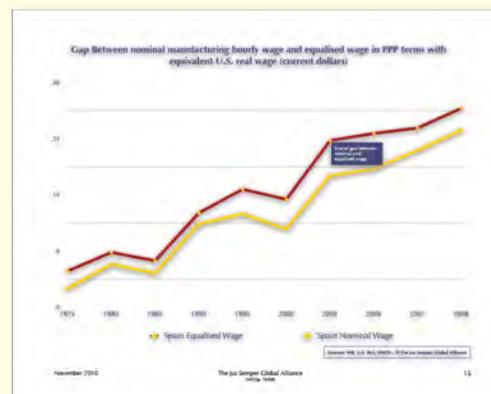


Parting from the implications carried by the plan of the Brazilian government to increase in a sustainable manner minimum wages up to 2023 –and using as the benchmark Brazil's production-line workers in the manufacturing sector– it can be asserted that the policy to be applied will generate, in all certainty, rather meaningful social and economic benefits. Although Brazil's plan will hardly close the wage gap with the United States by 2023, it will undoubtedly embody a great improvement that will trigger different multiplying effects that will generate the endogenous development of Brazil. This will place it far much closer to the socioeconomic indicators of developed countries than of developing ones. Moreover, it is to be expected that once the benefits to be obtained are attested, the new government of Dilma Rousseff –Lula's successor and Cabinet Chief– and future governments will maintain the same policy with the intention of sustaining the same growth until the degree of development becomes attuned with that of the major economies. Brazil's demand-side economic policy will generate multiplying effects that will consolidate social development, anchored on the generation of aggregate demand. This will increase not just wages, but formal employment, tax revenue, the sustainability of the social security system, economies of scale and the competitiveness of the Brazilian economy in the global context, among others. These effects notwithstanding, the greatest benefit will be the drastic decrease of poverty and an abatement of innumerable social problems engendered by poverty and exclusion.

[Download the pdf file with the analysis of Brazil's wage gap here.](#)

SPAIN'S (1975 - 2008) REAL LIVING-WAGE GAP ANALYSIS

Maintaining the European trend, Spain improves once again the equalisation of its production-line manufacturing workers' real wages with their U.S. counterparts.



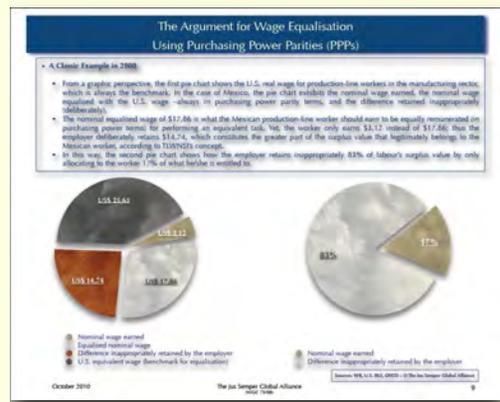
In symmetry with the trend of the major economies of the European Union, in 2008 Spain continued closing the gap dividing the competitiveness of its production-line manufacturing real wages –in purchasing power parity terms– with that of its U.S. counterparts. This makes these wages the sort that can generally be regarded as living wages – assuming U.S wages to be living wages. Since 1975 the equalisation index of Spanish wages (89) has increased 75%. In 2008 Spain surpasses the United Kingdom in this indicator due to the heavy drop of real wages in the latter.

Unfortunately, this will tend to change beginning in 2009, and even more so from 2010 on, when the high jump in unemployment, triggered by the implosion of the global capitalist system, makes its indelible mark on the drop of real wages worldwide, but particularly in Spain, where the unemployment index has reached one-fifth of the EAP. Yet, the drop will be all the more dramatic due to the corroboration, for the nth time, that European Union Governments –and practically all governments in the world– have become mere agents of the casino-like economy of the institutional investors of financial markets. In this way, in 2010, investors have ordered the dismantling of the welfare State and of labour rights by aiming at the "flexibilisation" of collective contracts, in Spain's case, and the two-year extension of the legal retirement age in France, despite ample social opposition in both instances. Greece is enduring predatory reforms ordered by the very culprits of the global debacle, exposing, thereby, who is really ordering public policy in the democratic mockery in which the world is engulfed. To be sure, unless society reacts appropriately, this is just the beginning of a new predatory assault by the owners of the market; a situation that will consolidate the true marketocracy ethos in which we are living.

