THE JUS SEMPER GLOBAL ALLIANCE

TLWNSI NEWSLETTER

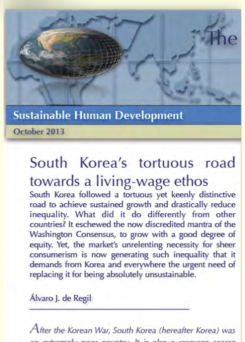
The Living Wages North and South Initiative (TLWNSI)

Long-term Sustainable Development Through Gradual Wage Equalisation

HIGHLIGHTS TLWNSI Newsletter – Spring 2014

SOUTH KOREA'S TORTUOUS ROAD TOWARDS A LIVING-WAGE ETHOS *South Korea followed a tortuous yet keenly distinctive road to achieve sustained growth and drastically reduce inequality. What did it do differently from other countries?*

Page 2


The

Sustainable Human Development

October 2013

South Korea's tortuous road towards a living-wage ethos

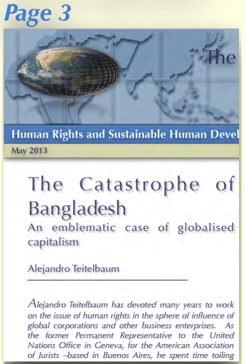
South Korea followed a tortuous yet keenly distinctive road to achieve sustained growth and drastically reduce inequality. What did it do differently from other countries? It eschewed the now discredited mantra of the Washington Consensus, to grow with a good degree of equity. Yet, the market's unrelenting necessity for sheer consumerism is now generating such inequality that it demands from Korea and everywhere the urgent need of replacing it for being absolutely unsustainable.

Álvaro J. de Regil

After the Korean War, South Korea (hereafter Korea) was an extremely poor country. It is also a resource scarce

THE CATASTROPHE FROM BANGLADESH – An emblematic case of globalised capitalism *An analysis of the labour catastrophic event in Bangladesh that exposes the deep hypocrisy of the system, with all its human implications.*

Page 3


The

Human Rights and Sustainable Human Devel

May 2013

The Catastrophe of Bangladesh

An emblematic case of globalised capitalism

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

New 2012 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 1996-2012, for 9 developed and 3 "emerging" economies, of wage gaps in PPP terms*

Page 3


Wage Gap Charts

Mexico´s (1996 - 2012) real Living-Wage Gap Analysis for all employed in manufacturing. *There is no change whatsoever. 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.*

Page 4


Mexico's Wage Gap Charts

Brazil´s (1996 - 2012) real living-wage gap analysis. *Hourly wage ratings in the manufacturing sector for 2012 finally show the positive effects of Brazil's minimum wage appreciation policy that began to be implemented in 2010.*

Page 4


Brazil's Wage Gap Charts

Spain´s (1996 - 2012) real living-wage gap analysis. *In 2012 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, despite the huge unemployment rate.*

Page 5


Spain's Wage Gap Charts

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.* 5

Table T5: 1996 - 2012 Real Living-Wage Gaps for Twelve Economies, in Purchasing Power Parity (PPP) Terms, vis-à-vis the U.S. for All Employed in Manufacturing 6

Table T5: 1975 - 2012 Real Living-Wage Gaps for European Economies, in Purchasing Power Parity (PPP) Terms, vis-à-vis the U.S. for All Employed in Manufacturing 6

Table T5: 1996 - 2012 Real Living-Wage Gaps for Asia & Oceania economies, in Purchasing Power Parity (PPP) Terms, vis-à-vis the U.S. for All Employed in Manufacturing 6

Table T5: 1975 - 2012 Real Living-Wage Gaps for the four largest economies in the Americas (Canada, Brazil, Mexico and Argentina), in purchasing power parity terms (PPPs) vis-à-vis the U.S. for All Employed in Manufacturing 6

RESOURCE CENTRE

Labour formalization and declining inequality in Argentina and Brazil in 2000s: A dynamic approach *An assessment of the positive dynamics that have succeeded in reducing informality and inequality in Argentina and Brazil in the first decade of the century, in a new study published by the ILO (available in English only).* 7

