



# TLWNSI NEWSLETTER

*The Living Wages North and South Initiative (TLWNSI)*

HOME

LONG-TERM SUSTAINABLE DEVELOPMENT THROUGH GRADUAL WAGE EQUALIZATION

SUMMER 2004

August 01, 2004

LIVING WAGES, CSR AND SUSTAINABLE DEVELOPMENT

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TLWNSI

Corporate Social Responsibility (CSR)

Our CSR Concept

TLWNSI  
(Working Draft)

Press Room

RESOURCES

## In this issue:

- [Wage Gaps for Selected and "Emerging" Economies for Manufacturing Workers](#). Updated analysis from 1975 up to 2002, for 8 developed economies and four "emerging" one, of wage gaps in purchasing power parities terms (PPPs) using as benchmark U.S. manufacturing wages;
- [Mexico's Wage Gap](#). Analysis on the huge wage gap of Mexico from 1975 to 2002, the worst of all gaps analyzed and with no signs of improvement;
- [Brazil's Wage Gap](#). Analysis on the huge wage gap of Brazil with available data from 1996 to 2002; a gap that has substantially grown in six years;
- [Spain's Wage Gap](#). Analysis on the diminishing wage gap of Spain from 1975 to 2002; a gap, which drop from 49% to only 18% confirms the benefits of the paradigmatic support of aggregate-demand generation;
- [Table T4 - Labour Resources](#). The base table in the analysis of purchasing power parities;
- [Insignificant Progress of the UN Human Rights Commission Regarding CSR](#). The Commission remains undecided about the approval of the draft of the norms regarding the responsibilities of MNCs with respect to human rights;
- [Like Machines in the Fields; Workers without Rights in U.S. Agriculture](#). An Oxfam America Report that denounces the way in which the combination of the buying power of large corporations over supply chains, increased competition from imports, and weak labour protection in the U.S. create downward pressures on wages conditions of farm workers;
- [Civil Society's Calendar 2004 - 2005](#). A selection of events, relevant to TLWNSI, put together by members of organized Global Civil Society;
- [Corporate Calendar 2004 - 2005](#). A selection of events, relevant to TLWNSI, put together by business groups, multilateral institutions and governments;
- [Top resources downloads](#). The top internal and external resources downloaded from our website.

## ■ WAGE GAPS FOR SELECTED DEVELOPED AND "EMERGING" ECONOMIES FOR MANUFACTURING WORKERS

Wage gaps between developed and emerging economies keep widening; Brazil does not improve and Mexico remains with the worst gap (82%) in purchasing power parities (PPPs) terms.

The analysis is and update for 12 economies and the U.S., prepared by TJSGA, using 2002 hourly compensation costs for manufacturing workers as reported by the U.S. Department of Labour, and PPP data from the World Bank and the OECD. The report exposes once again a global labour system that profits over the majority of the people in favour of a global elite.



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

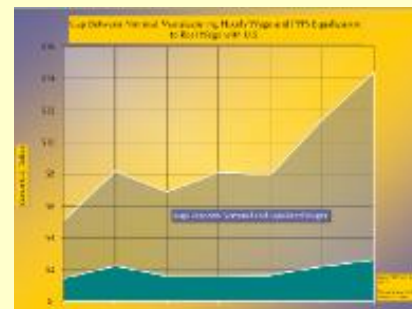
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- **MEXICO'S WAGE GAP. MEXICO EARNS THE TITLE OF WORST PERFORMER IN PURCHASING POWER OF MANUFACTURING WAGES**

In 2002, Mexico continues to have the worst real purchasing power parities (PPPs) wage, for it has the greatest equalized wage gap with the U.S. (82%), when compared against other emerging economies and against eight developed economies. In other words, a Mexican worker earns only 18% of the purchasing power (material quality of life) enjoyed by the equivalent U.S. counterpart. Even in Brazil's case -the most similar economy with available data- the wage gap is clearly less dramatic than in the Mexican case. Among Asian economies, all show higher nominal wages and smaller wage gaps than Mexico. South Korea, in particular, a country with a wage gap twice as large as Mexico's in 1975- is now at the same level than Japan with a gap of only 28% in 2002.



