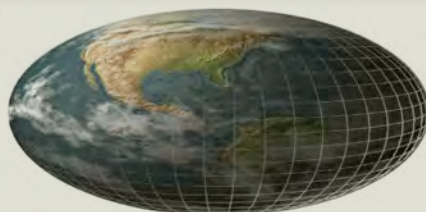


The Living Wages North and South Initiative

(TLWNSI)

A Strategic Program to Socially Commit
Multinational and Other Business Enterprises

WORKING DRAFT
April 2011



The Jus Semper Global Alliance

❖ **About Jus Semper:** The Living Wages North and South Initiative (TLWNSI) constitutes the sole program of The Jus Semper Global Alliance (TJSGA). TLWNSI is a long-term program developed to contribute to social justice in the world by achieving fair labour endowments for the workers of all the countries immersed in the global market system. It is applied through its program of Corporate Social Responsibility (CSR) and it focuses on gradual wage equalisation, for real democracy, the rule of law and living wages are the three fundamental elements in a community's quest for social justice.



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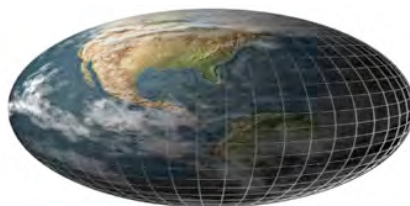
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Portal on the net: www.jussemper.org/
e-mail: informa@jussemper.org

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Commit the Private Sector

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Prologue

The idea of The Living Wages North and South Initiative (TLWNSI) emerged in 1999 as a result of an open dialogue between numerous social activists, primarily in Mexico, the U.S. and Spain. It was conceived as a result of the need to address a very conspicuous question: why do workers in Southern countries, who work for global corporations, earn a miserable wage by any standard, whilst their counterparts in Northern countries earn a living wage for doing the same job, of equivalent market value, for the same corporation? Our dialogue drew a first certainty: the wages paid to workers in the South have nothing to do with the cost of living differentials between economies; rather, they have to do with the logic of comparative advantages that puts supply and demand arguments to work on behalf of a global market system that practices labour exploitation as a core strategic asset of its global operations model.

Subsequently, TLWNSI's central idea evolved through further dialogue and research, and in 2003 it was launched as a strategic idea "to socially commit the private sector" to paying living wages to all their workers in its global supply chain. At the time, we envisioned a strategy that would be able to integrate into the initiative both corporations and governments. We consider that the benefits far outweighed the costs from both market and democratic perspectives. However, we naively still had faith in the so-called representative democracy. We were well aware about the many vested interests at play to maintain the status quo, but we thought that governments, particularly in the periphery, would give precedence to the need to reduce inequality, eradicate poverty and build an ethos that would fully respect human rights over the demands of the owners of the market. We thought that drawing legitimacy from the citizenry, instead of from metropolitan governments, would entice periphery governments to fulfil a fundamental element of social justice for any government that considers itself a democratic one. As for corporations, we knew that their short-term mentality, imposed by the demands of their institutional investors, would be a hard barricade to bring down, but we thought that consumer pressure would make corporations change and make their labour compensation practices not only fair but also sustainable.

We were completely wrong in the first case and over optimistic in the second. As the decade advanced, we observed in full clarity the connivance between governments and corporations to impose a global market system that makes a point of strategically maintaining an enormous pool of cheap labour that is forced to work under modern slave work conditions. Indeed, not too long ago, The Economist conveyed the business concern that China was about to reach the turning point when its pool of surplus labour would start declining, which would make real wages rise. Time and time again we observed in many different fora the systemic opposition of both governments and powerful business lobbies to any kind of legally-binding regulation to harness business practice to make it both socially and environmentally sustainable. Not only that, even within the context of voluntary practices, we have witnessed staunch opposition from business, governments, and their multilateral organisations to include any sort of living wage concept as a standard of corporate responsibility frameworks. Concurrently, we have witnessed how governments have eagerly and promptly bailed out the perpetrators of recurring financial crises of the capitalist system –due to sheer financial market speculation– at the expense of tax payers, and their insistence on imposing further laissez faire conditions that strive to dismantle welfare systems for the benefit of ever higher levels of shareholder value. Succinctly, we have witnessed how governments have transformed themselves into agents of the market and work unrelentingly to impose a market ethos whose sole raison d'être is to profit over people and planet. In other words, we have witnessed the supplanting of democracy by marketocracy.

As for consumers, we thought that with the increasing awareness about sustainable practices from many angles: fair trade, human rights, labour, environment..., the citizenry, in its role as consumers, would adopt a new culture of responsible consumption faster than it is actually occurring. As part of our work we have clearly observed corporations reacting immediately to consumer backlashes to cover up their corporate malfeasance and protect their image; but the unrelenting bombardment of consumerist and individualist/selfish behaviours is making people react far more slowly to the impending social and environmental crisis than we anticipated. Thus, consumers' level of awareness and concern is growing, but at a clearly less than desirable pace.

This has moved us to redefine our focus and variables. That is, our living wage concept and argumentation to support it remains exactly the same, but our strategy and tactics have been redesigned to have a full bearing on the marketocratic ethos in which we are living. We go about this with a strategy and tactics that address the logic of the market in such a way that –in sync with a wide global movement of civil society organisations– we can realistically expect to gradually transition from the current market-driven paradigm into the new true-democracy paradigm in

the term of thirty years or about one generation. It goes without saying that said paradigm can only have as its only purpose the pursuit of the welfare of people and planet and not the market as it is today.

To accomplish this, we have overhauled our strategy to follow the logic of the market as we also did originally. Yet, instead of concentrating primarily on consumer power we have centred on mobilising socially and sustainability conscientious financial market investors as well as consumer organisations. Furthermore, we are doing it in collaboration with an ample network of sustainability practitioners whose mission is to set a new standard for sustainability as the benchmark to feed reliable and on demand information to empower both conscientious investors and consumers to make well-informed investment and consumer decisions. Unequivocally, the new standard will have the payment of a living wage as a core standard of true sustainable business practices. We believe that zeroing on shareholder value by leveraging the power of investors and consumers will be a powerful deterrent against customary corporate malfeasance.

Concurrently, we are working with other societal networks whose work focuses on raising the bar on responsible business practices, from a sustainability and human rights perspectives, at both government and multilateral organisations, particularly at the OECD level. Our core strategy, to be sure, is anchored on the logic of the market through investor and consumer power, but our experience has demonstrated that we must increase pressure on the State and multilateral arenas as a contribution that strives to drive a gradual transition into the true democracy's people and planet paradigm.

Last but not least, we have incorporated a strong program of proprietary research on living wage gaps for more than thirty economies as well as the writing and dissemination, through various strategic and powerful distribution networks, of seminal papers from TLWNSI's living wage perspective. These papers cover a wide array of issues, from human rights, sustainability and CR, to consumer, fair trade and true democracy issues. Our goal is to strategically position and reinforce our initiative as an underpinning element of true democracy and sustainability in such a way that makes a living wage a sine qua non element of any truly sustainable business practice.

In this way, following is the latest edition of TLWNSI's working draft, for it will always remain a working draft as we continue to adjust our strategy and tactics to increase effectiveness. TLWNSI is an ambitious initiative that, needless to say, can only be accomplished through a long-term process with the full support of a growing global network of conscientious citizens. Yet, our experience has shown us that we are clearly on the right path towards true democracy and sustainability. Consequently, we only need to stay focused and remain unrelenting in our pursuit of a living wage ethos.

Álvaro J. de Regil
Executive Director of The Jus Semper Global Alliance

Part 1. Ethical Framework of Reference

1. On the Political and Economic Context

1.1 A democratic hoax

The *raison d'être* of this initiative is to advance a realistic system to gradually close the wage gaps between workers in so-called developed (North) and developing (South) nations for equal work of equal value. Yet, to accomplish this, TLWNSI must expose the primeval reason causing the existence of the enormous difference between the wages endowed to workers in the North and the wages endowed to workers in the South for performing the same work of equal market value. This requires first establishing the current political and economic context in which most nations participating in the global market system are engulfed. Establishing such context inexorably exposes the overwhelming incongruence between established political discourse and the reality endured by societies all over the world. The established political dogma is that the inhabitants of a great number of nations, both North and South, already enjoy the benefits of living in a democratic ethos. Such ethos implies that we belong to societies that have struggled to gradually build an agreement, the social contract, determining the rules of harmonious coexistence that the demos, the citizenry, has defined for the way in which all things belonging to the public matter must be conducted.

Consequently, conventional wisdom suggests that the way in which the public matter is conducted embodies the political will of the majority of the demos. The conventional wisdom being that the demos elects, through an exchange of political discourse and an electoral process, the governmental formula that the majority deems to be the most beneficial for the common good, namely, for the welfare of all ranks of society. This political will is presumed to be materialised through the institutions of democracy, generally through three bodies representing the three governmental powers responsible for all things concerning the three spheres of the public matter: legislative, judicial and executive, in so-called democratic societies. This constitutes the political institutions of so-called representative democracy, whereby the demos entrusts the administration of the public matter to its democratic State, which represents the political-bureaucratic institutions of the overall institution of society –or, as Castoriadis would define it: the imaginary institution of society¹, without which there would be no political institutions of any kind, democratic or undemocratic.

Nonetheless, contrary to conventional wisdom, we do not live in democratic societies of any kind. We have lived and continue to live in oligarchic societies, where the will of the plutocratic class dictates the public agenda and determines the welfare of all ranks of society and not the demos as we are led to believe. To be sure, through endless class struggle the demos of many societies in the world has attained many civil, political, economic, social and cultural rights that it did not enjoy before. Yet, this has not changed the basic equation in which the ruling class controls the distribution of the wealth generated by the economic activity of the entire demos. A Marxist perspective would define it as the appropriation by employers of the portion of the income generated by the economic activity that legitimately belongs to the workers; or the transformation of the surplus value into gross profits to fulfil the reproduction and accumulation of capital. This appropriation has become even more dramatic as the supply-side laissez-faire economics paradigm, that controls the distribution of wealth equation, was gradually and undemocratically imposed on so-called democratic societies. In this way, representative democracy has been rendered a mockery of what its pretence alleges it to be, since it has been transformed into a euphemism for the oligarchic ethos in which the demos struggles to survive.

1.2 Darwinian economics

Despite the conspicuous collapse of global capitalism that has been unfolding since 2007 –which shows no true sign of disappearing, for its system is inherently unsustainable– the context used by most actors participating in the debate within the UN and in member countries –relative to the current economic and social conditions of market societies– remains utterly triumphant and unrepentant. The pretence is that this is only a crisis and not an implosion of global capitalism directly caused by the main actors at the core of the system: the speculators of the international financial markets of the casino-like economy. Instead, the root cause of the implosion of the system is barely addressed, implicitly, when it is argued hyperbolically that banks are too big to let them collapse and, thus, they need to be saved with tax payers' money.

¹ See: Cornelius Castoriadis: *The Imaginary Institution of Society*, The MIT Press, 1987 and *Philosophy, Politics, Autonomy, Essays in Political Philosophy*, Oxford University Press, 1991.