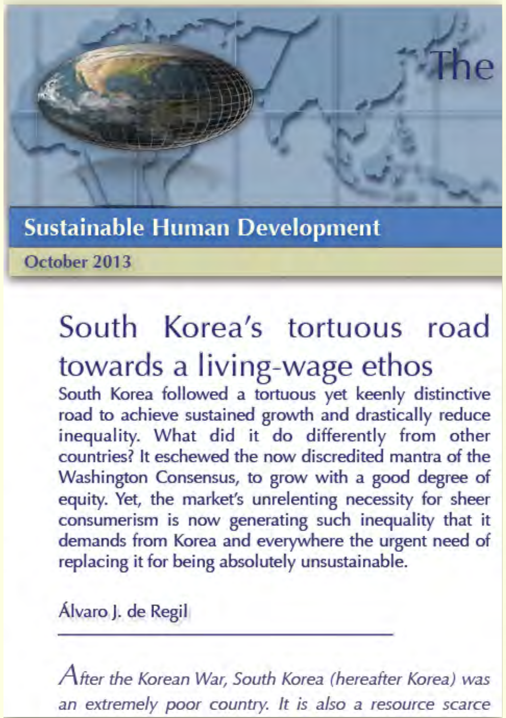
Decent Work and Youth in Iberian America. - Policies for action. *There are about 108 million young people in Iberian America, of whom about 56 million are part of the workforce. This ILO paper assesses what happened to these young men and women between 2005 and 2011, and concluded that while there were improvements, the results are not encouraging.* 7

2013 Top Ten Resource Downloads. The top Internal and External Resources Downloaded From Our Website in 2013..........................7

A Final Thought......................................8

SOUTH KOREA'S TORTUOUS ROAD TOWARDS A LIVING-WAGE ETHOS

South Korea followed a tortuous yet keenly distinctive road to achieve sustained growth and drastically reduce inequality. What did it do differently from other countries? It eschewed the now discredited mantra of the Washington Consensus, to grow with a good degree of equity. Yet, the market's unrelenting necessity for sheer consumerism is now generating such inequality that it demands from Korea and everywhere the urgent need of replacing it for being absolutely unsustainable.



South Korea's tortuous road towards a living-wage ethos

South Korea followed a tortuous yet keenly distinctive road to achieve sustained growth and drastically reduce inequality. What did it do differently from other countries? It eschewed the now discredited mantra of the Washington Consensus, to grow with a good degree of equity. Yet, the market's unrelenting necessity for sheer consumerism is now generating such inequality that it demands from Korea and everywhere the urgent need of replacing it for being absolutely unsustainable.

Álvaro J. de Regil

After the Korean War, South Korea (hereafter Korea) was an extremely poor country. It is also a resource scarce

After the Korean War, South Korea (hereafter Korea) was an extremely poor country. It is also a resource scarce nation given that most natural resources are in the North. Yet almost immediately after the war Korea immersed itself in a national effort to carve a developmental path of very fast and sustained economic growth and it succeeded. From a country with the vast majority of the population in a state of dire poverty, with a GDP per capita of $155 in 1960, and with a shortage of food and heavily dependent on aid, it is now one of very few economies that has managed to escape the never ending stage of a developing economy, in the context of a sheer marketocratic paradigm controlled by the international institutional investors. In this way, Korea increased its GDP per capita to $608 in 1975 and to $22,590 in 2012. Its Gini index is well within the range of those of developed countries at 31 and clearly better than the Gini index for the US at 38. The percent of population below the national poverty line was 16,5% in 2011 versus 15,1% in the US in 2010. Its production-line hourly direct pay wages have climbed from $0,61 in 1975 to $17,25 in 2007, in purchasing power parity terms(PPP). All of these are remarkable achievements.

Korea's path to development exposes two underlying premises. First, contrary to conventional wisdom in the current neoliberal ethos, economic policy in a capitalistic society –if it aspires to be minimally democratic and, thus, to provide a minimum degree of social justice– needs a high degree of a very visible and permanent hand from the State to keep in check the inherent excesses of capitalism that cyclically trigger imbalances and the ensuing crises. If there is no active State in the driver's seat of the economy, then no economic policy could exist. The very visible hand of the State is a sine qua non condition for the existence of economic policy. To be sure, the neoliberal mantra advocates precisely the opposite: the lack of economic policy so that everything is left to the capriciousness of the owners of the so-called free market and their speculative instincts.

The second premise is that even in the successful case of Korea, or of any capitalistic society, its paradigm is not sustainable whatsoever, for the simple reason that it is physically unsustainable in this planet. Capitalism demands the unrelenting increase of consumption, and infinite consumption of resources is not possible in a planet with finite resources. This is an axiomatic fact.

Notwithstanding the above, many elements have compounded in explaining Korea's economic and human success in transforming its country from a poor agrarian society to a leading economy in the current capitalistic ethos. Yet, one overriding factor, which is a sine qua non condition for the success of Korea or any country is the phenomenal growth of real wages. Indeed, the corresponding increase in Korea´s labour share of income, empowered Koreans to dramatically increase their quality of life. This concrete element is largely responsible for the transformation of Korea into a middle class society. This has produced a dynamic domestic market that, as a byproduct, has reduced meaningfully its almost complete dependency on exports. This is the most striking contrast with practically the rest of the world, which in lieu has bought the bogus neoliberal mantra of the trickle-down effect. In direct divergence with the supply-side vision of neoliberalism, Korea has sailed the very troubled waters of contemporary capitalism with a demand-side scheme, that even after the strong pressure to fully open its economy, it still managed to provide relatively living wages to most of its workers. This is truly an exception to the norm, given that capitalism in general and neoliberalism in particular are not designed whatsoever to allow social justice. The two concepts constitute a clear oxymoron, for capitalism is designed exclusively for the reproduction and accumulation of shareholder value at the expense of anything else. There are isolated recent cases, such as Brazil's "minimum wage recovery act," that are attempting to mitigate the worst effects of neoliberal globalisation by gradually increasing labour´s share of income. However, in stark contrast with Korea, this is too little and especially too late to transform its society without a paradigmatic change that replaces capitalism.

