



TLWNSI NEWSLETTER

The Living Wages North and South Initiative (TLWNSI)

Long-term Sustainable Development Through Gradual Wage Equalisation

HIGHLIGHTS

TLWNSI Newsletter – Spring 2015

LIVING WAGES IN THE PARADIGM TRANSITION–The imperative challenge of transcending the market. Establishing a sustainable living wage ethos is contingent on transcending the market with all its social, democratic and ecological implications. **Page 2**

Living Wages in the Paradigm Transition – The Imperative Challenge of Transcending the Market
Álvaro J. de Regil

GEORGE KELL'S BLACK SENSE OF HUMOUR –The lethal action of transnational economic power tries to disguise itself under the shroud of the global compact. **Page 3**

George Kell's black sense of humour
Alejandro Teitelbaum

New 2013 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 1996-2013, for nine developed and three “emerging” economies, of wage gaps in PPP terms. **Page 3**

Wage Gap Charts
Wage gap charts for Group of Seven (G7) large economies and other selected economies, including 'emerging' economies, with available wage and PPP data (1996-2013).

Argentina's (1996-2013) real Living-Wage Gap Analysis for all employed in manufacturing. Despite high inflation and currency devaluations since 2010, real wages grew powerfully in US dollars. This allowed manufacturing wages to gain five points in their Equalised Index (Eq-Idx) since 2010, the highest recorded in the eighteen-year period. **Page 3**

Argentina's Wage Gap Charts
Wage gap charts for Argentina vis-à-vis selected developed and 'emerging' economies, with available wage and PPP data (1996-2013).

Mexico's (1996-2013) real Living-Wage Gap Analysis for all employed in manufacturing. Nothing has changed, unless it changed for the worse. 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. **Page 4**

Mexico's Wage Gap Charts
Wage gap charts for Mexico vis-à-vis selected developed and 'emerging' economies, with available wage and PPP data (1996-2013).

Brazil's (1996 - 2013) real living-wage gap analysis. Hourly wage rates in the manufacturing sector for 2013 barely improved from the previous year in their equalisation index with equivalent U.S. wages due to a steep devaluation of its currency, despite the continuous increase of real wages since 2010. **Page 5**

Brazil's Wage Gap Charts
Wage gap charts for Brazil vis-à-vis selected developed and 'emerging' economies, with available wage and PPP data (1996-2013).

Spain's (1996 - 2013) real living-wage gap analysis. To put Spain's living wage rate position in a European perspective, only eight economies recorded gains in 2013 vis-à-vis 2012, while Spain and nine others recorded no change.5

Aequus Indices. Living Wage Equalisation in manufacturing. Our indicator exposes the size of the gap or surplus of real wages over equivalent US wages for up to 32 countries.....5

Table T5: 1996 - 2013 Real Living-Wage Gaps for Twelve Economies, in Purchasing Power Parity (PPP) Terms, vis-à-vis the U.S. for All Employed in Manufacturing6

Table T5: 1975 - 2013 Real Living-Wage Gaps for European Economies, in Purchasing Power Parity (PPP) Terms, vis-à-vis the U.S. for All Employed in Manufacturing6

Table T5: 1996 - 2013 Real Living-Wage Gaps for Asia & Oceania economies, in Purchasing Power Parity (PPP) Terms, vis-à-vis the U.S. for All Employed in Manufacturing6

Table T5: 1975 - 2013 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 Manufacturing6

number of countries wages remained below their 2007 level. These trends are a matter of concern.7

Remedy Remains Rare. An analysis of 15 years of National Contact Point cases and their contribution to responsible business conduct. An OECD Watch Report.7

2014 Top Ten Resource Downloads. The top Internal and External Resources Downloaded From Our Website in 2014.....8

A Final Thought.....8

RESOURCE CENTRE

ILO's Global Wage Report 2014/2015: A dynamic approach In emerging economies, wage growth slowed in 2013 compared to 2012. In developed economies, wages generally remained stagnant in 2012 and 2013, and in a

LIVING WAGES IN THE PARADIGM TRANSITION – The imperative challenge of transcending the market

The living wage is a human right even though most governments do not recognise it as such. Most workers in the world still earn less than a living wage for their labour. Living on an unliveable wage is a global challenge of immense proportions, affecting the wellbeing of billions worldwide and dragging on the prospects for achieving just and sustainable societies. Although we must work to transform the system and transcend the market, through a systemic transition, the right to a living wage must be recognised in its own right irrespective of the prevailing system. Transcending the dominant marketocratic paradigm is essential not only because of its incompatibility with basic human rights but because the market cannot sustain limitless growth without violating ecological limits. Achieving this requires building a new truly democratic ethos, rooted in harmonious coexistence for people and the planet.