For almost four decades all the structures that were designed to control the natural excesses of market forces have been gradually eliminated globally or at least neutralised. However, four years after the start of the implosion of global capitalism no real policies to reign market forces in –by re-instituting effective controls to prevent a deeper meltdown– have been applied. No new instruments that directly address the inherent nature of sheer speculation of the system have even been considered, because they would irremediably require a change of paradigm. One paradigmatic case in point is the U.S. Glass-Steagall Act of 1933. This law was instituted at a time when, on average, five banks collapsed on a daily basis under a deluge of non-performing loans due to the sheer speculative and corrupt practices of their main shareholders and managers –any resemblance with the current ethos is a mere coincidence. The law imposed a strong regulatory framework on the financial sector. The law deliberately separated commercial banking from investment banking with the specific purpose of prohibiting that commercial loans and savings would be securitised in financial markets. In this way, investment banks were barred from participating in the management of commercial lending to businesses and consumers and the earnings derived from savings. Furthermore, the law virtually barred any lending intended to be used in speculative operations and eliminated the pervasive possibility of conflicts of interest. Moral hazard was under firm control. This law was instrumental in eliminating the main practices that triggered the 1929 debacle and played a fundamental role in the efforts for economic recovery, which the U.S. eventually accomplished after WWII.

Unfortunately, human greed is unrelenting. In 1980, parts of the Glass-Steagall Act were superseded by the Deregulation and Monetary Control Act. Then, in 1998, the U.S. Congress attempted to regulate the derivatives in Commodity Futures Trading. But, Rubin, Secretary of the Treasury, Summers, his deputy, and Greenspan, Chief of the Federal Reserve Bank, adamantly defeated any controls. Subsequently, in 1999, the core of the Glass-Steagall Act was repealed by the U.S. Congress as a culmination of a \$300 million lobbying effort by the banking and financial-services industries. Its worst effect was a cultural change replacing prudent traditional commercial banking practices into a speculative spree that sought to securitise commercial banking. Finally, in 2004, the U.S. Securities and Exchange Commission allowed investment banks to increase their debt to capital ratio from 12:1 to 30:1 or more, with the aim of enabling them to acquire more mortgage-backed securities, inflating the housing bubble in the process.² Deliberately, nothing has been done to address the root cause of the problem: the imposition of the market as the end in itself in the lives of so-called democratic societies. On the contrary, since 2010, governments everywhere have enthusiastically surrendered themselves to adopting the policies demanded by financial markets speculators, which have been materialising in the form of less labour rights, less social benefits, in the form of lower retirement benefits, and of other remnants of the quasi defunct Welfare State.

Concurrently, the idea, which has permeated U.S. culture for most of its existence, that companies ought to be regarded as legal persons with individual rights, almost as if they were natural persons, has been enhanced by the U.S. Supreme Court ruling, in 2010, that corporations have the right to the first amendment, which, otherwise, would be exclusively part of the Bill of Rights of the citizenry, in a political context. In this way, the court equated the persona of corporations to that of citizens, so that corporations can exercise their “right” to freedom of speech in political campaigns.³ With this ruling, the court provided corporations unlimited influence over U.S. elections. Companies can now spend as much as they want to support or oppose individual candidates.⁴ The court did not even bother to distinguish between domestic and foreign-owned corporations. Consequently, corporations are now completely free to financially support the political agendas of their choice and, frequently, of their own design. With some variation, the halls of government have been overtaken by corporate power all over the world. Thus, with this kind of political ethos, it would be a complete delusion to expect governments to fulfil their so-called “democratic” mandate by moving forward and developing a strict regulatory framework to control the market and their owners, namely financial market speculators. What has been happening for decades is exactly the opposite of what should take place in a truly democratic ethos: the market has overtaken the public arena and dictates over the lives of societies around the world.

1.3 Capitalism’s transformation of democracy into a marketocratic ethos

And so, the collapse of the so-called market economies of the so-called democratic societies is clearly due to the incontrovertible fact that democracy has been supplanted by the rule of the market, or marketocracy. The usurpation of the democratic ethos was bound to occur, for capitalism cannot coexist with real democracy, for they are

² Joseph Stiglitz, *Capitalist Fools*, Vanity Fair, January 2009.

³ United States Supreme Court: *Citizens United v. Federal Election Commission*, 21 January 2010.

⁴ Robert Barnes and Dan Eggen: Supreme Court rejects limits on corporate spending on political campaigns, *The Washington Post*, 22 January 2010
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inherently incompatible. Making believe that they are compatible is the greatest deception of our times. The argument in favour of the concept of a capitalist democracy or of a democratic capitalism is unsustainable, for we can hardly find a more direct antagonism between the *raison d'être* of democracy and that of capitalism. Democracy has as its only end to produce a tacit agreement for social coexistence with the sole purpose of creating an ethos of welfare for every rank of society, and especially for the dispossessed, for its main attribute – and the purpose of the inherent social contract – is the procurement of equitable welfare. In this way, democracy's end is to reconcile the public interest (the common good) with the individual interest (the private good) in such a way that the individual's freedom does not allow the individual to seek his own private interest in detriment of the public interest. As in the old Greek Agora, the purpose of democracy is to serve as the regulating agent of an ethos that truly reconciles the public with the private interest, always with the common good –the welfare of people– with preeminence over the individual and private good.

On the other hand, capitalism is on the opposite end. Parting from individual freedom, it goes in pursuit of the individual's private interest with no regard whatsoever for the impact that such activity has on the welfare of all other participants in the system. There is no other consideration but profit. It is about all out competition, about the supremacy of the mightiest –euphemistically referred to as the fittest– regardless of whether it competes under equal conditions or what the consequences of its stronger position upon all other participants are.

Furthermore, capitalism is intrinsically unstable for it is an extreme concept driven by greed. The purpose of all enterprises is the maximisation of shareholder value without limits; something that, by definition, defeats any possibility of building a balanced system. Beyond the boundaries legally established there are no limits, and these are often neutralised, or are at least under permanent threat when they are not openly violated by the owners of the system. Comparably, greed has no limits in this ethos. When the shareholders of an enterprise earn fabulous dividends in one year, they would never contemplate setting it as the limit for the future, taking into consideration that with such a bountiful profit they can enjoy a life of plentiful material wealth. They would never dwell on the idea of providing greater labour endowments to their workers or of granting better prices to their supply chains. This is anathema to capitalism. Consequently, it always goes in pursuit of ever greater profits. If every year greater profits are achieved, the logic is to indefinitely seek ever greater profits with no consideration for what the system's "externalities" may cause: the negative impact of a company's business activity on its sphere of influence. As a result, the capitalistic system that we now endure, which is taking us back to the times of the robber barons of the Gilded Age and the factories of Victorian England, so well portrayed by Dickens, has been creating unsurmountable inequality in most countries, both in developed and developing economies.

The best example of a consistent trend of growing inequality is found at the heart of the system. Contrary to the alleged well being, the data exhibiting the growing inequality leaves no doubt about the mendacity of the triumphant postures adopted by the apologists of the neoliberal paradigm. A biannual report from the Economic Policy Institute (EPI) at the end of last century reported that U.S. workers' median income in 1997 was 3,1% lower than in 1989 and hourly real wages had dropped for 60% of workers. This forced the heads of household (particularly women) to work 247 more hours a year to sustain the same income level. This consistently widened the income gaps between wealthy families and the rest, including the middle class, and increased job insecurity whilst concurrently allowing businesses to establish record profits.⁵ Then, the EPI's 2006-2007 biannual report shows that economic growth in the U.S. bypassed everyone but the wealthiest: wages stagnated despite rapid growth in productivity; wages of younger workers were below those of their predecessors; there was less upward mobility than in similar economies; and the country had the greatest degree of inequality of all OECD countries included in its analysis. The study concluded that *if the findings in the hundreds of tables and figures that followed can be reduced to one observation, it would be that, when it comes to an economy that is working for working families, growth in and of itself is a necessary but not a sufficient condition. The growth has to reach the people. The benchmarks by which we judge the economy must reflect these distributional concerns, and we must construct policies and institutions to address them.* Evidently, the opposite has occurred.⁶ Finally, the EPI's 2008-2009 report focuses on the health of the U.S. economy for the 2000-2007 period. The report concludes that more than in any previous report the benefits of globalisation have eluded the great majority of workers. The report asserts that unless there is a miracle, this will be the first cycle showing the middle class with a lower income than at the beginning of

⁵ Lawrence Mishel, Jared Bernstein, John Schmitt, *The State of Working America 1998-1999*, Economic Policy Institute, Executive Summary, pp. 1-2, September, 1998.

⁶ Lawrence Mishel, Jared Bernstein and Sylvia Alegretto "The State of Working America 2006-2007", Economic Policy Institute, Cornell University Press 2006.

the period (seven years prior), despite productivity increasing consistently and GDP growing more than 20% during the period. As could be expected, wealth is concentrated more than ever in the companies' captains and their bosses: the institutional investors. The EPI reported that this is no unexpected outcome, for between 1989 and 2006 wealth concentrated dramatically among the top 10% of the income ladder, which kept more than 90% of the income growth; and even within this bracket the differences are dramatic. This explains another measurement in the report: in 1965 the captains of the largest companies earned 24 times more than the average worker, 35 times in 1978 and 71 times in 1989; but in 2007 the ratio increased to 275 times. In other words, the president or CEO of a company earns more in one day than what a worker earns for the whole year, considering 260 working days annually.⁷ And then, the speculative bubble burst and the global economy collapsed.

1.4 An untrammelled and undemocratically imposed capitalism

That the assertion that democracy has been supplanted by marketocracy is an incontrovertible fact, becomes completely transparent by posing some questions to the way sheer laissez-faire economics has been applied in the world. Indeed, more than thirty years after demand-side economics was abandoned, none of the citizens of the "democratic" nations, where the so-called "new economy" of neoliberal supply-side globalisation was imposed, has been called to engage in a decision-making process and asked for their duly democratic endorsement of neoliberal economics. If there is any doubt, we should ask ourselves who decided that the so-called neoliberal globalisation was going to be applied in a given State? Were people asked to choose from a variety of economic policies so that governments in turn would obey the will of the people? At the very least, were people informed when governments decided to shift from one economic paradigm to another? Were people formally informed –in layman's terms– that in the late 1970's their nations were beginning to shift from demand-side economics to supply-side economics? Were people informed, again in layman's terms, that the deregulation and privatisation of entire economic sectors was part of the neoliberal paradigm, and that this means that economic policy would stop supporting the generation of demand on behalf of the support of supply, which belongs to global capital? Were they informed that, to this endeavour, the neoliberal mantra calls for the reduction of taxes and the drastic reduction of the Welfare State? Were it explained to them that, under, this ethos the role of government is greatly diminished and is reduced to act as an agent of the supply side by focusing on monetary and fiscal policy? Were people told that, during times of recession, governments would no longer use public spending to energise the economy in order to maintain employment levels and eventually resume the aggregation of demand? Have governments explained that the most important value under this ethos is not the welfare of society but the permanent increase of shareholder value by increasing efficiencies and competitiveness at the expense of the welfare of millions of families who would lose their livelihoods? Were they informed that the government's proposal was to shift from an ethos where governments have a key role of regulating the economy to harness the natural predatory instincts of the market players in favour of an ethos where the outcome is left up to the forces of the so-called free markets controlled by financial market speculators? Did governments fulfil their most basic democratic responsibility of procuring the welfare of all ranks of society by explaining to people that there are different ways to apply economic policy and convey an honest picture of the social and economic consequences of the use of demand-side or supply-side economics? In a participatory fashion, were people asked to select, through an informed referendum, one of the two paradigms? In a nutshell, were people informed that the market was going to be placed more than ever above the people and that the primeval responsibility of so-called democratic governments was going to be ignored?

