THE JUS SEMPER GLOBAL ALLIANCE

TLWNSI NEWSLETTER

The Living Wages North and South Initiative (TLWNSI)

Long-term Sustainable Development Through Gradual Wage Equalisation

HIGHLIGHTS

TLWNSI Newsletter – Spring 2013

New 2011 real living-wage gap analysis update for all employed in manufacturing in 12 economies (Germany, France, Italy, Canada, U.K., Spain, Japan, South Korea, Singapore, Brazil, Australia and Mexico) and the U.S. *Our annual analysis 1996-2011, for 9 developed and 3 "emerging" economies, of wage gaps in PPP terms*

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Mexico´s (1996 - 2011) real Living-Wage Gap Analysis for all employed in manufacturing. The Mexican State, which has been permanently challenged for the lack of legitimacy of its elections in 2006 and 2012, corroborates every year its vocation as a customary violator of the labour rights of its citizens by supporting a system of modern-slave-work.

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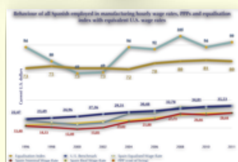
Brazil´s (1996 - 2011) real living-wage gap analysis. *Despite Brazil's plan for the recovery of the minimum real wage, the sustained increase in the cost of living is jeopardising the continuity of the growth of its wage rate equalisation index for all employed in the manufacturing sector vis-à-vis their counterparts in the U.S.* *Page 2*

Spain´s (1996 - 2011) real living-wage gap analysis. *In 2011 Spain and the rest of euro-area countries, for all workers employed in the manufacturing sector, do not appear to be affected yet by the global capitalist crises. This will surely change in 2012.* *Page 3*



Aequus Indices. Living Wage Equalisation in the manufacturing sector. *The most relevant indicator of our work exposes either the size of the gap or the advantage that real wages have over the wages of equivalent U.S. workers for up to 32 countries.* *Page 3*

INSIDE CAPITALISM – (from the perspective of true democracy) *The contradictions of capitalism are so untenable that to live in a truly democratic ethos it must be replaced by a new paradigm in which the citizens hold the initiative and are permanently involved in the public matter.*

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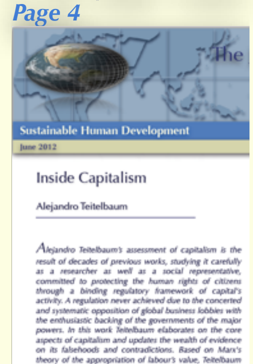


NEW 2011 REAL LIVING-WAGE GAP ANALYSIS UPDATE FOR ALL EMPLOYED IN MANUFACTURING IN 12 ECONOMIES AND THE U.S.

Our annual analysis 1996-2011, for 9 developed and 3 "emerging" economies, of wage gaps in PPP terms

Since 2010 the international comparison of hourly compensation costs (hourly wage rates) between the U.S. and selected developed and "emerging" markets refers to all employed in the manufacturing sector and no longer will be available for production workers only. Production-line wage rates are on average 20% below wage rates for all employed in manufacturing, including production workers, for the 1996-2009 period, for all countries included in the assessment.

In 2011, Germany shows a competitive advantage of its wage rates over the rates of equivalent workers in the U.S. Germany's hourly wage rates have a purchasing power 20% stronger than the rates of their U.S. counterparts and is the only country in this assessment to have an advantage over the U.S. rate for all employed in the manufacturing sector. Based on Germany's PPP cost of living, workers in the manufacturing sector needed a rate of $39,59, to be at par (equalised) with the U.S. rate. Yet, its current nominal rate is 20% higher ($47,38) than what is required.

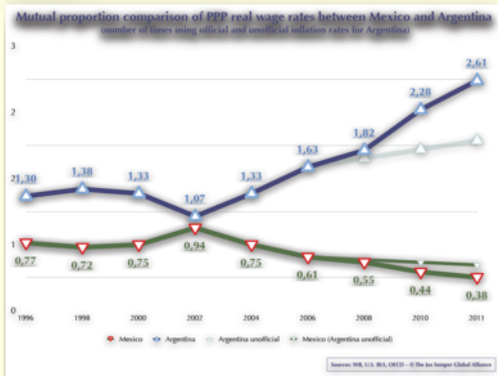
In contrast, all other economies recorded at least a small gap. France, Italy, Australia, Singapore, Canada and Spain recorded gaps between 2% and 20%, whilst the U.K, Japan and South Korea recorded gaps between 20% and 30% of their respective equalisation level. Far behind these economies, Brazil and Mexico continue to have huge gaps with their U.S. counterparts of 69% and 72% respectively.

Brazil remains far behind its best Eq-Idx of '96 in 2011. Mexico's track record since 1996 is the worst in this assessment. Thus, barring the Philippines, Mexico continues to have the worst position of the 31 countries in the three regions of our assessments.