[Download the pdf file with the analysis of Spain's wage gap here.](#)

NEW 2008 PPP REAL LIVING-WAGE GAP ANALYSIS UPDATES FOR SELECTED DEVELOPED AND "EMERGING" ECONOMIES FOR PRODUCTION-LINE MANUFACTURING WORKERS (1975 UP TO 2008).

In 2008 the shock of the greatest depression of global capitalism since 1929 is not reflected yet in the real wages of production line manufacturing workers



Euro area real wages continue their ascending trend. This is reflected in the increase of indices above wage equalisation in Germany and Italy, the near equalisation of French wages and the continuity of Spain's equalisation trend, which now has surpassed the UK. In contrast, real wages in the latter endure a drastic drop of 10%. In Asia, Japan reverts a stagnation trend in its equalisation level, which had been dragging since 2001, now surpassing South Korea, which carried a consistent equalisation trend since 1975, and that now suffers a strong devaluation and a drop of real wages of 16%. Hong Kong does not report any significant change. Singapore experiences some improvement, albeit still below its best position of 2006. In the Americas, Brazil's wage recovery continued to be stagnated in 2008. In 2009, Brazil instituted an annual minimum wage increase –from 2010 forward– that results from the sum of the inflation index and GDP growth. This should reflect, beginning that year, a strong appreciation of manufacturing wages. Canada maintains almost invariable its small surplus. Mexico maintains its rigid and deliberate pauperisation policy that keeps wages stagnated since 2000. Worst of all, it is expected that, beginning in 2009, with an economy completely dependant on the U.S., real wages will deepen their pauperisation to the level recorded in 1995 or even worse. The subjection of Mexican wages to conditions of modern slave work, instead of bringing them closer to the U.S. benchmark, it is dangerously bringing them closer to the wages of China and India, which due to the sheer size of their labour forces, are representative of the worst misery wage indices.

A living wage provides workers in the South with the same ability to fulfil their needs, in terms of food, housing, clothing, healthcare, education, transportation, savings and even leisure, as that enjoyed by equivalent workers in the North, which we define in terms of the purchasing power parities (PPP) as defined by the World Bank and the OECD.

The definition of a living wage of The Jus Semper Global Alliance is as follows: A living wage is that which, using the same logic of ILO's Convention 100, awards "equal pay for work of equal value" between North and South in PPPs terms.

The premise is that workers must earn equal pay for equal work in terms of material quality of life for obvious reasons of social justice but also, and equally important, for reasons of global sustainability.

The argument of an equivalent living wage is anchored on two criteria:

◆ Article 23 of the UN Universal Declaration of Human Rights, on the following points:

1. Everyone, without any discrimination, has the right to equal pay for equal work
2. Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

◆ ILO's Convention 100 of "equal pay for work of equal value", which is applied for gender equality, but applied in this case to North-South equality, using PPPs as the mechanism.

The proposal is to make workers in the South earn living wages at par with those of the First World in terms of PPPs in the course of a generation (thirty years). There will not be any real progress in the sustainability of the market system -in all three economic, environmental and social dimensions- if there is no sustained generation of aggregate demand, in that period, through the gradual closing of the wage gap between North and South. This does not mean, whatsoever, that progress should be equivalent to the increase of irrational consumption, depleting all non-renewable resources. Eventually, during the twenty-first Century, a new paradigm must be built in which the purpose of the market is the welfare of all ranks of society, and the privileging of sustainability and not of capitalist accumulation.

Yet, while that stage is reached, there is no justification at all, moral or economical, for the workers of the South not to earn wages equivalent to those of their counterparts in the North, in PPP terms, based on equal pay for equal work of equal market value. Just as the International Labour Organisation's Decent Work Agenda states, the decent work concept

has led to an international consensus that productive employment and decent work are key elements to achieving poverty reduction. The blatant and perverse exploitation of workers in the South must be stopped.

