

TLWNSI NEWSLETTER

The Living Wages North and South Initiative (TLWNSI)

Long-term Sustainable Development Through Gradual Wage Equalisation

HIGHLIGHTS

TLWNSI Newsletter – Summer 2007

How Sustainable is Our Latte? An Assessment of Trends and Standards in Fair Trade From the Perspective of a New Truly Sustainable People and Planet-Centred Paradigm

This paper assesses the current development of fair trade from the perspective of true sustainability for all participants, especially those who have been dispossessed of their right to live a dignified life.

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Modern Slave Work

A TLWNSI commentary on the ever more evident reality of today's global capitalism, which has taken us back to a new colonial era; where the South's role in the division of labour is –with the unwavering and enthusiastic cooperation of its corrupt governments– to surrender its work force to global corporations in exchange for “labour endowments” of slave-work quality.

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Supermarket Swindle

California's civil society has just begun a new consumer campaign aimed at creating consumer awareness and at mobilising consumers against three of the largest supermarket chains in the U.S.: Kroger, Safeway and Supervalu (owners of Ralph's, Vons and Albertson's respectively), in anticipation of a likely new labour strike. Over 65,000 unionised workers are involved in the conflict. However, at press time, there is brand new evidence of an imminent agreement that would restore for all workers many of the labour endowments cancelled in the previous dispute. We should find out in the next few weeks.

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Mexican consumer organisation launches campaign against junk food

El Poder del Consumidor (Consumer Power) has launched a national campaign against junk food. Its first concrete action is the formal filing of a suit against Kellogg's, before Mexico's Federal Consumer Attorney, with the specific demand to order it to stop using deceiving information and promoting unhealthy eating habits in the marketing of “Sugar Frosted Flakes.”

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Supermarket Swindle



RESOURCE CENTRE

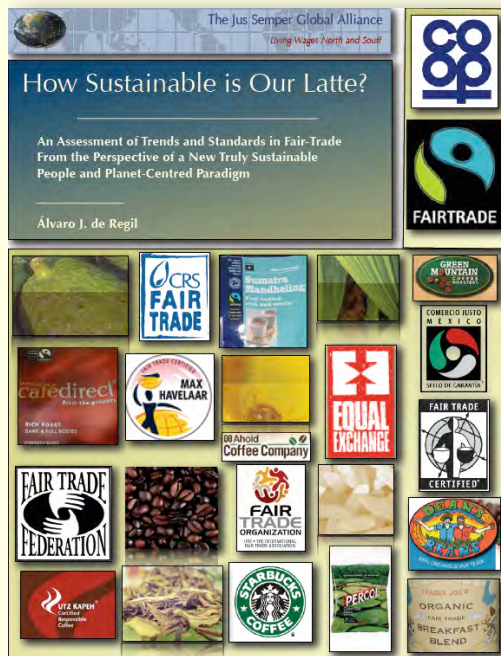
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HOW SUSTAINABLE IS OUR LATTE? AN ASSESSMENT OF TRENDS AND STANDARDS IN FAIR TRADE FROM THE PERSPECTIVE OF A NEW TRULY SUSTAINABLE PEOPLE AND PLANET-CENTRED PARADIGM

This is an assessment of fair trade from the perspective of the pursuit of true sustainability for all participants, especially those who have been dispossessed of their right to live a dignified life due to today's market system, designed for the benefit of global corporations. The research considers that with the current market-driven structures governing societies worldwide, it is sheer wishful thinking to imagine the millions of small landholders and labourers of the South enjoying a dignified life, equivalent to that in the North, through fair trade. To make it a realistic expectation, conventional wisdom must be radically changed to redefine the purpose of society, democracy and business. Thus, to change the current ethos, the sustainability for people and planet, instead of the logic of the market of today's untrammelled Darwinian capitalism, has to be the only purpose of societies.



This analysis was performed parting from the context that we live in an absolutely unsustainable environment based on the following rationale:

❖ The so-called democratic world is really an oligarchic world where the rules of the market have been undemocratically imposed over people for the exclusive benefit of the owners of the market and their partners in government, and are generating widespread injustice for the majority of the world's population both North and South and the rapid deterioration of the planet.

❖ There is an inherent contradiction and incompatibility between the logic of the market of sheer competition in pursuit of maximum profitability and shareholder value, and the pursuit of true democracy and sustainability where people and planet can thrive in a balanced ethos.

❖ Consequently, a *condicio-sine-qua-non* for true sustainability is the replacement of capitalism due to its inherent and sheer predatory nature of human and natural resources. We must move from irrational to rational and sustainable consumption, to empower people not to consume more and equally, but to develop their capacities to contribute to build dignified communities and protect the environment in an equitable and sustainable way.

❖ Therefore, we cannot build a truly sustainable FT and CSR ethos if we do not first change the system from its core to build a truly democratic ethos that is people and planet centred instead of market centred.

The author, Álvaro de Regil, supports its arguments on a detailed assessment of fair-trade coffee. In this way, through the detailed analysis of the core elements that define the limits of the sustainability that fair trade offers to Southern participants, such as the norms for their participation, the price mechanisms, the channels of distribution, the competition of opposing concepts (FLO, Starbucks, Utz Kapéh...) as well as the fundamental role of consumers, the author drafts the path that the authentic fair-trade movement will have to go through to build a truly dignified and sustainable ethos in the long term for all participants.

