

LIVING WAGE

# ROUNDUP OF KEY CURRENT RESOURCES AND INITIATIVES[[1]](#footnote-1)

## Looking forward to a Living Wage

The issue of a Living Wage continues to be a challenging one for ETI and its members. The past few years have seen a rise in interest in the issue of wages from a range of stakeholders including consumers, the media and, not least, workers themselves. We have seen some important developments in thinking on the issue, and a number of valuable new reports have been published.

## “Professor Bain [the chief architect of minimum wage] said recently[[2]](#footnote-2): “In the early years of the minimum wage, we were successful in tackling some of the worst excesses of low pay and exploitation. This was our number one priority. The challenge for the next 15 years is much harder - how to help people earning above the minimum wage but below the living wage. Yet on current forecasts it looks like the gap between the minimum wage and the living wage could only widen in the coming years. Fresh thinking is going to be needed.”

# International agreements, standards and conventions on Wages

## The Universal Declaration of Human Rights

<http://www.un.org/en/documents/udhr/>

### Article 23.

(1) Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.

(2) Everyone, without any discrimination, has the right to equal pay for equal work.

(3) Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

(4) Everyone has the right to form and to join trade unions for the protection of his interests.

### Article 25.

(1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

## International Covenant on Economic, Social and Cultural Rights

# <http://www.ohchr.org/EN/ProfessionalInterest/Pages/CESCR.aspx>

Adopted and opened for signature, ratification and accession by General Assembly resolution 2200A (XXI) of 16 December 1966 entry into force 3 January 1976, in accordance with article 27

**Article 7**

The States Parties to the present Covenant recognize the right of everyone to the enjoyment of just and favourable conditions of work which ensure, in particular:

(a) Remuneration which provides all workers, as a minimum, with:

(i) Fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work;

(ii) A decent living for themselves and their families in accordance with the provisions of the present Covenant;

(b) Safe and healthy working conditions;

(c) Equal opportunity for everyone to be promoted in his employment to an appropriate higher level, subject to no considerations other than those of seniority and competence;

(d ) Rest, leisure and reasonable limitation of working hours and periodic holidays with pay, as well as remuneration for public holidays

## International Labour Organisation (ILO) C131 - Minimum Wage Fixing Convention, 1970 (No. 131)

<http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312276:NO>

*Convention concerning Minimum Wage Fixing, with Special Reference to Developing Countries (Entry into force: 29 Apr 1972)*

**Article 3**

The elements to be taken into consideration in determining the level of minimum wages shall, so far as possible and appropriate in relation to national practice and conditions, include--

(a) the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups;

(b) economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment.

Related Conventions:

* [C095 - Protection of Wages Convention, 1949 (No. 95)](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C095)
* [Equal Remuneration Convention, 1951 (No. 100)](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:::NO:12100:P12100_ILO_CODE:C100:NO)

## Ethical Trading Initiative Base Code

<http://www.ethicaltrade.org/eti-base-code/living-wage>

### 5. Living wages are paid

5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.

5.2 All workers shall be provided with written and understandable Information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.

5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

## SA8000® Standard

<http://www.sa-intl.org/_data/n_0001/resources/live/SA8000Remuneration.pdf>

I. SA8000 Standard: 8. Remuneration

I.A. SA8000: 8. Remuneration Requirements

8.1 The company shall respect the right of personnel to a living wage and ensure that wages paid for a normal work week shall always meet at least legal or industry minimum standards and shall be sufficient to meet the basic needs of personnel and to provide some discretionary income.

Also...

**8.** [**Remuneration**](http://sa-intl.org/sa8000remuneration)**:** Respect right of personnel to living wage; all workers paid at least legal minimum wage; wages sufficient to meet basic needs & provide discretionary income; deductions not for disciplinary purposes, with some exceptions; wages and benefits clearly communicated to workers; paid in convenient manner – cash or check form; overtime paid at premium rate; prohibited use of labor-only contracting, short-term contracts, false apprenticeship schemes to avoid legal obligations to personnel.

**Definition:**

A “living wage” means one that enables workers, for their labour during a standard work week, to support half the basic needs of an average-sized family, based on local prices near the workplace.