The analysis is an update for 12 economies and the U.S., prepared by TJSGA, using 2006 hourly compensation costs for manufacturing workers as reported by the U.S. Department of Labour, and PPP data from the World Bank and the OECD. The report exposes once again a global labour system that profits over the majority of the people in favour of a global elite.

Download the pdf file with the wage gap update for 12 economies (Germany, France, Italy, Canada, U.K., Spain, Japan, South Korea, Singapore, Hong Kong, Brazil and Mexico) here.

◆.....◆
TABLE T4*: 1975 – 2008 REAL-WAGE GAPS FOR TWELVE ECONOMIES, IN PURCHASING POWER PARITY (PPP) TERMS, FOR PRODUCTION-LINE MANUFACTURING WORKERS *(The pivot table used for all PPP real-wage gap analysis)

In 2008, the international comparison of hourly compensation costs for production-line (PL) workers between the U.S. and selected developed and "emerging" markets, maintains a consistent trend towards surpassing or nearly equalising real wages in the euro area countries. Japan reverses a negative trend, whilst the UK and South Korea experience drastic increases in their wage gaps. Canada, Mexico, Brazil, Hong Kong and Singapore experience stagnation or little change in their equalisation positions.

Benchmark	U.S. Hourly Production-line Rate
Canada	GNI PPPs in country currency* Exchange rate GNI PPPs in US Dollars 2. Equalized PPP compensation US \$ 3. Actual Real compensation US \$ 4. Actual Nominal compensation US \$ Compensation Deficit in US \$ (2÷4) Wage Equalisation index (4÷2 or 3÷1)
South Korea	GNI PPPs in country currency* Exchange rate GNI PPPs in US Dollars 2. Equalized PPP compensation US \$ 3. Actual Real compensation US \$ 4. Actual Nominal compensation US \$ Compensation Deficit in US \$ (2÷4) Wage Equalisation index (4÷2 or 3÷1)
Japan	GNI PPPs in country currency* Exchange rate

In 2008 the shock of the greatest global depression since 1929, does not have a bearing yet in the real wages of PL manufacturing

workers vis-à-vis their equalisation with the real wages of their U.S. counterparts, which grow 2,1%. This will occur beginning with the data for 2009. Real wages in the euro area keep their incremental trend, whilst –barring Japan the UK and South Korea– the remaining economies report no meaningful changes.

◆ In the four euro-area economies (France, Germany, Italy and Spain) the cost of living –in purchasing power parity terms– kept increasing as well as the strong appreciation trend of the euro, which increased 7,4% only in 2008 –increasing by 60% since it became the official currency in 2001. Nonetheless, real wages continued their ascending trend above the growth of equivalent wages in the U.S. This is reflected in the growth of the indices above wage equalisation in Germany and Italy (1,18 and 1,06 respectively), the near wage equalisation in France (98) and the continuity of the equalisation trend in Spain (89). In contrast, real wages in the UK endured a drastic drop of 10%, thus their equalisation index dropped from 97 to 85.

◆ In Asia, Japan reverts a trend that was dragging since 2001, which had stagnated its equalisation index at around 70 and allowed South Korea to surpass it in 2005. Therefore, in 2008, Japan's PL real wages experienced a rather strong increase of 17,5%, thus driving its equalisation index from 72 to 83, its best ever. In contrast, South Korea, which had experienced a consistent trend towards equalisation since 1975 –which reached an 85 index in 2007– suffered a strong devaluation of 18,3% and a drop of real wages of 13,9% in dollar terms. In this way, nominal wages dropped 16,2% in dollars and even 1% in local currency, thus driving down its index from 85 to 72. In the case of Hong Kong, real wages do not report any meaningful change in 2008 and maintain the same equalisation level reached in 2007 (32). Singapore experienced some improvement vis-à-vis the drop suffered in 2007, increasing its equalisation index to 53, albeit still below its best index of 55 reached in 2006. Since 1995, when it recorded a 51 index, Singapore has not experienced any consistent upwardly trend.