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

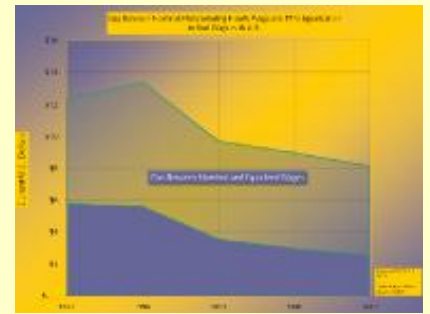
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- **BRAZIL'S WAGE GAP. THE STATE OF BRAZIL'S MANUFACTURING WAGES IS CLEARLY NEGATIVE AND CONTINUES TO WORSEN**

Since 1996, (first year with manufacturing wage comparable data available) Brazilian real wages lost 32% up to 2002 -relative to their PPP equalization with the U.S. Prices drop with the 1999 crisis but wages do it even more, thus, real wages collapse in the span of six years. In this way, the gap between nominal and PPP equalized wage deepens, growing from 53% to 68%. That is, although PPP cost of living drops from 69¢ to 38¢ against \$1 dollar in the U.S., between 1996 and 2002, Brazilian PPP purchasing power drops from a 47 to a 32 index for, as in Mexico, employers increase price levels over wage levels. Although, in Brazil's case, the wage gap has not increased as dramatically as in Mexico (PPP equalization of 32 vs 18 in Mexico in 2002), a country with similar development, the situation after two decades of supply-side economics shows the same overwhelming features of pauperization of workers and their families in favour of employers, and there is no sign, whatsoever, of recovery.



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

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- **SPAIN'S WAGE GAP. THE SITUATION OF MANUFACTURING WAGES IN SPAIN CLEARLY SHOWS SUSAINED PROGRESS AND APPROACHING PPP EQUALIZATION WITH THE U.S., IN TERMS OF PURCHASING POWER. THE RESULTS OF ITS MEMBERSHIP IN THE EUROPEAN UNION SHOW A STARK CONTRAST WITH THE RESULTS OF MEXICO'S MEMBERSHIP IN NAFTA**

Since 1975, Spain's real wages improved 61% up to 2002 -relative to their equalization with the United States based on PPP- regardless of price levels and exchange rate fluctuations during this period. In this way, the gap between nominal and equalized wages based on PPP is reduced in a sustained manner, dropping from 49% to 18% amounting to a reduction of 63%. That is, between 1975 and 2002, Spanish nominal manufacturing wages increase 375%, from \$2.53 to \$12.02/hour, whilst the cost-of-living PPP index drops 12%, from 78 a 69. As a result of the combination of the fact that nominal manufacturing wages in the U.S. grow only 236%, below Spain's wages, from \$6.36 to \$21.37/hour in the same period, and the cost-of-living PPP index drops, the PPP wage equalization increases to the level of 82%.



In 1975 Mexico and Spain had the same PPP cost-of-living index (78). Although during that period price levels behaved very different, twenty-seven years later they almost coincide again (69 in Spain and 67 in Mexico). However, the entrance of Spain into the European Union and of Mexico into the North American Free Trade Agreement have drawn dramatically different results. The hard facts are that Spain's economic strategy gives sustained support to aggregate demand and Mexico's depresses it. While nominal manufacturing wages increase almost four fold in Spain, in Mexico they grow only 77% - well below the growth of wages in the U.S., its main trading partner. Thus, the Spanish economy joins fully the group of developed economies whilst Mexico backtracks into poverty levels that precede, at the very least, the levels prevalent three decades ago.

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

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■ **THE WIDENING WAGE GAP (Table T4)**

The base table used for all PPP wage gap analysis. In comparing 2002 against 2000, European economies narrowed their wage gap for equivalent work against the U.S. Canada moved from a small surplus to a small gap, whilst Japan and South Korea increased their wage gaps. Among other markets, Singapore and Honk Kong showed little improvement, whilst Mexico and Brazil increased their gaps slightly.

Benchmark	U.S. Hourly rate
Canada	GDP PPPs in country cui
	Exchange rate
	GDP PPPs in U.S. Dollar
	Equal PPP compensation
	Actual Compensation in
South Korea	Compensation Deficit in
	Compensation Equalizati
	GDP PPPs in country cui
	Exchange rate
	GDP PPPs in U.S. Dollar
Equal PPP compensation	
Actual Compensation in	
Compensation Deficit in	

Download the pdf file of Table 4.

Download [the pdf file](#) here.