## Some key current[[3]](#footnote-3) Living Wage initiatives

* **Asia Floor Wage** [www.asiafloorwage.org](http://www.asiafloorwage.org/)  
  Union leaders and labour activists in Asia came together to explore a union-based Asian strategy for the global garment industry. The discussions began in India and moved to other Asian countries. Wage emerged as the key issue for strategising; and the concept of an Asia Floor Wage began to be explored. The scope of the discussion was then expanded by organizing meetings in different places in North America, United States and Europe with the help of several partners. This process took place between 2005 and 2007. In 2007, the First International Planning Meeting was held in South Asia . Discussions took place on how to move forward, given that we had achieved consensus on the concept itself. The international participants came to an agreement on the goals, overall direction, content, structure, and timeline for an Asia Floor Wage campaign. What began as an Asia-based process has now expanded to become an international alliance for Asia Floor Wage.
* **Church Action on Poverty**   
  <http://www.church-poverty.org.uk/closethegap/whatarewecallingfor/fairpay>  
  Living Wage is campaigning is part of Church Action on three-year campaign to ‘Close the Gap’. It is calling for four key changes including fair pay (the others are fair taxes, fair prices and a fair say). As well as trying to shift the public mood so that excessive pay gaps are unacceptable, the campaign is encouraging employers to commit to paying a Living Wage.
* **Clean Clothes Campaign** [www.cleanclothes.org](http://www.cleanclothes.org/)   
  The Clean Clothes Campaign is an alliance of organisations in 15 European countries. Members include trade unions and NGOs covering a broad spectrum of perspectives and interests, such as women’s rights, consumer advocacy and poverty reduction. They rely on a partner network of more than 200 organisations and unions in garment-producing countries to identify local problems and objectives, and to help develop campaign strategies to support workers in achieving their goals. They cooperate extensively with similar labour rights campaigns in the United States, Canada, and Australia. They are currently conducting a Wage Survey to gather a snapshot of fashion company and retailer progress towards the payment of a living wage. The report will be published mid-February 2014.
* **Ergon Associates** [www.ergononline.net](http://www.ergononline.net)   
  Have done a lot of research on LW and contributed to at least two of the studies mentioned below. Ergon were instrumental in developing the concept of ‘wage ladders’ – a visual way of representing different levels of wages defined by governments and international organisations such as poverty lines, extreme poverty lines, minimum wage level, average national wage level etc.
* **Ethical Tea Partnership** [www.ethicalteapartnership.org](http://www.ethicalteapartnership.org)  
  ETP is a non-commercial alliance of international tea companies who “share a vision of a thriving tea industry that is socially just and environmentally sustainable”. It was formed in 1997 when a number of major tea companies took the decision to work together to improve the social and environmental conditions in their supply chains. Its members range from large international brands to smaller independently-owned labels. Together they account for more than 50 brands, which sell in over 100 countries.  (see below for ETP and Oxfam’s report on wages in the tea sector)
* **Fair Labor Association** [www.fairlabor.org](http://www.fairlabor.org)  
  FLA is a collaborative effort of companies, colleges and universities, and civil society organizations. It seeks to create lasting solutions to abusive labor practices by offering tools and resources to companies, delivering training to factory workers and management, conducting due diligence through independent assessments, and advocating for greater accountability and transparency from companies, manufacturers, factories and others involved in global supply chains.
* **Fair Wage Network** [www.fair-wage.com](http://www.fair-wage.com) (website currently out of order – try Facebook page: <https://www.facebook.com/fairwagenetwork/info>)   
  The Fair Wage Network has been created on the initiative of Daniel Vaughan-Whitehead and Auret van Heerden. The decision to set up the Fair Wage Network was taken on the occasion of the first Fair Wage conference, organized by the FLA (see above) in Washington on October 26, 2009. The aim of the network is to regroup all the actors involved along the supply chain and present in the CSR arena who would be ready to commit themselves to work to promote better wage practices. The idea is to set up an interactive and dynamic process, involving NGOs, managers, workers’ representatives and researchers.
* **Fair Wear Foundation** [http://www.fairwear.org](http://www.fairwear.org/)  
  Fair Wear Foundation (FWF) is a Dutch-based independent, non-profit organisation that works with companies and factories to improve labour conditions for garment workers. FWF’s 80 member companies represent over 120 brands, and are based in seven European countries; member products are sold in over 20,000 retail outlets in more than 80 countries around the world. FWF is active in 15 production countries in Asia, Europe and Africa.
* **Labour Behind the Label** [www.labourbehindthelabel.org](http://www.labourbehindthelabel.org/)  
  Labour Behind the Label is a campaign that works to improve conditions and empower workers in the global garment industry. It coordinates the UK platform of the Clean Clothes Campaign. LBL publishes an annual report asking the UK's top high street retailers what they are doing to ensure the workers who make their clothes are paid a living wage and grading the companies accordingly (see below for latest report).
* **Living Wage Campaign** [www.livingwage.org.uk](http://www.livingwage.org.uk)  
  In 2001 London Citizens, an independent community alliance, launched the Living Wage campaign. The Living Wage Foundation encourages employers in the UK to pay the Living Wage – an hourly rate set independently and updated annually by the Centre for Research in Social Policy at Loughborough University, calculated according to the basic cost of living in the UK – on a voluntary basis. The Living Wage enjoys cross party support in the UK, with public backing from the Prime Minister and the Leader of the Opposition.  The Mayor of London's office hosts a Living Wage Unit which monitors the (higher) level needed for a living wage in London. The London Living Wage is currently calculated as £8.55 per hour. The UK Living Wage for outside of London is currently £7.45 per hour.