Quite possibly, in a non totally conscious and deliberate manner, Korea´s development path developed its market economy by balancing it with a significant degree of social policies that put in check the excesses of capitalism and, contrary to the general trend, have put people and planet over the market by increasing its workers' share of income, education and health. To this effect, the systematic struggle of Korean workers, both during the autocratic and the so-called democratic era, conspicuously stands out as the critical element that tortuously but successfully forced the political and business oligarchy to yield ground for the materialisation of an ethos where the labour's share of income consistently increased. In the manufacturing sector, in particular, real wages showed a sustained growth until the Asian crisis at the end of last century. This pivotal event, combined with Korea's protectionist economic policy and its social policy to provide access to the available productive assets to the vast majority of its population, produced Korea's growth with equity. Unlike most developing countries and, increasingly, many mature economies, Korea did not seek to concentrate wealth in the 1% at the expense of the 99%. In stark contrast, if we check the state of wages in Iberian America, we can clearly observe a constant trend of a loss of real wages, losing in the last three decades as much as two-thirds of their value, with Mexico possibly exhibiting the worst case, as a result of deliberate policies seeking the drastic depreciation of real wages on behalf of shareholder value.

However, things in Korea do not look as rosy now and, since 2000, there is increasing evidence of a growing gap between the so-called regular and non-regular workers. There is a labour polarisation that has deteriorated the labour conditions of workers in medium and small businesses and among self-employed workers, stagnating wages and increasing poverty rates. Competition from Darwinian capitalism players in the global market has certainly pushed Korea's large enterprises to adopt many of the same practices of outsourcing that directly increases job instability and that pushes many workers to join the ranks of Guy Standing´s "precariat", a rather evident global trend in both so-called developed and developing nations.

This paper is divided in three parts. The first examines the development path followed by Korea since the end of its war, with a relative emphasis on the travails of its labour force to achieve a dignified share of the income generated. The second part addresses the question of what Korea has done differently from other developing countries, particularly in

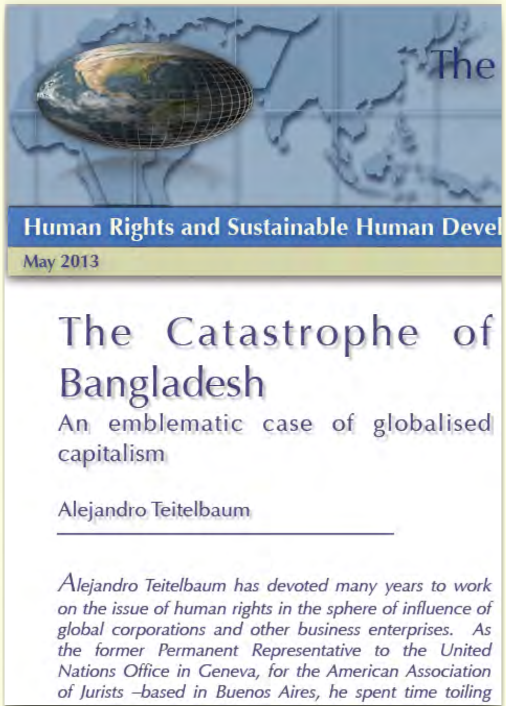
Iberian America and with special emphasis on Mexico, given the dramatic differences in economic policies and considering that Mexico was far ahead of Korea half a century ago. The final part assesses in particular the trend followed by the labour compensations in the manufacturing sector for production-line workers from 1975 to 2009 and for all Koreans employed in the manufacturing sector from 1996 to 2012, in the context of our The Living Wages North and South Initiative (TLWNSI). Given that in this context Korea has been able to drastically reduce its living-wage gap with the US, this paper also provides a projection of the time required for Korea to achieve full living-wage equalisation, if real wages are increased at the annual rates of 4% under concrete assumptions.