The answer to these questions is consistently "no" throughout the world. Instead of calling on the citizenry to reconcile the private with the public interest, subordinating the former in order to deliberately design public policy to guarantee the social welfare –such as the enjoyment of labour endowments that procure a quality of life worthy of human dignity– these decisions, in real politics, are taken in "very private chambers" in full connivance with the owners of the market and their public agents' very private interests.

It is then of fundamental importance to establish that the decisions affecting social and economic policy, as all others, are overwhelmingly taken by governments, as the norm, without a duly democratic process, because there is no real engagement and no debate between the branches of government and society, and the worst thing is that this norm keeps consolidating.⁸ Governments have betrayed representative democracy, and instead of responding to the interests of the people, they have become mere agents of the market who overwhelmingly respond to marketocracy's will, with whom many politicians are in close connivance. Thus, the working agenda of

⁷ Lawrence Mishel, Jared Bernstein and Heidi Shierholz "The State of Working America 2008/2009" Economic Policy Institute, Press Release August 28, 2008

⁸ Françoise Castex. Europe's undemocratic Union. Le Monde Diplomatique, January
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governments moves in the opposite direction of true society's demands. In this way, democracy has been almost completely corrupted to its core, including the functioning of the key multilateral institutions (Bretton Woods Institutions, UN, OECD), and only a democratic façade is kept to justify a legitimacy that is rapidly eroding.

Summing up, neoliberal globalisation has two distinctive features: first, it is increasingly evident that the neoliberal paradigm has not lived up to its claims and is generating tremendous inequalities everywhere. It is inherently unjust and a self-serving paradigm for the centres of economic and political power. The second feature is that this process has evidently not been implemented in a democratic way; rather, it has been imposed by the centres of power in their own economies and, especially, in the periphery. Such an unfair and asymmetric system could have never been the result of a duly democratic endorsement. In fact, the very term globalisation is intrinsically antidemocratic, for its meaning opposes the concepts of diversity of choice and of collective decision making.

1.5 How does exploitation occur?

The goal of the global economy of achieving maximum efficiency in profit generation is in direct opposition to the goal of achieving social justice, the central purpose of a truly democratic ethos, overriding all other considerations. This is a great conflict of interest. We cannot reduce to mere formulas the fate of hundreds of millions of people who become subjects of a vision based on the accumulation of wealth as its single value. This vision disregards the need for harmonious social coexistence and claims that the right way is for individuals to look at themselves, individually, for his or her own sake. To be sure, deliberately, this argument opens the way for corporations to achieve maximum efficiency by securing the cheapest cost of labour in the world through exploitation, often in the form of modern slave work or of outright bondage: indentured servitude in the supply chains of many corporations. This is the real motivation behind the pressure of the economic powers for opening access to labour pools in the South (the periphery), for multinationals achieve maximum efficiency at the expense of social justice, and this is all the more possible in more autocratic states.

In this way, most governments in developing nations have promoted very enthusiastically, among MNCs in the North, the exploitation of their labour force as a commodity readily available. They have strategically positioned their countries as suppliers of cheap “efficient” labour by systematically depressing their labour endowments and thus, they have consciously and systematically impoverished their populations in order to remain in power. This constitutes, in effect, the restitution of the old centre-periphery relationship between the local oligarchies in the South and the centres of economic power in the North, which has made possible the occurrence of recurrent colonial and neo-colonial eras since the times of Mercantilism.⁹

1.6 Sheer exploitation

From a business perspective, efficiency means maintaining workers in the developing world earning a small fraction –in real terms– of what equivalent workers earn in home countries, and retrieving the same levels of quality in production. Thus, the principle of equilibrium between supply and demand, advocated by Neoliberalism, is a fallacy, because MNCs determine the levels of supply and demand by controlling the distribution of income. The economic model they advance produces a huge pool of impoverished people that will take any wage to survive barely above the misery of the informal economy of the masses of destitute workers. Although Neoliberalism implies the complete opening of the markets globally, the same companies pay diametrically different salaries for the exact same task to a worker in a developing market than in developed markets. Moreover, the real wages paid have no relationship whatsoever with the cost of living in these markets. This is a strategic variable unrelentingly pursued by corporations; but, from a democratic and human rights perspective, is a completely unacceptable situation, for this is precisely how sheer exploitation is applied.

The apologists of laissez faire global economics demand free access to resources, markets and labour pools with global prices for their products and services. Yet, if the idea is to have a global economy, shouldn't the concept mean one global equation of supply and demand, one global pool of workers for one global market? The fact of the matter is that open markets do not operate in a vacuum isolated from the rest of the social forces. There are centre-periphery political reasons affecting the supply and demand for labour. Thus, it is only in the periphery of the global economy, with autocratic regimes and sheer crony capitalism, where corporations have the leverage to depress the cost of labour to its maximum level, and in effect subsidise the much higher costs paid for the workers they elect to maintain employed in developed markets. As a result, everybody loses except the MNCs and their

⁹ Ankie Hoogvelt, *Globalisation and the Postcolonial World*, Baltimore: John Hopkins University Press, 1997.

partners in the South: the governments and the local business elites. The worker in the rich North loses his job because it is moved to the South, and the South remains in abject poverty, earning about a tenth or less of what it would cost in the North.

2. On TLWNSI's Principles of Democracy, Sustainability and Social Justice

2.1 *Inequality is never a choice while coexistence is*

Contrary to conventional wisdom, capitalistic values cannot prevail over democratic values and the moral value of human solidarity, because people do not have the same opportunities and do not compete on equal terms. This is the central principle in the mission of this initiative. People do not choose the socio-economic and political conditions where they are born. Thus, if we aspire to a peaceful coexistence of all cultures, we cannot allow capitalism to make the economic survival of the mightiest prevail, for if we reject human solidarity and peaceful coexistence, we can only expect unrelenting conflict and human destruction. Capitalism's natural antagonism with egalitarianism makes it completely incompatible with true democracy. Consequently, we must aspire to build a true democracy ethos, where the market is harnessed in such a way that it no longer remains an end in itself, but only the vehicle for commerce where the product of economic activity is exchanged. There will still be local, national and global markets, to be sure, but under a true democracy ethos, anchored on the long-term sustainability of people –social justice– and planet. This is the context in which TLWNSI unfolds.

2.2 *True democracy ethos*

The comprehensive fulfilment of social justice demands a truly democratic ethos. This does not mean popular democracy or social democracy or any pseudodemocracy condoning mankind's systematic exploitation by the owners of the capitalist system. It is an ethos exercising the systematic and customary involvement of society in the entire public arena, so that all meaningful government decisions are reached by direct consensus with the citizenry and not just approved by the different branches of government. This government by consensus should include, preponderantly, the periodic ratification, in short intervals, of all popular elective posts in all levels of government, through referenda, with the purpose of making those governing, as public servants, truly responsible before those who they govern.

Accordingly, this is about making proposals and initiatives emerge primarily from the social fabric towards the branches of government. This is about, as in the old Greek Agora, of establishing an ethos that truly reconciles the public with the private interest, always with the common good –the welfare of people and planet– with preeminence over the individual and private good. This is about establishing permanent communicating vessels between communities and governments at all levels, so that the latter truly command by obeying the people's will. In consequence, this is about processing all public matter decisions of significance (laws, trade treaties, budgets, economic, social, environmental, foreign, security policies...) through citizen consultations via referenda and plebiscites.

Yet these referenda and plebiscites must not be carried out as political propaganda campaigns, deprived of objectivity and filled with manipulation, in which interests with the greatest power of manipulation generally win. Consultations should be carried out simply presenting the options objectively without campaigns for or against them. Obviously, this is about regulating elections in the same fashion. Thus, instead of propaganda, concrete and objective proposals for governance are presented. This is about proscribing all propaganda and all private financing of the candidates' efforts to make their own government plans reach the citizenry. This is about preventing factual powers (extra parliamentary political powers) from tipping the scale in their favour, proscribing in this way mercantilism's corrupting power over politics. This is about ejecting the corrosive power of capital and private interests from public matter. This is about, lastly, establishing a "level playing field" of democratic practice, capable of guaranteeing the full enjoyment of all rights for all members of society.

Without a direct, comprehensive, and by consensus democracy it would be impossible to award preeminence to people and planet, establishing an ethos guaranteeing social justice. To be sure, it is rather easy to propose a paradigmatic change as sketched above. Yet to pretend to enforce it in the current paradigm of marketocracy would border on prestidigitation. Therefore, committing to gradually building an ethos of true democracy is an essential premise to go in pursuit of the new paradigm: the ethos where all civic, political, economic, social and cultural rights are enjoyed under equal terms of participation.

2.3 *A people and planet paradigm*

TLWNSI works in pursuit of the replacement of the current market-centred ethos for one where people and planet are clearly and unequivocally placed above the market. In this ethos, the market acts only as a vehicle for sustainable material welfare and not as an end in itself, and governments truly fulfil their most basic responsibility:

to procure the welfare of every rank of society, and particularly of the dispossessed. Consequently, a *sine qua non* condition for true sustainability is the replacement of capitalism, due to its inherent and sheer predatory nature of human and natural resources. We must move from irrational to rational and sustainable consumption, to empower people not to consume more and equally per capita, but to develop their capacities to contribute to build dignified communities and protect the environment in an equitable and sustainable way. Such paradigm must guarantee conditions of life of a high-quality standard for all stakeholders, and enable all participants to fulfil not just basic necessities, but to provide equivalent qualities of life for equivalent participants both North and South, and without hurting the environment. In this ethos all stakeholders set the standard under conditions of equal say, through a duly-democratic process as sketched above.

In this new ethos development entails the democratically-balanced development of all members of society, which will establish a culture of use of all natural and man-made resources to provide a high quality of life standard without the excesses associated with consumerism. Efficiency and productivity will no longer have meaning in terms of reproducing wealth but will be fundamental in consuming resources in the most efficient, balanced and sustainable way. Increments in the level of sustainability of systems and reduction of our footprint in all aspects of life of people and planet would be the new indicators and the true measure of development.