**TUC ‘Britain needs a pay rise’ Campaign** [www.tuc.org.uk/economy/britainneedsapayrise.cfm](http://www.tuc.org.uk/economy/britainneedsapayrise.cfm)  
The campaign focuses on four factors: a properly enforced minimum wage, higher minimum wages for employers who can afford to pay more, increased commitment to the living wage, and a crackdown on excessive executive pay.

* **World Banana Forum** [www.fao.org/wbf/en/](http://www.fao.org/wbf/en/)  
  The World Banana Forum is a permanent space of assembly for participants representing the global banana supply-chain to promote open dialogue on challenges facing the banana industry. The initiative brings together producers, their organizations, trade unions, cooperatives, exporter groups, fresh produce companies, retailers, traders, public agencies, governments, research institutions and civil society organizations. The Mission of the World Banana Forum is to inspire collaboration between stakeholders that produces pragmatic outcomes for the betterment of the banana industry; and, to achieve an industry-wide consensus of best practices regarding workplace issues, gender equity, environmental impact, sustainable production and economic issues. (see below for WBF’s living wage methodology baseline).

## Living wage level calculation

A number of organisations, including some of those running campaigns mentioned above, have suggested formulae for calculating what the living wage level in a particular country or area should be. These formulae are usually based on an amount deemed (by public survey or by experts) to be sufficient for the main wage earner/s in a family (based on average family size and composition) to earn enough to pay for basic needs and have some discretionary income as well.

For example, the **Joseph Rowntree Foundation** offers an [on-line tool](http://www.minimumincome.org.uk/)[[4]](#footnote-4) to calculate an income “that ...after tax and benefits adjustments, is enough to cover what the public think is needed for a minimum acceptable standard of living.”

**The Asia Floor Wage** gives the following example of a decent living wage calculation[[5]](#footnote-5):  
“For India, some norms of consumption were set by the 15th Indian Labour Commission ... The NBMW would essentially define the lower end of a living wage definition. This assumed a family size of two adults and two children, with one earning member. The items considered for the NBMW calculation were:

* One component for food requirements for the average family, taking into account
* basic calorific requirements for adults and children, and social food patterns;
* One component for house rent;
* One component for clothing requirement for the average family;
* One component for children’s education, entertainment, etc;
* One component for social security.”

The social standards certification and training organisation, **Social Accountability International** (SAI), suggests the following steps:

* Assess Workers’ Expenses
* Assess the average family size in the area
* Analyze typical number of wage earners per family (usually not more than 1.6).
* Analyze government statistics on poverty levels
* Poverty level analysis will indicate the cost of living above the poverty line.
* Workers’ income should at least enable him/her to support him/herself and 2 dependents above the poverty line with some discretionary income.

