

TLWNSI NEWSLETTER

The Living Wages North and South Initiative (TLWNSI)

Long-term Sustainable Development Through Gradual Wage Equalisation

HIGHLIGHTS

TLWNSI Newsletter – Autumn 2018

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RESOURCE CENTRE

Global Wage Report 2016/2017 The 2016/17 edition examines inequality at the workplace level, providing empirical evidence on the extent to which wage inequality is the result of wage inequality between enterprises as well as within enterprises.**9**

Farewell to Development. As inequality and environmental degradation worsen, the search is on not only for alternative development models but also for alternatives to development itself. Leading post-development theorist Arturo Escobar, co-editor of *The Post-Development* discusses the fight for pluralism and justice in Latin America.**10**

A Final Thought10

DEBUNKING THE MYTHS BEHIND US MALICE TOWARDS MEXICO

– *The less than one percent bi-national agreement behind the myths supporting Trump’s Mexico bashing*

The US has customarily conveyed an image of Mexico using blatant lies or manipulated facts that can only elicit disdain or hatred among US citizens. In this narrative, succinctly, Mexico is a perennially poor country with lots of violence and corruption that puts it on the brink of becoming a failed state, which is having a negative social and economic impact on the US. Yet the US has deliberately plundered Mexican socioeconomic structures and destroyed Mexico’s social fabric. This has been performed through a closely-concerted connivance with Mexico’s corrupt elites as part of the US so-called national interest: global imperialism. Through this evidently perverse and corrupt partnership the US has unambiguously and unrelentingly played a major role in the Machiavellian crafting of the root causes explaining Mexico’s disastrous situation. This has resulted in an increase of inequality, corruption and violence. However, the US narrative plays it as if Mexico’s northern neighbour has had nothing to do with this. Now Trump has vitriolically defamed Mexico by trying to exponentially exploit the worst and least sustainable stereotypes of Mexico and its people. This paper will debunk all the deliberately malicious myths advanced by the US’ equally-corrupt elites with a vested interest in denigrating its southern neighbour and present the true facts behind the lies.



Debunking the myths behind US malice towards Mexico – The less than one percent bi-national agreement behind the myths supporting Trump’s Mexico bashing

one percent bi-national agreement behind the myths supporting Trump’s Mexico bashing



Álvaro J. de Regil

The US has customarily conveyed an image of Mexico using blatant lies or manipulated facts that can only elicit disdain or hatred among US citizens. In this narrative, succinctly, Mexico is a perennially poor country with lots of violence and corruption that puts it on the brink of becoming a failed state, which is having a negative social and economic impact on the US. Yet the US has deliberately plundered Mexican socioeconomic structures and destroyed Mexico’s social fabric. This has been performed through a closely-concerted connivance with Mexico’s corrupt elites as part of the US so-called national interest: global imperialism. Through this evidently perverse and corrupt partnership the US has unambiguously and unrelentingly played a major role in the Machiavellian crafting of the root causes explaining Mexico’s disastrous situation. This has resulted in an increase of inequality, corruption and violence. However, the US narrative plays it as if Mexico’s northern neighbour has had nothing to do with this. Now Trump has vitriolically defamed Mexico by trying to exponentially exploit the worst and least sustainable stereotypes of Mexico and its people.

It should be evident that US malice over Mexico is not a unique situation of imperial aggression on Mexico per se. It is just one iteration in the long history of US imperialist aggressions to fulfil its so-called national interests anchored in the inherently malevolent spirit of manifest destiny. It has denied the right to a life with dignity to millions of Mexicans but

it is not the most inhumane and perverse in the imperial track record for nearly two centuries. US imperialism in Vietnam, Laos, Iraq, Afghanistan, Libya, Somalia, Sudan, Yugoslavia and Palestine, to name a few, has been far more perverse and violent to the point of making some of these countries almost failed states or non-existent, such as Palestine. The case of Mexico is just the oldest and longest running in history for the simple fact of sharing a two-thousand mile border.

The state of the world in this dire anthropocentric era continues to alienate people from the most pressing issues that affect us all directly. Peace among nations, equality, social justice, health, education, freedom, a sense of security, protection of personal privacy from the surveillance coming from increasingly proto-fascist state apparatuses and the health of the planet itself are all in clear decay worldwide. The sustainability of humanity, of all living species and the natural resources of our planet are threatened with irreversible consequences. Increasingly more and more people sense with alarming concern that unless we start today to put an end to the marketocratic system that is destroying us, humanity will not get to see the Twentieth-Second Century, at least envisioned with people living in a dignified manner and not with the few remaining surviving in the middle of miasmas. Thus the least that we can do is to get organised to overcome this Darwinian system and build a completely new paradigm not just for the benefit of Mexicans or North Americans but for the welfare of people and planet in a truly democratic ethos. The plight of Mexicans is only one of the most prominent examples of how the collusion of the centre-periphery elites of the world can devastate a country and pauperise its people in a matter of a few decades for their sole benefit. However, the problem and its root causes are global. Thus we need to organise globally for the simple reason that the global marketocratic system has captured the world.

[Download the full document on Debunking the myths... here!](#)



BASIC INCOME AS A FUNDAMENTAL HUMAN RIGHT IN THE PEOPLE AND PLANET PARADIGM – Basic Income in a truly democratic and sustainable ethos

Commentary as part of the Roundtable discussion on Kathryn Sikkink’s piece on human rights: “Human Rights: Advancing the Frontier of Emancipation,” organised by the Great Transition Initiative. De Regil contributes the following brief, particularly from the perspective of a universal basic income as an economic right. In case you are not familiar with the concept, the universal basic income is a cash allowance, unconditionally granted to all

on an individual basis, including children, without means test or work requirement to fulfil their basic needs for the simple reason of existing. Kathryn Sikkink’s main argument in her essay is that human rights play a key role in the transformation that we need to build a just and flourishing future. The author agrees, but argues that for human rights to play a key role in the transformation of societies, we must work to create a radical tectonic shift to build a completely new paradigm.



Basic Income as a fundamental Human Right in the People and Planet paradigm – Basic Income in a truly democratic and sustainable ethos

Álvaro J. de Regil

Following is my commentary as part of the Roundtable discussion on Kathryn Sikkink’s piece on human rights: “Human Rights: Advancing the Frontier of Emancipation,” organised by the Great Transition Initiative. I contribute the following brief, particularly from the perspective of a universal basic income as an economic right. In case you are not familiar with the concept, the universal basic income is a cash allowance, unconditionally granted to all on an individual basis, including children, without means test or work requirement to fulfil their basic needs for the simple reason of existing.