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

MEXICO'S (1996 - 2011) REAL LIVING-WAGE GAP ASSESSMENT

The Mexican State, which has been permanently challenged for the lack of legitimacy of its elections in 2006 and 2012, corroborates every year its vocation as a customary violator of the labour rights of its citizens



The premeditated and carefully designed State policy of all governments in power since the 1980s –which deliberately pauperises the Mexican labour force– leaves no alternative but to continue exhibiting the nefarious consequences of such policy on the real wages of workers and the huge wage gaps with equivalent workers in the U.S. and, barring the Philippines, in all 31 countries included in our assessments. Moreover, it is necessary to depict once again the political context in which this planned pauperisation is imposed. Assessing the wage data of Mexico's manufacturing sector since 1975, irremediably exhibits the exploitative and repressive character of the group that has wielded real power for more than three decades. A group that has completely submitted itself to international financial capitalism and the interest of its corporations, by working as its market agent in exchange for the benefits of its full support to remain in power. This ethos 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 modern-slave-work, of near labour bondage that drags the country back to conditions prevailing before the social revolution of 1910.

The future of wage rates for all employed in the manufacturing sector 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 wage rates. Additionally, the State has unleashed a policy of repression of the rights of freedom of association and to organise and collective bargaining. Contrary to what corporate media, (such as The Economist) like to portray, the deep impoverishment of Mexicans is an incontrovertible fact. Official data acknowledge that 81% of Mexicans are poor (Coneval 2009). By the same token, in 2011 the minimum wage was able to afford 11,9% of the 40 goods of the CBI or indispensable basket of goods, down from 49% in 1994, a 77% loss of purchasing power in 17 years (1) STPS: SalariosMínimos Vigentes 1994 & 2011; 2) Laura Juárez Sánchez: Polítíca económica neoliberal y salarios, Trabajadores, Universidad Obrera de Mexico VLT, Vol. 61, julio-agosto de 2007: 3) Laura Juárez Sánchez: Violencia económica en contra de los trabajadores mexicanos, Revista Trabajadores, Universidad Obrera de Mexico, VLT, Noviembre-Diciembre 2011, Número 87), which is deemed essential for survival. Moreover, the new government maintained in 2013 the policy of strong price increases in the energy sector, which guarantees a greater pauperisation of real wages. Parting from these findings, it is estimated –with a great degree of confidence– that less than 10% of all salaried workers can afford the CBI in 2013. This prospectus remains with exactly the same tone conveyed in previous reports since 2007, for the deprivation, depredation and deliberate pauperisation – as a State policy– continue deepening.

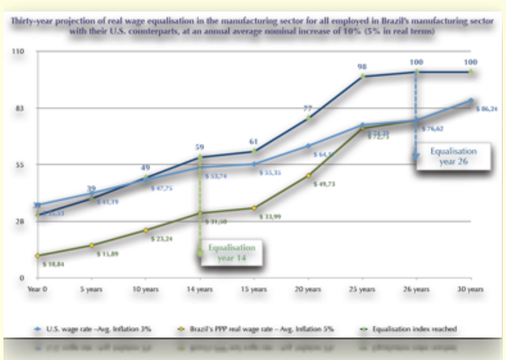
In summary, three decades of predatory capitalism in Mexico exposes, decisively, a government's policy –from the perspective of manufacturing wages rates in particular and all wages in general– of perverse and premeditated pauperisation and exploitation of Mexican labour, for the only public policy of 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 a reality in the term of thirty years is currently zero.

Download the pdf file with the analysis of Mexico's wage gap here.

BRAZIL'S (1996 - 2011) REAL LIVING-WAGE GAP ANALYSIS

Despite Brazil's plan for the recovery of the minimum real wage, the sustained increase in the cost of living is jeopardising the continuity of the growth of its wage rate equalisation index for all employed in the manufacturing sector vis-à-vis their counterparts in the U.S.

The biggest obstacle to resume the closing of the wage rate gap is the dramatic increase of the PPP cost of living. Indeed, in 1996 the PPP cost of living was $0,80 dollars or 80% the U.S. cost of living. Then, at the lowest point of Brazil's recession, the PPP had dropped to $0,38. However, the recovery from its recession has made Brazil extremely expensive, to the point that by 2011 Brazil has become more expensive than the U.S, with a PPP cost of living of $1,07 or 107% the U.S. cost of living. This is the first time ever that Brazil has had a higher purchasing power parity with the U.S. The higher the PPP, the higher the equalisation wage rate required. If the PPP is 107% the U.S. rate, then the nominal Brazilian wage rate required in U.S. dollars, to be fully equalised with the U.S. wage rate, must be 107% the U.S. wage rate. The factor directly affecting the PPP is the NCPI or consumer price index (inflation rate). If inflation is higher than in the U.S., the PPP will grow and viceversa. The Real has also revalued dramatically (75%) since 2004; yet exchange rates have no direct bearing on equalisation. The PPP is the rate of currency conversion that equalises the purchasing power of different currencies. Thus, it acts as an estimated effective exchange rate used to reflect the real cost of living in a given country. policy, of wage depredation, is being pursued globally and with special emphasis in the European Union.