The author concludes that the fair-trade movement is in an enviable position to contribute to this mission given the soundness of its claims and the growing disposition of the majority of the population, in our role as consumers, to build a truly sustainable world. To accomplish this, several fundamental actions must be taken by global civil society:

❖ **Build one single fair-trade system.** Fair trade must meaningfully contribute to build a “real democracy” ethos by building one single fair-trade system, with equal representation of North and South participants, and by building a new fair trade concept that redefines the purpose of business to put the sustainability of people and planet at the core of its nature as a new paradigm,

❖ **Replace market-based with people and planet-based context.** To meaningfully contribute to the redefinition of the purpose of business, the market-based context of fair trade must be replaced by the people and planet-centred context to be fully in sync with the current claims of fair trade of providing sustainability for all participants,

❖ **Build in the span of thirty years.** Building a radical new and genuinely democratic and sustainable new paradigm that replaces the market can only be achieved in the long term through a gradualist approach in the span of thirty years or one generation,

❖ **Provide a high-quality-of-life standard.** Genuine sustainability must be capable of providing dignified conditions of life of a high-quality standard for all participants with special emphasis on the millions of participants in the South who are dispossessed,

❖ **Equalise North and South using purchasing power mechanism.** As for the mechanism to equalise incomes North and South, the most practical and feasible way to determine the specific living income and living wages of Southern participants in the new fair trade system is by equalising them with the incomes and wages of equivalent participants in the North, by using the purchasing power parities mechanism for their calculation,

❖ **Apply comprehensively and holistically.** Fair trade must be comprehensive in that it incorporates the sustainability of all participants in the trade of a specific item and holistic in that its producers, manufacturers, distributors and retailers incorporate comprehensively the new people and planet sustainable practices in every single area of their activity,

❖ **Commit to thirty-year plan.** To this endeavour, all participating organisations must formally commit to becoming holistic in the span of no more than thirty years and develop a comprehensive plan to accomplish it,

❖ **Make fair trade the only trade.** The fair trade movement and global civil society as a whole must also work to make fair trade, in the long term, the only kind of trade,

❖ **Advocate replacement of WTO with a new people and planet trade organisation.** One area of activity in pursuit of this endeavour is the unrelenting advocacy before governments and multilateral organisations, of a new world trade order with a new organisation, along the lines of the ITO, that is democratic and that shares the same mission of fair trade of the sustainability of people and planet to replace the current WTO,

❖ **Create critical mass of conscientious consumers to tip the scale.** The other area is the development and promotion of a new culture of conscientious-consumer responsibility anchored on the same principles of sustainability to create a critical mass with the specific goal of tipping the scale on the side of the new paradigm. Succeeding in leveraging the power of consumers in the logic of the market to create the critical mass is of the most fundamental importance and is a *condicio-sine-qua-non* to build the new people and planet paradigm.

Consequently, as outlandish as it may sound to some today, the author asserts that the only way to achieve true sustainability for people and planet both North and South is to replace the current market ethos with the new paradigm. Not doing so would not only render fair trade as another useful token effort, a mere poverty-mitigating mechanism, full of rhetorical claims, that provides cover for the owners of the market, but would contribute meaningfully to further the decay of mankind and of our planet until we cross a threshold of no return.

Download the pdf file of [How Sustainable is our Latte?](#)



MODERN SLAVE WORK

Globalisation imposes a new ethos quite reminiscent of colonialism. Despite all of the international organisations and conventions created by the world's governments in favour of human rights, with respect to labour, the crass reality is that today labour under slavery conditions has become, with the blessing of governments, a strategic factor in the operations of many multinationals that own brands well known by the world's consumers. In this way, slave work, predominantly in the Southern countries, is quite a stark reality in spite of all the statements in favour of good corporate citizenship and of a sustainable ethos, which only serve to appease our "good conscience," but that will not rest until we dare to eradicate this subhuman practice from the face of the earth.



This commentary clearly exhibits the absolute impossibility of sustaining the current North-South system of exploitation, of quasi-slavery in which the South's role is, essentially, to supply labour at a cost that perpetuates it in servitude and to surrender its natural resources to the global corporations of the institutional investors. It also shows us how, despite the official rhetoric that states that the decent work concept has led to the international consensus that productive employment and decent work are key elements to achieving poverty reduction, everything remains the same.

Download the TLWNSI Issue Commentary: [Modern Slave Work, here.](#)



SUPERMARKET SWINDLE

California's civil society begins a new consumer campaign against Kroger, Safeway and Albertson's in anticipation of a likely new strike.



Given that the negotiations that started months ago to establish a new contract between the workers represented by the UFCW and Kroger (owner of Ralph's), Safeway (owner of Vons) and Supervalu (owner of Albertson's) are not making progress, the odds for a new strike keep growing. Beyond the current conflict, lies the hard evidence of how, since 2003, these supermarket giants have imposed, with the pretext of preparing to compete against Wal-Mart, a two-tier discriminatory compensation system. The system reduced the benefits,

especially health benefits, of their workers, and established a new system with lower wages and benefits for all of their new workers. The new system is so predatory that it makes it practically impossible for new workers to enjoy a health insurance benefit. Of the 44,000 second tier workers, less than 3,800 have health care coverage, and of that 3,800, less than 80 have benefits for their children. As for the first tier workers, they have not received a wage increase since 2002.

In 2002 and 2003 the union went on strike for five months, which, according to estimates of financial analysts, cost the grocers 1,5 billion dollars in income, \$350 million in profits and a permanent loss of 10 to 15 percent of their share of consumers (see [TJSGA's commentary during California's supermarket strike](#) as well as [TJSGA's commentary on the conclusion of California's supermarket strike](#)). These losses were so big that they reversed the savings that the grocers were pretending to obtain with the imposition of their new compensation system. Yet, this does not impede that all of their workers see their health benefits increasingly reduced and that the vast majority of the 44 thousand new hires have no protection. Just as *"Sicko,"* Michael Moore's new film, describes it, the U.S. health care system is in ruins due to the greed of corporations and their obsession with shareholder value at the expense of all stakeholders and their communities, across the entire country. In this way, it is no surprise that in the case of supermarkets, in 2003, 94% of all grocery workers had health-care coverage, whilst today only 57% do.