**THE UN HUMAN RIGHTS COMMISSION DOES NOT COMMIT TO THE NORMS**

The UN Human Rights Commission, as part of its report to the Economic and Social Council (ECOSOC), during it sixtieth session, was sober relative to the draft of the Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights, which was presented by the Sub-Commission on the Promotion and Protection of Human Rights, which is part of ECOSOC, after it approved it on its fifty-fifth session last August. The Commission confine itself , without a vote, to recommend that ECOSOC:

- Confirm the importance and priority it accords to the question of CSR with regard to human rights;
  
- Request the Office of the High Commissioner for Human Rights to compile a report setting out the scope and legal status of existing initiatives and standards relating to CSR with regard to human rights, inter alia, the draft norms contained in Sub-Commission's draft, and identifying outstanding issues, to consult with all relevant stakeholders, and to submit the report to the Commission at its sixty-first session in order for it to identify options for strengthening standards and possible means of implementation;
  
- Affirm that the document has not been requested by the Commission and, as a draft proposal, has no legal standing, and that the Sub-Commission should not perform any monitoring function in this regard.

As it is quite evident, the Commission defers the issue of the adoption of the Norms and of its possible approval as a legal instrument until its next meeting on the spring of 2005.

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## RESOURCE CENTRE

This issue features the following resources:

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- **LIKE MACHINES IN THE FIELDS: WORKERS WITHOUT RIGHTS IN U.S. AGRICULTURE - A LOOK AT THE SYSTEMATIC EXPLOITATION OF WORKERS**

In the United States nearly two million farmworkers, mainly immigrants, toil without rights, earn sub-living wages and exist in dehumanizing conditions. In the fields of Florida, California, North Carolina and other states, one million farmers earn less than \$7,500 per year. To earn \$50 a day a tomato farmworker must pick nearly two tons of tomatoes. The reason? The supply-chain model of global economics has tightened profit margins. In 1990 growers received 41% of the retail prices of tomatoes; by 2000 they were receiving barely 25%. Value is passed up the chain, while workers at the bottom pay the price. This is a report prepared by Oxfam America, as part of the global campaign of Oxfam International: "Make Trade Fair".

Read [the full report](#) by downloading the pdf file [here](#).

### Like Machines in the Fields: Workers without Rights in American Agriculture



MAKE  
TRADE  
FAIR



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- CIVIL SOCIETY'S 2004 - 2005 CALENDAR
- Tenth Argentinian Meetings of the Social Sector, Puerto Madero, Argentina, 5-6 August 2004. [Read more](#)
- 18th World Volunteer Conference. Barcelona, Spain, 17-21 August 2004. [Read more](#)
- People's Caravan for Food Sovereignty, South and Southeast Asia 1-30 September 2004. [Read more](#)
- International Colloquium: Civil Society and the Battle Against Poverty, Buenos Aires, Argentina, 6-7 September 2004. [Read more](#)
- Implementing Fair Trade, London, UK, 8 September 2004. [Read more](#)
- 11 Days of Global Unity, Event in 100 cities in the world, 11-21 September 2004 [Read more](#)
- Business Strategies and the Environment Conference, Leeds University, UK, 13-14 September 2004. [Read more](#)
- Is it Worth Celebrating? Open Conference on the Bretton Woods Institutions, Stockholm, Sweden,

24-25 September 2004. [Read more](#)

- Mediterranean Social Forum, Malaga, Spain, 24-26 September 2004. [Read more](#)
- México Yes Campaign on World's Progress on Youth Employment, Boca del Río, Mexico, 4-7 October de 2004. [Read more](#)
- Defeating Health Disparities: Global Experiences of Partnership between Communities, Health Services and Professional Health Schools, International Conference, Atlanta, U.S., 6-10 October 2004. [Read more](#)
- 2004 European Social Forum, London, UK, 14-17 october 2004. [Read more](#)
- Third IUCN World Conservation Congress: People and Nature - Only One World, Bangkok, Thailand, 17-25 November 2004. [Lee más](#)
- The Business and Human Rights Seminar, London, UK, 9 December 2004. [Read more](#)
- Eradicating Poverty Through Profit. Making Business Work for the Poor. Conference of the World Resource Institute, San Francisco, U.S., 12-14 December 2004. [Read more](#)
- V World Social Forum Porto Alegre, Brazil, 26 - 31 January 2005. [Read more](#)
- International Conferencie on Sustainable Development Research, University of Tampere, Finaland, Spring 2005 (dates TBD) [Read more](#)
- 2005 Conference of the International Asociation for Impact Assessment, "Ethics & Quality in Impact Assessment, Boston, U.S., 31 May to 3 June 2005. [Read more](#)

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## ■ CORPORATE 2004 - 2005 CALENDAR