◆ In the Americas, Brazil's wage recovery –relative to its U.S. counterparts– remained stalled in 2008, with the same 2007 index (37). In 2009, Brazil instituted an annual increment of its minimum wages –starting in 2010– directly linked to the sum of the inflation index and the growth of GDP. This should reflect, beginning in 2010, a strong appreciation of manufacturing wages. Canada keeps a small surplus in wage equalisation with the U.S. of 103 for its PL workers. Mexico maintains its rigid and deliberate pauperisation policy, which in 2008 records a slight drop to 17; a position which has not changed since 2000 with minimum variations. Worst of all is that, beginning in 2009, with an economy completely dependent on the health of the U.S. economy, real wages are expected to

deteriorate further, to the level recorded in 1995 or even worse. The subjection of Mexican wages to modern-slave work conditions, instead of bringing them closer to the U.S. benchmark, is driving them to the wage standards of China and India, which, due to their huge labour supply, are the benchmark for the worst exploitative wage indices.

[Download the pdf file of Table 4 here.](#)

TABLE T5: NEW LIVING-WAGE GAPS 1996-2008 –IN PURCHASING POWER PARITY TERMS (PPPS)– VIS-À-VIS THE U.S. FOR ALL MANUFACTURING EMPLOYEES FOR THE FOUR LARGEST ECONOMIES IN THE AMERICAS (CANADA, BRAZIL, MEXICO AND ARGENTINA)!

The equalisation indices of hourly compensation costs for both all manufacturing sector workers (AMWs) (blue & white collar) and for production-line manufacturing workers (PLWs) for Canada recorded an erosion; remained stagnated for Mexico and Brazil; slightly improved for Spain whilst wages for Argentinian AMWs improved markedly.

		1996
Benchmark	U.S. Hourly Manufacturing Rate	22,11
Brazil	GNI PPPs in country currency*	0,706
	Exchange rate	1,005
	GNI PPPs in US Dollars	US\$ 0,70
	2. Equalised PPP nominal compensation US \$	US\$ 0,86
	3. Actual Real compensation US \$	US\$ 10,13
	4. Actual Nominal compensation US \$	US\$ 7,12
	Compensation Deficit in US \$ (2 minus 4)	US\$ (6,26)
	Wage Equalisation index (4÷2 or 3÷1)	8,27
	Production line wage equalisation	0,46
Argentina	GNI PPPs in country currency*	0,947
	Exchange rate	0,997
	GNI PPPs in US Dollars	US\$ 0,95
	2. Equalised PPP nominal compensation US \$	US\$ 1,16
	3. Actual Real compensation US \$	US\$ 7,71
	4. Actual Nominal compensation US \$	US\$ 7,32
	Compensation Deficit in US \$ (2 minus 4)	US\$ (6,16)
	Wage Equalisation index (4÷2 or 3÷1)	6,29

Our analysis of the major economies in the Americas compares AMWs' hourly wages between countries as well as with the wages of PLWs –except Argentina, assessing, in this way, the size of living-wage gaps. Spain is included in the analysis for comparison purposes of Canada's and Iberian American economies with a large euro-area economy. PLWs are engaged in fabricating, assembly, and related activities. Comparisons are: 1) size of living-wage gaps; and 2) whether living-wage gaps for PLWs or AMWs are greater.

◆ Wages gaps for the manufacturing sector in Mexico are dismal and by far the largest among the selected countries and among OECD members. Moreover, although wage gaps for all workers were slightly less dramatic than for

production workers, the tendency since 1996 has been towards the disappearance of such relationship. In this way, since 2004 the difference between the wages of AMWs and of PLWs has been zero or of only one point (18 vs. 19 in 2008), a position where both gaps have remained stagnant in the last few years.