In the people and planet paradigm, development does not mean at all the capacity to possess material things and the improvement in the material standard of living per se. Wealth does not mean material wealth as such. Economic development and wealth lack a utilitarian meaning. What they mean is the development of human capacities –from the perspective of Amartya Sen¹⁰– in an egalitarian society; human development anchored on the premise of solidarity and true sustainability. Professor Harribey poses the idea of development as the increased wellbeing and the fulfilment of potential in a non-market framework. In this context, development does not mean growth in the current sense of more merchandise, more energy use and ever-greater inequalities.¹¹ In consequence, economic growth by itself is deemed nonsensical, and a balanced approach to sustainability, which includes rational growth, when and where necessary, becomes the vehicle to achieve the wellbeing of all ranks of society. In this way, with the paradigmatic shift, marketing and advertising are completely recast to be in sync with the new ethos, which bars the culture of hedonism that creates artificial needs. A balance is achieved. A global culture emerges to give preeminence to the sustainability of the community and the environment in solidarity instead of promoting sheer and irrational individualism. Yet, local cultures, especially indigenous cultures, are preserved so that they build their autonomy and achieve their own sustainability. A balance between the needs of Mother Nature and the needs of all communities as well as a balance between the needs of the community and individual needs are achieved.

From the perspective of business, the preeminent goal of all business entities in real democracy is to generate wealth through innovation and competitiveness to procure and sustain the welfare of societies and the environment. The entire social strata are investors in the business of private enterprise. Shareholder value, as we know it today, ceases to exist. The right to private property and wealth accumulation by individuals and business entities remains except that both events are permissible exclusively as the result of equitable and rational acts of commerce, where all stakeholders benefit, and not of unequal and asymmetric transactions. Capitalism becomes unequivocally obsolete. Productivity and efficiency also become moot points in the sense of increasing monetary gain. Yet they do have a role in the sense of increasing the efficiency in the use of natural resources to consume less per capita and preserve more. To be sure, there is no longer the possibility for the excessive accumulation of wealth individually or for a corporation. Oligopolies and mega-corporations are dismembered into smaller entities to put them in line with the new paradigm. There is no enrichment at the expense of the welfare of others. For the first time, an equitable distribution of wealth is gradually accomplished, where wealth means the development of wellbeing and not of material wealth per se. In a new meaning for development, wealth is not weighed on the basis of the quantity of goods and services owned but on the actual use of human potentialities to achieve wellbeing both individually and as part of the community. If the community has achieved an optimal level of wellbeing, then its members are also enjoying the same optimal level of wellbeing. That is, it is in the individual's self interest to pursue the welfare of the community, for in as much extent as this welfare is accomplished, the individual's self interest will be fulfilled. The privatisation of life science resources vital for life, such as water, air and plants, is completely stopped.

¹⁰ Human Development Report 2004: Cultural Liberty in Today's Diverse World, United Nations Development Programme, New York, 2004

¹¹ Jean Marie Harribey, Do we really want development? Growth, the world's hard drug, Le Monde Diplomatique, August, 2004
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In the social imaginary, this constitutes the replacement of the capitalist paradigm, centred on the market –as the teleological phenomena required for the sheer accumulation of wealth at the expense of all other participants– by human and environmental wellbeing as the only meaning for development. Such a paradigmatic shift embodies the confrontation of two totally opposite societal ideas. This would be the replacement, in Castoriadis words, of *the demented capitalist project of an unlimited expansion of pseudorational pseudomastery, which for a long time has ceased to concern merely the forces of production and the economy so as to become a global project (and for that reason all the more monstrous), that of a total mastery of physical, biological, psychical, social, and cultural data, by the project of individual and collective autonomy, the struggle for the intellectual as well as spiritual and also socially real and effective emancipation of the human being.*¹²

From this perspective, developing countries develop materially, for a time, to meet the basic needs that will generate an optimal level of wellbeing, whilst in rich countries growth and development per se will be gradually abandoned in favour of the pursuit of optimal levels of wellbeing for the community without compromising the environment. Thus, no indefinite economic growth is pursued, but the necessary growth to accomplish a sustainable balance; namely a balanced distribution of the benefits of all human activity, with the preeminent goal of achieving the wellbeing of all members of society and the environment. Eventually, in the long-term, growth must be replaced by human development progress without more economic growth in both the North and South. At such time, an optimal and balanced level in the distribution of the product of human activity is achieved and sustained, for indefinite growth is completely unsustainable and sooner or later the world will have to replace it with a no-growth paradigm.¹³ Unquestionably, cultural values are redefined to put the rational welfare of all ranks of society as the preeminent goal of a global community of sustainable societies. Clearly, none of this would make the least of sense without first building a true democracy ethos.

2.4 The meaning of sustainable

As is the case with democracy, the idea of sustainability has been manipulated to meet the needs of the so-called corporate citizens. Several thousand global corporations publish annually their sustainability reports in which they take pride in portraying themselves as organisations that interact with individuals and communities in a sustainable manner. Yet, with very few exceptions, most corporations do not meet the true standard of sustainability because in more than one way their business activity does not generate sustainability for all direct and indirect participants. The most conspicuous example is the case of a living wage, an upheld human right and a fundamental issue with enormous repercussions in the livelihoods of millions of people. Yet, it is almost impossible to find a global corporation that pays a living wage to its workers or to those in its supply chain in the South. Most corporations like to boast that they pay wages above the minimum wage but, as we well know, a minimum wage is not a living wage at all, even in the most advanced economies. Not surprisingly, a living wage is not a standard of practically any social responsibility initiative and of no multilateral organisation whatsoever.

There are dozens of definitions of sustainability. Most agree that a sustainable ethos must provide a high-quality standard of existence to the economic, social and environmental dimensions with long-term sustainability. This entails that there must be balance in each of these dimensions so that its participants –human beings, nature and the planet as a whole– can enjoy a high-quality level of life. Balance requires that no participants thrive at the expense of others; a condition impossible to create under the current Darwinian capitalist paradigm, where savage competition is the standard and the logic of the market is to gain at the expense of other human beings, Mother Nature and the planet. An insurmountable amount of hard evidence, readily available to anyone who cares to look, including the reports generated by multilateral institutions, clearly shows that the logic of the market is completely unsustainable for all three dimensions and for all participants including the owners of the market; and unless we react adequately, it will take us in the not-too-distant future to the irreversible demise of all species and our planet. Consequently, true sustainability can only entail the true commitment to our survival by the unrelenting pursuit of a high-quality sustainable system, in the three dimensions aforementioned, for all stakeholders.

In the case of corporations, truly sustainable business practices must guarantee this high-quality standard for all stakeholders and be able to sustain it through time. In the case of workers in the supply chains of corporations and in smaller companies and producers, sustainable business practices must provide a high standard to all, not just to

¹² Cornelius Castoriadis, *The Rising Tide of Insignificance, (The Big Sleep)* Translated from the French and edited anonymously as a public service. Electronic publication date: December 4, 2003.

¹³ Serge Latouche, *Degrowth economics. Why less should be so much more?*, *Le Monde Diplomatique*, November, 2004

barely lift them above the poverty line, not just enough to meet their basic necessities, but high enough to provide an equivalent quality of life vis-à-vis the quality of life of equivalent workers in the so-called advanced economies, and without hurting the environment. Again, the context is that shareholderism and market logic would no longer operate, for there is a brazen dichotomy between the intended goals of the market and sustainability. They contravene each other. The world cannot operate under a logic of social Darwinism and concurrently aspire to be sustainable. That is a schizoid logic, to put it lightly. Thus, the meaning of sustainable can only be the ability to generate a new ethos that delivers conditions of life of a high-quality standard for all participants in the three dimensions of human activity. In true democracy all stakeholders set the high-quality standard of the new ethos under conditions of equal say, through a duly-democratic process, instead of corporations and their partners in government in pursuit of their very private interest. This new ethos in pursuit of sustainability must assure the equitable and balanced interaction of all stakeholders: people, nature and the planet as a whole, in all three dimensions: economic, social and environmental.

The fundamental need for equitable and balanced interactions notwithstanding, there is another critical element of sustainability that cannot be emphasised enough. Capitalism must be replaced, not just because it is rather incongruent with the high-quality sustainability of all participants but also for it is a sheer predator of resources. Capitalism, like some sharks, must be constantly moving and consume energy to live. If these sharks stop swimming, they die shortly thereafter. This is the case of capitalism, for it is an unstoppable irrational mechanism of consumption. It demands constant and ever greater levels of consumption to sustain its unrelenting pursuit of the reproduction and accumulation of capital, with no restraint to establish a balanced level of consumption that will allow it to stop depleting the resources that it needs to reproduce itself. Instead, it has created a culture of consumerism with a scale of moral values anchored on never ending and artificially-created needs, where people function as reality-alienated beings who are told to consume more and to feel the need for instant gratification to feel good. The clearly-evident consequences of the depleting and predatory nature of capitalism are irrelevant for the institutional investors driving the market, to be sure, for all is based on irrational consumption –using as bait consumer's instant gratification– to fulfil their short-term shareholder quarterly expectations. It is for these very reasons that entertaining the idea of true sustainability under capitalism bears an inherent and blatant contradiction and has no realistic possibility whatsoever.

In this way, true sustainability cannot be achieved only by eliminating injustice, by lifting people out of material poverty and incorporating them into the market as literally billions of new alienated consumers who would then have the consumer power to consume from thousands of products and services of which they are currently deprived. Under capitalism such scenario would not only be unnatural but –in the utopian event of providing everyone with equal capacity of consumption– it would overwhelmingly deplete more resources than the current brand of capitalism. This remedy would indeed be far worse than the illness. Therefore, true sustainability would be in itself a new paradigm that must entail not only replacing capitalism with a system that is socially equitable, but it will need, at its very core, , by altering its DNA, a new culture not based on irrational consumption but on building an ethos that allows people to develop their own capacities to contribute to their communities and to take from their communities in an equitable and environmentally balanced way.

Along the lines of social scientists who have been advocating an ethos of no growth (Latouche, 2004, Harribey, 2004¹⁴ et al), development would mean the democratically-balanced development of all members of society who would enjoy access to the opportunities and resources necessary to develop and use their own potentialities to benefit themselves and their communities. In this new paradigm, society would establish a balanced culture of use of all natural and manmade resources to provide a high quality of life standard without the excesses associated with consumerism. Key factors in the logic of the market, such as efficiency and productivity, would no longer have meaning in the sense of their value in the rate of reproduction of monetary wealth. Yet they would certainly have a meaning relative to their ability to reproduce sustainable practices. For instance, efficiency and productivity will still have enormous value in developing processes that would provide the amount of electricity needed for a city to function adequately by consuming far less energy and contributing less to global warming. This would be achieved by changing energy consumption habits, the technology used to generate the required electricity from less energy as well as the use of more renewable and less non-renewable sources of energy. The high quality standard would be the level set by all stakeholders –through true democratic interaction– that provides the maximum level of fulfilment

¹⁴ Serge Latouche, Degrowth economics. Why less should be so much more?, *Le Monde Diplomatique*, November 2004, and Jean Marie Harribey, Do we really want development? Growth, the world's hard drug, *Le Monde Diplomatique*, August 2004.

of true societal needs, in such a way that the right equilibrium is achieved when non-renewal natural resources are depleted and their use secures long-term sustainability. Unfortunately, some non-renewable energy sources, such as oil,¹⁵ inevitably will be depleted. But, under the people and planet paradigm of the true democracy ethos, these resources would be depleted rationally, which means they would gradually be replaced by renewable resources that are used with maximum efficiency in their intrinsic value and in their long-term sustainability, with no regard, whatsoever, for both short and long-term shareholder value expectations of the financial markets.