This is why it is of utmost importance that all citizens, in our role as consumers, make use of our power to pressure these corporations to change their exploitative practices, which not only negatively affect workers and their families but entire communities. As conscientious consumers, it is our responsibility to mobilise to stop supporting these companies, not just doing our shopping elsewhere but also alerting our friends and acquaintances about the new upcoming conflict, due to the refusal of these grocers to sit down to negotiate a new contract that provides living wages and benefits to all of their workers.

In this way, the [Brave New Foundation](#), the creator of the successful campaign *Wal-Mart, the High Cost of Low Prices*, has just launched a new campaign: [Supermarket Swindle](#), with the goal of informing, creating conscience and mobilising everyone to pressure these businesses by not supporting them with our patronage and signing a pledge to not visit any of these markets, if they insist on imposing their predatory practices. (At press time -18 July- the UFCW had achieved an agreement that apparently eliminates many of their grievances with the grocers. It is now pending the workers' approval.)

[Visit the campaign's site and add your support by pledging not to shop at these stores!](#)

MEXICAN CONSUMERS LAUNCH CAMPAIGN AGAINST JUNK FOOD

The fledging new consumer organisation *El Poder del Consumidor* is demanding that Kellogg's modifies its labelling and advertising practices to stop misinforming consumers and promoting junk food consumption.



El Poder del Consumidor (Consumer Power) a partner of the TJSGA, was founded at the end of 2006, and it has just launched a vast and permanent campaign against junk food in Mexico. Its first action is being directed at Kellogg's "Zucaritas" (Sugar Frosted Flakes) due to the premeditated misinformation in the cereal's packaging and advertising strategy, targeting children, using deceptive tactics to encourage them to consume a product with minimal nutritional value.

GONTENIDO NETO 40% AZÚCARES

ZUCARITAS

¡HAZ UN OBESO DE TI!!

PARTICIPA

• La publicidad dirigida a niños que promueve alimentos con altos contenidos de azúcares, grasas o sal contribuye a la epidemia de sobrepeso y obesidad que está afectando a la infancia en México.

• Esta publicidad manipula y engaña: atrae a los niños con personajes ficticios, habilidades extraordinarias y regalos, aprovechando su inexperiencia y credulidad.

¿Consideras importante liberar a los niños de este tipo de publicidad ?

Pon unos minutos de tu tiempo y súmate a la denuncia -vía electrónica- contra la publicidad de Zucaritas... es sólo el principio.

www.elpoderdelconsumidor.org.mx

Obesity is becoming a major health problem in Mexico, especially among children. A 2006 National Nutritional Survey survey shows that Mexico is going through a deep epidemiological and nutritional transition, one of the major challenges for public health. The indicators show a trend completely out of control in the increase of overweight and obese children. The fast growth of this phenomena in a short period of time, which parallels the uncontrolled growth of diabetes and heart disease, makes it Mexico's

top public health problem today. Among children 5 to 11, the incidence of obesity was of 26% in 2006 vis-à-vis 18.6% in 1999, a 40% increase in only seven years. Another survey found that 38,7% of children in third and fourth grade, in Mexico City, are obese and suffer from hypertension. Thus it is not surprising whatsoever that Mexico is the world's leading per capita consumer of soft drinks in general and of Coke in particular, representing 11% of coke sales in the world, according to Beverages Digest and Coca Cola.

El Poder del Consumidor considers that to address this problem effectively public policies and civil actions must focus on three areas:

- ❖ Actions to change consumer preferences,
- ❖ Actions to provide accurate and objective nutritional information to consumers,
- ❖ Concrete and direct actions to reduce consumption of junk food.

In this way, in its first campaign, the organisation is accusing Kellogg's of using irresponsible practices that contribute to the deterioration of public health. It contends that Kellogg's is:

- ❖ Using advertising with premeditatedly deceiving information that leads consumers into erroneous consumer decisions,
- ❖ Targeting children to exploit their naïveté,
- ❖ Promoting unhealthy nutritional habits that constitute some of the major causes of Mexico's top public health problem,
- ❖ Kellogg's advertising violates the Federal Health's General Legal Code,
- ❖ Violates the Federal Code of Consumer Protection,
- ❖ Violates the Legal Code concerning advertising of the Federal Health's General Legal Code,
- ❖ Violates the Federal Radio and Television Code.

El Poder del Consumidor, through its legal suit, is specifically demanding from the Federal Consumer Attorney that Kellogg's be ordered to stop all deceiving advertising practices of "Sugar Frosted Flakes" or of any other of its products violating any of the above federal laws.

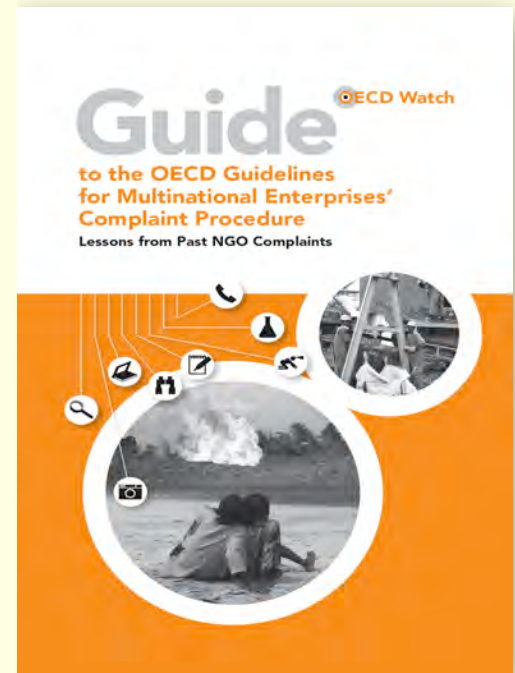
This is a clear case of blatant corporate irresponsibility where Kellogg's, in pursuit of greater shareholder value, promotes unsustainable social practices by directly and premeditatedly contributing to the increase of major public health problems.