Living Wages in the Paradigm Transition – The Imperative Challenge of Transcending the Market

Álvaro J. de Regil

The living wage is a human right even though most governments do not recognise it as such. Most workers in the world still earn less than a living wage for their labour. Living on an unliveable wage is a global challenge of immense proportions, affecting the wellbeing of billions worldwide and dragging on the prospects for achieving just and sustainable societies. Although we must work to transform the system and transcend the market, through a systemic transition, the right to a living wage must be recognised in its own right irrespective of the prevailing system. Transcending the dominant marketocratic paradigm is essential not only because of its incompatibility with basic human rights but because the market cannot sustain limitless growth without violating ecological limits. Achieving this requires building a new truly democratic ethos, rooted in harmonious coexistence for people and the planet.



The premise of this paper is that the living wage is a prerequisite to a life with dignity and security. A remuneration for labour must be enough to fulfil basic household needs for food, housing, clothing, healthcare, education, transportation, and leisure. Both the living wage and environmental preservation are essential components of a just and sustainable future. The current market-driven system, where poverty, inequality, and environmental degradation are deemed acceptable and inevitable, cannot be compatible with the equity and inter-generation tenets that lie at the heart of sustainable development.

The living wage is an essential element of true democratic practice *to uphold the rights and responsibilities inherent to the social contract.*

The primordial responsibility of a truly democratic government is to procure and protect the economic and social welfare of all members of society. Citizens consent to delegate certain powers to government in return for the government's provision for basic needs, public goods and the respect and protection of all citizen rights. Conversely, citizens have the responsibility and vested interest to actively participate in the democratic process and engage in the public matter to protect and enhance the general welfare of the community. Yet if workers are not remunerated with the income necessary to fulfil all the basic needs of their families, they are excluded from participating as citizens in the democratic life of their countries. Because, every day they must struggle to scrape a living they are automatically disenfranchised from the sphere of citizenship, the agora. Thus, truly democratic governments, more than anything, have the fundamental responsibility to guarantee an ethos that provides wage remunerations worthy of human dignity. Without such agreement, democratic institutions cannot flourish, and trust and accountability, the underpinnings of the social contract, will not exist. Today, though a majority of countries enjoy at least nominally democratic governments, significant segments of workers in the Centre (the major economies of global capitalism) and the vast majority of workers in the Periphery (the so-called emerging markets and the rest of the developing world) still do not receive a living wage. Despite the historical recognition of the living wage as a human right in international law, it has yet to be realised in practice.

The Universal Declaration of Human Rights (UDHR) and the International Covenant on Economic, Social and Cultural Rights is clear on this matter: Article 23 of the UDHR, paragraph (2) "Everyone, without any discrimination, has the right to equal pay for equal work"; and paragraph (3) "Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity". Societies cannot be sustainable in a global system unless individuals are empowered to live a dignified life through the use of their abilities. Likewise, the Decent Work Agenda of the International Labour Organisation (ILO) identifies decent work as essential to eliminating poverty: "In a relatively short period of time, [decent work] has led to an international consensus that productive employment and decent work are key elements to achieving poverty reduction".

The achievement of a universal living wage is contingent on our capacity to transcend the contemporary market-centred paradigm by replacing it with a model that embodies the principles of social justice, true democracy, and ecological sustainability. Transcending the market in turn is contingent on building the new paradigm for the sustainability of people – in the context of social justice– and the planet – in the context of the balanced preservation of the environment. To transition to the new

paradigm we must first build a new societal architecture of true democracy. In this way, establishing the living wage ethos as the future universal standard is anchored on two paramount premises: (1) building a new truly democratic ethos, and (2) building the new paradigm of people and planet, in which the living wage would be a core standard of its sustainability. Transcending the market provides the radical paradigmatic shift to build our new edifice of true democracy through a systemic transition, such as the vision depicted in the Great Transition Initiative. This edifice entails a completely new conception of life and of our role as individual members of the new society. The living wage—as a core element of the new paradigm—would become the standard of all labour compensations, with a legally-binding stature recognised in national and international laws.