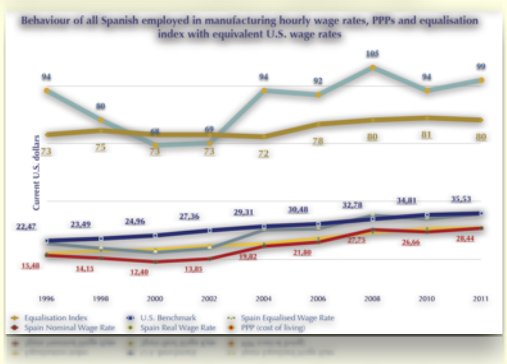
Although In order for Brazil to resume not only the recovery of its 1996 equalisation index for all employed in manufacturing but to also surpass it and, over time, gradually and completely close its wage rate gap with U.S. equivalent workers, it must put inflation in check (below 5%) and continue to increase nominal wages above inflation rates. Concurrently, Brazil must recover its momentum and resume high economic growth rates of 4 to 5% annual GDP. Between 2004 and 2012 Brazil averaged a 3,9% GDP, but in the last two years it has not even averaged a 2% growth, albeit the forecast for 2012 is of 3,5%. Nonetheless, the odds for living-wage equalisation actually look better than they may appear to be. The future of Brazil's wage policy is being redefined with its legally-binding plan to raise the real minimum wage annually –a plan that began to be executed in 2010 and it is scheduled to continue until 2023– by following the simple formula of increasing the wage rate by adding to the inflation rate of the previous year the rate of GDP growth for the year two years prior. This plan is described in this assessment and it is applied as a projection for the closing of the wage rate gap for all employed in manufacturing in the span of thirty years, based on Brazil's minimum wage appreciation policy.

To be sure, there is no guarantee that the current minimum wage appreciation policy will be maintained by future Brazilian governments. In any case, the responsibility for making sure that this policy remains falls directly on society, which bears the full load for making Brazil's future governments feel compelled to consolidate this objective. Hence, it is indispensable that Brazilians become fully aware about the need to permanently get involved in the public matter to make sure that future governments work for the benefit of society and not for the owners of the market and their very private interests, as the vast majority of governments enthusiastically pursue in most countries today.

Download the pdf file with the analysis of Brazil's wage gap here.

SPAIN'S (1996 - 2011) REAL LIVING-WAGE GAP ANALYSIS

In 2011 Spain and the rest of euro-area countries, for all workers employed in the manufacturing sector, do not appear to be affected yet by the global capitalist crises



Troadly, the result of the planned process of convergence with the major economies of the EU, Spain's GDP income per capita is now not far from them and moves in symmetry. Unfortunately, the gradual transformation of Spanish wages into living wages is bound to experience a hard regression to the levels recorded many years ago. As could be expected, the ensuing effects of the systemic global capitalist crisis began to exert a toll on real wages in the entire Euro area in 2009, which continued in 2010 and 2011 and will be felt far more harshly from 2012 onward. Greece, Portugal, Italy, Ireland, Belgium and Spain have been forced to impose drastic economic policies that can no longer be considered supply sided or even recessionary but truly economically depressive. A euro-area policy centred on the harsh reduction of publicdeficits to 3% of GDP by 2013 –which will not be met at all– is drastically cutting budgets in all areas of government at both national and municipal levels. In the case of Spain, the recorded deficit for 2012 was 6,98% of GDP, more than the 6,3% negotiated for the year with the European Commission. Needless to say, everybody knows that the 2013 goal will not be met whatsoever. Hence the European Commission asserts that unless even harsher measures are applied, the public deficit in 2013 will be 6,7% and 7,2% in 2014 vis-à-vis the planned 2,8% (Joaquín Maudos, Varapalo a las previsiones, Cinco Días, 28-2-2013).

The capitalist systemic crisis has served to ensue a new assault on labour rights and the Welfare State in Spain and across the entire European Union. This will in all certainty decrease the workers' share of income and increase the employers shareholder value in the coming years. A new assessment reckons a drop of unit labour cost of 5,8% in 2012 (Jose Antonio Vega, La devaluación de los costes se ceba en el trabajo, que se abarata el 5,8% en 2012, Cinco Días, 28-02-2013). The same assessment reckons that labour's share of income has dropped and in the fourth-quarter 2012 it was less than the employers' share (44,24% vs. 46,21% respectively) whereas in 2011 labour share was still ahead (47,8 vs 43,6%). Consequently, we continue to foresee that living-wage equalisation indices of Spain and the rest of the EU with the U.S. will surely decrease in the coming years and will produce a real wage gap that will not improve as long as fiscal policy remains excessively centred on deficits and inflation –with the ulterior motive of creating the ideal conditions for maximising the shareholder value of the EU's true masters: the institutional investors of international financial markets.

Download the pdf file with the analysis of Spain's wage gap here.

AEQUUS INDICES. LIVING WAGE EQUALISATION IN THE MANUFACTURING SECTOR

The most relevant indicator of our work exposes either the size of the gap or the advantage that real wages have over the wages of equivalent U.S. workers for up to 32 countries

From inception, TLWNSI developed its living-wage equalisation index, which measures how close the real wages of manufacturing workers in a specific country are to those of equivalent workers in the U.S. in purchasing-power-parity terms.