For further information about "El Poder's" campaign against junk food, visit its website.

OECD WATCH GUIDE TO THE GUIDELINES FOR MNCs COMPLAINT PROCEDURE: LESSONS FROM PAST NGO COMPLAINTS

Harvesting on past experiences of NGOs that have used the OECD National Contact Points to file concrete complaints against corporations, OECD Watch has prepared a working document that aims to provide good advice on how to file a formal complaint based on the OECD Guidelines for multinational enterprises for responsible business practices.

Despite the fact that the OECD Guidelines for MNC's, like all other CSR frameworks, do not address the issue of living wages and are only a voluntary framework, they are still one of the most useful mechanisms for civil society to file formal and concrete complaints against a corporation. Albeit bureaucratic, the Guidelines have a mechanism through the National Contact Points (NCPs) that in some cases have resulted in successful outcomes for the complaining entity. As the OECD Watch (OW) Guide explains, *governments that have endorsed the Guidelines are essentially convey-*



ing that they expect multinational companies to follow these principles and standards of good conduct in their operations worldwide. Indeed, although the OECD currently has only thirty member countries, mostly developed economies, global civil society can file a complaint against any global corporation with a home office in any of these countries, for any irresponsible business practice that violates the OECD Guidelines, regardless of where this

predatory practice is being perpetrated.

Since 2000 a new procedure allows NGOs to file a complaint for an alleged breach of the OECD Guidelines to a government's NCPs body. The Guide to the Guidelines aims to assist civil organisations in the preparation of formal complaints, with the objective of increasing their effectiveness and the probability of successful outcomes. The Guide explains that NCPs from different governments have handled complaints in a diversity of ways, and many have been mishandled. Yet there is a growing number of successful outcomes, including making governments implement the Guidelines in a more effective manner.

In this way, the Guide to the Guidelines encompasses six years of experience by OW member organisations in dealing with the use of the Guidelines in real cases; and, taking these lessons in mind, OW has prepared a "how to" approach to constructing effective complaints. The Guide is also meant to supplement a set of other tools previously published by OW to increase the rate of success in the use of the OECD Guidelines.

[Download the pdf of the Guide to the Guidelines here.](#)

WHO PAYS? HOW BRITISH SUPERMARKETS ARE KEEPING WOMEN WORKERS IN POVERTY

Every week in Britain, 32 million people shop in supermarkets. Inside these cathedrals of modern consumer society, everything is carefully presented: meat trimmed and packaged, potatoes washed, tomatoes uniform in colour and size. Yet there is a darker side to the supermarket revolution, a far cry from this sanitised, neatly-presented world.



This report by ActionAid investigates the supply chains of British supermarkets in the South. It explains that the structure of these supply chains has changed in recent years, as supermarkets in the increasingly concentrated retail sectors of rich countries "cherry pick" suppliers from increasingly open developing economies. This gives supermarkets more and more power in global markets that they capitalise on to demand lower prices, faster delivery times and greater flexibility from suppliers. This practice follows the lead of Wal-Mart in a race to the bottom, which obviously constitutes a stark unsustainable business model that destroys the livelihoods of millions of workers and suppliers in the South. A Costa Rican banana supplier, could not have put it in more accurate and succinct terms: *we are paying for the price wars between supermarkets in your country.*

In their obsessive pursuit of ever greater shareholder value, supermarkets in the UK are strategically, premeditatedly and, thus, perversely exploiting Southern workers in all sectors. Rahela, a garment worker in Bangladesh, working in a sweatshop hired by British supermarkets, describes her misery: *sometimes we don't have enough to eat. My neighbours are too poor to give us anything. I cook what I can manage. Sometimes it's just rice – I can rarely manage fish or meat because it's too costly.*

The study explores a way in which supermarkets in the UK are banding together to profit over people in the South, particularly women, is becoming a common business practice of supermarkets worldwide. Indeed, women find that their already disadvantaged position in the labour market, and in society as a whole, makes them quite an attractive prey for supermarkets, when suppliers try to drive down pay and conditions in their vying for a contract

from a supermarket. It is this pool of cheap, pliable labour that allows Northern consumers to buy goods cheap, whilst concurrently allowing supermarkets to generate high profits in this Darwinian ethos. The report argues that *the growing power of big supermarkets in the UK is both the product and the driver – a vicious circle – of a way of doing business that is made possible by the exploitation of women workers in developing countries.*

Some of the predatory practices that such power provides are:

- ❖ Increasing suppliers' dependence, locking them into exclusive deals or taking up a large percentage of their production,
- ❖ Regularly "delisting" suppliers, or threatening to delist them, to extract more favourable terms,
- ❖ Banding together in international buying groups to increase buying power.

These power results in the transfer of business cost and risks down the supply chain, which engenders a transfer of wealth in the opposite direction: from workers and suppliers in poor countries to supermarkets, consumers and shareholders in the rich North. It is the blatant reestablishment of good old colonialism.

Given these grim realities, ActionAid asserts that voluntary CSR initiatives, such as the UK's Ethical Trading Initiative, have clearly failed in their mission to make corporations practice business models that provide a dignified sustainability for all stakeholders, especially those at the bottom of the pyramid.