However there is wide recognition for the limitations of such calculations including difference in opinion about what constitutes basic needs (subjectivity), the fact that a family’s size, composition and therefore needs are continually changing, the changing cost of living due to inflation affecting food prices etc. But the strongest objection to calculating a living wage is the argument that workers should be empowered to decide for themselves, and negotiate through collective bargaining, what is an adequate wage for their labour at any given time.

## Recent resources, reports and research

* **The challenges and opportunities of living wages: Beyond the bottom line**In light of the increasing scrutiny on living wages, this [report](file:///\\Eti-dc01\company\Knowledge%20and%20Learning\Resources%20&%20references\Living%20wage\Beyond_the_Bottom_Line_-_FINAL.pdf) presents a more rigorous and informed discussion on the issues, bringing new evidence to bear on the likely economic and social impact of more extensive living wage coverage, clarifying what living wages are and correcting some common misconceptions.
* **Living wage, a guide for employers**

Practical guidance for employers is provided in this [paper](http://www.livingwage.org.uk/sites/default/files/Living%20Wage%20-%20A%20Guide%20for%20Employers%20-%20Jan%202013.pdf) by the Living Wage Foundation, including a history of the campaign, and an explanation what is involved in becoming a living wage employer and an outline of the benefits.

* **Wages in the agricultural sector:** 
  + [Understanding Wage Issues in the Tea Industry](http://policy-practice.oxfam.org.uk/publications/understanding-wage-issues-in-the-tea-industry-287930)
  + [Base study on a living wage methodology for Latin American banana production](http://www.fao.org/fileadmin/templates/banana/documents/WGs_outputs/WBF_WG02_o1_LivingWage_en.pdf)

There have been two major studies on wages in the agriculture sector in recent years, one focusing on workers in tea plantations in India (Assam), Malawi and Indonesia, and the other   
on banana plantation workers in Latin America. The tea study led by Oxfam and the Ethical Tea Partnership seeks an evidence base for wage related programmes in the relevant countries, while the banana study seeks to propose a methodology for arriving at a living wage in the sector.

* **Wages in the garment sector**The Fair Wear Foundation’s [Climbing the Ladder to Living Wages](http://www.fairwear.org/ul/cms/fck-uploaded/documents/policydocs/ClimbingtheLadderReport.pdf) provides an update on its research in 2011/12, looking at how a living wage is defined / measured; how much payment of a living wage increases production costs, pricing along the supply chain, and retail pricing; and what approaches are most effective in raising wages.

Labour Behind the Label produces an annual report asking the UK's top high street retailers what they are doing to ensure the workers who make their clothes are paid a living wage. The fifth [Let’s clean up fashion](http://www.labourbehindthelabel.org/campaigns/itemlist/category/243-report) report, is out now.

* **Wages for farmers and artisans**The European Fair Trade Association commissioned a study to identify a workable definition of fair prices & fair wages which is practical and realistic for farmers and artisans, particularly those outside the Fairtrade International system, and how fair prices & wages can be implemented. The results are presented in the report [Fair Wages & Fair Prices](http://www.european-fair-trade-association.org/efta/Doc/fwfp-er.pdf)
* **Wages – general**

ILO [Global Wage report](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_194843.pdf) 2012-13, looks at differences in wages around the globe and how they have been influenced by the economic crisis, giving a unique picture of wage trends and relative purchasing power across the world and by region and providing policy recommendations.

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1. This document is a work in progress. Please let me know if you are aware of other resources or initiatives that should be added. [↑](#footnote-ref-1)
2. <http://www.independent.co.uk/news/uk/politics/inadequate-minimum-wage-isnt-working-says-its-chief-architect-sir-george-bain-8737169.html> [↑](#footnote-ref-2)
3. November 2013 [↑](#footnote-ref-3)
4. [www.minimumincome.org.uk](http://www.minimumincome.org.uk) [↑](#footnote-ref-4)
5. [www.asiafloorwage.org/documents/FAQ/FAQs\_on\_Asia\_Floor\_Wage.pdf](http://www.asiafloorwage.org/documents/FAQ/FAQs_on_Asia_Floor_Wage.pdf) [↑](#footnote-ref-5)