Kathryn Sikkink’s main argument in her essay is that human rights play a key role in the transformation that we need to build a just and flourishing future. I agree, but for human rights to play a key role in the transformation of societies, we must work to create a radical tectonic shift to build a completely new paradigm.

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In a transformative scenario that societies embark on to transcend the market, the market’s flaws as an agent of equity —work remuneration or otherwise— would be recognised by all parties as intrinsically inadequate. A new rights-based paradigm would inherently redefine the purpose of business. Once we transcend the market, its role must be completely deprived of any pre-eminence and of its untrammelled, undemocratic and unsustainable capitalistic essence. Markets will be strictly limited to becoming vehicles of commerce to provide the material quality of life that can be sustained by new predefined ecological footprints. Today’s capitalistic logic of the market—anchored on supply-and-demand and sheer speculation—would end. Financial markets and their amoral casino-like mindset would no longer have a role, for they would cease to exist. The commoditisation and privatisation of every aspect of life, including public goods, would cease public goods as rights. In the sphere of labour, a shift from treatment of workers as commodities to workers as stakeholders would emerge as the established norm. The purpose of business would shift from profit maximisation control and transparency, anchored on long-term horizons, would direct enterprises toward creating and sharing wealth within a framework of justice and truly sustainable ecological limits. Therefore, businesses would be striving to

compete, innovate, and increase efficiencies in their pursuit of increased and sustainable welfare for all stakeholders, including prominently the planet. As a consequence, in the new paradigm the workers' financial compensation is no longer a wage, but a shared remuneration for their contribution that guarantees to all employees/workers a life worthy of human dignity in line with the high quality-of-life standard that the community has democratically established as a legally-binding standard. In this way, the basic income would guarantee a minimum standard of living for individuals regardless of whether or not they are involved in an economic activity, and a shared remuneration would compensate individuals for the product of their economic activity, always based in both cases on the predefined quality of life that would guarantee the true sustainability of the system for future generations.

In summary, human rights can be the driving force for the transformative change of societies, but we must realise that a basic income and many other rights will never materialise unless we embark on a tectonic shift to replace the current unsustainable paradigm with a paradigm whose only purpose is to seek the sustainable welfare of the people and the planet.

[Download the commentary on Basic Income here!](#)



HUMAN RIGHTS: ADVANCING THE FRONTIER OF EMANCIPATION

Amidst bleak prognostications about the future, the human rights movement offers a beacon of hope for securing a liveable world. The movement's universality, supranationalism, and expanding emancipatory potential serve as inspiration and guide for the larger project of global transformation. The sweeping vision embodied in the 1948 Universal Declaration of Human Rights has experienced constant renewal and steadfast legitimacy in the tumultuous postwar world. It has been a foundation for the pursuit of supranational governance and an antidote to the notion that the ends justify the means. The human rights movement, despite its imperfections, has a key role to play in the transformational change in human values crucial to building a just, flourishing future.

The human rights movement offers essential lessons for global movement-building in the twenty-first century. Although systemic social transformation will not come quickly or easily, the attributes and experience of the twentieth century rights movement can help illuminate the journey.

When discussing the precondition for creating social change, community organiser Saul Alinsky said that one needs a blend of anger, hope, and the belief that one can make a

difference. Some see anger as the primordial emotion of justice. But while anger stimulates action, in the absence of hope and sense of efficacy, it can burn out quickly and lead to apathy. It is this delicate balance of grievance, vision, and sense that one's actions matter that shapes the chronicle of human rights.



Human Rights: Advancing the Frontier of Emancipation

Kathryn Sikdink

Amidst bleak prognostications about the future, the human rights movement offers a beacon of hope for securing a liveable world. The movement's universality, supranationalism, and expanding emancipatory potential serve as inspiration and guide for the larger project of global transformation. The sweeping vision embodied in the 1948 Universal Declaration of Human Rights has experienced constant renewal and steadfast legitimacy in the tumultuous postwar world. It has been a foundation for the pursuit of supranational governance and an antidote to the notion that the ends justify the means. The human rights movement, despite its imperfections, has a key role to play in the transformational change in human values crucial to building a just, flourishing future.

Four Pillars
The coming decades will be critical for steering the global trajectory toward a just, flourishing future.



The contemporary drift toward a fortress world of wealth disparities, intolerance, and regressive nationalism signals a difficult struggle ahead to create a just and sustainable planet. The universal, supranational, emancipatory, and expansive character of human rights is poised to serve as a connective tissue binding disparate movements and awakening a global citizenry in a super-movement capable of accelerating a Great Transition.

[Download the brief on Human Rights here!](#)



THE ANTHROPOCENE CRISIS

The Anthropocene, as explained by Bellamy Foster, is viewed as a new geological epoch displacing the Holocene epoch of the last 10,000 to 12,000 years, to represent what has been called an "anthropogenic rift" in the history of the planet. He explains: "formally introduced into the contemporary scientific and environmental discussion by climatologist Paul Crutzen in 2000, it stands for the notion that human beings have become the primary emergent geological force affecting the future of the Earth system. Although often traced to the Industrial Revolution in the late eighteenth century, the Anthropocene is probably best seen as arising in the late 1940s and early 1950s. Recent scientific evidence suggests that the period from around 1950 on exhibits a major

spike, marking a Great Acceleration in human impacts on the environment, with the most dramatic stratigraphic trace of the anthropogenic rift to be found in fallout radionuclides from nuclear weapons testing."



The Anthropocene Crisis

John Bellamy Foster*

The Anthropocene, viewed as a new geological epoch displacing the Holocene epoch of the last 10,000 to 12,000 years, represents what has been called an "anthropogenic rift" in the history of the planet. Formally introduced into the contemporary scientific and environmental discussion by climatologist Paul Crutzen in 2000, it stands for the notion that human beings have become the primary emergent geological force affecting the future of the Earth system. Although often traced to the Industrial Revolution in the late eighteenth century, the Anthropocene is probably best seen as arising in the late 1940s and early 1950s. Recent scientific evidence suggests that the period from around 1950 on exhibits a major spike, marking a Great Acceleration in human impacts on the environment, with the most dramatic stratigraphic trace of the anthropogenic rift to be found in fallout radionuclides from nuclear weapons testing.