◆ Brazilian wage gaps for both AMWs and for PLWs have stagnated in the same equalisation level since 2005, practically without variance (35 and 37 respectively). In contrast, in the case of Argentina, where data only for AMWs is available, the trend towards wage equalisation with their U.S. counterparts –since 2002– continued improving sensibly in 2008, reaching a 60 index.

◆ As a whole, the trend of slightly better equalisation indices for PLWs than for AMWs persists for Canada, Brazil and Spain. In contrast, in Mexico, the once slightly better position of AMWs wages has disappeared thus merging both wage gaps at a dramatically dismal level.

[Download the pdf file of Table 5 here.](#)

RESOURCE CENTRE

ILO's GLOBAL WAGE REPORT 2010 / 2011

The ILO's 2010 Global Wage Report provides clear evidence on the impact of the global capitalist crisis and urgently calls on governments, employers and trade unions to materialise their, otherwise, rhetoric support of the internationally agreed ILO Declaration on Social Justice for a Fair Globalisation and the Global Jobs Pact, which requires a jobs- and income-based growth strategy.

The ILO's 2010 global wage report asserts that the global economic crisis has had devastating consequences on labour markets. Unemployment has increased to 210 million, the highest level ever recorded, and many millions more have simply dropped out of the labour force because they are too discouraged to continue looking for work. Paychecks have been affected too. The report shows in particular that the global growth in real average wages was reduced by half in 2008 and 2009, compared to earlier years. This highlights how while the crisis has been dramatic for those who lost their jobs, smaller than expected paychecks have also severely affected the purchasing power and well-being of those who managed to stay in work.

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on Wednesday 15th December 2010

Global Wage Report 2010/11
Wage policies in times of crisis



Global Wage Report

In this way, the ILO argues that a jobs- and income-based growth strategy is urgently needed to bring the global economy back on track, to redress past imbalances and to place economic growth on more solid foundations. As could be expected, the most pressing challenges are rising wage inequality, the growing disconnect between wages and productivity, and the 330 million or so employees who are now amongst the low paid in their country. A figure that Jus Semper can only deem as rather conservative since the vast majority of workers in emerging and other developing countries do not earn a living wage by any standard. Rather optimistically, the report hopes that policy makers and their social partners will use its findings to advance their decent work objectives.

[Download the full 2010/2011 Global Wage Report.](#)

[Download the French version of the 2010/2011 of ILO's Global Wage Report](#)

OECD WATCH – TEN YEARS ON: ASSESSING THE CONTRIBUTION OF THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES TO RESPONSIBLE BUSINESS CONDUCT

The analysis from the cases makes one thing clear: If the OECD Guidelines are to be considered a credible, legitimate and enforceable standard to resolve corporate abuses and promote responsible business behaviour in the 21st century, the critical issues outlined in this OECD Watch report should be addressed.



Despite the generally disappointing experiences had by NGOs, OECD Watch believes there is still potential for the OECD Guidelines to make a valuable contribution to the enhancement of responsible business conduct. The OECD Guidelines could partly compensate for the governance gaps created by globalisation. In the ten years since the last review, the Guidelines remain the only government-endorsed instrument at the international level which addresses a comprehensive range of corporate practices and offers a means of raising a complaint. However, fundamental reforms are necessary if the Guidelines are to reach their full potential.