For this reason ActionAid makes a number of specific recommendations to different regulatory actors (UK government, European Union and United Nations) to create new legislation that upgrades the current regulatory frameworks, and to monitor supermarkets and business in general to enforce the rules. It also calls on supermarkets to:

- ❖ Publicly commit to ensuring that the internationally recognised rights of all workers in their supply chains are respected,
- ❖ Publicly acknowledge the damaging impacts of buying practices on workers and suppliers, and take concrete steps to address them,
- ❖ Do not respond to the exposure of poor working conditions in supply chains by "cutting and running". Work with each other, suppliers, trade unions, local civil society groups and governments to improve conditions.

Yet, the above recommendations notwithstanding, ActionAid, rightly so, conveys as one of its conclusions, that *in the UK, we have come to expect a certain level of ethical standards from retailers, standards that have not and cannot be achieved through voluntary initiatives alone...In the absence of a statutory regulator, a handful of NGOs – backed by*

consumer pressure – is all that exists to hold supermarkets accountable.

Nonetheless, albeit ActionAid is calling on consumers to mobilise, it prefers to use direct consumer pressure to governments, to implement and enforce a new regulatory framework, at a time when governments are increasingly acting as ushers of corporations all over the world. Jus Semper believes that ActionAid will in time arrive at the conclusion that the only way to get companies to expediently change their practices is to use the logic of the market to vote as citizens and consumers with our consumer power. It is by making informed and responsible decisions concerning where to buy that we can improve or lessen the bottom line and shareholder value of corporations. It is also our responsibility to not increase our own personal sustainability through low prices at the expense of millions of people who are exploited; for, by supporting the corporate race to the bottom, we are endangering our own sustainability. It should be clear that it is also immoral to subsidise our high quality standard of living at the expense of people in developing countries.

Yet ActionAid's campaign to put pressure on governments is a valuable contribution; but it should move in tandem to complement a permanent consumer pressure on corporations, especially in this era of ever more pervasive quasi-slavery practices in the South.

[Download the pdf of the ActionAid report here.](#)

CLOSE TO SLAVERY: GUEST WORKER PROGRAMS IN THE UNITED STATES

Given the increasing reports denouncing the growing enslavement of people from the so-called developing world, the case of the United States cannot be left out, for U.S. quasi-slavery practices are the archetype of modern slavery. This crass reality is exposed by the Southern Poverty Law Centre in a brand new report. It informs us that the executive and legislative branches of government in the U.S. have been discussing an immigration reform that includes provisions that would potentially bring millions of new "guest" workers to the United States. However, what politicians are not saying is that the United States already has a "guestworker" program for unskilled labourers, –of which seventy-five percent are Mexicans– largely hidden from view because the workers are typically socially and geographically isolated. Thus, the Centre calls everyone to get inform and examine how this system of quasi-slavery operates.

CLOSE TO SLAVERY

Guestworker Programs in the United States



a report by the
Southern Poverty Law Center

The Southern Poverty Law Centre alerts us that there is a formal *guestworker* program in operation that in practice places these "guests" under conditions of brazen servitude. The highlights of this report exhibit another prominent feature of today's Darwinian ethos.

- ❖ The current system is called the H-2 program. Through this program employers brought about 121.000 *guestworkers* into the United States in 2005 — approximately 32.000 for agricultural work and another 89.000 for jobs in forestry, seafood processing, landscaping, construction and other non-agricultural industries.
- ❖ The countries sending the most workers to the United States under these programs were Mexico, Jamaica and Guatemala; about three-fourths are Mexican.
- ❖ These workers, are not treated like "guests," for they are systematically exploited and abused.
- ❖ Unlike U.S. citizens, *guestworkers* do not enjoy the most fundamental protection of a competitive labour market — the ability to change jobs if they are mistreated. Instead, they are bound to the employers who "import" them.
- ❖ If *guestworkers* complain about abuses, they face deportation, blacklisting or other retaliation.
- ❖ Federal law and U.S. Department of Labour regulations provide some basic protections to H-2 *guestworkers* — but they exist mainly on paper. Government enforcement of their rights is almost non-existent. Private attorneys typically won't take up their cause.

- ❖ Bound to a single employer and without access to legal resources, *guestworkers* are:
 - ➔ routinely cheated out of wages;
 - ➔ forced to mortgage their futures to obtain low-wage, temporary jobs;
 - ➔ held virtually captive by employers or labour brokers who seize their documents;
 - ➔ forced to live in squalid conditions;
 - ➔ denied medical benefits for on-the-job injuries.

As a leading U.S. Congressman, Charles Rangel, recently put it: *This guestworker program's the closest thing I've ever seen to slavery.* The Centre explains that this is nothing new and quotes former Department of Labour official Lee G. Williams describing the old "bracero" program — the *guestworker* program that brought thousands of Mexican nationals to work in the U.S. during and after World War II — as a system of "legalised slavery."

The Centre exhibits a grim reality for people, already dispossessed in their countries, who resort to these conditions as a last recourse. The Centre contends that the current H-2 program can be viewed as a modern-day system of indentured servitude. Yet in contrast with European indentured servants of old, today's *guestworkers* have no prospect of becoming U.S. citizens, for they must leave the country when their visas expire. In this way, they constitute the disposable workers of the U.S. economy.

The Centre's report is based on interviews with thousands of *guestworkers*, scores of legal cases and the experiences of legal experts from around the U.S. The Centre alerts that the abuses described are the foreseeable outcomes of a system that treats foreign workers as commodities to be imported as needed without affording them adequate legal safeguards. In this way, the Centre calls for a complete overhaul of the H-2 program before an expansion is ever considered. This is a call to be carefully examined by civil society in both the U.S. as well as in Mexico and other countries experiencing a dramatic exodus of people due to the refusal of their governments to abide by their most basic responsibility: to procure the welfare of every rank of society, especially of the dispossessed.