In short, gradual wage equalisation is an ecological imperative as well as a moral responsibility. However, establishing a sustainable living wage ethos is contingent on transcending the market with all the social, democratic and ecological implications previously addressed. To be sure, there would not be one living wage level of remuneration for all workers. Human nature will always produce different levels of compensation for varying degrees of intellectual capacity and physical dexterity. However, the dramatic differences in pay between the top and the lowest echelons of workers, often exceeding ratios of 200 to 1, would give way to greater wage equity and wealth sharing. Living wages will never equate to equal wages. But the chasm between highest and lowest would be dramatically reduced, such that all wages are at least sustainable living wages, a far cry from current conditions. In this way, the lowest wage, will always guarantee a sustainable standard of living worthy of human dignity, making the minimum wage always a sustainable living wage—with the basic income complementing it by guaranteeing to all individuals their basic needs. Anything less portends a future of increasing strife between the haves and have-nots, expressions of which are emerging worldwide with increasing, and ominous, frequency. If we succeed, we would be tackling two cornerstones of true sustainability: drastic reductions of poverty and of our environmental footprint. If we fail, workers will continue to have the right to demand a living wage under the same unsustainable structures of energy use and production of waste, even if we provoke our own demise. Evidently, we must continue to transcend the market by building the new paradigm in which the living wage would become the universally recognised standard.

Download the full document on the Living Wages in the Paradigm Transition here!

GEORGE KELL'S BLACK SENSE OF HUMOUR



Corporate Social Responsibility

September 2014

George Kell's black sense of h

Alejandro Teitelbaum

On the 28th of last August, Interpress Service (IPS) published in their Director of the United Nations Global Compact, entitled "Building a Sustainable Society", where he began writing: "Can we envision a day when a critica Where business is delivering value for the long-term – not just financially, b a decade ago, it was hard to imagine, but we can now say with confidence

The article continued with a real ode to big business, which, according to tl

Anyone who reads the newspapers or watches TV can learn about displacement, ecological disasters, extreme deficiencies endured by a gooc between a tiny minority of the wealthiest and the huge crowd of the poor desire for profit of big business, with the complicity of the world's political l

Bluntly, no, we cannot imagine what Mr. Kell imagines, for we lack his im storyteller. Would Mr. Kell's nose grow, like Pinocchio, every time he sp humour satire in the style of Jonathan Swift in his "A Modest Proposal."

Recently, George Kell, Executive Director of the United Nations Global Compact, entitled asserted in the article "Building a Sustainable Future – The Compact Between Business and Society": "Can we envision a day when a critical mass of companies is investing in a better world? Where business is delivering value for the long-term – not just financially, but also socially, environmentally and ethically? Over a decade ago, it was hard to imagine, but we can now say with confidence that a global movement is underway".

Alejandro Teitelbaum, one of the most savvy analyst, and with the longest experienced on the topic of the social responsibility of business answered back: "The lethal action of transnational economic power in all spheres tries to vainly disguise itself –amongst many other ideological, cultural and propaganda media– under the shroud (increasingly ragged) of the Global Compact, whose Executive Director is a candidate for the Pinocchio Award of sustainable development, which is given to those who stand out the most in the recovery of the idea of sustainable development for radically different purposes."

[Download the full document on George Kell's black sense of humour](#)

NEW 2013 REAL LIVING-WAGE GAP ANALYSIS UPDATE FOR ALL EMPLOYED IN MANUFACTURING IN 12 ECONOMIES AND THE U.S.

Our annual analysis 1996-2013, for 9 developed and 3 "emerging" economies, of wage gaps in PPP terms



From an equalisation perspective, Among East Asian countries, South Korea experienced very strong gains in Eq-Idx between 1996 and 2013. It has achieved remarkable progress in the equalisation of its living-wage gap with equivalent U.S. wages, improving its Eq-Idx from 48 in 1996 to 72 in 2013, ahead of every country in the region and recording its best Eq-Idx ever. Japan has improved more gradually; it recorded no change from 2012 and it is lagging behind South Korea since 2012. Singapore is also far better off than in 1996, yet, while gaining five points between 2010 and 2012, a slight drop of nominal wages in localcurrency in 2013 caused a steep loss of three points in its Eq-Idx.

Overall, nine out of the twelve countries in this assessment are better off in 2013 than in 1996, with East Asian economies and Australia recording the greatest gains in their wagherate position. South Korea is the only country that has consistently narrowed its living-wage gap with equivalent U.S. wages in the region and amongst the 31 countries included in our assessments since 1996. In contrast, Canada is in 2013 at nearly its lowest point, whilst the UK is at its lowest point since 1996. Germany continues to recover but it is still fardistant from its best position and from its 1996 Equalisation Index (Eq-Idx). Six of the twelve economies recorded a gain in their Eq-Idx, with seven of the twelve economies recording their best position in 2013 for the eighteen-year period.