2.5 A new meaning of progress

True development in the true democracy ethos departs completely from the criteria customarily used by capitalism. True progress needs a dignified level of human welfare with a small environmental footprint. This impairs GDP growth, per se, of the old capitalist paradigm. It is no longer about producing more –the essence of GDP– but about creating a greater quality of human life. This is the challenge that the whole world confronts in the new paradigm, for the world's capitalist system is completely unsustainable globally, even among the most advanced and egalitarian societies, such as the Scandinavian ones.

The vision with greater emphasis on the sustainability of a future global society, is embodied by the concept of progress without more consumption. Adjectives vary. Some call it the no-growth economy or de-growth economy. Others envision it as a stationary economy. French researchers Latouche and Harribey stand out among those who openly question the current development concept, for its unsustainable and unfair nature, and argue in favour of a paradigm of rational and sustainable consumption of resources, and of the efficient distribution of the wealth generated, without the need for greater growth anchored on more consumption per se. This is about a post-capitalist economy that only consumes what is necessary to sustain a high level of welfare for all –with consumption patterns clearly divergent from the current ones– where GDP growth becomes a moot point. True progress is then weighed through indicators that assess the quality of human life and the size of the footprint of human activity on the environment. The measure of high progress is a high human development standard with an environmental footprint far below the current one, just enough to have a dignified level of comfort, not consumerist, not hedonist, not individualist, but with ideal health, nutrition, education, clothing, housing and leisure standards and anchored on the consumption of renewable energy sources instead of fossil energy. Human work is driven by the generation of welfare for people and planet and not by the reproduction of capital and the growth of shareholder value. Evidently, to build this ethos, capitalism must be replaced for its aforementioned antithetical nature in the material, psychosocial and humanistic sense.

The first step is to make the demos become conscientious about the fact that economic growth and development as we know it is a mental straight jacket imposed by capitalism, so that we are led to assume that there cannot be development without growth in production and consumption. Hence GDP growth bears no meaningful role in true sustainable development. The world does not need to produce and consume more per capita but produce less with substantially less energy to then distribute exponentially better per capita and actually consume less per capita globally with far less inequality. Consequently, people in the North would consume significantly less whilst people in the South would consume significantly more, but the total consumption globally would be substantially less; particularly in the consumption of energy to do the same and in the consumption of frivolous products and services that offer no real benefit to life but that contribute meaningfully to increase our environmental footprint. This truly sustainable paradigm is a condition *sine qua non* for true democracy to become realistic.

Indeed, in the case of the –euphemistically called– developing countries, true sustainability does not come by aspiring to achieve greater consumption per capita –as the greater economies do today– but by developing a consumption standard proportionally far lower, but distributed fairly and “*glocally*”. In this way, the misery wages paid nowadays in the periphery economies must be increased substantially for they are of a modern-slave work nature, but they should not be increased proportionally with those at the core of the system. They should increase to an optimal material quality of life and sustainability standard with a low environmental impact. Similarly, the central economies of the old system, irremediably, will have to drastically reduce their consumption standards, so that, eventually, before 2050, the environmental curves of all economies meet at a crossroads where consumption levels –of goods and energy– become substantially less than the current ones and, thus, attain long-term sustainability. In this sense, Keynesian demand-side paradigms are no longer adequate. As Peter Custers, another

¹⁵ Robert L. Hirsch, Roger Bezdek, Robert Wendling, Peaking of World Oil Production: Impacts, Mitigation, and Risk Management, National Energy Technology Laboratory of the Department of Energy, February de 2005.

no-growth proponent, argues, *a Keynesian Green New Deal isn't a solution because Keynes took the economy of exponential growth as his starting point. Yet the capitalist economy with its drive to accumulate must fail since it will gradually lead to the exhaustion of raw materials, and to ever rising expenditures and energy use to extract raw materials. It is time for a transition away from the present economy of capital accumulation towards an economy that refuses to grow. This transition needs to be at world level, and to be strategised to protect the global South. This may sound utopian. But then, the idea of a Green New Deal would have sounded utopian a few years back.*¹⁶

This transition, towards a truly sustainable paradigm, has begun particularly in Europe. Yet, in North America, Asia and in the periphery –where the alarm that went off, at least since the end of last century, due to global warming– it is increasingly dropping in our consciousness as well. Despite the opposition of the owners of the capitalist system, consumption habits are being slowly but steadily transformed, and there is a growing awareness about social and environmental responsibility. Steven Stoll, another pundit of the no-growth paradigm, summarises his current vision of U.S. society on the subject: *they are heading in two directions at once. They have accepted efficiency as the soul of what it means to be green, but they have not yet recognised a biophysical limit on the scale of their consumption. The end of growth will not mean the end of progress, to the extent that we can redefine progress as consisting of something other than accumulation. Instead, we can accept our limitations, view progress as the creation of efficiency rather than wealth, and work for just institutions even when lean times come.*¹⁷ This is just a microcosmos of the ample and growing social perception that converges in the crass reality of the current system, for its unsustainable and antidemocratic nature, despite the unrelenting pressure of market fundamentalists to maintain the status quo.

2.6 The sustainable footprint of progress

Addressing the issues of global warming and social justice in the new paradigm of people and planet, in a true democracy ethos, requires sustainable human development. Thus, relative to the urgent need to materialise the social demands of more than 2,5 billion people (about 40% of the world's population) that live in dire poverty, and also improve the life of those that endure relative poverty (about 1,2 billion)¹⁸, development policies affecting the entire population must be anchored on wealth redistribution and not on GDP growth as an end in itself. Currently, if there was a reasonable degree of social justice, there would not be poverty with the same level of material and energy consumption currently recorded. Surely, the world would not have opulent societies but just societies with a good quality of life. True democracy does not pretend opulent but just and sustainable levels of welfare. This implies, in practical terms, that we could have years of progress with no GDP growth, if the GINI index of inequality and the Human Development Index were to gradually improve while concurrently we increase efficiency in our energy consumption. Certainly, as in the case of Keynesian economics, we need to aggregate demand in the pockets of the dispossessed, but not with the goal of putting net consumption per capita at par with those of the main capitalists metropolises. This is unsustainable in both instances. The goal must be to convert pervasive poverty into dignified levels of welfare, with a global ecological footprint that would have to gradually diminish over the next decades, but that it would need to increase in the strata stricken by poverty, until they reach dignified levels of welfare. Concurrently, the social strata with an unsustainable ecological footprint would have to drastically reduce it.

The trend is global. The ecological footprint in 2007 – the relationship between ecological impact and biocapacity, measured in hectares, recorded a deficit of 0,9 hectares per capita, equivalent to 50% of the world's biocapacity (chart 2.1).¹⁹ In the U.S. the deficit was of 4,9 hectares per capita or 105% of its biocapacity, and China had a deficit of 1,2 hectares per capita or 120% of its biocapacity; these constitute two of the worst footprints in the world because their consumption of resources is far greater than their capacity to sustain them. In contrast, Bolivia, Brazil, New Zealand, Australia and Canada recorded some of the best ecological reserves in the world, (16,3, 6,1, 5,9, 7,9 and 7,9 hectares per capita respectively) tantamount to 87%, 68%, 55%, 54% and 53% of their biocapacity respectively.²⁰ Ecological deficits are prevalent in practically all of Asia, Europe, North and Central America and the Caribbean. Only South America and Oceania have good ecological reserves while Africa is almost at a balance.

¹⁶ Peter Custers: Break with all history since the industrial revolution – Towards zero growth, Le Monde Diplomatique, June 2009.

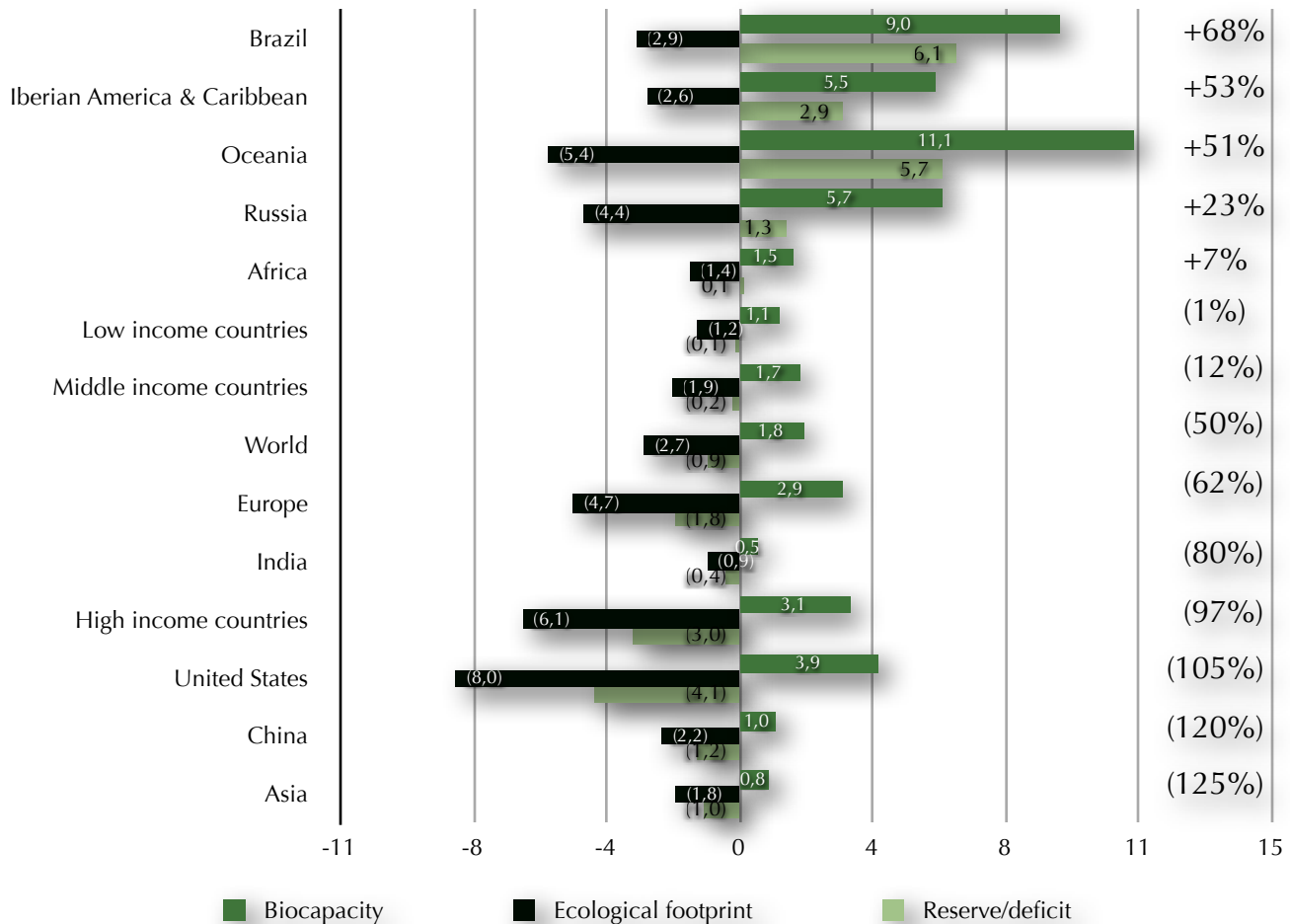
¹⁷ Steven Stoll: Fear of following: The specter of a no-growth world, Harper's Magazine, March 2008.