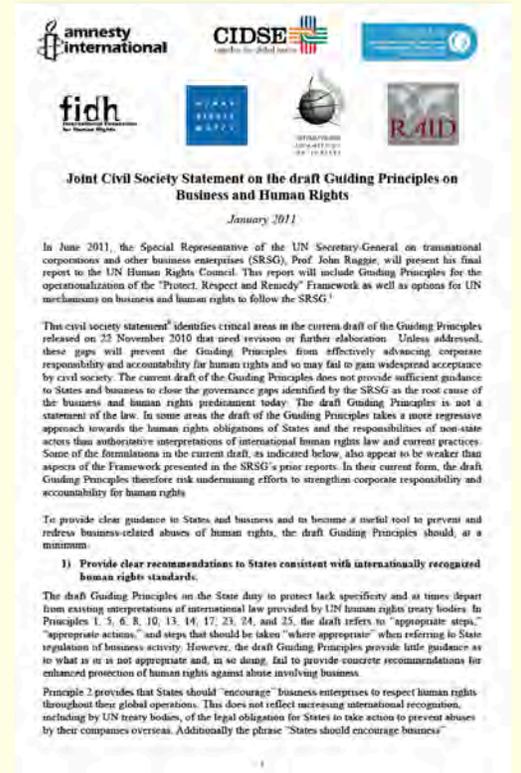
Among the most critical issues and challenges that the OECD must address, OECD Watch considers that the Guidelines must be supplemented to ensure they include key challenges such as the need for a living wage standard. This is a fundamental right that has been customarily denounced by Jus Semper as a deliberately avoided issue in practically all current CSR tools, including prominently the OECD Guidelines. The other fundamental issue that Jus Semper has also systematically denounced is the fact that all current CSR tools are strictly voluntary, which makes CSR practice a mockery of true social responsibility. True sustainable business practice can only be attained if a comprehensive, universal and legally-binding CSR framework is enforced by all States to protect people and nature from unsustainable business practices. For this reason, we, Jus Semper, fully agree with OECD Watch's assertion that "If the OECD Guidelines are to remain relevant in resolving corporate abuses and promoting responsible business behaviour in the 21st century, then radical reforms are necessary.

[Download the full analysis here!](#)

JOINT CIVIL SOCIETY STATEMENT ON THE DRAFT GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS

The joint Statement questions John Ruggie's unrelenting insistence that largely attributes the business responsibility to respect human rights to general social norms and market expectations, and, in anticipation to Ruggie's final report in 2011, asserts that there is important scope for the Council to consider the actual and potential role of international law in further defining the corporate responsibility for human rights.

The following document is a joint Statement of the Economic, Social and Cultural Rights Network –of which The Jus Semper Global Alliance is a member– and other well-known civil society organisations, in regards to the 2010 Report on Business and Human Rights of John Ruggie, the Special Representative of the UN's Secretary General (SRSG) on this issue.



Mirroring the view shared by many citizen-based organisations around the world –which coincidentally is also clearly conveyed by Alejandro Teitelbaum in a Jus Semper Brief included in this newsletter– the Statement questions Ruggie's insistence on market-based (voluntary) solutions. Therefore, it asserts that there are critical areas in the current draft of the Guiding Principles released last November *that need revision or further elaboration*. Otherwise, they will prevent the effective advancement of corporate responsibility for human rights *and so may fail to gain widespread acceptance by civil society.*

Consequently, to provide clear guidance to States and business and to become a useful tool to prevent and redress business-related abuses of human rights, the Statement considers that, at a minimum, the draft Guiding Principles must incorporate five concrete recommendations. At the core of these recommendations lies the urgent need to implement a clear legally-binding framework that enables States to *adopt and implement effective regulatory measures to prevent, put an end to and punish business abuses of human rights at home and in other countries, and to ensure the provision of effective remedies, including through engaging in international cooperation and assistance.*

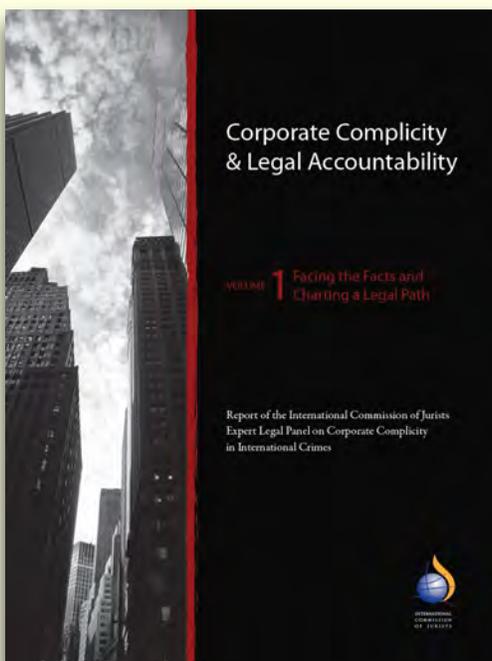
Furthermore, *in order to discharge the obligation to protect human rights against corporate abuse, the “appropriate steps” that States should take to prevent, investigate, punish and redress business-related human rights abuse must include mandatory corporate human rights due diligence for private and state-owned enterprises; and corporate human rights due diligence should be accompanied by independent monitoring systems to ensure the credibility of the process and the veracity of the outcome.*