South Korea experienced very strong reductions of its wage rate gap between 1996 and 2013. South Korea recorded in 2013 its lowest wage rate gap of 28%, the strongest improvement among all other economies, down from the 52% wage rate gap recorded in 1996. Japan is also at its lowest wage rate gap, but with no

change between 2012 and 2013. Singapore recorded its lowest wage rate gap (28%) in 2008 but its gap has increased since then and it is now at 32%.

The UK has been steadily losing ground since its best position in '06 (14%) and by 2013 its wage gap had more than doubled at 30%. This is the widest wage gap recorded by the UK for the entire eighteen-year period. Canada's wage rate gap has stagnated since 2008 with barely any change, and it is now back at the same level as in 2002 and far distant from its smallest wage rate gap of 10% of 1996. Australia has managed to continue reducing its wage rate gap since 2010, recording its smallest gap ever, at only 12%.

Among the euro-area countries, despite a growth of the PPP cost of living in all four countries, Germany and Italy still managed to reduce their wage rate gaps in 2013 from 2012, whilst France and Spain recorded no change for the same period.

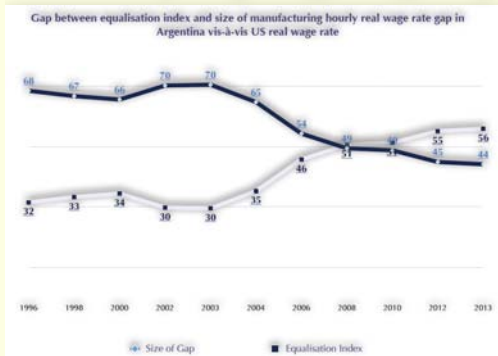
Brazil' wage rate gap did not change in 2013, despite its minimum-wage appreciation policy, due to a strong devaluation of its currency, but it still managed to retain its lowest wage gap since 1996 of 65%. Mexico remains with virtually no change since 1996, with the widest wage gap (74%) of the twelve economies in this assessment.

[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.](#)

NEW ASSESSMENT OF ARGENTINA'S WAGE RATE GAP 1996-2013

Despite high inflation and currency devaluations since 2010, real wages grew powerfully in US dollars. This allowed manufacturing wages to gain five points in their Equalised Index (Eq-Idx) since 2010, to reach a 56 index in 2013, the highest recorded in the eighteen-year period.

After Argentina's economic collapse at the start of the century, economic policy made an essential point of its recovery to recover real wages across all sectors; the opposite of what practically all governments do after an economic crash with high inflation and a deep devaluation. Nominal wages increased on average annually 26,3% in local currency, 18,8% in dollar terms, with PPP real wages in dollars averaging an annual rate of 9,4% for the 2003-2013 period. As a result, real wages in the manufacturing sector have not only recovered but have nearly doubled their equalisation position at the lowest point in 2002-2003 with equivalent US wages.



Argentina’s nominal wages increased by 119,1% in local currency, 56,4% in US dollars and 13,9% in real PPP terms since 2010. Argentina’s peso depreciated 28,7% since 2010 whilst the PPP indicator increased 37,4%, from \$0,72 to \$0,98, or about 98% the cost of living in the US (see table T5 in page 26). The calculation of the PPP incorporates the “Billion Prices Project” from MIT, which is now the leading estimate of true inflation in Argentina – to be at 24,02% in 2011, 25,98% in 2012 and 23,3% in 2013. We use this estimate given that INDEC, the official Argentinian statistics bureau responsible for this metric, has consistently underreported by more than 50% Argentina’s real inflation. Nonetheless, Argentina’s rather powerful growth of its manufacturing nominal wages in local currency, since 2010, clearly outpaced the strong growth of the PPP fuelled by inflation (119,1% versus 96,6%). Thus, despite high inflation and a currency devaluation since 2010, PPP real wages grew powerfully in US dollars 13,9%.

The challenge in order to sustain its current wage appreciation policy is to cope with all the pressures of a variety of actors both domestic and foreign. The future of Argentina’s wages and its labour’s share of income depend on the resolve of the government to reject the predatory interests of the robber-baron bondholders, as well as on controlling inflation, which has stubbornly continued at high levels, forcing it to devalue its currency drastically by 50% since 2012, and on resuming a healthy economic growth of no less than 2,5%.