It goes without saying that TLWNSI is conceived in the context of the current and inherently unsustainable market-driven paradigm. It is an idea developed to expose the prevalent labour exploitation and to advocate a concrete methodology to address this issue in a practical way. It is a concept valid only as long as most governments in the world continue to act as market agents on behalf of the international institutional investors instead of as public servants in pursuit of the welfare of their peoples. Consequently, the future of Korea´s welfare as well as that of all countries, requires, whether we like it or not, a radical change of paradigm. In the new paradigm, classic indicators such as the GDP economic growth cease to have meaning and are replaced by indicators of human development with a stationary economy with a good quality of life but clearly lacking the sheer consumerism of today. It is the paradigm for the welfare of people and planet and NOT the market. It is a paradigm that will only be possible if we replace the current mockery of representative democracy, a euphemism for marketocracy, with an ethos of true democracy for the long-term sustainability of people and planet, and NOT the market.

Download the Assessment on South Korea's living-wage ethos here!

THE CATASTROPHE OF BANGLADESH – An emblematic case of globalised capitalism

In this brief Teitelbaum analyses the catastrophe that occurred in Bangladesh in a building where more than 3000 people worked and where almost a third died. The author makes it clear that this is not an isolated mishap but the most recent "accident" in an extremely perverse system that operates consciously knowing the high probability of recurrence. The author lays bare the enormous hypocrisy of transnationals, that often react only after these calamities, which are a byproduct of blatant and deliberate corporate irresponsibilities, are exposed in the international press, with the sole purpose of whitewashing their image. His assessment exposes how the whole system is corrupt and subdued by the power and greed of transnationals. Given that the only reason transnationals outsource their garment production to Bangladesh is to maximise their profit margins to in turn maximise shareholder value, the entire production cycle subjects subcontracted workshops to accept the lowest prices. This forces subcontractors to pay modern- slave-work wages, and prevents them from meeting the most rudimentary standards of industrial safety.


The

Human Rights and Sustainable Human Devel

May 2013

The Catastrophe of Bangladesh

An emblematic case of globalised capitalism

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

Then come the accidents, and companies sign agreements that avoid addressing the fundamental problem. Agreements that although they mitigate the effects of the context of blatant super-exploitation, they deliberately do not take responsibility for being the intellectual authors and material beneficiaries of said context. At best they offer derisory indemnities for the bereaved, which amount to little more than the amount of income of the current international poverty line. Incidentally, the vast majority of Bangladeshi textile workers not only earn half or less of what is considered the minimum wage necessary to sustain the reproduction of the labour force in that country, but they are paid daily wages below the international poverty line. From the context of TLWNSI's concept –of equal pay for equal work– a living wage, according to the cost of living in Bangladesh, is at a gargantuan distance from reality. Nonetheless, the payment of a living wage within thirty years in accordance to our concept is realistic if the Bangladesh State commits to this endeavour. What is greatly lacking, as in much of the world, is the political will to make it happen.

Download the full document on the Catastrophe of Bangladesh in the context of globalised capitalism in a pdf file here!

NEW 2012 REAL LIVING-WAGE GAP ANALYSIS UPDATE FOR ALL EMPLOYED IN MANUFACTURING IN 12 ECONOMIES AND THE U.S.

Our annual analysis 1996-2012, for 9 developed and 3 "emerging" economies, of wage gaps in PPP terms


The Jus Semper Global Alliance

Living Wages North and South

Wage Gap Charts

Wage rates for all employed in manufacturing

Wage gap charts for Group of Seven (G7) large economies and other selected economies, including "emerging" economies with available wage and PPP data (1996-2011)

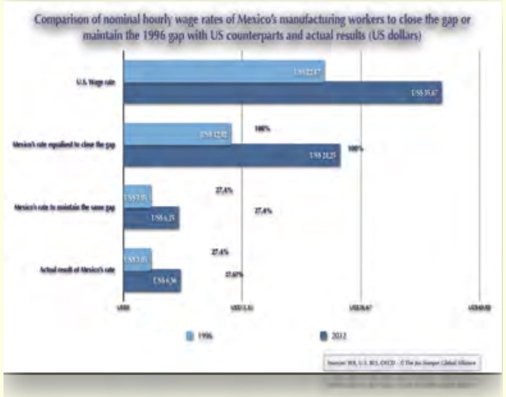
In 2012, Germany shows a competitive advantage of its wage rates over the rates of equivalent workers in the U.S. Germany's hourly wage rates have a purchasing power 19% stronger than the rates of their U.S. counterparts and is the only country in this assessment to have an advantage over the U.S. rate for all employed in the manufacturing sector. Based on Germany's PPP cost of living, workers in the manufacturing sector needed a rate of $38,33, to be at par (equalised) with the U.S. rate. Yet, its current nominal rate is 19% higher ($45,79) than what is required.

In contrast, all other economies recorded at least a small gap. France, Italy, Australia and Canada recorded gaps between 2% and 20%, whilst the U.K, Spain 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 68% and 74% respectively. To be sure, Mexico continues to have the worst position in this assessment and, baring the Philippines, also has the greatest living-wage gap 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 - 2012) 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 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. 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 interests 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.