Viewed in this way, the Anthropocene can be seen as corresponding roughly to the rise of the modern environmental movement, which had its beginnings in the protests led by scientists against above-ground nuclear testing after the Second World War, and was to emerge as a wider movement following the publication of Rachel Carson's *Silent Spring*.

* "Brecht's Parable of the Burning House" (2014), 275.
 * "The Anthropocene: A New Geological Epoch?" (2014), 402.
 * "Paul J. Crutzen and Eugene F. Stoermer, 'The Anthropocene' (2000), 17; Paul J. Crutzen, 'Strategy of World Transformation' (2015), no. 40(3) (2002): 21; Colin N. Waters et al., 'The Anthropocene: A Functionally and Stratigraphically Defined Time Interval' (2016), Science 351, no. 6289 (2016): 117, 122, 2622-10.
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Bellamy Foster points at the rather evident and urgent need to replace and not fix capitalism, so that we can aspire to "rebuild the house of civilisation under different architectural principles, creating a more sustainable metabolism of humanity and the earth. The name of the movement to achieve this, rising out of the socialist and radical environmental movements, is ecosocialism, and Facing the Anthropocene is its most up-to-date and eloquent manifesto." Yet he ponders on the possibility that many would rather err on the side of denialism than on the side of "catastrophism" and hesitate to take action at this level until we know more. For such possibility he offers very concrete advice quoting Bertolt Brecht's didactic poem "The Buddha's Parable of the Burning House":

The Buddha still sat under the bread-fruit tree and to the others,

To those who had not asked [for guarantees], addressed this parable:

"Lately I saw a house. It was burning. The flame Licked at its roof. I went up close and observed That there were people still inside. I entered the doorway and called

Out to them that the roof was ablaze, so exhorting them

To leave at once. But those people Seemed in no hurry. One of them,

While the heat was already scorching his eyebrows,

Asked me what it was like outside, whether it wasn't raining,

Whether the wind wasn't blowing, perhaps, whether there was

Another house for them, and more of this kind. Without answering

I went out again. These people here, I thought,

Must burn to death before they stop asking questions.

And truly, friends,

Whoever does not yet feel such heat in the floor that he'll gladly

Exchange it for any other, rather than stay, to that man

I have nothing to say." So Gautama the Buddha.

Download the essay on the New Paradigm of People and Planet here!



MEXICO'S DEPENDENT ECONOMY — Manufacturing wages lower than in China

Trump behaves as if Mexico tyrannises the US, taking its jobs while sending migrants north. However, it is the US that has impoverished Mexico

President Trump's commerce secretary Wilbur Ross said on 9 March that the US has 'been in a trade war for decades — that's why we have a deficit. At his nomination hearing, the billionaire banker (known for predatory restructuring of companies) said that his priority was to end this situation and renegotiate the North American Free Trade Agreement (Nafta) signed with Mexico and Canada in December 1992. The Trump team holds it responsible for the US's trade deficit of \$500bn in 2016, with Mexico accounting for 12%.

But with recession already looming, the renegotiation of Nafta would further weaken Mexico's economy. The Trump administration has repeatedly suggested that it could impose a tariff of 35% on auto sector exports to the US, and there is talk of imposing a tax of around 20% on all imports. This would be a devastating blow to Mexico, which generates 28% of its GDP from exports to the US.

It is hard to see how Mexican manufacturers could cut their costs enough to compensate for these measures. The Spanish daily El País has revealed that wages in northern Mexico are already '5-7% lower than those paid in China. Mexico could take advantage of the situation to

escape its economic dependency, but regardless of Peña Nieto's promise to develop the 'made in Mexico' brand, this would be tricky: pervasive poverty, the scale of the informal economy, low wages and the inability of the narrow local credit system to stimulate demand would complicate the task for any politicians willing to attempt it. Such politicians are rare. Unless dissent within the US state apparatus forces Trump to review his trade policy plans, the Mexican elite will be caught once again in the dependency trap.



Mexico's Dependent Economy – Manufacturing wages lower than in China

James M. Cypher*

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Mexico's economy depends on a multiplicity of global factors. (Source: El País)

The terms of the renegotiation remain vague, perhaps because of unexpected delays in the approval process designed to put the US back in America's trade policy in the hands of Ross, Peter Navarro, director of the National Trade Council, and Robert Lighthizer, chief trade negotiator. Trump is keen to start the 'geographic reallocation' — a relocation of plants and equipment to the US, marking the re-industrialisation of the economy — and has said he will give notice of the start of the renegotiation process very soon.

*See: Ross on Nafta, China, and border adjustment tax. (Bloomberg.com, 8 March 2017)
 See: Canada will have 12% trade exposure in Nafta renegotiations: US Commerce Secretary. (The Globe and Mail, Toronto, 8 March 2017).
 See: TNC's New Paradigm of People and Planet. (September 2017) James M. Cypher

Download the commentary on Mexico here!



PERSPECTIVES ABOUT A TREATY ON TNCs: TRIUMPHALIST ACTIVISM VS. THE REALITY OF FACTS

The wording of the last part of the Report of the third session —held at the end of October— of the Working Group of the UN Human Rights Council that discusses a Draft of a binding Treaty on transnational corporations, raised doubts in some NGOs about how the debate will continue, whether there will be a fourth session of the Working Group and even whether it will subsist or cease to exist. Indeed, the text of the last part of the Report of the third session raises questions as to its interpretation. There are on the one hand the Recommendations of the Chairperson-Rapporteur of the Group and on the other the Conclusions of the same Working Group. The Chairperson-Rapporteur Recommends that a fourth session be convened for 2018.

The assessment of the prospects for achieving the approval and implementation of a Treaty that frames the activities of transnational corporations needs to be put in the context of

the situation and the relationship of world forces, where the omnipotence of transnational economic power can be attested, and to which all States submit submissively.



Perspectives about a Treaty on Transnational Corporations: Triumphalist Activism vs. Facts Reality

Alejandro Teitelbaum*

"Judicial mechanisms are the backbone of the remedy system, non-judicial the fingertips"

The wording of the last part of the Report of the third session —held at the end of October— of the Working Group of the UN Human Rights Council that discusses a Draft of a binding Treaty on transnational corporations, raised doubts in some NGOs about how the debate will continue, whether there will be a fourth session of the Working Group and even whether it will subsist or cease to exist. Indeed, the text of the last part of the Report of the third session raises questions as to its interpretation. There are on the one hand the Recommendations of the Chairperson-Rapporteur of the Group and on the other the Conclusions of the same Working Group. The Chairperson-Rapporteur Recommends that a fourth session be convened for 2018.