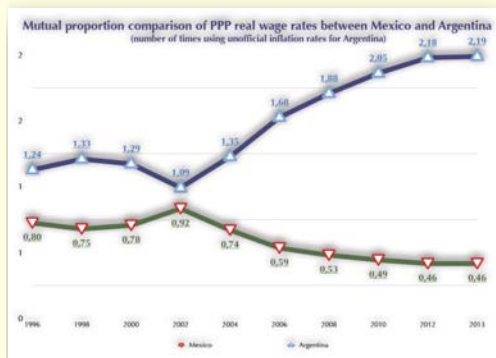
Parting from the assumption that Argentina’s government will continue to regard the appreciation of real wages as a fundamental element of its economic policy, the two projections included in this analysis clearly show that Argentina can achieve a living-wage equalisation in the manufacturing sector within twelve years or less if it is able to control inflation and generate a minimally meaningful economic growth, as outlined in the criteria applied in both projections. To be sure, the probability of reducing inflation to at least a 15% average and of averaging an annual GDP of 2,5% or more depends to a great extent on successfully neutralising the pressure of the vulture funds in particular and international

financial markets in general, finding alternative lending sources, such as the BRICS, expanding their export markets and diversifying their import sources, prominently with China and Russia. If inflation is not reduced to less than half of its present level (+30%), real wage appreciation will not remain sustainable. In fact, as we can observe in both projections, using the latest available inflation data, it is quite likely that real wages will lose some ground in 2014 and begin to recover in 2015, unless nominal wages grow above 30%, a pace impossible to sustain without fuelling even more inflation.

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

MEXICO’S (1996 - 2013) REAL LIVING-WAGE GAP ASSESSMENT

Nothing has changed, unless it changed for the worse. 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



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.

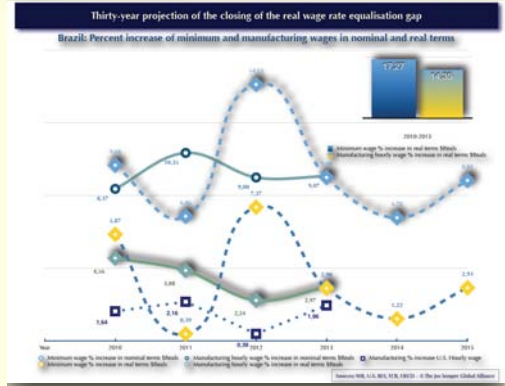
The future of wage rates for all employed in the manufacturing sector in Mexico is absolutely ominous unless society removes from power those who have imposed the Mafia State and impose a citizen’s government of real democracy. Every year the government’s economic policies contain or further erode real 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 like to portray, the deep impoverishment of Mexicans is an incontrovertible fact. 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 - 2013) REAL LIVING-WAGE GAP ANALYSIS

Hourly wage rates in the manufacturing sector for 2013 barely improved from the previous year in their equalisation index with equivalent U.S. wages due to a steep devaluation of its currency, despite the continuous increase of real wages since 2010



The biggest obstacle to sustaining the closure of the wage rate gap is the dramatic increase of the PPP cost of living. Indeed, in 1996 the PPP cost of living for private consumption was \$0,94 dollars or 94% the U.S. cost of living. Then, at the deepest point of Brazil's recession, the PPP had dropped to \$0,41 in 2002. However, Brazil's recovery has made it extremely expensive again, to the point that by 2011 Brazil had become as expensive as the U.S., with a PPP cost of living of \$0,99 or 99% the U.S. cost of living, to then drop to \$0,83 in 2013. The higher the PPP, the higher the equalisation wage rate required. If the PPP is 99% of 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 99% of the U.S. wage rate. If inflation is higher than in the U.S., the PPP will grow and viceversa. Exchange rates have a direct bearing on the PPP but not on equalisation. As previously explained, the PPP is the rate of currency conversion that equalises the purchasing power of different currencies. Thus, it acts as the estimated effective exchange rate used to reflect the real cost of living in a given country. The factor more directly affecting the PPP is the NCPI (inflation rate).