	Aequus Index ©	Living-wage equalisation index					
	2011 ranking of living-wage equalisation in purchasing power parity terms – 33 countries – for all employees in the manufacturing sector (employees and production-line workers), based on total hourly compensation costs*						
	The Jus Semper Global Alliance	Year	Hourly manufacturing nominal wage index	Real wage PPP equalisation Aequus index	Year	Hourly manufacturing nominal wage index	Real wage PPP equalisation Aequus index
	United States (benchmark)		100	100		100	100
1	Belgium	1996	146	**122**	2011	154	**128**
2	Germany	1996	148	**115**	2011	133	**120**
3	Norway	1997	112	**83**	2011	181	**114**
4	Switzerland	1996	158	**101**	2011	170	**104**
5	Netherlands	1997	97	**95**	2011	119	**102**
6	Austria	1996	125	**104**	2011	121	**103**
7	Sweden	1996	121	**88**	2011	138	**100**
8	Denmark	1997	103	**74**	2011	145	**100**
9	France	1996	124	**98**	2011	119	**98**
10	Finland	1996	111	**86**	2011	124	**96**
11	Ireland	1996	75	**72**	2011	112	**96**
12	Italy	1996	93	**89**	2011	102	**93**
13	Australia	1996	85	**85**	2011	130	**85**
14	Singapore	1996	53	**58**	2011	64	**84**
15	Canada	1996	83	**93**	2011	103	**83**
16	Spain	1996	69	**73**	2011	80	**80**
17	United Kingdom	1996	79	**79**	2011	87	**79**
18	Japan	1996	105	**67**	2011	101	**75**
19	South Korea	1996	42	**47**	2011	53	**72**
20	Argentina	1996	33	**35**	2011	45	**72**
21	Greece	1996	56	**66**	2011	61	**63**
22	New Zealand	1996	54	**53**	2011	66	**55**
23	Czech Rep.	1996	15	**34**	2011	37	**47**
24	Slovakia	1996	12	**22**	2011	33	**45**
25	Portugal	1996	32	**37**	2011	36	**41**
26	Hungary	1996	14	**29**	2011	26	**40**
27	Estonia	2000	10	**24**	2011	29	**39**
28	Poland	1996	14	**29**	2011	25	**39**
29	Brazil	1996	32	**40**	2011	33	**31**
30	Mexico	1996	14	**27**	2011	18	**28**
31	Philippines	1996	6	**11**	2011	6	**10**
32	India*	1999	3	**9**	2007	3	**9**
33	China*	2002	2	**5**	2008	4	**8**

Source: The Jus Semper Global Alliance analysis using the sources below.**

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The index exposes either the size of the gap or, in some countries, the true compensation advantage that real wages have over the wages of equivalent U.S. workers. Given that in 2011 we expanded our list of 13 economies included in our living-wage assessments to up to 32 economies, we decided to convey the most relevant indicator of our work in a very explicit manner. Hence we have named our index the "Aequus Index", Latin for "equal" or "balanced", which accurately reflects the purpose of our index.

In doing so we provide two indices. The first index measures wage differences for all employees in the manufacturing sector, which includes all persons employed full or part time in an establishment during a specified payroll period. The second index measures differences for production workers, which refers to only those employees who are engaged in activities directly or closely related to the production process. Both criteria belong to the methodology used by the Bureau of Labour Statistics (BLS) of the U.S. Department of Labour, our source for all nominal wages included in the indices. Yet, the 2009 wage rate data was the last year with available data for production workers, the same indicator that we have assessed since 2003 for 12 economies, for the BLS has decided to stop updating the wage data for production workers. Nonetheless, we will keep readily available this table as a historical reference, going back as far as 1975, for it allows us to provide a comparison for many countries between that year and, in most instances, 2009. The index for all employees dates back, depending on the country, to 1996 and, except for India and China, compares the benchmark year with 2011 and will continue to be updated every year. India and China's wage data is currently available for the periods 1999-2007 and 2002-2008 respectively. A word of caution, nonetheless, is required with these data, for India and China data gathered by the BLS are not fully comparable to the rest of countries due to some inconsistencies in methodology. However, given that in both cases the BLS argues that this does not substantially affect the hourly compensation estimates, rough comparisons can still be made, and thus, we have decided to include them in our Aequus Index.

Download the 1996-2011 Aequss Index for All Employed in manufacturing here!

Download the 1975-2009 Aequss Index for Production Workers here!

INSIDE CAPITALISM – (FROM THE PERSPECTIVE OF TRUE DEMOCRACY)

The contradictions of capitalism are so untenable that to live in a truly democratic ethos it must be replaced by a new paradigm in which the citizens hold the initiative and are permanently involved in the public matter

Inside Capitalism

Alejandro Teitelbaum

Alejandro Teitelbaum's assessment of capitalism is the result of decades of previous works, studying it carefully as a researcher as well as a social representative, committed to protecting the human rights of citizens through a binding regulatory framework of capital's activity. A regulation never achieved due to the concerted and systematic opposition of global business lobbies with the enthusiastic backing of the governments of the major powers. In this work Teitelbaum elaborates on the core aspects of capitalism and updates the wealth of evidence on its falsehoods and contradictions. Based on Marx's theory of the appropriation of labour's value, Teitelbaum

Alejandro Teitelbaum's assessment of capitalism is the result of decades of previous works, studying it carefully as a researcher as well as a social representative committed to protecting the human rights of citizens through a binding regulatory framework of capital's activity. A regulation never achieved due to the concerted and systematic opposition of global business lobbies with the enthusiastic backing of the governments of the major powers. In this work Teitelbaum elaborates on the core aspects of capitalism and updates the wealth of evidence on its falsehoods and contradictions. Based on Marx's theory of the appropriation labour's value, Teitelbaum shells out the main features of the capitalist system to display its contradictions and arrive at a well articulated conclusion. This is that capitalism is incompatible with true democracy from the moment that its supreme value is to protect the private ownership of the means of production, by which it appropriates the surplus value of labour, rather than seek the welfare of society, as it is in true democracy. Therefore, he argues, it is not possible to reform capitalism to make it compatible with democracy, but, rather that, it needs to be replaced by radically changing the essence of human labour as it exists in the capitalist system, in which the worker stands in the production cycle both at the beginning, alienated as a producer, and at the end, alienated as a consumer; from which it is inferred that a move towards true socialism is required. Yet, Teitelbaum asserts that, contrary to what happened in the Soviet Union and other societies, the transition towards socialism must take place in an environment of genuine and fully participatory democracy. That is, in an environment where the only purpose of the societies is the welfare of each and every one of the ranks of society to create social wealth to meet the material and spiritual needs of citizens, according to a social and democratic planning of production and distribution for the full realisation of the human being.