Last year in the Recommendations of the Chairperson-Rapporteur it was said that the third session of the Working Group should be convened. This year, the President-Rapporteur only

Recommends concerning the fourth session. In the Conclusions of this year's Working Group, a call for a fourth session is not mentioned at all. In contrast, in last year's Conclusions of the Working Group the following session was mentioned ... to be held before the third session and the corresponding new working program."

But in addition, and this is more important than the literal interpretation of the text of the Report, in the conclusions of this year's Working Group it reads: "The Working Group requests the President-Rapporteur to hold informal

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Calling for Corporate Accountability:

Hence to write as two activists do in a note that can be found in Viento Sur (https://webmail.sfr.fr/fr_FR/main.html#read/VF_newsletter/19264): "We must emphasise the fundamental active participation and the political pressure of the social movements, NGOs and communities affected by human rights violations that managed to overcome the blockade of the EU and other States trying to endanger the continuity of the process" is totally subjective and alien to the reality of the facts and / or an attempt to overvalue the activism of some NGOs. Furthermore, what is stated in the same note is inaccurate: "The recommendations of the presidency cannot be modified by any State now or blocked by the European Union or the United States.", for the Recommendations of the President-Relator are not even endorsed by the conclusions of the Working Group; they are just Recommendations and the Human Rights Council is empowered —lobbying and pressure from the great powers willing— to terminate the mandate of the Working Group and, if it comes to the case, appoint a Special Rapporteur.

We think that it is correct to take the discussion to the heart of the UN, as a way to publicise — a bit— the denunciation against the TNCs. But it must necessarily be accompanied by the denunciation —inside and outside the UN— of the negative role of states —despite the demagogic discourse of some of them— and of the decision-making bodies within the UN, which are instruments at the service of the great powers and of transnational economic power. The triumphalist declarations of some activists and NGOs imply taking on the grave responsibility of deceiving the victims of transnational economic power instead of, as it

should be, trying to make them aware about the true scope of the problem.

Finally, in the very unlikely case that a treaty was approved—which would still be significantly weakened—it should be noted that a treaty is binding only for those states that sign it and formally adhere to it. Therefore, to speak of a "binding treaty" is a redundancy, because a treaty is, in accordance with international law, always binding on the states that sign it and adhere to it with the formalities established by its domestic law. It is hard to imagine the governments of the great powers signing and their respective parliaments ratifying the adherence to a treaty that limits the activities of transnational corporations; and that sanctions the violations committed against economic, social and cultural rights and against human rights in general.

[Download the brief on TNCs here!](#)

CAPITALISM SUCKS OUR BLOOD AND KILLS US



Capitalism Sucks Our Blood and Kills Us

Alejandro Teitelbaum*

The media released a report published by Oxfam coinciding with the meeting of economic and political elites in Davos, where it is said that:

... "Only 81 people (81 men actually) already have the same wealth as 3.6 billion people, the poorest half of humanity. The super-concentration of wealth is still unstoppable. Economic growth is only benefiting those who have more. The rest, the vast majority of citizens around the world and especially the poorest sectors, are being left out of the record of the economy."

And the report adds: "The big multinationals and the billionaires, who are meeting at the World Economic Forum in Davos these days, play a crucial role in this crisis of inequality. These 'super rich' use an intricate network of tax havens to avoid paying their taxes, devalue their workers' wages and the prices paid to producers and invest less and less in their companies. They also use their money and influence to slow laws and policies to their favor. There is a huge gap between the super rich and the rest of humanity that is plunging millions of people into poverty, fracturing our societies and weakening democracy. More and more people live with more fear and less hope." (<https://www.oxfam.org/en/pressroom/press-releases/2017-07-17-oxfam-report-on-inequality>)

A report titled 'Financial Flows and Tax Havens: A Continuation to Limit the Lives of Billions of People' was published in December 2016 by the United States-based Global Financial Integrity (GFI), the Centre for Applied Research at the Norwegian School of Economics and a team of experts from Brazil, India and Nigeria, which states that poor countries are net creditors of rich countries since 1990, for the balance has been unfavourable to them for 16 trillion Dollars (<http://www.gfi.org/gfi-projects-research-reports/2016-12-16-financial-flows-and-tax-havens>)

The English newspaper, The Guardian, on January 14, 2017, commented on this report under the suggestive title: 'Aid in Reverse: How Four Countries Develop Rich Countries' (<https://www.theguardian.com/global-development-professionals-network/2017/jan/14/aid-in-reverse-how-four-countries-develop-rich-countries>). In the Guardian article you can read: "We have long been told a compelling story about the relationship between rich countries and poor countries. The story holds that the rich nations of the OECD give generously of their wealth to the poorer nations of the global south, to help them eradicate poverty and push them up the developmental ladder. In doing so, rich nations generate growth, which then overflows themselves by exporting resources and ideas to the rest of the world. But that's all in the past. These days, they give more than \$125bn (£82bn) in aid each year – solid evidence of their benevolent goodwill."

This story is so widely propagated by the aid industry and the governments of the rich world that we have come to take it for granted. But it may not be as simple as it appears. The US-based Global Financial Integrity (GFI), and the Centre for Applied Research at the Norwegian School of Economics recently published some fascinating data. They added up all of

Alejandro Teitelbaum directly addresses the most relevant features of the system of domination the world endures, exposing its most harmful aspects. The author shows the predatory and unsustainable essence of capitalism and the cross paradox that exists between its enormous technological and scientific development and the increasing inequality, the deliberate breakdown of social welfare systems, the precariousness of employment and the general collapse of capitalism's quality of life in the face of an uber-concentration of wealth in a microscopic fraction of humanity. Teitelbaum illustrates this paradox with incontrovertible examples of the policies that have been applied for decades,

both in the metropolises of the system and in its periphery, to materialise this uber-concentration. Finally, the author poses that the only alternative is the effort that ordinary citizens must undertake to understand the unjust and unsustainable framework of the dominant system. This is absolutely necessary in order to take consciousness about the great need to organise to pursue a radical and paradigmatic change. Otherwise we run the great risk of allowing capitalism to lead humanity, in the medium term, towards its extinction.