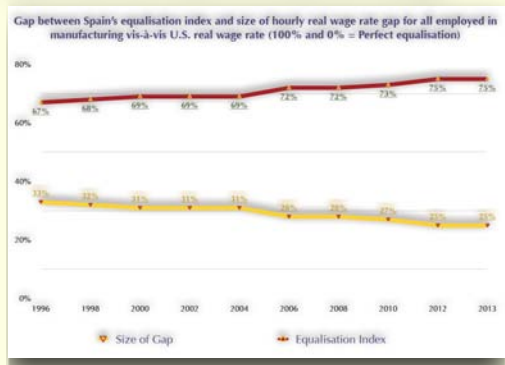
For Brazil to consistently reduce its living wage gap to equalise real wages with those of its U.S. counterparts for all employed in manufacturing, it must put inflation in check (below 5%) and continue to increase nominal wages above inflation rates. Concurrently, Brazil must recover its momentum and resume high economic growth rates of at least 4 to 5% of the 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 between 2011 and 2013 it averaged a 2,14% growth and the estimate for 2014 is a drop of 0,3%. It will be increasingly difficult to continue improving

its equalisation index with equivalent U.S. wages unless it resumes economic growth and keeps inflation in check.

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

SPAIN'S (1996 - 2013) REAL LIVING-WAGE GAP ANALYSIS

To put Spain's living wage rate position in a European perspective, only eight economies recorded gains in 2013 vis-à-vis 2012, while Spain and nine others recorded no change.



As in previous reports, 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 continued in 2013. Yet, although the Equalisation Index (Eq-Idx) of Spain's manufacturing sector wage rates did not change from the previous year, it is converging because the UK's Eq-Idx is lower than Spain since 2010, and continues to lag further behind (75 vs. 70). France's Eq-Idx did not change as well and Germany's and Italy's Eq-Idx barely improved.

The fact that Spain's Eq-Idx did not change, from 2012, is a direct reflection of the EU's deliberate policy of depressing the wage's share of income for the benefit of employers, their shareholders and financial investors across the EU area. Indeed, wage rates for those who are employed in Europe are stagnating. In 2013, sixteen of the twenty-one economies included in the assessment experienced gains in living-wage equalisation (Eq-Idx) vis-à-vis their 2010 position. The Netherlands recorded no change whilst Ireland, the UK and Greece increased their gap. However, when observing their changes from 2012, only eight economies recorded gains in their Eq-Idx in 2013, while Spain and nine others recorded no change and, once again, Ireland, the UK and Greece recorded a widening of their living-wage gap with equivalent U.S. wages. 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					
2011 ranking of living wage equalisation in purchasing power parity terms - 32 countries - for all employees in the manufacturing sector (employees and production line workers) based on total hourly consumption cost*					
Country	Year	Living wage equalisation index		Real wage equalisation index	
		Size of Gap	Equalisation Index	Size of Gap	Equalisation Index
The G20 Group					
1. Belgium	1996	146	122	2011	154
2. Germany	1996	148	115	2011	133
3. Norway	1997	152	83	2011	181
4. Switzerland	1996	158	101	2011	170
5. Netherlands	1997	97	95	2011	119
6. Austria	1996	125	104	2011	121
7. Sweden	1996	121	88	2011	138
8. Denmark	1997	103	74	2011	145
9. France	1996	124	98	2011	119
10. Finland	1996	111	86	2011	124
11. Ireland	1996	75	72	2011	112
12. Italy	1996	93	89	2011	102
13. Australia	1996	85	85	2011	130
14. Singapore	1996	53	58	2011	64
15. Canada	1996	83	93	2011	103
16. Spain	1996	69	73	2011	80
17. United Kingdom	1996	79	79	2011	87
18. Japan	1996	105	47	2011	101
19. South Korea	1996	43	43	2011	53
20. Argentina	1996	33	33	2011	45
21. Greece	1996	56	46	2011	61
22. New Zealand	1996	54	53	2011	46
23. Czech Rep.	1996	15	34	2011	37
24. Slovakia	1996	12	22	2011	33
25. Portugal	1996	32	37	2011	36
26. Hungary	1996	14	29	2011	26
27. Estonia	2000	10	24	2011	29
28. Poland	1996	14	29	2011	25
29. Brazil	1996	32	40	2011	33
30. Mexico	1996	14	27	2011	18
31. Philippines	1996	6	11	2011	6
32. India†	1999	3	9	2007	3
33. China*	2002	2	5	2008	4

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 Aequss Index.

[Download the 1996-2013 Aequss Index for All Employed in manufacturing here!](#)

TABLE T5*: 1996 – 2013 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, nine out of the twelve countries in this assessment are better off in 2013 than in 1996, with East Asian economies and Australia recording the greatest gains in their wage-rate position. South Korea is the only country that has consistently narrowed its living-wage gap with equivalent U.S. wages in the region and is amongst the 31 countries included in our assessments since 1996. In contrast, Canada is in 2013 at nearly its lowest point, whilst the UK is at its lowest point since 1996. Germany continues to recover but it is still far distant from its best position and from its 1996 Equalisation Index (Eq-Idx). Six of the twelve economies recorded a gain in their Eq-Idx, with seven of the twelve economies recording their best position in 2013 for the eighteen-year period.