¹⁸ World Bank: World Development Indicators 2010.

¹⁹ Global Footprint Network : National Footprint Accounts, 2010.

²⁰ *ibid.*

Chart 2.1: 2007 Ecological Footprint and Biocapacity – surplus/deficit in hectares and % (global hectares per capita)

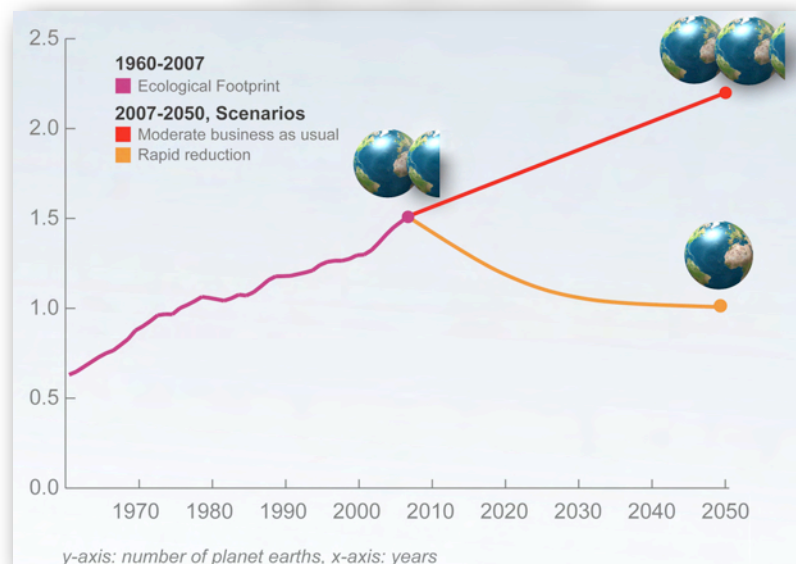


This may sound rather utopian to many if the intention was to change the economic structures overnight. Nonetheless, unfortunately or fortunately –depending on the scope used– we live in a globalised world, and the transition towards this scenario has already began, albeit quite slowly and with huge resistance. The transition is taking place despite the irritation of the owners of the market, for the weight of hard evidence –of environmental decay– is forcing change towards a truly sustainable paradigm. Thus, the changes towards truly sustainable post-capitalist economies will be materialising in a global context gradually, which I venture to occur in the term of thirty years or one generation, if pressure mounts; for, at the least sign of flagging, governments –as mere agents of the market– will freeze them. However, albeit the weight of reality is slowly forcing change, it does not assure that all countries will follow the same tendency, particularly in the periphery. The most perverse instincts of humanity will continue to be fixated on controlling everything they can –for the benefit of their very private interest– and for the longest time possible, before they face the forced abandonment of the market's imperious control over people and planet. The owners of the market will abandon their unsustainable practices only under pressure of their societies and will attempt to transfer as much as they can of their old model's costs and detritus to the periphery territories that allow them. Therefore, periphery societies that do not force the paradigmatic change are under great danger of being dragged on and transformed, for a long time, into private hunting grounds of the global factual powers. The countries in the South could become territories for hazardous waste disposal, reserves of modern-slave work legions and reserves of non-renewable and renewable natural resources for foreign consumption. This is already evident in many countries and regions in the South, such as Mexico, Central America, the Caribbean, Southeast Asia, the Middle East and Africa among others. It is imperative to insist that the world cannot aspire to build democratic and sustainable societies, whatsoever, under the current market-driven paradigm for it is physically and completely unsustainable.

Nonetheless, the entire world is experiencing a clear trend towards unsustainable ecological footprints in the short term by turning resources into waste faster than they can be turned back into resources. This puts us into an environmental overshoot. This implies that the world must focus on the development of a wealth redistribution model with a long-term tendency towards lower energy consumption levels than at this time. This does not entail a proportional reduction in the quality of the welfare of well-off strata, but a new conception of quality of well-being with a drastic reduction in energy consumption (chart 2.2),²¹ increasing efficiencies and replacing fossil energy use with renewable energy sources and exponentially consuming more recyclable materials that generate a rather small additional ecological footprint. It entails as well a drastic change in consumer habits, in such a way that our civil responsibility gains precedence over our consumption, culturally transforming our concept of material well-being. As Stiglitz, Sen and Fittoussi assert, *the time is ripe for our measurement system to shift emphasis from measuring economic production to measuring people's well-being.*²²

Indeed, in the new culture of true democracy, our consumption carries both rights and responsibilities. Thus, we ought to change our habits to make them compatible with adequate norms for sustainable consumption; from eating, cleaning and clothing habits to leisure and transportation habits. Norms that inevitably will also change the supply of goods and services offered by a, unequivocally, closely regulated market. Consumer choices, consequently, must deliver far less hedonism and far more citizen efficiency and responsibility, in our role as socially and environmentally responsible consumers. Chart 2.2 provides a clear perspective on the challenge that we are facing under the current market-driven paradigm. The Global Footprint Network rightly asserts: *Today humanity uses the equivalent of 1,5 planets to provide the resources we use and absorb our waste. This means it now takes the Earth*

Chart 2.2: 1960 - 2007 Ecological Footprint and 2007 - 2050 Ecological Footprint Scenarios



one year and six months to regenerate what we use in a year. Moderate UN scenarios suggest that if current population and consumption trends continue, by the 2030s, we will need the equivalent of two Earths to support us. And of course, we only have one. Turning resources into waste faster than waste can be turned back into resources puts us in global ecological *overshoot*, depleting the very resources on which human life and biodiversity depend. The result is collapsing fisheries, diminishing forest cover, depletion of fresh water systems, and the build up of carbon dioxide emissions, which creates problems like global climate change. These are just a few of the most noticeable effects of overshoot. Overshoot also contributes to resource conflicts and wars, mass migrations, famine, disease and other human tragedies—and tends to have a *disproportionate impact on the poor*, who cannot buy their way out of the problem by getting resources from somewhere else. To end the overshoot, the Earth provides all that we need to live and thrive. So what will it take for humanity to live within the means of one planet? Individuals and institutions worldwide must begin to recognise ecological limits. We must begin to make ecological limits central to our decision-making and use human ingenuity to find new ways to live, within the Earth's bounds. This means investing in technology and infrastructure that will allow us to operate in a resource-constrained world. It means taking individual action, and creating the public demand for businesses and policy makers to participate.²³

²¹ Global Footprint Network : World Footprint, 2010.

²² Joseph E. Stiglitz, Chair, Amartya Sen, Jean-Paul Fitoussi, Report by the Commission on the Measurement of Economic Performance and Social Progress, The Commission on the Measurement of Economic Performance and Social Progress" (CMEPSP) 2009.

²³ Global Footprint Network : World Footprint, 2010.
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2.7 Globalising wealth –equal pay for equal work– for social justice

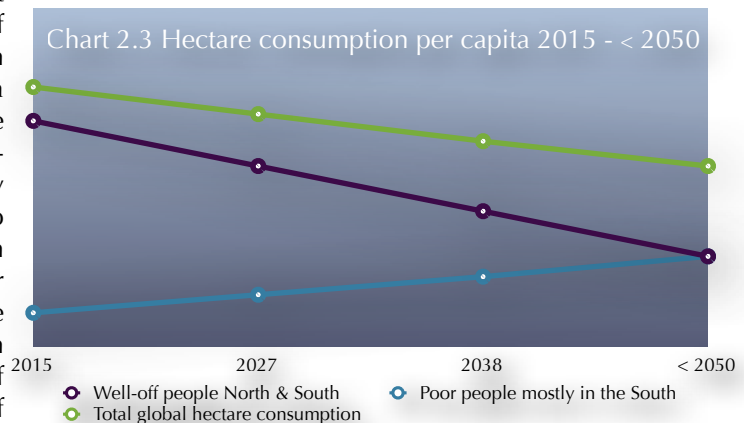
Overcoming the current Darwinian paradigm of untrammelled capitalism in pursuit of social justice, in the context of a social and ecologically sustainable paradigm, inevitably requires globalising wealth in a realistic and practical manner. This requires, nonetheless, that we start by gradually transferring the part of the revenue, resulting from human economic activity, originally belonging to the labour force, to its individual members. Consequently, and without a doubt, the most effective, direct and congruent way to overcome the mechanisms of exploitation of the current paradigm is endowing workers with living wages under a new conception of well-being. In practice, this entails –given the enormous gap between what they earn and what they should have earned– gradually increasing their real wages to put them at par with those of their developed economies' counterparts. With the globalisation of the world's economies, consumer markets, natural resources, prices and labour forces have been globalised. Now global corporations are free to market their products worldwide, have access to all natural resources and labour pools and charge basically the same price regardless of the cost of living of each economy. Yet, they pay wages to the workers they choose to employ in the periphery –directly or through their supply chains– that bear no relationship with the share endowed to their equivalent workers in the North –for equal work of equal value– nor to the cost of living of the economies of their workers in the South. Global corporations deliberately and strategically do not globalise wages, for labour exploitation is a fundamental part of their business model and, thus, of their business culture; it is instrumental to their business. In this way, to move away from the current market-driven ethos into the new people and planet paradigm, the real wage gap for equal work of equal value –equal pay for equal work– must be gradually closed between North and South.

Equal pay for equal work globally would gradually and exponentially generate wealth redistribution, which is the key –overriding all other variables– to a sustainable social justice. Thus, corporations must change their business culture and abandon their short-term shareholder driven business system into a long-term truly sustainable business concept, where people and planet sustainability and shareholder value are put at par, at the core of business culture –deep in the DNA of their corporate governance, strategy and operations– as their new *raison d'être*. By committing companies to wealth redistribution, we would be dramatically decreasing the gap between rich and poor, generating a much stronger consumer market –under a non-consumeristic ethos– and gradually transitioning into a truly sustainable people and planet paradigm. Market-driven globalisation cannot continue to replace truly democratic values –anchored on social justice and the protection of the planet– not just because of humanistic moral values but also, and equally important, for capitalism is materially (physically) unsustainable, and will take us on a path that will soon cross the threshold of our demise.