[Download the commentary on Capitalism here!](#)

NEW 2018 REPORT — REAL LIVING-WAGE GAP ANALYSIS UPDATE FOR ALL EMPLOYED IN MANUFACTURING IN 12 ECONOMIES AND THE U.S. (1996-2016)

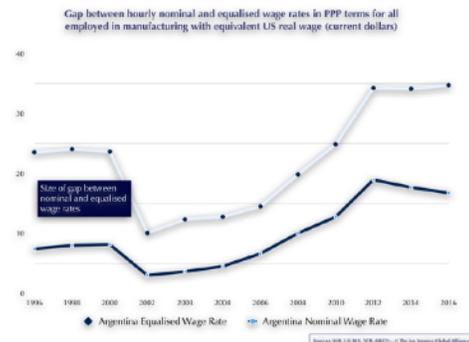
Our annual analysis 1996-2016, for 9 developed and 3 "emerging" economies, of wage gaps in PPP terms

Overall, seven out of the twelve countries in this assessment are better off in 2016 than in 1996. Brazil shows no change and Canada, Mexico, Germany and the UK are worse than in 1996. East Asian economies record the greatest gains in their wage-rate position. Singapore and South Korea have recorded the most improvement in the reduction of their wage gaps since 1996. In contrast, Canada has recorded the greatest decline, followed by the United Kingdom. Both remain at their lowest point since 1996. Germany continues to have the best position with an actual advantage vis-à-vis the U.S. in PPP wage rates. Yet it remains with an index eight points below its best position.

[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 1996-2016

With the new staunchly neoliberal new government, Argentina is reverting the impressive progress achieved in living-wage equalisation in the manufacturing sector of more than one decade.



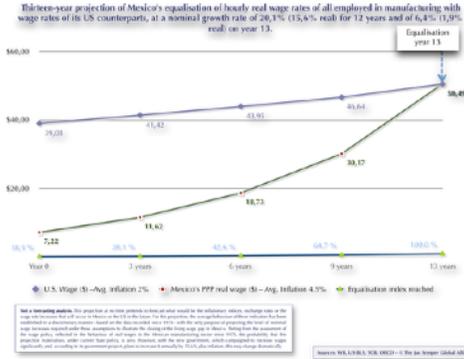
Our analysis of Argentina's living wages in the manufacturing sector from a global perspective (purchasing power parities) can no longer assume that Argentina's government will continue to regard the appreciation of real wages as a fundamental element of its economic policy. Unfortunately, with the Macri government, as we expected, we are already witnessing the opposite, given that its economic policies are clearly supply-side and completely committed to resuming the old centre-periphery relationship that applies a neocolonial ethos to Argentina's economic policies. Unfortunately for him, his economic policies have proven disastrous and in two and a half years, inflation and devaluation have exploded, the country is nearly in default and real wages have collapsed. We are confident that the equalisation index for 2018 will drop very meaningfully and extend the number of years that it will take to close the living wage gap with equivalent workers in the US. In our report, the gap would have been closed in our mid-inflation projection by 2022, now it would take until 2025. As for the high-inflation the gap would have been closed by 2026, now it would take until 2032.

The above notwithstanding, the two projections included in this analysis clearly show that Argentina can achieve a living-wage equalisation in the manufacturing sector within fourteen 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.

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

MEXICO'S (1996 - 2016) REAL LIVING-WAGE GAP ASSESSMENT

Mexico's fraudulent government, fixated on the precarisation of Mexican society, continues to deliberately violate the entire spectrum of civil, political, economic, social, environmental and cultural rights of their citizenry. However, things may change for the better very soon.



With the electoral victory of López Obrador in 2018, things are planned to marginally change for the better for workers. In his Government Plan, he states that the minimum wage will be increased by 15,6% annually, plus inflation, until reaching P\$171,00 by the end of his six-year term. This is a plan similar to Lula's plan in Brazil, and precisely what we have been proposing for over a decade.

For the first time in more than three decades, real wages across the entire economy may change for the better if the new government that starts on 1st December 2018, keeps its promise and increases the minimum wage as planned by 15,6% plus inflation annually. There is no doubt that powerful domestic business lobbies will attempt to exert maximum pressure to force the new government to increase nominal wages at a far lower pace than planned. For instance, COPARMEX, the National Confederation of Employers, is already pushing for an 11% increase for 2019 including inflation. However, given that it is widely known in Mexican society that, after 36 years of deliberate wage pauperisation, Mexico's minimum wage has become one of the lowest in the world, as low as in Nicaragua, there is enormous pressure to change this immediately. In fact, after more than thirty years of a minimum wage increase below annual inflation or strictly in line with it, the current government was forced to raise the minimum wage for 2017 by 9,6% vis-à-vis a 2,8% inflation in 2016, and for 2018 by 10,4% vis-à-vis 6,6% inflation in 2017. We will see if the upcoming government will indeed comply with its promise and implement a well-articulated policy that meaningfully recovers real wages for the entire economy throughout its six-year term.

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



BRAZIL'S (1996 - 2016) REAL LIVING-WAGE GAP ANALYSIS

Brazil has no longer sustained the closing of its Eq-Idx due to the deep recession that has ensued in the last years. Furthermore, Brazil's Temer government passed a new law (PEC 55) that freezes all public spending for 20 years, which implies that constitutionally-protected government expenditures in the areas of health, education and other social sectors would remain stunted until 2036. This has in practice ended Brazil's minimum wage appreciation policy.



Parting from the implications carried by the — already abrogated— plan of Brazil's government to increase minimum wages in a sustainable manner up to 2023 – and using as the benchmark Brazil's workers in the manufacturing sector– it can be asserted that the policy to be applied would generate, in all certainty, rather meaningful social and economic benefits in all economic sectors if this policy were to be reactivated.