Every year, public policy maintains real wages at their lowest level by blocking any increase above inflation, despite the fact that real wages for manufacturing workers have been pulverised consistently since 1980. This is possible because the consumer price index (CPI) for the basic goods consumed by working families is much higher than the CPI for the entire economy. This wage erosion trend is extremely consistent with the new data, which now reports on the wages of all employed in manufacturing since 1996. Mexico's 2012 equalisation index in particular (26) is equally one point above and below its lowest and highest indices recorded in seventeen years. Thus, it has been virtually unmoved, unlike the case for most countries, which have shown marked improvements in equalisation.

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: Salarios Mínimos 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.

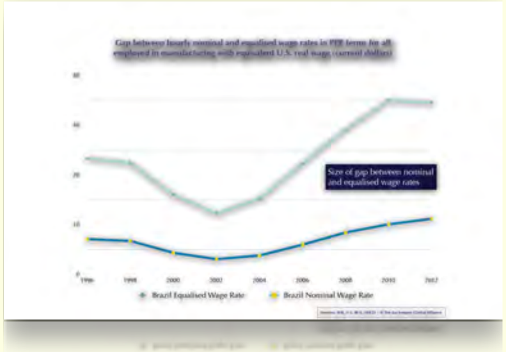
Download the pdf file with the analysis of Mexico's wage gap here.

BRAZIL'S (1996 - 2012) REAL LIVING-WAGE GAP ANALYSIS

Hourly wage ratings in the manufacturing sector for 2012 finally show the positive effects of Brazil's minimum wage appreciation policy that began to be implemented in 2010

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 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 the following section (page 18), 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.

The biggest obstacle to resuming the closure of the wage rate gap is the dramatic increase of the PPP cost of living. Brazil's drop in the Eq-Idx in the middle of the last decade was due to Brazil's turn of the century crisis. This caused both the PPP cost of living and the nominal wage rate to collapse 57% by 2002. Subsequently, with the economic recovery, the PPP cost of living (for private consumption) began to increase consistently, to far more than double its 2002 rate by 2011 (145%), greatly influenced by a consistent appreciation of the Real that reached a 75% revaluation in the same period. However, this trend stopped, with a 14% devaluation of the Real in 2012, which, reinforced by a slow down in the inflation rate, ensued a drop in the PPP living cost of 11% in 2012 (for further detail see table T5 in page 23). Inflation is not yet under control but is decreasing. The average inflation rate for the 2000-05 period was 8,41% vis-à-vis 5,01% for the 2006-12 period. For the 2011-12 period –with the minimum wage recovery policy already being implemented– the national consumer price Index (NCPI) increased 13,3%, for the two years, but nominal wages in local currency increased 23,3% in the manufacturing sector.



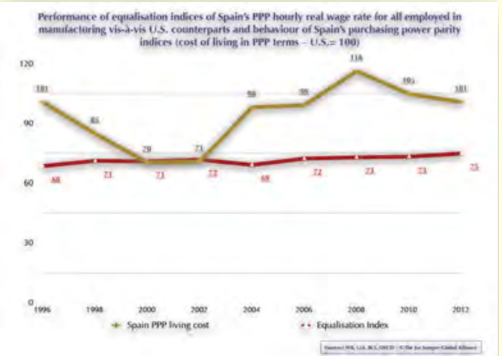
For Brazil to consistently reduce its living wage gap to equalise real wages with those of its U.S. counterparts for all employed in manufacturing, it must put inflation in check (below 5%) and continue to increase nominal wages above inflation rates. Concurrently, Brazil must recover its momentum and resume high economic growth rates of 4 to 5% annual GDP. Between 2002 and 2005 Brazil averaged a 3,05% GDP; for the 2006-10 period it averaged a 4,5% GDP growth, but for 2011 and 2012 it averaged a 1,95% growth, and the forecast for 2013 is of 2,2%.

Nonetheless, the probability of achieving living wages equalisation actually looks better than it appears. Brazil recorded a very powerful growth in local currency wages (23,3%), most likely ensued by its minimum wage recovery plan that began in 2010. Brazil's currency (real) devalued considerably (9,9%) since 2010, with also a drop in its PPP of 4%. This reversed its previous trend of consistent PPP growth fuelled by strong inflationary pressures. The combination of these factors enabled Brazil to record its best Eq-Idx since 1996 with a three-point gain since 2010.

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

SPAIN'S (1996 - 2012) REAL LIVING-WAGE GAP ANALYSIS

In 2012 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, despite the huge unemployment rate.



Despite the drastic government-induced depression of the Spanish economy –with the evident yet ulterior motive of imposing the further privatisation of its Welfare State– the result of Spain's planned process of convergence with the major economies of the EU continues to move in symmetry. By the same token, Spanish wage rates for all employed in manufacturing can generally be regarded as living wage rates, and are now close, in real terms –particularly vis-à-vis the UK– to those prevalent in some of the largest European economies. In this way, since 1996 –with the exception of 2004– Spain's equalisation index has consistently improved, increasing from a 68 to a 75 index using purchasing power parities for private consumption. Spain's 75 equalisation index is now its best recorded position since 1996.