This implies that to live in a truly democratic ethos –and not in the mockery known as representative democracy– a hitherto unknown model must be built –in a superior stage of humanity– in which the citizens hold the initiative and are permanently involved in the public matter, in such a way that the public agenda is set by the fully acquainted citizens so that decision making becomes the result of a direct and informed participation. This is so, says Teitelbaum, for "capitalism has reached a level of development and is such a cumulous of contradictions that it has in fact become on the verge of socialism, as a way of resolving those contradictions in a humanly superior stage.

Download the full document on the contradictions of capitalism in the context of a truly democratic ethos in a pdf file here!

TABLE T5*: 1996 – 2011 REAL-WAGE GAPS FOR TWELVE ECONOMIES, IN PURCHASING POWER PARITY (PPP) TERMS, FOR ALL EMPLOYED IN MANUFACTURING* (The pivot table used for all PPP real-wage gap analysis)

Since 2010 the international comparison of hourly compensation costs (hourly wage rates) between the U.S. and selected developed and "emerging" markets refers to all employed in *the manufacturing sector and no longer will be available for production workers only. Production-line wage rates are on average 20% below wage rates for all employed in manufacturing, including production workers, for the 1996-2009 period, for all countries included in the assessment.*

			1996
Benchmark	1. U.S. Hourly Manufacturing Wage Rate* (Hourly compensation costs)		22,47
Spain	PPP conversion factor, GDP (in country currency)		119,447
	Exchange rate		126,68
	PPP conversion factor, GDP (in U.S. dollars)	$	0,94
	2. Equalised PPP nominal wage rate US $	$	21,19
	3. Actual PPP Real wage rate US $	$	16,42
	4. Actual Nominal wage rate US $	$	15,48
	Compensation Deficit in US $ (2 minus 4)	$	5,71
	Wage Equalisation index (4÷2 or 3÷1)		0,73
Japan	PPP conversion factor, GDP (in country currency)		170,600
	Exchange rate		108,78
	PPP conversion factor, GDP (in U.S. dollars)	$	1,57
	2. Equalised PPP nominal wage rate US $	$	35,24
	3. Actual PPP Real wage rate US $	$	15,09
	4. Actual Nominal wage rate US $	$	23,67
	Compensation Deficit in US $ (2 minus 4)	$	11,57
	Wage Equalisation index (4÷2 or 3÷1)		0,67

Overall, seven out of the twelve countries in this assessment are better off in 2011 than in 1996, with East Asian economies recording the greatest gains in their wage-rate position. In contrast, Canada and Brazil have lost much ground whilst Australia, France and the UK have the same gap as in 1996. Most countries recorded their best position between '02 and '08. Canada, Brazil and France had their best equalisation index (Eq-Idx) in '96 or '98. Mexico, as in the case of production-line wage rates, had negligible change in 15 years and continues to have the worst position of all countries.

Download the pdf file of Table 5 here.

TABLE T5-EUROPE: 1996 – 2011 REAL-WAGE GAPS FOR EUROPEAN ECONOMIES, IN PURCHASING POWER PARITY (PPP) TERMS, FOR ALL EMPLOYED IN MANUFACTURING

			1996
Benchmark	1. U.S. Hourly Manufacturing Wage Rate* (Hourly compensation costs)	$	22,47
France	PPP conversion factor, GDP (in country currency)		6,483
	Exchange rate		5,1158
	PPP conversion factor, GDP (in U.S. dollars)	$	1,27
	2. Equalised PPP nominal wage rate US $	$	28,47
	3. Actual PPP Real wage rate US $	$	21,95
	4. Actual Nominal wage rate US $	$	27,82
	Compensation Deficit in US $ (2 minus 4)	$	0,65
	Wage Equalisation index (4÷2 or 3÷1)		0,98
Italy	PPP conversion factor, GDP (in country currency)		1621,441
	Exchange rate		1542,7600
	PPP conversion factor, GDP (in U.S. dollars)	$	1,05
	2. Equalised PPP nominal wage rate US $	$	23,62
	3. Actual PPP Real wage rate US $	$	19,98
	4. Actual Nominal wage rate US $	$	21,00
	Compensation Deficit in US $ (2 minus 4)	$	2,62
	Wage Equalisation index (4÷2 or 3÷1)		0,89

In 2011 most European economies experienced no change or they lost some ground against the wage rates of their U.S. counterparts. Only eight of twenty-one European countries were able to improve their equalisation indices vis-à-vis equivalent U.S. workers, and ten of twelve euro-area countries recorded no improvement or an actual widening of their living-wage gaps. Of the thirteen European economies that recorded no improvement in their Equalisation Index (Eq-Idx), seven recorded no change from 2010, four recorded a slight drop and two, Greece and the UK, recorded a sharp drop. In 2011 all countries recorded appreciation of their currencies; the euro increased by 5,1%. All but Greece and Ireland recorded an increase of their nominal wage rates in local currency, and of these only the Netherlands did not increase their local wage rates above the 2,07% increase of U.S. rates.