Although Brazil's plan would have not closed whatsoever the living wage gap with the United States by 2023, it would have undoubtedly embodied a meaningful improvement that would have triggered different multiplying effects that would have generated the endogenous development of Brazil. This would have placed it closer to the socioeconomic indicators of developed than of developing countries. With Dilma Rousseff's government ousted, the Temer government immediately changed the policy and applied increases to the minimum wage below inflation in 2017 and 2018. This may change if the new presidential election returns power to Brazil's Workers Party. There is currently a major convoluted political crisis. Lula da Silva —the leading candidate in the election— has been put in prison, with a 12 year sentence— for alleged corruption charges that have not been proven yet— and barred from running in the election. The second in the race is Jair Bolsonaro —from the far right populist sector, who was stabbed in a recent rally and is convalescing from the injury. Consequently, given the deep political polarisation of Brazil's society, it is impossible to foresee the outcome and how this will affect

the minimum wage policy and manufacturing wages.

Temer's government's radical constitutional amendment that has frozen all public spending for 20 years, until 2036, would undoubtedly erode in a very meaningful way the real value of Brazil's wages, unless the next government changes the current course.

If Brazil's future governments apply a demand-side economic policy, this would generate multiplying effects that would consolidate social development, anchored on the generation of aggregate demand. This would increase not just wages, but formal employment, tax revenue, the sustainability of the social security system, economies of scale and the competitiveness of the Brazilian economy in the global context, among other things. To be sure, the greatest benefit would be the drastic decrease of poverty and an abatement of innumerable social problems engendered by poverty and exclusion. In this way, Brazil would move ahead and approach, meaningfully, the making of an ethos where a majority of Brazil's society would have full access to the enjoyment of a broad array of human rights instrumental in the development of their capacities to carve a dignified life.

One of the greatest benefits of the appreciation of real wages of any country—in the context of a living wage ethos—is the direct impact on the eradication of the conditions of inequality and exclusion; conditions that have prevailed in Brazil in a rather brazen manner. Thus, if Brazil seriously commits to the long term materialisation of this central objective of social justice, it will accomplish the transformation of its society into one where equality and a high degree of wellbeing prevail—the sine qua non attributes of truly democratic societies.

To be sure, there is no guarantee that the current minimum wage appreciation policy will be reactivated by the next Brazilian government if the winner is the Workers Party. However, the responsibility for making sure that this policy remains falls directly on society, which bears the full load for making Brazil's future governments feel compelled to consolidate this objective. Hence, it is indispensable that Brazilians become fully aware about the need to permanently get involved in the public matter to make sure that future governments work for the benefit of society and not for the owners of the market and their very private interests, as the vast majority of governments enthusiastically pursue in most countries today. Brazilians must increase their involvement in the public matter to ensure that those they choose to govern work in pursuit of the welfare of people and planet and NOT the market. Otherwise, demand-side and other socially-oriented policies will cease to exist and inequality will go back to the levels prevalent last century. That would be a major mistake attributable mostly to the demos.

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

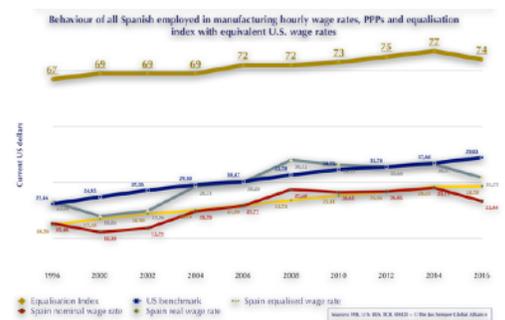


SPAIN'S (1996 - 2016) REAL LIVING-WAGE GAP ANALYSIS

Overall, as with most countries, wage equalisation in Spain's manufacturing sector has stagnated.

To put Spain's living wage rate position in a European perspective, only four economies recorded gains in 2016 vis-à-vis 2014, two recorded no change, whilst Spain and fifteen others recorded a widening of their living-wage gap with equivalent U.S. wages. Overall, as with most countries, wage equalisation in Spain's manufacturing sector has stagnated, but extremely high unemployment and the deliberate neoliberal job casualisation policy remain its most conspicuous features.

In line with the drastic government-induced depression of the Spanish economy –with the evident ulterior motive of imposing the further privatisation of its Welfare State– Spain's planned process of convergence with the major economies of the EU has stalled since 2012. The Equalisation Index (EQ-Idx) of Spain's manufacturing sector wage rates have reached a plateau, which, in line with Germany, France and Italy, have experienced little or no change since 2012. Only the United Kingdom seems to keep sliding its EQ-Idx further down.



The fact that Spain's Eq-Idx has not moved from an average of 74 since 2006 and the fact that since 1996 it has only gained 7 points or 10% 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. In fact, in 2016 Spain's Eq-Idx is three points below its 2014 index of 77, its best index in twenty-one years. Indeed, wage rates for those who are employed in Europe are stagnating. In 2016, only four Eastern European economies recorded a slight gain in their Eq-Idx, sixteen economies including Spain recorded a lower Eq-Idx than in 2014, whilst two economies recorded no change. In fact, since 2012, nine European economies have a better Eq-Idx in 2016, but all but Italy, Switzerland and Austria are eastern European countries.

Spain's manufacturing real wage rates in local currency have sustained a consistent improvement since 1996. Inflation increased 39,9% for 2000-2016, with actual slight decreases in the last three years, but nominal wage rates increased by 58%. Thus, real wage value improved in euros by 18 percentage points or grew 45% more than prices for the period. As for their behaviour in US dollars, while US wage rates for all employed in manufacturing increased 56,4% between 2000 and 2016, Spanish wage rates grew by 89,3% for the same period. As a result, equalisation improved from a 69 Eq-Idx in 2000 to a 74 Eq-Idx in 2016. In fact, when looking at wage rates for production-line workers in previous reports, which go as far back as 1975, the Eq-Idx for Spain climbed from a 52 to an 89 Eq-Idx between 1975 and 2009. Thus, Spanish wages in the manufacturing sector consistently improved for over three decades and are already ahead of UK's Eq-Idx since 2010. However, this trend has been at a stand still since 2014. In real PPP terms, hourly wage rates in US dollars averaged an annual growth of 4,3% between 2000 and 2016, but only grew 0,81% from 2014, whilst US wage rates did so by 5,37%, thus the Eq-Idx lost three points.