The materialisation of the globalisation of wealth through social justice occurs when workers both in the metropolises (North) and the periphery (South) earn the same real wages for equal work, parting from the assumption that wages in the North are generally of a living wage kind, albeit rapidly eroding in value due to the sheer Darwinian capitalistic ethos that has engulfed the world. However –and this is of the utmost fundamental importance to achieve true sustainability, the actual closing of the wage gap must occur not at the current level of consumption that real wages of equivalent workers in the North can afford but at the future level of truly sustainable consumption of these workers' real wages, far below the current one. For instance, in urban areas, buying a new car and the petrol required to drive it, would cost a dramatically larger share of income of an average household than it currently does. Buying a hybrid or electric car would take a lower share of a household income than a petrol vehicle, but still substantially higher than it would cost today. In the new people and planet paradigm, people are discouraged from using individual transportation and encouraged to use mass transportation instead. If you still want a car you are going to pay a very steep premium, an actual penalty for the right to increase your ecological footprint above the standard. Music delivered in plastic and cardboard form will cost much more than today, whereas digital music will cost about the same as today, because the first option consumes far more energy than the second option and produces waste not produced at all if you buy it digitally.

We need to be very precise. The people and planet paradigm is envisioned, clearly, under the assumption that companies and their agents in governments provide the political will to gradually move from the currently unsustainable paradigm to the new one. This includes closing living-wage gaps in the term of thirty years or one generation (before 2050). This means that the real wage of workers in the global South would equalise with the real wages of workers in the North at a substantially lower level of consumption than they would need to if we hypothetically close the gap at the present time.

Chart 2.3 illustrates –paralleling the rapid reduction scenario of the Global Footprint Network in chart 2.2– the trend required for the global footprint (in hectare consumption per capita) to diminish by about one-third before 2050.²⁴ To accomplish this, well-off people would need to cut their per capita hectare consumption by about three-fifths whilst poor people would increase it by about threefold. Evidently, this could only be realistic if we radically change from the shareholder-driven paradigm to the people and planet paradigm with a completely different consumer and energy use culture. This does not mean, whatsoever, that well-off people would cut their standard of living by three-fifths, but it means that they would need to drastically cut their energy use and their production of waste by radically changing their consumer habits. Concurrently, poor people would increase their energy use and, irremediably, their production of waste, because they would be lifted out of poverty, particularly through formal employment of a living wage kind. Yet, their consumer and energy use habits would also be radically different from those prevalent today. But the end result would be that the total global energy consumption footprint would decrease by about one-third. As a whole, consumer behaviour must be dramatically less consumeristic and truly sustainable. Hence lifestyles and their standards of living would, accordingly, be dramatically different.



In this way, if the factual powers that control the system agree to move to the people and planet paradigm, we would be tackling two cornerstones of true sustainability: drastic reductions of poverty and of our environmental footprint. If, on the contrary, they do not, as could be expected, employers would lack any moral reason to argue against closing the wage gap under the current paradigm for environmental or any other reason. Shareholder value cannot pretend to prevail at the expense of billions of people. Accordingly, if the market decides to continue on the same path, then workers have the right to demand a living wage under the same unsustainable structures of energy used and production of waste, until we achieve our own demise.

2.8 A living wage is a human right

Achieving a living wage ethos –within the people and planet paradigm– would simply entail gradually equalising the real wages of workers in the South with those of equivalent workers in the North at the level that they hold at such time in the future. This would constitute a fair and sustainable globalisation concerning labour endowments. If, as previously stated, business and governments refuse to change to the socially and environmentally responsible paradigm, then the closing of the wage gap would materialise at whatever the level of real wages in the North would have in the future –under the current market-driven ethos. The demand is still the same and the process as well, for regardless of what happens in the future, a living wage has been universally upheld as a human right and such demand cannot be avoided, denied or superseded by market-driven argumentations.

Juan Somavía, Director General of the ILO, when he talked about what fair globalisation should be, declared that *the decent-work concept has led to an international consensus that productive employment and decent work are key elements to achieving poverty reduction*. Furthermore, he stated that *the primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity*. And, accordingly, the ILO's Decent Work Agenda criteria for a fair globalisation stated: *rather than driving people into the informal economy or creating massive migration, global expansion must find ways to deliver opportunities for decent work where people live*.²⁵

²⁴ Many environmental scientists consider that our footprint needs to be reduced substantially at a faster pace than by 2050. One qualified opinion shared by some is that advanced by Lester Brown –a U.S. environmentalist, founder of the [Worldwatch Institute](#), and founder and president of the [Earth Policy Institute](#). The argument is that when world leaders met in Copenhagen, Denmark, in December, 2009, they failed to come up with a legally-binding treaty to reduce greenhouse gas emissions, but agreed that global climate change was a serious menace that needs to be addressed, and they agreed (rhetorically) that we need to reduce carbon dioxide emissions 80 percent by the year 2050. Yet, Brown is convinced we need to meet this goal by 2020, which means we have no time to waste. (Sourced from: David S. Wood and Margaret Pennoc, *Journey to Planet Earth – Plan B: Mobilising to Save Civilisation*, Educators Guide. © 2010 Screenscope, Inc.

²⁵ International Labour Organisation. *Facts on Decent Work*. June 2006
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The UNDP also argues in favour of the underpinning need to provide decent work. The UNDP informed us, rather optimistically, in the forward page of the 2007 Millennium Development Goals (MDGs) Report: *The MDGs are still achievable if we act now. This will require inclusive sound governance, increased public investment, economic growth, enhanced productive capacity, and the creation of decent work.*²⁶ Unfortunately, as earlier conveyed in the case of the U.S., hard evidence indicates that we are enduring the opposite trend both in developed and developing countries, with human exploitation standing out through modern slave work. This is the main feature of this renewed mercantilist era of savage, supply-side economics and Darwinian capitalism in which, with respect to North-South relations, an unequal exchange, so well described by Arghiri Emmanuel decades ago, lives on with increasing strength.²⁷ Indeed, despite considerable global economic growth for several decades, before the speculative bubble burst, inequality increased exponentially. If the ratio of income of the poorest 20 percent to the wealthiest 20 percent was 1:30 in 1960, it was 1:80 at the turn of the century.²⁸ Today it is evidently a lot worse.

Notwithstanding which path the world follows in the future, decent work, namely earning a remuneration for our work worthy of human dignity, is an inescapable underpinning element of the economic and social dimensions – overriding all other considerations – simply because it has been upheld as a human right. In the spirit of article 23 of the UN Universal Declaration of Human Rights –concerning the right of workers to equal pay for equal work ensuring for them and their families an existence worthy of human dignity– and the Decent Work Agenda of the ILO –specifically on its argumentation for the need to close five decent work deficits, including the fact that *half of the world's workers are unable to lift themselves and their families above the US \$2 per day per person poverty line*–²⁹– societies cannot be viable in a global system, unless individuals have the right to live a dignified life through the use of their abilities, by earning the means to uphold this right above all social and political considerations.

In this way, the underpinning principle of TLWNSI's living wage agenda is that a living wage is a human right that materialises when workers are paid fair or decent wages as opposed to the subsistence wages or modern-slave work wages customarily paid in the South. Living wages are the wages generally paid in the North because its civil societies have struggled to secure a living wage or “moral wage”. Thus, a living wage is the real wage that provides workers in the South with the same ability to fulfil their needs, in terms of food, housing, clothing, healthcare, education, transportation, savings and even leisure, as that enjoyed by equivalent workers in the North, which we define in terms of purchasing power. That is, the real wages paid in the North are the wages used as the standard to close the living wage gap between North and South for equivalent work.

2.9. A fundamental human rights void in the business sphere of influence

The development of the debate concerning the social and environmental responsibilities of business dates back to at least the seventies. Despite the market driven ethos that has been imposed upon societies the struggle to harness business activity to make it comply with human rights has deep roots. The consumer boycotts against Nestlé's instant infant formula can be traced back to 1939.³⁰ But it was in the 1970s, with the transformation of many companies into global entities, that the negative effect that business activity was having in all aspects of life and the planet began to be discussed with growing emphasis. Until then, conventional wisdom took for granted that the effects of business were naturally positive. These concerns carried an inherent undertone underpinned on human rights. Business activity was weighed relative to its impact on the enjoyment of human rights that were regarded as natural rights, particularly in Northern societies.

Indeed, since the 1970s several efforts were initiated at the United Nations, intended to control the impact of business on human rights. In 1974, The Transnational Corporations Commission, as part of the UN Economic and Social Council (ECOSOC), with 48 Member States, was created and developed a code of conduct, as well as the Centre for Transnational Corporations, created as an autonomous UN organism. These organisms were never able to fulfil their original missions due to the joint opposition of the leading powers in connivance with their MNCs.³¹ In regard to the UN Member States, the development of national normative frameworks with legal force, as would be their responsibility, regulating the effect of the activity of domestic companies or MNCs in their sphere of influence,

²⁶ Millennium Development Goals. 2007 Report. United Nations Organisation, New York, U.S., 2007, p. 3.

²⁷ Claudio Jedlicki. Unequal Exchange. The Jus Semper Global Alliance, TLWNSI Issue Brief, September 2007.

²⁸ Jean Marie Harribey, Do we really want development? Growth, the world's hard drug, Le Monde Diplomatique, August, 2004

²⁹ International Labour Organisation. Facts on Decent Work. June 2006

³⁰ Noemí Bromberg Bar-Yam, The Nestle Boycott: the story of the WHO/UNICEF Code for Marketing Breastmilk Substitutes, Mothering Magazine, winter 1995.

³¹ Alejandro Teitelbaum. El Tema de las Sociedades Transnacionales en la ONU. August 2006.

as could be expected, have gone starkly lacking. In 2007 a first legislation on CSR was approved by the Indonesian Parliament. The law, nonetheless, did not define the CSR standards nor the sanctions for violations, albeit it conveyed that it was going to be done in the near future.³² Later it was downgraded –due to corporate pressure– to companies engaged in the field of natural resources or activities that have an environmental impact on the “functional capability” of natural resources.³³ More than three years later it still lacks an effective implementation mechanism and a means to verify it.³⁴ This is the only case, until now, where a government embarks on a fruitless attempt to develop a legally-binding social and environmental responsibility framework to regulate the impact of business practices on the people and the planet.