[Download the pdf of the report of the Southern Poverty Law Centre here.](#)

HARVEST OF SHAME. CHILDREN IN GUATEMALA ARE PAYING THE PRICE FOR U.S. VEGETABLE PRODUCTS

In the same way as NAFTA, CAFTA, its twin brother in Central America, is generating wonderful levels of shareholder value for U.S. agro-industrialists, thanks to 13-year-old children and minors working under deplorable conditions at the Legumex factory in Guatemala. They are forced

to work 11 to 14 hours a day, six and seven days a week, while being paid below the legal minimum wage and cheated of their overtime. They work under conditions where every single labour law in Guatemala is being violated. Yet governments and their corporations are ecstatic.

Harvest of Shame

March 12, 2007

Children in Guatemala harvest and process vegetables and fruit exported to school children in the U.S.

Today, President George Bush will visit the rural province of Chimaltenango, where he will laud CAFTA for Guatemala's booming agro-industrial exports to the United States.

But in a less than ten-minute drive away from where President Bush is speaking, there are 13-year-old children and minors working under deplorable conditions at the Legumex factory. They are forced to work 11 to 14 hours a day, six and seven days a week, while being paid below the legal minimum wage and cheated of their overtime. They work under conditions where every single labor law in Guatemala is being violated.

A Joint Report
by
National Labor Committee
(NLC)

Center for Studies and Support for Local Development
(CEADEL)

This report, from the National Labour Committee (NLC) denounces the exploitation of children in Guatemala. The report focuses on the exploitative practices of Legumex; an agro-factory that exports its production to the U.S. under the Central American Free Trade Agreement.

The report denounces how the company violates every single labour law in Guatemala, preferring to hire children, especially girls, instead of adults. They do it because:

- ❖ The girls are not capable of organising themselves into unions,
- ❖ They work tirelessly,
- ❖ They can be paid less than the minimum wage,
- ❖ They don't know their rights,
- ❖ Submissiveness at home is transferred to the factory, so they don't protest. They are supposed to respect the adult, or the boss,
- ❖ They are blackmailed with the (invalid) argument that they have no rights,
- ❖ They have little education.

In this way, Legumex:

- ❖ Makes children work Monday to Sunday, 14-hour shifts
- ❖ Hires children below the minimum legal age of 14
- ❖ Does not pay for overtime
- ❖ Does not pay the legal minimum wage
- ❖ Deprives children from attending school
- ❖ Supervisors mistreat and degrade children by comparing them to animals.

With the joyful cooperation of the Guatemalan government, the sheer predatory practices of Legumex and of their clients in the U.S., such as the Hanover Brand of frozen vegetables, from Hanover Food Products in Pennsylvania, and Superior Foods in California, violate the constitution of the republic, the labour code, the ILO conventions and the International Convention of the Rights of the Child to which Guatemala is signatory.

According to the NLC, a quick check of retail prices showed that a one-pound bag of Hanover frozen broccoli sells in the U.S. for anywhere between U.S. \$1,89 and 2,99. Given that the produce entered the U.S. at a total cost of 30 cents, the mark up ranges between 583 and 896 percent. The case shows, once again, a consistency in the unsustainability of the North-South terms of trade. Producers must offer the lowest cost to their Northern clients, which requires the payment of hunger wages and the stark violation of labour and human rights. Then marketers and retailers keep the overwhelming majority of the profit margin; and we, the Northern consumers, we get subsidised with low prices by the children of Guatemala, or workers elsewhere in the South.

Such producer to retail price ratios leave no excuse for not paying not only minimum wages but living wages to workers in Guatemala. Yet the sheer greed and the predatory nature of this relationship, where governments and businesses work in partnership, ignoring any kind of supply-chain social responsibility, exposes the perversity and unsustainability of the current ethos, which only Northern citizens, in our role as conscientious consumers can change.

[Download the pdf of NLC's full report here.](#)

UNDUE INFLUENCE. CORPORATIONS GAIN GROUND IN BATTLE OVER CHINA'S NEW LABOUR LAW – BUT HUMAN RIGHTS AND LABOUR ADVOCATES ARE PUSHING BACK

Continuing with its focus on new labour legislation in China and the behaviour, in response, of the so-called corporate citizens, Global Labour Strategies (GLS) makes an assessment of the efforts of global corporations to circumvent new legislation to deny Chinese workers minimum labour rights. This paper also assesses the efforts of global civil society to defeat such efforts and protect labour rights, which even on paper still leave a lot to be desired. Given the global repercussions that Chinese labour endowments are having on the livelihoods of workers both North and South, it is of the utmost importance to defeat corporate efforts to impose a view that regards human beings as another commodity.

Undue Influence:

Corporations Gain Ground in Battle over China's New Labor Law

—But Human Rights and Labor Advocates Are Pushing Back

March 2007

Global Labor Strategies

<http://laborstrategies.blogspot.com>

This report informs about the behind-the-scenes battle raging worldwide over reforms in China's labour law. On one side are U.S.-based and other global corporations who have been aggressively lobbying to limit new rights for Chinese workers. On the other side are pro-worker rights forces in China, backed by labour, human rights, and political forces in the U.S. and around the world.