When assessing all economic sectors, including manufacturing, the picture is bleaker. For the whole economy, labour compensation costs increased 1,97% from 2014 to 2016 (INE: Encuesta Trimestral de Coste Laboral ETCL, 17 de marzo de 2015 y 16 de marzo de 2017), which, after adjusting for a deflation of 0,84% equates to a growth of 2,8% in real terms. Yet, the labour share of income (% of GDP) continues to drop in line with global trends. Spain's labour share has gradually dropped almost every year since its peak of 67,5% in 1976 to 58% in 2008 and 54,1% in 2018 (Eurostat: AMECO Database: Adjusted age share. Last update 19 September 2018). The customary winner was, to be sure, profits to maximise shareholder value (Luis Buedía: A perfect storm in a sunny economy: a political economy approach to the crisis in Spain, Oxford, Socio-Economic Review, 2018, Vol. 0, No. 0, 1–20 doi: 10.1093/ser/mwy021). The loss of labour's share of income is, to be sure, not the worst indicator of Spain's labour market. As widely known, unemployment remains at extremely high rates by EU and global standards, which directly ensues from the harsh policies imposed since the start of the crisis. The unemployment rate was 8,26% in 2007, just before the crisis ensued, but by 2013 the rate climbed to 26%. Finally it began to drop in 2014 and by third quarter 2018 it is down to 15,3% and from 51,8% to 33,8% for the 16-24 age group. Both numbers continue to be extremely high by any standard (INE: Encuesta de Población Activa (EPA) Segundo trimestre de 2018, 18 de septiembre de 2016). Unfortunately, the gradual transformation of Spanish wages into living wages is bound to experience a hard regression as part of a global trend engaged in the deliberate policy of reducing all salaries, frightening the labour force, weakening labour unions and dismantling the welfare state (Vicente Navarro, The Disastrous Labour And Social Reforms In Spain, Social Europe, 3 March

2014) as well as normalising a state of extremely high unemployment rates.

As for minimum wages, they have increased nominally 2,15% and barely 1,8% in real terms between 2012 and 2016, only because of extremely low inflation or actual deflation. They were finally increased 8% in 2017 and another 4% in 2018. Nonetheless, the minimum wage in real terms has grown barely 12,8% in twenty-two years (1996-2018), far below economic growth for the period, which explains the decline of labour's share of income as a percent of GDP.

Growing wage inequality is another major emerging concern both for Spain and globally. According to the latest Global wage report, changes in the distribution of wages and the creation or destruction of paid employment have been key factors behind recent inequality trends (ILO: Global Wage Report 2016/2017). Such trends have been exacerbated by the policies of both the EU and the Spanish Government.

Finally, there is some gleam of hope for a change. The European Commission rhetoric changed in 2016 from wage erosion to increase competitiveness, resulting in a systematic depression of internal demand, increasing wage inequality and generating a sluggish economic recovery, to put some emphasis in the generation of internal demand, which requires the support of growth of real wages. This may explain why Spain's minimum wages finally increased meaningfully in 2017 and 2018. However, further growth has been conditioned to a GDP growth of at least 2,5% and the creation of not less than 450 thousand new jobs (Fernando Luengo, La trampa y el discurso tramposo de la subida del salario mínimo, la marea, 5 de enero de 2018), which makes it dubious that there will be the political will, even in the new socialist government, to support wage growth. Nonetheless, there is a strong push from the European Trade Union Confederation for a wage-led growth (and solidarity to reduce inequality), instead of internal devaluation for a sound economic recovery (ETUI, Benchmarking Working Europe 2017).

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



AEQUUS INDICES. LIVING WAGE EQUALISATION IN THE MANUFACTURING SECTOR

2016 ranking of living-wage equalisation in purchasing power parity terms (PPP for private consumption) – 34 countries – for all employees in the manufacturing sector (employees and production-line workers combined), based on total hourly compensation costs. 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

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					
2016: living-wage equalisation in purchasing power parity terms (PPP for private consumption) – 34 countries – for all employees in the manufacturing sector (employees and production-line workers combined), based on total hourly compensation costs					
The Euro-Schengen Global Alliance	Hourly manufacturing real wage index		Real wage PPP equalisation		Aequus index
	Year	Index	Year	Index	
United States (benchmarks)	1988	100	2016	100	100
1. Belgium	1999	146	2016	121	123
2. Germany	1999	146	2016	111	128
3. Netherlands	1998	118	2016	115	108
4. Austria	1996	125	2016	101	107
5. France	1996	124	2016	97	101
6. Norway	1997	112	2016	125	98
7. Sweden	1996	121	2016	107	95
8. Italy	1996	93	2016	61	93
9. Denmark	1997	101	2016	116	91
10. Netherlands	1997	99	2016	89	90
11. Finland	1996	111	2016	99	90
12. Ireland	1996	79	2016	93	88
13. Australia	1999	67	2016	98	82
14. Singapore	1996	53	2016	69	81
15. Canada	1996	63	2016	77	75
16. Spain	1996	69	2016	66	74
17. Japan	1996	105	2016	68	69
18. South Korea	1996	42	2016	59	68
19. United Kingdom	1996	79	2016	73	67
20. Greece	1996	56	2016	40	54
21. New Zealand	1996	54	2016	61	53
22. Slovenia	1996	12	2016	36	49
23. Argentina	1996	33	2016	43	48
24. Czech Republic	1996	15	2016	27	47
25. Estonia	2000	10	2016	40	44
26. Poland	1999	14	2016	22	43
27. Hungary	1996	14	2016	27	41
28. Portugal	1996	32	2016	28	38
29. Brazil	1996	31	2016	20	33
30. Turkey	2004	14	2016	16	29
31. China*	2002	2	2013	11	19
32. Mexico	1996	10	2016	10	18
33. India*	2000	1	2014	5	15
34. Philippines	1996	6	2016	5	12

The index for all employees dates back, depending on the country, to 1996 and, except for India and China, compares the benchmark year with 2016 and will continue to be updated every year. India and China's wage data is currently available for the periods 1999-2014 and 2002-2013 respectively. A word of caution, nonetheless, is required with these data, for India and China data gathered by the BLS are not fully comparable to the rest of countries due to some inconsistencies in methodology. However, given that in both cases the BLS argues that this does not substantially affect the hourly compensation estimates, rough comparisons can still be made, and thus, we have decided to include them in our Aequus Index.

[Download the 1996-2016 Aequus Index for All Employed in manufacturing here!](#)

TABLE T5*: 1996 – 2016 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)
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

Nominal wage rates in dollars continued to decrease in 2016 at the same rate as in 2014, averaging a drop of 12,5%, vis-à-vis 12,6% in 2014. This is due to a great extent to the devaluation of these currencies against the dollar. Furthermore, most wage rates in local currencies increased at a lower rate than the 5,4% increase of the U.S. hourly wage rate. As a result, most equalisation indices continued dropping. Only Italy and South Korea sustained their 2014 indices and Singapore was the only one of the twelve economies selected that was able to increase its index in 2016.