In 2012, thirteen of twenty one European economies included in the assessment experienced a loss in living-wage equalisation vis-à-vis their 2010 position. Eight of the thirteen euro-area countries and five of the eight non-euro-area countries recorded a loss. Only Spain, Estonia, France, Germany and Sweden recorded gains in their Equalisation Index (Eq-Idx), while Italy, Norway and the UK did not change. Germany and Sweden recorded the greatest progress while Greece recorded the deepest drop in equalisation.

In Spain, real wages in local currency have sustained a consistent improvement since 1996. Inflation increased 52,5% for the 1996-2012 period, but nominal wage rates did so by 77%. Thus, real wage value improved in euros by 24,5%. As for their behaviour in U.S. dollars, while U.S. wage rates for all employed in manufacturing increased 58,7% between 1996 and 2012, Spanish wage rates grew 73,3% for the same period. As a result, equalisation improved from a 68 Eq-Idx in 1996 to a 75 Eq-Idx in 2012. In fact, when looking at wage rates for production-line workers in previous reports, which go as far back as 1975, the Eq-Idx for Spain climbed from a 52 to an 89 Eq-Idx between 1975 and 2009. Thus, Spanish wages in the manufacturing sector have consistently improved for the last 35 years and have nearly converged with the equalisation levels of the largest western European economies. This was not the case of other sectors, where hourly labor costs dropped 3,1% in 2012 (INE: Índice de Coste Laboral Armonizado (ICLA). Base 2008, 11 de marzo de 2013). However, this trend has been reversed in 2013 when hourly labour costs grew 2,8% (INE: Índice de Coste Laboral Armonizado (ICLA) Base 2008, 11 de marzo de 2014). We must point out, nonetheless, that while hourly wage rates improved in 2013, unemployment continues to remain at an extremely high rate of more than 26%, which directly ensues from the harsh policies imposed.

The results for 2013 could not be more illustrative of the marketocratic assault on the Spanish citizenry. Unemployment has already climbed from 4,7 million people without work, which amounted to a 22,9% rate, and 49% unemployment among those 16-24 years of age, at the end of 2011, to almost 6 million people unemployed, accounting for 26,03% of the economically active population (from 26,1% in 2012), and 55,1% of the 16-24 age bracket, both in 2012 and 2013 (INE: Encuesta de Población Activa (EPA) Cuarto trimestre de 2013, 23 de enero de 2014). Lastly, the GDP dropped 1,8% in 2012 and is estimated to have dropped by 1,2% in 2013 and to barely grow by 0,7% in 2014.

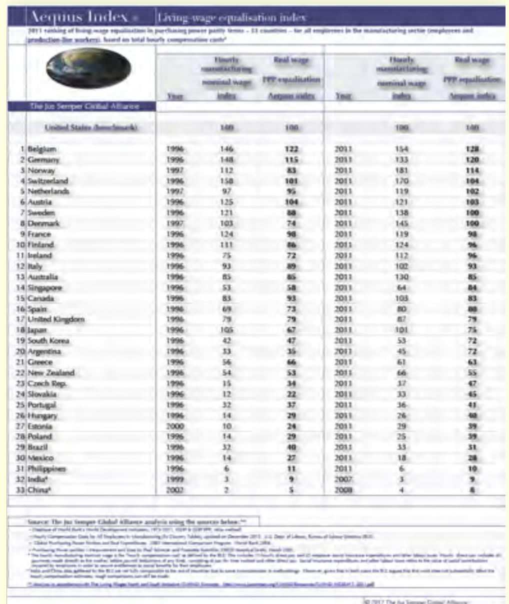
In summary, the capitalist systemic crisis has served to ensue a new assault on labour rights and the Welfare State in Spain and across the entire European Union, converting it into a factory that is a net producer of legions of people that are making up the new class of capitalism, the *precariat*.

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. The "Aequus Index", Latin for "equal" or "balanced" 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.



Aequus Index – Living-wage equalisation index

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:**

© 2012 The Jus Semper Global Alliance

The index for all employees dates back, depending on the country, to 1996 and, except for India and China, compares the benchmark year with 2012 and will continue to be updated every year. India and China's wage data is currently available for the periods 1999-2010 and 2002-2009 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 1996-2012 Aequss Index for All Employed in manufacturing here!

TABLE T5*: 1996 – 2012 REAL LIVING-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)

Beginning with the 2012 living-wage gap assessments, the purchasing power parities (PPPs) that all our assessments use refer to private consumption (i.e., household final consumption expenditure), as opposed to the PPPs for Gross Domestic Product previously applied. Thus PPPs for private consumption have been therefore revised for all years beginning with 1996.