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

TABLE T5-EUROPE: 1996 – 2013 REAL LIVING-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 2013, seventeen of the twenty-one economies included in the assessment experienced gains in living-wage equalisation (Eq-Idx) vis-à-vis their 2010 position. The Netherlands recorded no change whilst Ireland, the UK and Greece increased their gap. However, when observing their changes from 2012, only eight economies recorded gains in their Eq-Idx in 2013, while ten recorded no change and, once again, Ireland, the UK and Greece recorded a widening of their living-wage gap with equivalent U.S. wages.

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

TABLE T5-ASIA AND OCEANIA: 1996 – 2013 REAL LIVING-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	

South Korea is the only country that has consistently narrowed its living-wage gap with equivalent U.S. wages in the region and is amongst the 31 countries included in our assessments since 1996. More recently, since 2010, the Philippines is the only country with no progress in its living-wage equalisation, whereas South Korea, Australia and New Zealand were the only countries that reduced their gap between 2012 and 2013. Not directly comparable data for India and China show no meaningful progress for India whilst China records a strong reduction of its wage gap.

[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 1996-2013, IN PURCHASING POWER PARITY (PPP) TERMS, FOR ALL EMPLOYED IN MANUFACTURING

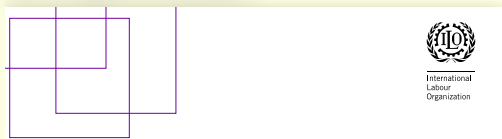
	1996	
Benchmark	1. U.S. Hourly Manufacturing Wage Rate* (Hourly compensation costs)	\$ 22,47
Canada	PPP conversion factor, GDP (in country currency)	1,213
	Exchange rate	1,3638
	PPP conversion factor, GDP (in U.S. dollars)	\$ 0,89
	2. Equalised PPP nominal wage rate US \$	\$ 19,99
	3. Actual PPP Real wage rate US \$	\$ 20,93
	4. Actual Nominal wage rate US \$	\$ 18,62
	Compensation Deficit in US \$ (2 minus 4)	\$ 1,37
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	

In the Americas, Argentina and Brazil have clearly made progress closing their living-wage equalisation gaps with U.S. equivalent wages, particularly since 2002 and 2004, respectively. Canada shows no meaningful change in its wage gap since 2008, at around 20% vis-à-vis equivalent U.S. wages, and Mexico confirmed, for the nth time, 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. Of the 31 countries included in our assessments, Argentina has recorded, by far, the strongest trend in the closing of its wage gap with equivalent U.S. wages since it began recovering from its 2002 economic collapse.

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

GLOBAL WAGE REPORT 2014/2015

The Global Wage Report 2014/15 presents both the latest trends in average wages and an analysis of the role of wages in income inequality. The first part of the report shows that global wage growth in recent years was driven by emerging and developing economies, where real wages have been rising since 2007 although wage growth slowed in 2013 compared to 2012. In developed economies, wages generally remained stagnant in 2012 and 2013, and in a number of countries wages remained below their 2007 level. These trends are a matter of concern.



Global Wage Report 2014/15
Wages and income inequality

Global Wage Report

At the level of the individual worker or firm, the immediate impacts of higher or lower wages are self-evident. At the national level, the effects of higher or lower wages on aggregate demand and employment are context-specific and cannot be predicted or evaluated without taking into account the level of wages relative to productivity, the degree of openness of the country under consideration and the relative size of the different components of aggregate demand. At the international level, if too many countries pursue wage moderation policies, the outcome is likely to be negative. In the current environment, in which the global economy risks sliding back into a low-growth trap, higher wage growth would be desirable in those countries where wages in the past have lagged behind productivity growth. As the report demonstrates, in some countries policies have

already started to shift in that direction.

The second part of the report turns to the role of wages in income inequality. Inequality has become the subject of growing interest in recent years across the world, and there has been a realisation that growing inequality not only undermines social justice objectives, but can also have adverse economic consequences. Through the adoption of the 2008 Declaration on Social Justice for a Fair Globalisation, ILO Members renewed their commitment to pursue policies with regard to wages and earnings designed to ensure a just share of the fruits of progress to all and recognised that for a fair outcome for all, it has become even more necessary to achieve social cohesion and to combat poverty and rising inequalities.