- II Corporate Social and Environmental Responsibility Contest Peru 2021, Lima, Peru, 19 July to 15 October 2004. [Read more](#)
- Argentinian Seminar on Corporate Transparency and Social Reporting, Cordoba, Argentina, 9 August 2004. [Read more](#)
- V International Congress on Corporate Social Responsibility, Santiago de Chile, Chile, 17-18 August 2004. [Read more](#)
- Implementing Ethical Trade in your Supply Chain Cadena de Abastecimiento, London, UK, 8-9 September 2004. [Read more](#)
- China Business Summnit of the WEF, Beijing, China, 12-13 September 2004. [Read more](#)
- I International Meeting on Social Management, Cali Colombia, 15-17 September 2004. [Read more](#)
- CSR in the Food Industry, London, UK, 21-22 September 2004. [Read more](#)
- Corporate Citizenship Convention: Driving Responsible Growth and Competitiveness in Africa, Johannesburg, South Africa, 21-22 September 2004. [Read more](#)

- Fifteenth Conference of the European Bahai'i Business Forum EBBF: Leadership for a Sustainable World Order, El Papel de la Empresa, De Poort, Netherlands, 23-26 September 2004. [Read more](#)
- II Interamerican Conference on Corporate Social Responsibility, Mexico, City, Mexico, 26-28 September 2004. [Read more](#)
- [2004 Annual Meeting of the International Monetary Fund and the World Bank Group, Washington, U.S., 4 - 5 October 2004. \[Read more\]\(#\)](#)
- Intertek/BSR Conference on Corporate Social Responsibility, 6-8 October 2004, Paris, France. [Read more](#)
- South Asia. What are the Prospects of Regional Economic Cooperation?, Wylton Park Conferences, UK, 11-13 October 2004. [Read more](#)
- Ethical Corporation Conference, Corporate Social Responsibility in Asia, Hong Kong, China, 14-15 October 2004 . [Read more](#)
- Social Accountability International Annual Conference, New York, U.S., 18 October 2004. [Read more](#)
- CSR International Conference at Humboldt University, Berlín, Germany, 14-15 October 2004. [Read more](#)
- Ethical Corporation Conference, Business Action on Human Rights, London, UK, 26-27 October 2004 . [Read more](#)
- International Global Compact Networks Conference 2004, London, UK, 26-27 October 2004. [Read more](#)
- China's Future: Sustaining Economic Growth in a Changing Society. Wylton Park Conferences, UK, 1-5 November 2004. [Read more](#)
- Corporate Social Responsibility: A European Roadmap, Maastricht, Netherlands, 7-9 November 2004. [Read more](#)
- BSR Annual Conference 2004 (Business Social Responsibility), New York, EU.S., 9 - 12 November 2004. [Read more](#)
- Triple Bottom Line Sixth Anniversary Conference, Amsterdam, Netherlands, 11 - 12 November 2004. [Read more](#)
- Fourth International Conference on Business and Sustainable Development, 11-12 November 2004, Aslborg, Denmark. [Read more](#)
- Second CSR Conference of Ansted University, Penang, Malaysia, 21-23 November 2004. [Read more](#)
- Network Award of the Copenhagen Centre to the Socially Responsible Business Initiatives, Copenhagen, Denmark, 25 November 2004. [Read more](#)
- Meetings of the Master of Corporate Social Responsibility, Barcelona, Spain, 26-27 November 2004. [Read more](#)
- Building Collaborations to Change Our Organizations and the World: Systems Thinking in Action, Cambridge, US, 1-3 December 2004. [Read more](#)
- India Economic Summit of the WEF, New Delhi, India 5-7 December 2004. [Read more](#)



- Economic Reform in Iberian America: Political and Economic Challenges, Wylton Park Conferences, UK, 9-12 December 2004. [Read more](#)
- Annual Meeting of the World Economic Forum Davos, Switzerland, 26 - 30 January 2005. [Read more](#)
- Corporate Social Responsibility 2005, London, UK, March 2005 (date TBD). [Read more](#)
- Centre for Corporate Citizenship at Boston College: 2005 Conference, Mapping the Future of Corporate Citizenship: Redefining the Markers for Business Success, Boston, U.S., 3-5 April 2005. [Read more](#)
- Annual Conference of the World Business Academy, Global Mindchange Forum, The Transformative Role of Business in a Chaotic World, Santa Barbara, U.S., 16-18 September 2005. [Read more](#)

