



TLWNSI NEWSLETTER

The Living Wages North and South Initiative (TLWNSI)

HOME

LONG-TERM SUSTAINABLE DEVELOPMENT THROUGH GRADUAL WAGE EQUALIZATION

SUMMER 2003

February 14, 2004

LIVING WAGES, CORPORATE SOCIAL RESPONSIBILITY AND DEVELOPMENT

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TLWNSI

Corporate Social
Responsibility (CSR)

Our CSR Concept

TLWNSI
(Working Draft)

Press Room

RESOURCES

This is our first quarterly bulletin. Our bulletins will highlight recent publications, resources and news, with special emphasis on living wages, CSR and development issues. We hope you will enjoy it!

In this issue:

- o [Living wages and enforceability remain excluded](#) from the Corporate Social Responsibility Agenda (CSR)
- o [The European Union issues a report](#) calling on the need to make CSR an integral part of business culture and sets out to develop a European framework to be applicable globally, wherever European firms are active
- o [G8 Drops plans for business standards](#), fails Third World nations
- o [Coffee Campaign](#). Maintain the pressure to support 25 million farmers in crisis
- o [Human Development Report 2003](#). There were no surprises, the new HDR says inequality and poverty are clearly winning the battle
- o [Key statistic](#): Analysis of real wage gap in manufacturing workers between the U.S., the G7 and emerging markets in ppp terms
- o [CSR Tool](#): Brazil's IBase model

LIVING WAGES AND ENFORCEABILITY REMAIN EXCLUDED FROM THE CORPORATE SOCIAL RESPONSIBILITY AGENDA (CSR)

More than a decade after its emergence, CSR is still a very lukewarm approach to the need to make corporations benefit society as much as they benefit their own private interests, and not the other way around as it occurs today. However, as new efforts emerge to make CSR a permanent fixture of business culture, it seems that most stakeholders avoid consistently fundamental elements of social justice. In this way, living wages, as well as enforceability of comprehensive reporting, are left up to the corporations to fulfil voluntarily.



This approach is allowing corporations to look good without really doing the public good. Thus, which is it? Is CSR a business responsibility or just a competitive strategy that corporations will use, with total flexibility, as they deem feasible?

Click on the icon to download The Jus Semper Global Alliance's new Issue Brief on CSR and Living Wages.

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- **THE EUROPEAN UNION ISSUES A REPORT CALLING ON THE NEED TO MAKE CSR AN INTEGRAL PART OF BUSINESS CULTURE AND SETS OUT TO DEVELOP A EUROPEAN FRAMEWORK TO BE APPLICABLE GLOBALLY, WHEREVER EUROPEAN FIRMS ARE ACTIVE**

The European Parliament issued a report last April concerning CSR as a business contribution to sustainable development. The Parliament reports on its adopted motion for a resolution and the opinions of a key committee. The report is part of the process for developing EU's policy on CSR standards.

Despite the fact that the EU -as almost everybody else- parts from the idea that CSR must be voluntary, and does not address the key issue of the need for all workers to earn a living wage, the report is still the most ambitious governmental effort to bring CSR to the forefront of corporate governance and management systems.

Among its highlights, the EU has set up a multi-stakeholder forum on CSR with the task of defining, by mid-2004, commonly agreed guidelines and criteria for CSR measurement, reporting and assurance and guidelines for labelling schemes. The report notes that more and more consumers regard CSR as important in their purchase decisions and reaffirms its call to keep a register of blacklisted companies, which should not be allowed to receive EU contracts. The EU's report notes as well that, since sustainable development is a global concept, CSR must be applicable for companies based in or operating in the EU and should be designed so as to be applicable outside the EU, especially in the South. [Download](#) the report.

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- **G8 DROPS PLANS FOR BUSINESS STANDARDS, FAILS THIRD WORLD NATIONS**

It is no surprise for Global Civil Society that the G8 group of countries, which had its annual summit in the secluded Alpine resort of Evian in France, has failed Third World nations and their own countries once again. In contrast with the EU's far more proactive attitude towards CSR, the G8, comprised of Canada, France, Germany, Italy, Japan, Russia, the U.K. and the U.S., has dropped its plans to establish a "Charter of Principles for a Responsible Market Economy", Friends of the Earth International revealed. Despite the fact that four of its members are EU members, the G8 has not shown the commitment to advance on the fundamental issue of CSR.