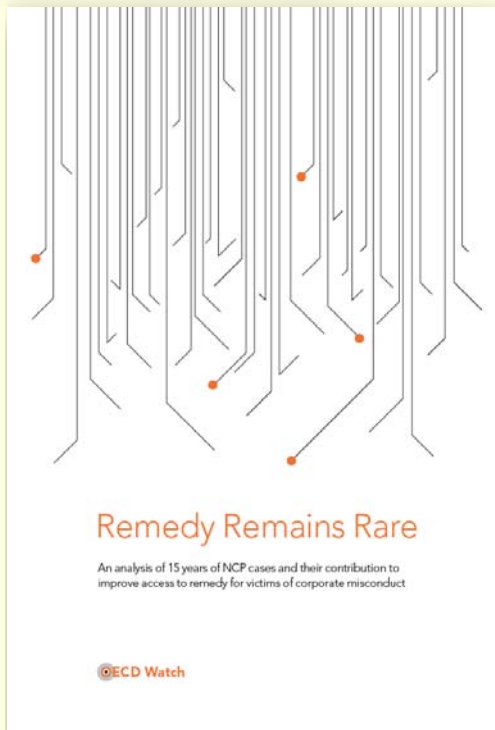
In many countries, the distribution of wages and paid employment has been a key factor in recent inequality trends. This highlights the importance of labour market institutions and policies –including minimum wages and collective bargaining– that have an effect on income distribution.

[Click here to download the full pdf file.](#)



REMEDY REMAINS RARE

An analysis of 15 years of NCP cases and their contribution to improve access to remedy for victims of corporate misconduct



established to promote adherence to the OECD Guidelines for Multinational Enterprises (the Guidelines). In 2000, these state based offices began accepting complaints from people harmed by companies' noncompliance with the Guidelines. With this new role, NCPs acquired the potential to serve as a much-needed forum for accessing remedy for corporate abuses. Now, 15 years on, we look back on NCP performance in handling these complaints.

OECD Watch's analysis of the first 15 years of NCP performance reveals weaknesses throughout the NCP system. These weaknesses must be addressed before NCPs can be considered an effective network for promoting adherence to the Guidelines or for addressing harm caused by corporate misconduct. Issues NCPs must address include practical and procedural barriers that prevent potential complainants from filing a complaint; a perceived lack of independence and impartiality of some NCPs; policies that prioritise confidentiality over transparency; frequent nonconformity with procedural timelines; and outcomes that are incompatible with the Guidelines.

Many of these issues could be addressed systematically through changes to the Procedural Guidance that promote more effective handling of complaints. This report highlights the most critical changes needed to strengthen NCPs and provides concrete recommendations to policymakers at the OECD and in adhering countries.

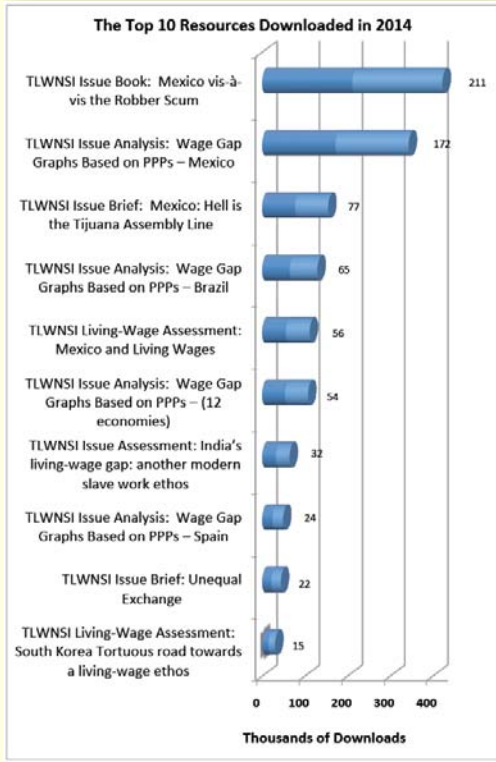
[Download the full report here \(available only in Spanish\).](#)



National Contact Points (NCPs) were

2014 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 – Brazil](#)
- [TLWNSI Living Wage Assessment: Mexico and Living Wages](#)
- [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 Issue Brief: Unequal Exchange](#)
- [TLWNSI Living Wage Assessment: South Korea Tortuous road towards a living-wage ethos](#)

A final thought



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

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

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



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