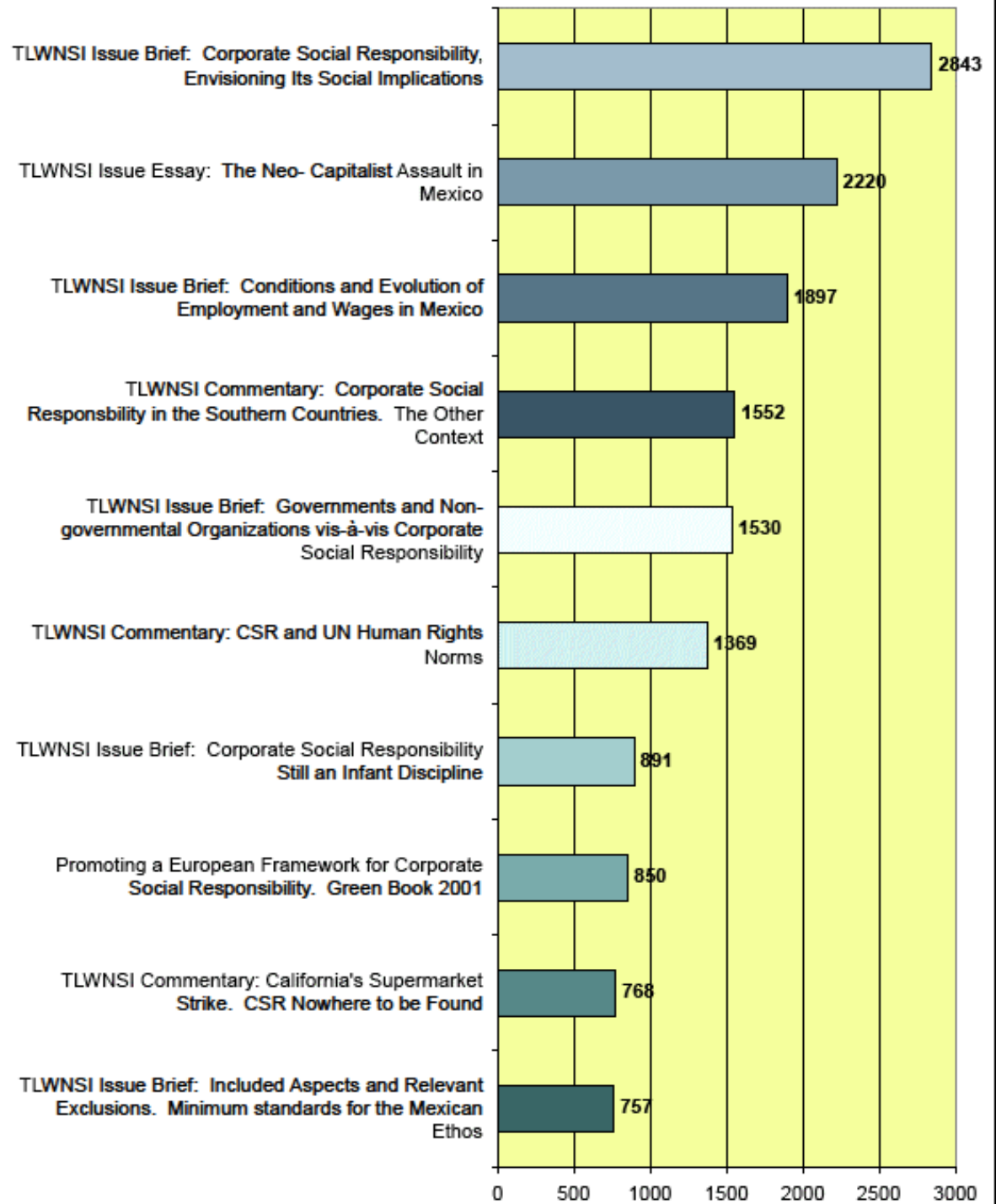
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- **TOP RESOURCE DOWNLOADS**

Following are the top ten internal and external information resources downloaded from our website in the previous quarter. [Below the chart are the links for each resource if you want to download them:](#)

## Top Ten Resource Downloads



To download click below:

1. [TLWNSI Issue Brief: Corporate Social Responsibility, Envisioning Its Social Implications](#)
2. [TLWNSI Issue Essay: The Neo-Capitalist Assault in Mexic](#)
3. [TLWNSI Issue Brief: Conditions and Evolution of Employment and Wages in Mexico](#)
4. [TLWNSI Commentary: CSR in the Southern Countires. The Other Context](#)
5. [Governments and Non-governmental Organizations vis-à-vis Corporate Social Responsibility](#)
6. [TLWNSI Commentary: CSR and UN Human Rights Norms](#)
7. [CSR Still an Infant Discipline](#)
8. [Promoting a European Framework for CSR. Green Book \(2001\)](#)
9. [TLWNSI Commentary: California's Supermarket Strike. Commentaries #1 and #2](#)
10. [CSR: Included aspects and relevant exclusions. Minimum standards for the Mexican Ethos](#)

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