			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, ten out of the twelve countries in this assessment are better off in 2012 than in 1996, with East Asian economies recording the greatest gains in their wage-rate position. In contrast, Canada is at nearly its lowest point, whilst the UK has the same gap as in 1996. Ten of the twelve economies recorded a gain in their Equalisation Index (Eq-Idx), with six of the twelve economies recording their best position in 2012 for the seventeen-year period.

Download the pdf file of Table 5 here.

TABLE T5-EUROPE: 1996 – 2012 REAL LIVING-WAGE GAPS FOR EUROPEAN ECONOMIES, IN PURCHASING POWER PARITY (PPP) TERMS, FOR ALL EMPLOYED IN MANUFACTURING

In 2012, thirteen of the twenty one economies included in the assessment experienced a loss in living-wage equalisation vis-à-vis their 2010 position. Eight of the thirteen euro-area countries and five of the eight non-euro-area countries recorded a loss. Only Estonia, France, Germany, Spain and Sweden recorded gains in their Equalisation Index (Eq-Idx), while Italy, Norway and the UK did not change. Germany and Sweden recorded the greatest progress while Greece recorded the deepest drop in equalisation.

			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

Of the five economies that improved their Eq-Idx since 2010, four are euro-area countries. France, Germany and Spain recorded gains due to decreases in their PPP cost of living, averaging 4,1%, and increases of hourly wages in euros, averaging 5,4%, twice the rate increase of US hourly wages of 2,47%. Estonia recorded a slight increase in its PPP cost of living, but this was more than offset by a 13,2% increase of its hourly wage rate in euros. Sweden –the other economy with a positive change– experienced a strong increase in its PPP cost of living of more than 8%, with a small increase of its hourly wage rate in local currency.

Download the pdf file of Table 5-Europe here.

TABLE T5-ASIA AND OCEANIA: 1996 – 2012 REAL LIVING-WAGE GAPS FOR ASIA AND OCEANIA, IN PURCHASING POWER PARITY (PPP) TERMS, FOR ALL EMPLOYED IN MANUFACTURING

In comparing 2012 with 2010, all economies, barring the Philippines, recorded healthy gains in their living-wage Equalisation Index (Eq-Idx). South Korea, Australia and Singapore recorded some of the highest gains in their Eq-Idx position not just in the Asia and Oceania region but amongst the 31 countries in the three regions covered in our assessments.

East Asian countries, particularly Singapore and South Korea, experienced very strong gains in Eq-Idx between 1996 and 2012. Both economies also experienced very powerful growth between 2010 and 2012. Japan increased its Eq-Idx, but mostly due to very strong currency appreciation. South Korea and Japan registered record Eq-Indices in 2012, with Singapore only one point below its highest index recorded in 2008.

			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

Australia recorded strong progress in its Eq-Idx since 2010. New Zealand also recorded a significant gain in living-wage equalisation since 2010, recording its best position since 1996. The Philippines' track record since 1996 exposes a deliberate state policy of maintaining real wages at the level of modern-slave-work wages, with the same 9 Eq-Idx since 2004, which exposes, by far, the widest living-wage gap of the thirty one countries included in the three regions of our assessments.

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

TABLE T5: FOUR LARGEST ECONOMIES IN THE AMERICAS (CANADA, BRAZIL, MEXICO AND ARGENTINA): REAL LIVING-WAGE GAPS 1996-2012, 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
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)	$	1,17
	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		

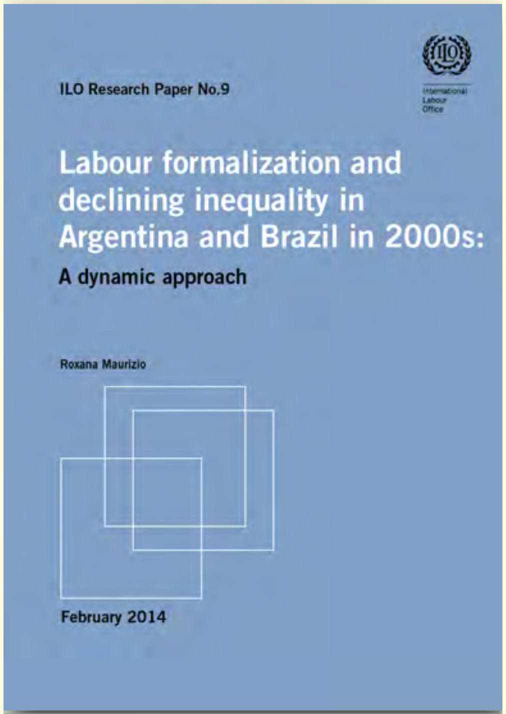
In the Americas, Argentina clearly stands out from the rest of countries included in this assessment for its powerful growth in real wages since 2010 and the almost uninterrupted gains in its index (Eq-Idx) since 2002. Brazil also made good progress in its Eq-Idx since 2010, whilst Canada barely improved, and Mexico confirmed, once again, the imposition of a State wage policy designed to block any gain in real wages and in living-wage equalisation for the last three decades.