Since 2012 only three economies did not increase their equalisation gaps. Germany kept the same index and Italy and Singapore improved their equalisation. Of the twelve selected economies, four are worse off than in 1996, Brazil did not change and seven are better off than in 1996.

Overall, East Asia economies have fared far better than the rest

[Download the pdf file of Table 5 for 12 economies here.](#)

TABLE T5-EUROPE: 1996 – 2016 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)
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 2016, continuing with the previous deterioration of the living-wage equalisation indices of 2014 vis-à-vis equivalent U.S. wage rates, sixteen of the twenty-two economies in this report widened their wage gap. All twenty-two economies experienced strong devaluation of their currencies against the dollar and in most cases their PPP cost of living dropped less than the rate of their currency's devaluation, reflecting the effect of inflation. Also, most economies increased their wage rates in local currency at a lower rate than the increase of 5,4% of U.S. manufacturing wage rates. Only Italy, the Czech Republic, Slovakia, Hungary, Estonia and Turkey reduced their wage gaps or remained at the same level as in 2014.

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

TABLE T5-ASIA AND OCEANIA: 1996 – 2016 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	\$ 22,47
	<i>(Hourly compensation costs)</i>	
Japan	PPP conversion factor, GDP (in country currency)	170,600
	Exchange rate	108,78
	PPP conversion factor, GDP (in U.S. dollars)	\$ 1,57
	2. Equalised PPP nominal compensation US \$	\$ 35,24
	3. Actual Real compensation US \$	\$ 15,09
	4. Actual Nominal compensation US \$	\$ 23,67
	Compensation Deficit in US \$ (2 minus 4)	\$ 11,57
	Wage Equalisation index (4÷2 or 3÷1)	0,67
South Korea	PPP conversion factor, GDP (in country currency)	731,420
	Exchange rate	805,00
	PPP conversion factor, GDP (in U.S. dollars)	\$ 0,91
	2. Equalised PPP nominal compensation US \$	\$ 20,42
	3. Actual Real compensation US \$	\$ 10,50
	4. Actual Nominal compensation US \$	\$ 9,54
	Compensation Deficit in US \$ (2 minus 4)	\$ 10,88
	Wage Equalisation index (4÷2 or 3÷1)	0,47

In 2016, most countries in the region decreased their living-wage equalisation indices, mostly due to currency devaluations and lower increases of their wage rates than the increase of the US wage rate. South Korea was able to maintain its 2014 index. Only Singapore was able to increase it significantly. Albeit not comparable with the other wage rates in the region due to differences in methodology, India was able to sustain its equalisation index in 2014 vis-à-vis 2012. China has not reported yet data for the 2014-2016 period.

[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 1996-2016, IN PURCHASING POWER PARITY (PPP) TERMS, FOR ALL EMPLOYED IN MANUFACTURING

		1996
Benchmark	1. U.S. Hourly Manufacturing Wage Rate*	\$ 22,47
	<i>(Hourly compensation costs)</i>	
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)	0,33
	Wage Equalisation index with unofficial inflation	

In the Americas, all four major economies experienced a widening of their wage gaps with US wages, but Argentina stands out as it suffered a widening of the gap of its equalisation index due to a very strong devaluation of its currency with high inflation and the increase of the US hourly wage rate and almost no change in cost of living as a result of high inflation.

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

RESOURCE CENTRE

GLOBAL WAGE REPORT 2016/2017 THE 2016/17

This edition examines inequality at the workplace level, providing empirical evidence on the extent to which wage inequality is the result of wage inequality between enterprises as well as within enterprises.

Over the past few years there has been a growing recognition of the need to monitor wage trends and implement sustainable wage policies that prevent wage stagnation, raise levels of pay for the millions of working poor around the world, ensure fair distribution, reduce excessive wage and income inequalities, and buttress consumption as a key pillar of sustainable economies. Where incomes have grown and income inequality has been reduced, this has frequently come about as the result of a combination of more jobs in paid employment for low-income households and a more equitable wage distribution. The role of labour markets and wages in reducing poverty and inequality has also been highlighted in the first edition of the World Bank’s annual flagship report, Poverty and shared prosperity (World Bank, 2016).

Second, wages matter for economic and political reasons. At the level of enterprises, the wages of paid employees represent a cost. But at the macroeconomic level, sustainable wage growth is central to maximising aggregate demand. While excessive wage growth may lead to price inflation and declining exports or investment, weak wage growth can represent a drag on household consumption and domestic demand – a prospect that is particularly relevant in the current global economic context characterised by slow growth. Excessive inequality tends to contribute to lower economic growth and less social cohesion (Ostry, Berg and Tsangarides, 2014; d’Hombres, Weber and Elia, 2012). It can also lead to political polarisation: a recent IMF report pointed out that in some countries the nature of political discussions had shifted as a result of “growing income inequality as well as structural shifts, some connected with globalisation, that

are seen as having favoured economic elites while leaving others behind” (IMF, 2016a, p. xiii).



Last but not least, wages are about more than money; they matter from the point of view of fairness and human dignity. The ILO has long emphasised that “labour is not a commodity” and that, this being so, the price of labour cannot be determined purely and simply through the application of the rule of supply and demand (see ILO, 1944 and 2014a). As pointed out by Piketty, “the price system knows neither limits nor morality” (2014, p. 6). Minimum wages play an important role in ensuring that workers are treated in a way that is fair and compatible with notions of human dignity and respect. Over and above minimum wage levels, policies in the areas of wages, hours and other conditions of work can contribute substantially to fostering social dialogue and collective bargaining, and ensuring a just share of the fruits of progress to all (ILO, 2008a). Fairness includes equal remuneration for work of equal value, and the elimination of pay discrimination between men and women, or between other groups.

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

FAREWELL TO DEVELOPMENT

An Interview with Arturo Escobar

As inequality and environmental degradation worsen, the search is on not only for alternative development models but also for alternatives to development itself. Leading post-development theorist Arturo Escobar, co-editor of The Post-Development Dictionary and author of Design for the Pluriverse, discusses the fight for pluralism and justice in Latin America with Allen White, Senior Fellow at the Tellus Institute.

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).

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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.