Download the pdf file of Table 5-Europe here.

TABLE T5-ASIA AND OCEANIA: 1996 – 2011 REAL-WAGE GAPS FOR ASIA AND OCEANIA, IN PURCHASING POWER PARITY (PPP) TERMS, FOR ALL EMPLOYED IN MANUFACTURING

			1996
Benchmark	1. U.S. Hourly Production-line Rate (Hourly compensation costs)	$	22,47
Japan	PPP conversion factor, GDP (in country currency)		170,600
	Exchange rate		108,78
	PPP conversion factor, GDP (in U.S. dollars)	$	1,57
	2. Equalised PPP nominal compensation US $	$	35,24
	3. Actual Real compensation US $	$	15,09
	4. Actual Nominal compensation US $	$	23,67
	Compensation Deficit in US $ (2 minus 4)	$	11,57
	Wage Equalisation index (4÷2 or 3÷1)		0,67
South Korea	PPP conversion factor, GDP (in country currency)		731,420
	Exchange rate		805,00
	PPP conversion factor, GDP (in U.S. dollars)	$	0,91
	2. Equalised PPP nominal compensation US $	$	20,42
	3. Actual Real compensation US $	$	10,50
	4. Actual Nominal compensation US $	$	9,54
	Compensation Deficit in US $ (2 minus 4)	$	10,88
	Wage Equalisation index (4÷2 or 3÷1)		0,47

In comparing 2011 with 2010, Singapore and Japan's economies recorded some of the greatest gains in their wage-rate Equalisation Index (Eq-Idx) position not just in the Asia and Oceania region but amongst the 31 countries in the three regions covered in our assessment, whilst the other economies in this region showed negligible improvement or no change.

Download the pdf file of Table 5-Asia and Oceania here.

TABLE T5: NEW LIVING-WAGE GAPS 1996-2011 –IN PURCHASING POWER PARITY TERMS (PPPS)– VIS-À-VIS THE U.S. FOR ALL EMPLOYED IN MANUFACTURING FOR THE FOUR LARGEST ECONOMIES IN THE AMERICAS (CANADA, BRAZIL, MEXICO AND ARGENTINA)!

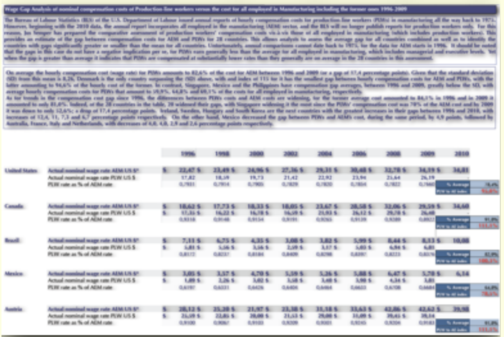
			1996
Benchmark	1. U.S. Hourly Manufacturing Wage Rate* (Hourly compensation costs)	$	22,47
Canada	PPP conversion factor, GDP (in country currency)		1,213
	Exchange rate		1,3638
	PPP conversion factor, GDP (in U.S. dollars)	$	0,89
	2. Equalised PPP nominal wage rate US $	$	19,99
	3. Actual PPP Real wage rate US $	$	20,93
	4. Actual Nominal wage rate US $	$	18,62
	Compensation Deficit in US $ (2 minus 4)	$	1,37
	Wage Equalisation index (4÷2 or 3÷1)		0,93
Argentina	PPP conversion factor, GDP (in country currency)		0,931
	Exchange rate		0,9997
	PPP conversion factor, GDP (in U.S. dollars)	$	0,93
	2. Equalised PPP nominal wage rate US $	$	20,93
	3. Actual PPP Real wage rate US $	$	7,98
	4. Actual Nominal wage rate US $	$	7,43
	Compensation Deficit in US $ (2 minus 4)	$	13,50
	Wage Equalisation index (4÷2 or 3÷1)		0,35
	Wage Equalisation index with unofficial inflation		

While Argentina increased its equalisation index (Eq-Idx) by one-eight (12,5%) in just one year (2011) and it has more than doubled it since 1996, Brazil barely improved, Canada continued to lose ground and Mexico remains at the same level it has deliberately chosen for the past 15 years. Argentina's powerful reduction of its living-wage gap is due to a dramatic nominal wage rate increase that more than offsets the devaluation of the peso against the dollar. However, Argentina's official inflation rate is being openly contested. If unofficial rates are assumed, Argentina's improvement would not be as dramatic but still impressive nonetheless.

Download the pdf file of Table 5 here.

HISTORICAL COMPARISON OF PRODUCTION-LINE WORKERS VERSUS ALL EMPLOYED IN MANUFACTURING LIVING-WAGE EQUALISATION INDICES 1996-2009

The Bureau of Labour Statistics (BLS) of the U.S. Department of Labour issued annual reports of hourly compensation costs for production-line workers (PLWs) in manufacturing all the way back to 1975. However, beginning with the 2010 data, the annual report incorporates all employed in the manufacturing (AEM) sector, and the BLS will no longer publish reports for production workers only. For this reason, Jus Semper has prepared the comparative assessment of production workers' compensation costs vis-à-vis those of all employed in manufacturing (which includes production workers). This provides an estimate of the gap between compensation costs for AEM and PLWs for 28 countries.