The report alerts that despite the fact that this corporate lobbying has already resulted in a weakening of the proposed new law, U.S. corporate groups have launched an unpublicised new attack demanding further amendment. Nonetheless, the report explains that counter-pressure from Chinese and international pro-worker groups has led to splits among global companies operating in China. Chinese and international forces are engaged in a significant pushback against the gutting of China's new labour law:

- ❖ U.S. members of Congress have introduced legislation decrying the corporate intervention and apparent Administration complicity,
- ❖ China's official labour organisation has taken a strong stand against corporate pressure,
- ❖ International union federations have pressured their employers to reverse course,
- ❖ Human rights organisations have mobilised support for Chinese workers' rights.

This has led to splits among global companies operating in China. Nike has virtually repudiated the efforts of the U.S. Chamber of Commerce to lobby against the law. And the E.U. Chamber of Commerce has reversed its opposition to the law and renounced its threat

that its member companies may leave China if the law is passed.

The battle may come to a head in the Chinese National People's Congress in 2007. The outcome will also depend on broader changes in Chinese labour relations, which are increasingly marked by worker protests, lawsuits, and changing forms of labour organisations.

GLS contends that the new focus on the role of global corporations in China represents the emergence of a "new paradigm" for analysing the current form of globalisation not just in terms of a "trade debate" based on "free trade vs. protectionism," but as a product of a global "sweatshop lobby" that is deliberately shaping labour law and labour markets around the world. In this way, the report concludes that workers, unions, and their allies worldwide have a vital interest in defeating this corporate offensive, for expanded rights for Chinese workers can help halt and reverse the race to the bottom in the global economy.

[Download the pdf of the full report here.](#)

LABOUR STANDARDS IN CHINA: BEST PRACTICE GUIDELINES

This guide is produced by the British Local Authority Pension Fund Forum (LAPFF), which was set up in 1991 as a voluntary association of 39 public sector pension funds. It exists "to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders to promote CSR and high standards of corporate governance amongst the companies in which they invest." The Forum's members currently have combined assets of £70 billion. Although the CSR standards they use are conventional and do not address critical issues such as the issue of a living wage, TJS&A considers that they are still a valuable example of the tools that conscientious investors can use as a starting point to demand responsible practices from corporations in China or elsewhere. Yet, given the substandard conditions of labour rights in China and the push by corporations to maintain them at the bottom of the scale, as it is clearly illustrated by GLS in the preceding document, these kinds of investment tools become all the more relevant in the case of China to stop the predatory practices of global corporations.

The Guide enables trustees and officers to conduct periodic reviews of their fund managers' engagement activities affecting China. The guide explains that the promotion of overseas employment standards at investee companies reflects pension funds' long-term investment interests. Trustees have an active role to play in promoting good practice in corporate governance and social, ethical and environmental matters, which is why the Forum has a long-standing interest in overseas employment standards and recognises the impact of good working conditions on productivity and efficiency.

The Forum considers China as a special case in terms of CSR and risks to institutional investors because of the country's complex web of laws, politics and culture, where a gradual series of economic reforms and economic liberalisation has not so far been accompanied by a similar transformation of political and civil rights.

A key area of concern is the lack of democratic or human rights, including the right of workers to join a trade union of their choice, as well as the contravention of certain international labour standards and how this may rebound on foreign companies operating in China. Labour conditions before China's new labour law can be described objectively as plainly brutal. The new law's purpose is to provide the foundations to raise wages and living standards. As could be expected, it is precisely this purpose that global corporations have most strongly opposed.

In this way, considering that the Guide was developed as a framework for regular monitoring of companies to detect emerging concerns about risk and value destruction due to poor labour standards, conscientious

www.lapfforum.org

investment groups, such as the LAPFF, with a leverage of a £70 billion portfolio, are in a rather powerful position to force corporations to stop their sheer Darwinian practices in China and allow the Chinese to uphold, as a starting point, minimum labour and human rights standards.

[Download the pdf to the LAPFF Best Practice Guidelines here.](#)

A NEW CONSUMER SURVEY SHOWS A HIGH SOCIAL STANDARD AMONG YOUNG U.S. CITIZENS

U.S. Young Adults and Teenagers Appear to be Prepared to Reward or Punish Companies by Leveraging their Consumer Power Depending on Their Perception of the Level of Commitment of Corporations to Social Causes.

CIVIC-MINDED MILLENNIALS PREPARED TO REWARD OR PUNISH COMPANIES BASED ON COMMITMENT TO SOCIAL CAUSES

74% are more likely to pay attention to a company's overall messages when they see that the company has a deep commitment to a cause.

61% are likely or very likely to switch from one brand to another (price and quality being equal) if the second brand is associated with a good cause.

66% will consider a company's social/environmental commitment when deciding whether to recommend its products and services.

Millennials Have High Expectations of their Employers (of the 28% who describe themselves as full-time employees.)

A recent U.S. survey, conducted in the second half of 2006, explores how corporate cause-related initiatives influence U.S. young adults and teenagers -labelled herein as the Millennial generation- as consumers, employees and citizens (consumers surveyed were in the 13-25 age group). The 2006 Cone Millennial Cause Study, the first in-depth study of its kind, shows that 61% of Millennials, feel personally responsible for making a difference in the world. This civic minded generation not only believes it is its responsibility to make the world a better place, 78% believe that companies have a responsibility to join them in this effort. Millennials say they are prepared to reward or punish a company based on its commitment to social causes. An overwhelming 74% surveyed indicate they are more likely to pay attention to a company's overall messages when they see

that the company has a deep commitment to a cause. Nearly nine out of ten Millennials surveyed stated that they are likely or very likely to switch from one brand to another (price and quality being equal) if the second brand is associated with a good cause. Moreover, the poll finds that as Millennials begin to enter the workforce, they not only have high expectations for themselves, but also for their employers. Nearly eight out of ten want to work for a company that cares about how it contributes to society, while more than half would refuse to work for an irresponsible corporation.