[Download the complete joint Statement here.](#)

CORPORATE COMPLICITY OR LEGAL ACCOUNTABILITY. REPORT OF THE INTERNATIONAL COMMISSION OF JURISTS EXPERT LEGAL PANEL ON CORPORATE COMPLICITY IN INTERNATIONAL CRIMES

Through this report, the ICJ expects to make an important contribution towards clarifying the legal implications for companies and their officials when they could be held legally responsible under criminal and/or civil law if they are found to be complicit in gross human rights abuses and to provide guidance as to the kind of situations prudent companies should avoid.

This is a report published in 2008 after more than two years of extensive comparative research by a panel of the International Commission of Jurists. The report includes three volumes that address corporate complicity from the angles of criminal law, the law of civil responsibility and public policy. The report is devoted to address instances where businesses have become implicated with another actor in the perpetration of human rights abuses. In such circumstances, human rights organisations and activists, international policy makers, government experts, and businesses themselves, now use the phrase “business complicity in human rights abuses” to describe what they view as undesirable business involvement in such abuses.



[Download volume 1: Facing the Facts and Charting a Legal Path here.](#)

[Download volume 2: Criminal Law and International Crimes here.](#)

[Download volume 3: Civil Remedies here.](#)

or the French versions for:

[Volume 1 here;](#) [Volume 2 here;](#) [Volume 3 here.](#)

HUMAN DEVELOPMENT REPORT 2010. THE REAL WEALTH OF NATIONS: PATHWAYS TO HUMAN DEVELOPMENT

The 2010 HDR asserts that the past 20 years have seen substantial progress in many aspects of human development. Yet they have also seen increasing inequality and production and consumption patterns that have increasingly been revealed as unsustainable. Addressing these issues requires new tools. Thus, the Report introduces three new indices—the Inequality-adjusted Human Development Index, the Gender Inequality Index and the Multidimensional Poverty Index

Looking beyond 2010, this Report surveys critical aspects of human development, from political freedoms and empowerment to sustainability and human security, and outlines a broader agenda for research and policies to respond to these challenges.



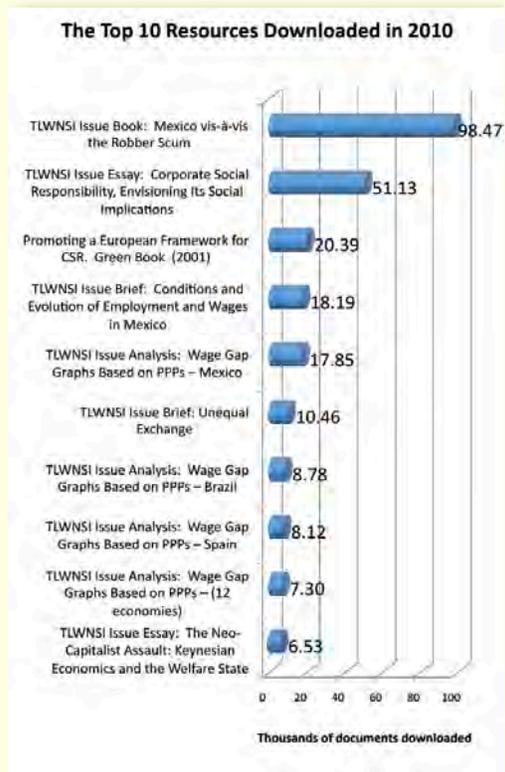
Most people today are healthier, live longer, are more educated and have more access to goods and services. Even in countries facing adverse economic conditions, people’s health and education have greatly improved. Yet not all sides of the story are positive. These years have also seen increasing inequality— both within and across countries— as well as production and consumption patterns that have increasingly been revealed as unsustainable. Progress has varied, and people in some regions have experienced periods of regress, especially in health. New vulnerabilities require innovative public policies to confront risk and inequalities while harnessing dynamic market forces for the benefit of all. Addressing these issues requires new tools. This Report introduces three measures to the Report family of indices—the Inequality-adjusted Human Development Index, the Gender Inequality Index and the Multidimensional Poverty Index. These state-of-the-art measures incorporate recent advances in theory and measurement and support the centrality of inequality and poverty in the human development framework. This experimental series are introduced with the intention of stimulating reasoned public debate beyond the traditional focus on aggregates. Many challenges lie ahead. Some are related to policy: development policies must be based on the local context and sound overarching principles; numerous problems go beyond the capacity of individual states and require democratically accountable global institutions. There are also implications for research: deeper analysis of the surprisingly weak relationship between economic growth and improvements in health and education and careful consideration of how the multidimensionality of development objectives affects development thinking are just two examples.