Download the pdf file of Table 5 here.

RESOURCE CENTRE

LABOUR FORMALIZATION AND DECLINING INEQUALITY IN ARGENTINA AND BRAZIL IN 2000s: A DYNAMIC APPROACH

An assessment of the positive dynamics that have succeeded in reducing informality and inequality in Argentina and Brazil in the first decade of the century, in a new study published by the ILO (available in English only)



Inequality and labour informality are still distinctive characteristics of Latin America. However, most of the countries have succeeded in reversing the upward trends in both informality and inequality in the 1990s. These positive dynamics have been noteworthy in Argentina and Brazil. This paper analyses the processes of labour formalisation in these countries and its interrelation with the evolution of income inequality over the 2000s. It contributes to two current debates. The first one refers to the role of labour market flexibilisation in employment formalisation. The second one is related to the reduction of income inequality. Most of the literature places emphasis on the evolution of the returns to education. This paper complements this approach by analysing the contribution of formalisation to the reduction of inequality in these countries.

Click here to download the full pdf file.

DECENT WORK AND YOUTH IN IBERIAN AMERICA

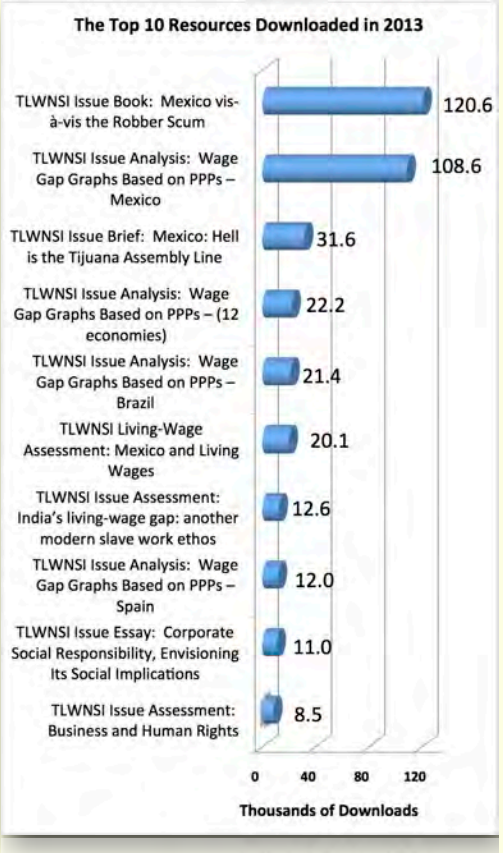
Policies for action. There are about 108 million young people in Iberian America, of whom about 56 million are part of the workforce. This ILO paper assesses what happened to these young men and women between 2005 and 2011, and concluded that while there were improvements, the results are not encouraging.

In a context in which the vast majority of the countries of Iberian America and the Caribbean has achieved good economic performance, gradually overcoming the ravages of the recent international financial crisis, 108 million young people aged 15 to 24 years in 2013 appear to have highly favourable conditions for their development in different areas of their lives. More educated than previous generations, with better use of new technologies and greater adaptability compared to adults, they would have greater opportunities to access better working conditions and upwardly mobile career paths. However, according to the ILO Decent Work and Youth 2013, there are a number of obstacles preventing the full use of these advantages. Despite the achievements in some labour market indicators, the precariousness of the employment of young people remains a persistent feature in the region.

Download the full report here (available only in Spanish).

2013 TOP-TEN RESOURCE DOWNLOADS

Following is the chart with the top ten internal and external information resources downloaded from our website in 2013. 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 Book: ***Mexico vis-à-vis the Robber Scum*** *(Available in Spanish only)*
TLWNSI Issue Analysis: ***Wage Gap Graphs Based on PPPs – Mexico***
TLWNSI Issue Brief: ***Mexico: Hell is the Tijuana Assembly Line***
TLWNSI Issue Analysis: ***Wage Gap Graphs Based on PPPs – Twelve economies***
TLWNSI Issue Analysis: ***Wage Gap Graphs Based on PPPs – Brazil***
TLWNSI Living Wage Assessment: ***Mexico and Living Wages***

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

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

TLWNSI Issue Essay: ***Corporate Social Responsibility, Envisioning Its Social Implications***

TLWNSI Issue Assessment: ***Business and Human Rights***

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**

If you are not a member of our eCommunity yet, please click **here** to sign up for TJSGA's eCommunity to receive our newsletter.

If you do not wish to continue receiving our newsletter, just e-mail us, writing in the subject line "unsubscribe" **nosuscrip@jussemper.org**