The major highlights:

- ❖ 83% will trust a company more if it is socially/environmentally responsible,
- ❖ 74% are more likely to pay attention to a company's message when they see that the company has a deep commitment to a cause,
- ❖ 69% consider a company's social/environmental commitment when deciding where to shop,
- ❖ 89% are likely or very likely to switch from one brand to another (price and quality being equal) if the second brand is associated with a good cause,
- ❖ 66% will consider a company's social/environmental commitment when deciding whether to recommend its products and services,
- ❖ 79% want to work for a company that cares about how it impacts and contributes to society,
- ❖ 56% would refuse to work for an irresponsible corporation.

To be sure, Millennials show a high degree of sensitivity when prompted to express their opinions regarding the social responsibility of business. Yet, since companies have far more power than civil society to advertise their own story, even if it is not entirely true or if it is a blatant lie, there is strong probability of young consumers falling prey to the premeditated misinformation of marketers unless they are aware about other sources that can provide the other story or the whole story. All the more reason for consumer organisations to reach out to these civic-minded consumers and inform them objectively.

[Download the press release of the survey here.](#)

"THE STATE OF WORKING AMERICA 2006-2007" EXPOSES AN ETHOS IN THE U.S. OF GREATEST INEQUALITY AMONG THE WEALTHIEST NATIONS IN THE WORLD

The report shows that growth has bypassed all but the wealthiest few; wages have stagnated despite rapid productivity growth; young

workers' wages trail their predecessors'; there is less upward mobility in the U.S. than in countries with comparably advanced economies; and the U.S. has the highest degree of inequality of all OECD countries analysed.



The Economic Policy Institute (EPI) has been providing accurate and objective economic analysis that has consistently shown that neoliberal economics have clearly worsened social inequalities at the core of neoliberalism. Indeed, the EPI's *The State of Working America 2006-2007* report shows that starting in 1995, a new and important change occurred in the U.S. economy: productivity -the output of goods and services per hour worked- began to grow more quickly. Yet, despite this unequivocally beneficial development, many people in the U.S. report dissatisfaction with where the economy seems to be headed, and many worry about their own and their children's well-being. These concerns have led some policy makers and economists to ask: why aren't people happier about the economy?

The authors' analysis concludes that if the findings in the hundreds of tables and figures in the report can be reduced to one observation, it would be that, when it comes to an economy that is working for working families, growth in and of itself is a necessary but not a sufficient condition. The growth has to reach the people: the bakers need to benefit from bread they create each day of their working lives. The benchmarks by which the economy is judged must reflect these distributional concerns, and the U.S. must construct policies and institutions to address them. If not -if the enhanced

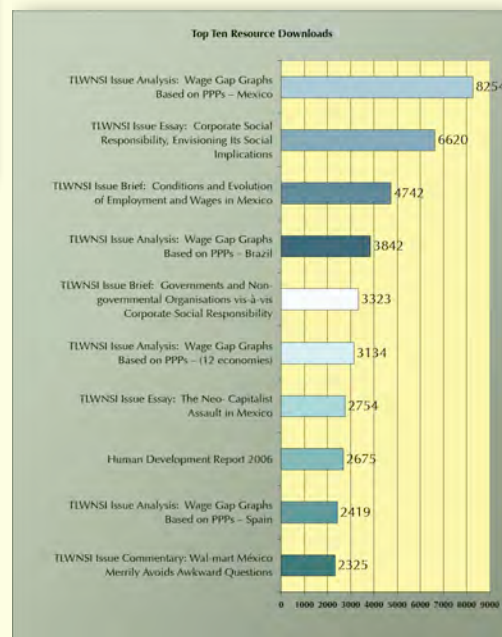
productive capacity continues to benefit mostly the wealthiest citizens- the U.S. risks sacrificing bedrock principles that have historically defined the U.S. economic experience.

[To learn more about the State of Working America 2006-2007, click here.](#)

[For a full review of the Executive Summary of the State of Working America 2006-2007, click here.](#)

FIRST HALF 2007 TOP-TWENTY RESOURCE DOWNLOADS

Following is the chart with the top ten internal and external information resources downloaded from our website in 2007. [Below the chart are the links for each of the top-twenty resources if you want to download them:](#)



[To download click below for the top-twenty downloads in the first semester of 2007.](#)

- [TLWNSI Issue Analysis: Wage Gap Graphs Based on PPPs - Mexico](#)
- [TLWNSI Issue Essay: Corporate Social Responsibility, Envisioning Its Social Implications](#)
- [TLWNSI Issue Brief: Conditions and Evolution of Employment and Wages in Mexico](#)

A final thought

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

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

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

TLWNSI Issue Essay: The Neo-Capitalist Assault in Mexico

Human Development Report 2006

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

TLWNSI Issue Commentary: Wal-mart Mexico Merrily Avoids Awkward Questions

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

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

TLWNSI Issue Essay: Living Wages: Consumer Power in the Logic of the Market

TLWNSY Issue Analysis T4: Wage Gap – International comparisons of hourly compensation costs PPP (12 economies)

TLWNSI Issue Essay: The Future of CSR Will Mirror the State of Society

TLWNSI Issue Essay: Living Wages: The Missing Link of the GRI

TLWNSI Issue Brief: Corporate Social Responsibility Still an Infant Discipline

Human Development Report 2005

TLWNSI Issue Commentary: California's Supermarket Strike. CSR Nowhere to be Found and Commentary on its conclusion: California's Supermarket Strike: National Grocers Trash any Trace of Corporate Social Responsibility.

TLWNSI Issue Commentary: CSR and UN Human Rights Norms



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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Web portal: www.jussemp.org/
E-mail: informa@jussemp.org

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syg@jussemp.org



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