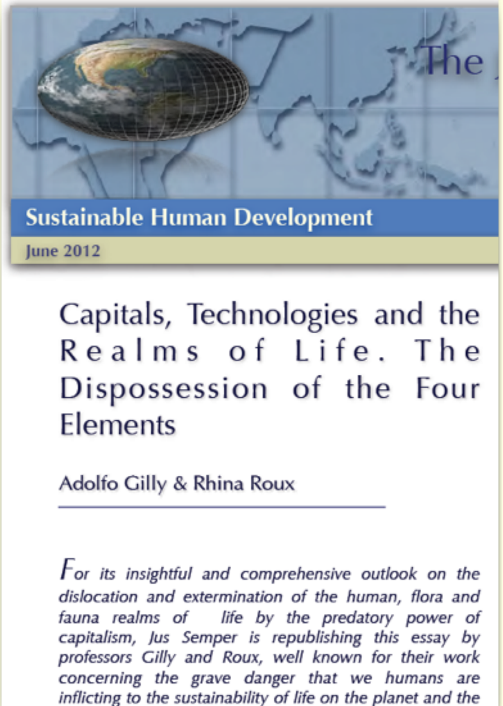
This allows analysts to assess the average gap for all countries combined as well as to identify the countries with gaps significantly greater or smaller than the mean for all countries. Unfortunately, annual comparisons cannot date back to 1975, for the data for AEM starts in 1996. It should be noted that the gaps in this case do not have a negative implication per se, for PLWs earn generally less than the average for all employed in manufacturing, which includes managerial and executive levels. Yet when the gap is greater than average it indicates that PLWs are compensated at substantially lower rates than they generally are on average in the 28 countries in this assessment. On average the hourly compensation cost (wage rate) for PLWs amounts to 82,6% of the cost for AEM between 1996 and 2009 (or a gap of 17,4 percentage points).

Download the pdf file of comparison of production line versus all employed in manufacturing 1996-2009 here.

CAPITALS, TECHNOLOGIES AND THE REALMS OF LIFE. THE DISPOSSESSION OF THE FOUR ELEMENTS

This essay proposes a reflection on the current change of epoch, considered herein as a new worldwide configuration of the capital connection, both in its underpinnings and its trends, and particularly in the foundational relationship between objectified labour and living labour.

For its insightful and comprehensive outlook on the dislocation and extermination of the human, flora and fauna realms of life by the predatory power of capitalism, Jus Semper is republishing this essay by professors Gilly and Roux, well known for their work concerning the grave danger that we humans are inflicting to the sustainability of life on the planet and the almost unimaginable consequences that all life forms will endure if we maintain the current marketocratic ethos. An ethos with no morals, whatsoever, and, thus, no qualms regarding the impact of its, by now, almost ubiquitous sphere of influence on the social, economic and environmental dimensions.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Sustainable Human Development
June 2012

Capitals, Technologies and the Realms of Life. The Dispossession of the Four Elements

Adolfo Gilly & Rhina Roux

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Gilly and Roux expose a clearly undemocratic economic system whose only need is the unrelenting consumption of things by we humans, strictly regarded as disposable consumer units, for the sustainability of the reproduction and accumulation of enormous material profit and wealth for a tiny human cluster, namely the 1%, at the expense of the 99% and, more importantly, of a planet with finite resources. Gilly and Roux offer us, from a historical perspective a somewhat deterministic rationale of how capitalism seeks to establish domination-subordination relationships with human societies to fulfil its only goal of maximising the appropriation of the surplus value of work –of the share of income that belongs to wages– through any necessary means: legal or illegal, moral or amoral, gentle or violent. The authors' hope is that human dignity will no longer tolerate a clearly intolerable and ominous state of our world.

Download the full document on Capitals, technologies and the realms of life on here!

RESOURCE CENTRE

ILO's GLOBAL WAGE REPORT 2012/2013

The global crisis has had significant negative repercussions for labour markets in many parts of the world, and recovery is proving uncertain and elusive. At the global level, average wages have grown but at lower rates than before the crisis. However this Global Wage Report 2012/13 shows that the impact of the crisis on wages was far from uniform.

This Global Wage Report presents data on trends in wages around the world and compares them with trends in labour productivity, analysing their complex effects on the global economy with a view to shedding some light on the current debates over distribution, competitiveness and labour costs. When wages rise in line with productivity increases they are both sustainable and create a his Global Wage Report presents data on trends in wages around the world and compares them with trends in labour productivity, analysing their complex effects on the global economy with a view to shedding some light on the current debates over distribution, competitiveness and labour costs. When wages rise in line with productivity increases they are both sustainable and create a stimulus for further economic growth by increasing households' purchasing power. However for a decade or more before the crisis, the link between wages and labour productivity was broken in many countries and this contributed to the creation of global economic imbalances. The report shows that since the 1980s a majority of countries have experienced a downward trend in the "labour income share", which means that a lower share of national income has gone into labour compensation and a higher share into capital incomes. This has happened most frequently where wages have stagnated but also in some countries where real wages have grown strongly. On a social and political level this trend risks creating perceptions that workers and their families are not receiving their fair share of the wealth they create. On an economic level, it could endanger the pace and sustainability of future economic growth by constraining wage-based household consumption. This is particularly true where the era of debt-based consumption has now led to an extended period in which households must pay off earlier debts.