It is TJSGA's belief that this consistent lack of political will among governments is yet the strongest evidence for the need for Global Civil Society to directly interact with global corporations and establish a truly sustainable business culture. Read the entire FOE International press release [here](#).

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■ **MAINTAIN THE PRESSURE TO SUPPORT 25 MILLION COFFEE FARMERS IN CRISIS!**

Support our partner, [Oxfam America](#), and the global Oxfam family's Fair Trade Certified coffee campaign. Allowing for inflation, today farmers receive just 25 per cent of the price they were paid in 1960. [Read Oxfam's update!](#)

Falling prices have forced coffee growers to take their kids out of school, watch their families suffer without medicine and cut back on basic food. Oxfam is campaigning to tackle a catastrophe. Action must be taken now to help the millions of coffee farmers and their families who are facing ruin. Take action now!

- You can help the coffee farmers out of this crisis by buying Fair Trade Certified coffee instead of your usual brand.
- You can also ask your local supermarket and cafe to stock Fair Trade Certified coffee.
- Finally, please e-mail Procter & Gamble (P&G) -- maker of Folgers and Millstone, and one of the largest coffee companies in the world. Tell Procter & Gamble about this crisis and ask them: How can I buy Fair Trade Certified coffee? Click here to send a free letter to P&G. [Read all about it!](#)

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RESOURCE CENTRE

This issue features the following resources:

Economic Development: [Human Development Report 2003](#)

There were no pleasant surprises. The new Human Development Report 2003 says inequality and poverty are clearly winning the battle

The report is out and the evidence is ample: During the 1990s the poor fell further behind whilst the rich became even richer. The promises of liberalisation failed and the Millennium Goals will not be met. Among its highlights:



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- Human Development is proceeding too slowly. For many countries the 1990s were a decade of despair. Some 54 countries are poorer now than in 1990. In 21, a larger proportion of people is going hungry. In 14, more children are dying before age five. Such reversals were previously rare.
- If global progress continues at this pace the Millennium goal of halving income poverty will be met thanks mainly to China and India, but in Sub-Saharan Africa it would not be met until 2147.
- In 54 countries, average per capita income fell in the 1990s These countries include low income countries but also some middle income ones from Sub-Saharan Africa and Eastern Europe to Iberian America, East Asia and the Arab States.

- More than 1.2 billion people -one in every five- survive on less than a dollar a day. This shows a decrease of extreme poverty from 30% to 23%. But, if we exclude China, the number of extremely poor actually grew by 28 million in the 1990s. Indeed, the number of people in Iberian America, the Caribbean, the Arab States, Central and Eastern Europe and Sub-Saharan Africa surviving on less than a dollar a day increased.
- Poverty has increased even in some countries that have achieved overall economic growth, and over the past two decades income inequality worsened in 33 of 66 developing countries with data.
- The richest 5% of the world's people receive 114 times the income of the poorest 5%. The richest 1% receive as much as the poorest 57%. The 25 million richest people in the U.S. as much income as almost 2 billion of the world's poorest people.
- In 1820 Western Europe's per capita income was 2.9 times Africa's and in 1992, 13.2 times.
- In recent decades there has unquestionably been a widening gap between incomes of the richest and poorest nations. In fact, in many countries inequality began since the early 1980s with the debt crisis. Since then, inequality has soared, particularly in the commonwealth of Independent States. In Iberian America inequality remains extremely high. This may have dire consequences on human development and social stability.

For a full review of UNDP's Human Development Report 2003, [Download the pdf file here](#).

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BRIEF COMPARATIVE ANALYSIS OF REAL WAGES IN MANUFACTURING

International Comparisons of Hourly Compensation Costs for Manufacturing Workers in G7 Countries and Selected "Emerging" Markets, Expose a Widening Wage Gap in PPPs Terms.

Most G7 countries are experiencing a real wage gap for equivalent work against the U.S. This is even worse among emerging markets. [Download](#) the pdf:

CSR Tool: BRAZIL'S IBASE MODEL. SIMPLICITY IN REPORTING

Brazil's IBase model is anchored on the premise that simplicity in reporting guarantees the engagement of a greater number of corporations. This model supports the comparative analysis of corporations across time and against other companies of the same sector. In IBase's model, society and the market are the key auditors of the results reported.

[Download](#) the 2002 model (Portuguese only):

Thank you so much for your support. If you have any questions or comments, Please e-mail us:

gsc@jussemper.org

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