The 2010 Human Development Report fixes human development firmly on the agenda of policy makers who seek the best outcomes from increasingly complex patterns of human movement worldwide. The report includes a large collection of statistical reports and data sets, including the annual Human Development Index.

Download directly from the UNDP website here. And the french version here.

2010 TOP-TWENTY RESOURCE DOWNLOADS

Following is the chart with the top ten internal and external information resources downloaded from our website in 2010. Below the chart are the links for each of the top twenty resources if you want to download them:



To download click below for the top-twenty downloads.

- TLWNSI Issue Book: *Mexico vis-à-vis the Robber Scum* (Available in Spanish only)
- TLWNSI Issue Essay: *Corporate Social Responsibility, Envisioning Its Social Implications*

Promoting a European Framework for CSR. Green Book (2001)

TLWNSI Issue Brief: *Conditions and Evolution of Employment and Wages in Mexico*

TLWNSI Issue Analysis: *Wage Gap Graphs Based on PPPs – Mexico*

TLWNSI Issue Brief: *Unequal Exchange*

TLWNSI Issue Analysis: *Wage Gap Graphs Based on PPPs – Brazil*

TLWNSI Issue Analysis: *Wage Gap Graphs Based on PPPs – Spain*

TLWNSI Issue Analysis: *Wage Gap Graphs Based on PPPs – (12 economies)*

TLWNSI Issue Essay: *The Neo-Capitalist Assault: Keynesian Economics and The Welfare State*

TLWNSI Issue Assessment: *Business and Human Rights*

Human Development Report 2007/2008

TLWNSI Issue Brief: *CSR Included Aspects and Relevant Exclusions. Minimum Norms for the Mexican Ethos*

TLWNSI Issue Brief: *Governments and Non-governmental Organisations vis-à-vis Corporate Social Responsibility*

TLWNSI Issue Brief: *ISO 26000: Business*

TLWNSI Issue Assessment: *How Sustainable is our latte?*

TLWNSI Issue Essay: *NGOs and CSR in Iberian America*

World Confederation of Labour: CSR and Codes of Conduct

TLWNSI Issue Essay: *Business and Human Rights: Upholding the Market's Social Darwinism*

TLWNSI Issue Assessment: *India's living-wage gap: another modern slave work ethos*

A final thought



Mexico City policeman chains himself to the main doors of the City Assembly in protest because his salary does not make a living wage (19 December 2006).

A living wage is, universally, the most important element in the achievement of everyone's right to a dignified life and the eradication of poverty. Relative to the social responsibility of business, a corporation or organisational entity employing people, regardless of size or trade, public or private, cannot be considered to behave in a socially responsible manner if it does not pay a living wage, regardless of how responsibly it behaves in all other areas of activity.

Just as the International Labour Organisation's Decent Work Agenda states, *the decent work concept has led to an international consensus that productive employment and decent work are key elements to achieving poverty reduction*. Yet, everything remains in the realm of rhetoric and hypocrisy, and the system, imbued in the most perverse human instincts, remains.



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