At the global level, while some countries can run a trade surplus or export their way out of recession, this must come at the expense of deficits in importing countries and relocation of jobs. To avoid beggar-thy-neighbour competition, the path to sustained and balanced economic growth must come through increased domestic consumption in surplus countries, based on wages that grow in line with productivity. International coordination can contribute to achieving equitable outcomes that benefit all countries. Many countries in the world are trying to address these challenges, often by implementing innovative policies. I hope this Global Wage Report will help them and will stimulate fresh thinking on issues which today stand at the centre of international decision-making.

Click here to download the full pdf file.

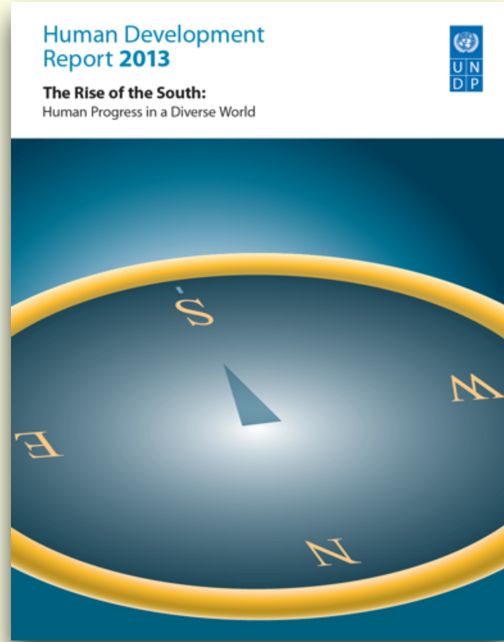
Click here to download the French version of the ILO's Global wage report in a pdf file.

HUMAN DEVELOPMENT REPORT 2013 THE RISE OF THE SOUTH: HUMAN PROGRESS IN A DIVERSE WORLD

Sustainability is inextricably linked to basic questions of equity, fairness and social justice and of greater access to a better quality of life. Approaches that integrate equity into policies and that empower people hold enormous promise. Growing country experiences have demonstrated their potential to generate and capture positive synergies

The 2013 Human Development Report – "The Rise of the South: Human Progress in a Diverse World" – examines the profound shift in global dynamics driven by the fast-rising new powers of the developing world and its long-term implications for human development.

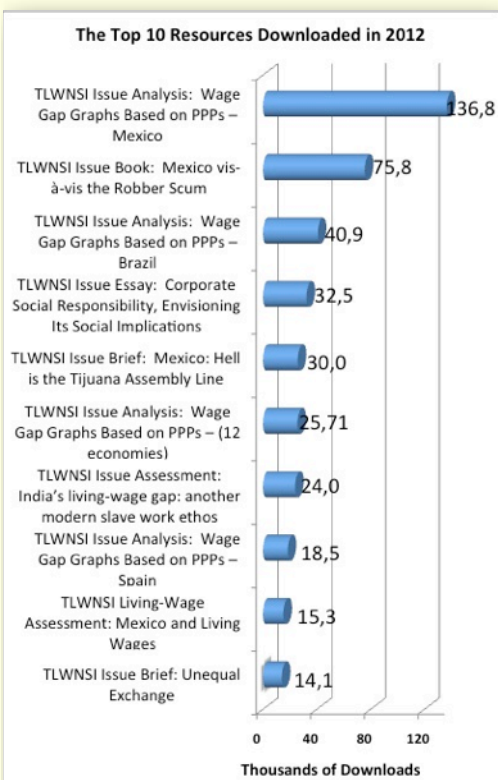
China has already overtaken Japan as the worlds second biggest economy while lifting hundreds of millions of its people out of poverty. India is reshaping its future with new entrepreneurial creativity and social policy innovation. Brazil is lifting its living standards through expanding international relationships and antipoverty programs that are emulated worldwide. But the "Rise of the South" analysed in the Report is a much larger phenomenon: Turkey, Mexico, Thailand, South Africa, Indonesia and many other developing nations are also becoming leading actors on the world stage.



Download the English version here. And the French version here.

2012 TOP-TEN RESOURCE DOWNLOADS

Following is the chart with the top ten internal and external information resources downloaded from our website in 2012. Below the chart are the links for each of these resources if you want to download them:



To download click below for the top-ten downloads.

- TLWNSI Issue Analysis: ***Wage Gap Graphs Based on PPPs – Mexico***
- TLWNSI Issue Book: ***Mexico vis-à-vis the Robber Scum*** *(Available in Spanish only)*
- TLWNSI Issue Analysis: ***Wage Gap Graphs Based on PPPs – Brazil***
- TLWNSI Issue Essay: ***Corporate Social Responsibility, Envisioning Its Social Implications***
- TLWNSI Issue Brief: ***Mexico: Hell is the Tijuana Assembly Line***
- TLWNSI Issue Analysis: ***Wage Gap Graphs Based on PPPs – Twelve economies***
- TLWNSI Issue Assessment: ***India's living-wage gap: another modern slave work ethos***
- TLWNSI Issue Analysis: ***Wage Gap Graphs Based on PPPs – Spain***
- TLWNSI Living Wage Assessment: ***Mexico and Living Wages***
- TLWNSI Issue Brief: ***Unequal Exchange***

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.

If you have any questions or comments, please e-mail us: **syg@jussemper.org**

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