The fact is that until now all so-called CSR instruments, both multilateral and multi-stakeholder, share two distinctive traits: they are all voluntary, and they avoid the fundamental issue of the living wage. This is true of the OECD Guidelines, which have a so-called soft-law mechanism to raise complaints for it is not legally binding.³⁵ The ILO's Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, which consists of a set of principles intended to guide MNCs regarding employment, training, conditions of work and life and industrial relations, urge MNCs to voluntarily apply its principles to the greatest extent possible.³⁶ The UN's Global Compact, which rhetorically declares to contribute to building a sustainable and inclusive global economy, constitutes a mockery of true business responsibility for, until now, it is not more than a public relations tool to pretend to change so that everything remains the same.³⁷ There is also the Green Book of the European Union, which does not establish norms or principles and only provides a series of concepts covering the economic, environmental and human rights dimensions in the sphere of activity of businesses.³⁸

In addition to the multilateral instruments, there are many international norms, guidelines, codes of conduct and principles of multi-stakeholder origin, some of them partially backed by business. Some of them are the Ethical Trading Initiative (ETI), SA 8000, Instituto Ethos, Caux Round Table Principles, GRI, AA 1000, the Global Sullivan Principles and the recent ISO 26000. All directly address respect for human rights and, to be sure, all are proposed in the context of a voluntary responsibility. Some, such as the GRI, are quite flexible and allow companies to choose the activities that they want to report on and to disregard those not relevant according to the reporting entity's own criteria.³⁹

Clearly, both multilateral and multi-stakeholder instruments share as a backbone the voluntary responsibility context. The great majority are based on international conventions and declarations, such as the Universal Declaration on Human Rights and, regarding labour rights, on the Conventions and Recommendations of the ILO. Yet, besides sharing their voluntary nature, all share omitting the right to a living wage. Although some rhetorically propose a progressive perspective towards a living wage, their codes demand, voluntarily, a minimum wage. Furthermore, none defines what should be an adequate income for the enjoyment of a dignified quality of life and much less what a living wage should be. Everything remains in ambiguity or in frank omission. Vagueness with respect to all things regarding a dignified remuneration is their common denominator. As many social sectors have expressed, the common feature of all the instruments, despite their voluntary nature, is to aspire to the lowest common denominator in defining the responsibility of business for the impact of its activity. From Jus Semper's perspective, it is necessary to emphasise that the common feature of all is the virtual absence of the payment of a living wage as an indefeasible right, first and foremost because it directly confronts the system of exploitation that humanity endures, particularly in North-South relations. Thus, by default, the OECD Guidelines, the ILO's Tripartite Declaration of Principles, the multi-stakeholder GRI, ISO 26000 and other instruments all consistently are proposed as voluntary instruments that lack a living wage standard and the mechanism to implement it.

³² Andi Haswidi, The Jakarta Post, Jakarta. CSR becomes mandatory for most companies. 21 July 2007

³³ Achmad Zen Umar Purba, The Jakarta Post, Jakarta. CSR program and delicious porridge. 15 February 2010.

³⁴ Patricia Rinwigati Waagstein, The Mandatory Corporate Responsibility In Indonesia: Problems and Implications, Journal of Business Ethics. 14 August 2010.

³⁵ Organisation for Economic Cooperation and Development. The OECD Guidelines for Multinational Enterprises. REVISION 2000. Paris, France, 2000.

³⁶ International Labour Office, Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, 2006.

³⁷ <http://www.unglobalcompact.org/>

³⁸ European Communities Commission. GREEN PAPER. Promoting a European framework for corporate social responsibility. Brussels, Belgium, 18.7.2001

³⁹ Álvaro de Regil Castilla. Living Wages: The GRI's Missing Link. The New GRI's "G3 Sustainability Reporting Guidelines" Continue to Avoid Living Wages, the Missing Link of Sustainability. The Jus Semper Global Alliance. TLWNSI Issue Essay, March 2006.
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Part 2. TLWNSI's Strategic Paradigm

3. Conceptual Structure of TLWNSI

3.1 Core Objectives

- ➔ Make a strategic contribution to the gradual closing of the North-South wage gap, by gradually equalising wages of workers with equivalent jobs through an internationally recognised and practical mechanism;
- ➔ Disseminate our living wage concept striving to establish it as the core standard of business practice;
- ➔ Generate upward pressure on labour costs on South's formal /informal sectors, in order to raise the benchmark for labour endowments until placed at par –in real terms– with the North's labour endowments;
- ➔ Contribute to embed in business culture the true concept of corporate sustainability by transforming the purpose of business to make it fully compatible with the people and planet paradigm in the context of a true democracy ethos.

3.2 Proposal

The concept proposes to make workers in the South earn real wages at par with those of the equivalent workers in the North in the course of not more than 30 years (one generation). This is absolutely a realistic goal if Global Civil Society rounds up the necessary political will from all actors involved. Real wages in the South average only a fraction of the real wages earned by equivalent workers in the North. Thus, the quality of life endured by the former is dramatically lower than that enjoyed for equivalent work of equal market value in the latter.

3.3 Concept

TLWNSI's concept is, succinctly, anchored on “gradual wage equalisation in purchasing power parity terms.

Classic Problem Scenario

- ◆ With market liberalisation, MNCs sell their products both in host countries and in all other markets where they are active, including their home country, at the same or at a very similar price;
- ◆ They achieve maximum profitability when the manufacturing process in their developing countries' operations is at par in quality and production efficiency with the standards used in their home operations but their cost of labour is dramatically lower;
- ◆ The MNCs' markets and their manufacturing and marketing operations are globalised but their labour costs remain strategically very low in order to achieve maximum competitiveness and shareholder value at the expense of the South's workers;
- ◆ The resulting situation is one where MNCs get all the benefit. Sometimes the salaries that they pay are higher than the legal minimum wage in the host country. Yet, these wages still keep workers in dire poverty. A minimum wage does not make a living wage even in the most developed economies;
- ◆ What has occurred, with market globalisation, is the dramatic widening of the gap between wages in the North and in the South;
- ◆ While the standard of living of a worker in the North provides the basic means to make a living and afford a basic standard of comfort, a worker working for the same company, doing the exact same job with the same level of quality and efficiency and the same market value, lives in a shanty town in a cardboard house with no sewage, water and legal electricity;
- ◆ In this way, the huge differential in labour costs is added to the profit margin, keeping the part (surplus value) that should have provided workers with an equivalent standard of living to that enjoyed by the same workers in the North. This surplus value from the labour factor is the part rightfully belonging to workers, which they should have received from inception, as their fair share of the income resulting from the economic activity.

The Argument for Wage Equalisation Using Purchasing Power Parities (PPPs)

- ◆ In true democracy the fundamental responsibility of all governments is to procure the welfare of every rank of society, and especially of the dispossessed, with the only end of all having access to a dignified life in an ethos where the end of democratic societies is the social good and not the market. The market is just one vehicle to generate material wellbeing;
- ◆ In this ethos, and with markets globalised, workers performing the same or an equivalent job for the same business entity, in the generation of products and services that this entity markets at global prices in the global market, must enjoy an equivalent remuneration;
- ◆ This equivalent remuneration is considered a living wage, which is an indefeasible human right;
- ◆ A living wage provides workers in the South with the same ability to fulfil their needs, in terms of food, housing, clothing, healthcare, education, transportation, savings and even leisure, as that enjoyed by equivalent workers in the North, which we define in terms of the purchasing power parities (PPP) as defined by the World Bank and the OECD;
- ◆ The living wage concept of The Jus Semper Global Alliance: A living wage is that awarding “equal pay for work of equal value” between North and South in PPPs terms;
- ◆ The premise is that workers must earn equal pay for equal work in terms of material quality of life for obvious reasons of social justice, but also, and equally important, for reasons of long-term global economic, environmental and social sustainability;
- ◆ The argument of an equivalent living wage is anchored on two universally recognised criteria:
 - Article 23 of the UN Universal Declaration of Human Rights, on the following points:
 - a. Everyone, without any discrimination, has the right to equal pay for equal work,
 - b. 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.
 - ILO’s Convention 100 of “equal pay for work of equal value”, which is applied for gender equality, but applied in this case to North-South equality, using PPPs as the mechanism;
- ◆ The proposal is to make workers in the South earn living wages at par with those of the First World in terms of PPPs in the course of 30 years (one generation);
- ◆ If MNCs gradually increase real wages, domestic competitors will be forced to follow suit and also increase wages or otherwise risk losing their best workers. As real wages increase and aggregate demand is generated, more formal jobs will be generated for people who, otherwise, would continue surviving in the underground economy.
- ◆ There will not be any real progress in the true sustainability of people and planet –reversing environmental degradation and significantly reducing poverty– if there is no sustained growth, in that period, in the South’s quality of life, through the gradual closing of the North–South wage gap; attacking, in this way, one of the main causes of poverty, and pursuing concurrently sustainable development –rationally reducing consumption in the North and rationally increasing it to dignified levels in the South, thus reducing our ecological footprint on the planet. Just as the ILO’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;
- ◆ The material quality of life in Jus Semper’s TLWNSI is defined in terms of purchasing power, so that equal pay occurs when purchasing power is equal;
- ◆ Purchasing power is determined using purchasing power parities (PPPs), which are the rates of currency conversion that eliminate the differences in price levels between countries.

Concept of Living Wage Using PPPs

- ◆ The concept of a living wage using PPPs is straightforward. To determine real wages in terms of purchasing power of any country in question, the PPPs of this country are applied to nominal wages. These are the real wages for each country;
- ◆ Purchasing power parities reflect the amount in dollars required in a given country to have the same purchasing power that 1 U.S. dollar has in the United States; e.g.: if the PPP index in one country is 69, then 0,69 dollars are required in that country to buy the same that 1 dollar buys in the U.S.; thus, the cost of living is lower. If the PPP were to be higher than 100, say 120, then \$1,20 is required in that country to buy the same that 1 dollar buys in the U.S.; the cost of living is, thus, higher;
- ◆ To calculate a living wage, the real wage of a specific category of U.S. workers is used as the benchmark, and the PPP of a country in question is then applied to the U.S. wage;
- ◆ This provides the equivalent living wage that a worker in the country in question should be earning in order to be at par in terms of purchasing power to the material quality of life enjoyed by the equivalent U.S. worker. This is the equalised wage in terms of purchasing power;
- ◆ In this way, the comparison between the actual real wage of the country in question exposes the gap, in real terms, between the current real wage of the worker of the country in question and the living wage it should be earning, in order to be equally compensated in terms of PPPs;
- ◆ In practice, since the PPPs vary annually, due to the dynamics of economic forces, the pace of the gradual equalisation of wages, through small real-wage increases, needs to be reviewed annually.

Note: It must be pointed out that this rationale does not even take into consideration that the neoliberal paradigm of staunch support for supply-side economics has consistently depressed for three decades the purchasing power of real wages in the U.S., the benchmark country for wage equalisation. This has been attempted to be resolved by women joining the work force and, fictitiously, through over indebtedness, which eventually has brought us down to the great implosion of capitalism, which completely unfolds in 2008 with the bankruptcy of Lehman Brothers. In this way, TLWNSI's equalisation concept is made in the context of a course set forth during three decades of global depression of real wages in favour of international financial capital.

A Classic Example in 2008

- ◆ As shown on table 3.1, equivalent manufacturing workers in Mexico and Brazil earn only 17% and 37%, respectively, of what they should be making in order to be compensated at par with their U.S. counterparts in terms of purchasing power;
- ◆ U.S. Workers earn \$25,65/hour whilst Mexican and Brazilian workers earn only \$3,12/hour and \$6,93/hour, respectively;
- ◆ Since costs of living in PPPs terms in Mexico and Brazil are 70¢ and 72¢, respectively, for each 1 U.S. dollar, equivalent Mexican and Brazilian manufacturing workers should be earning instead \$17,86/hour and \$18,59/hour, respectively, in order to enjoy equal purchasing power compensation;
- ◆ The difference is the wage gap that employers perversely keep to increase profits;
- ◆ Canada, in contrast has a surplus with its U.S. counterparts, since its nominal wage (\$29,78) is 103% of the equivalent wage (\$28,92) needed to be at par, with a PPP of \$1,13 per each 1 U.S. dollar.

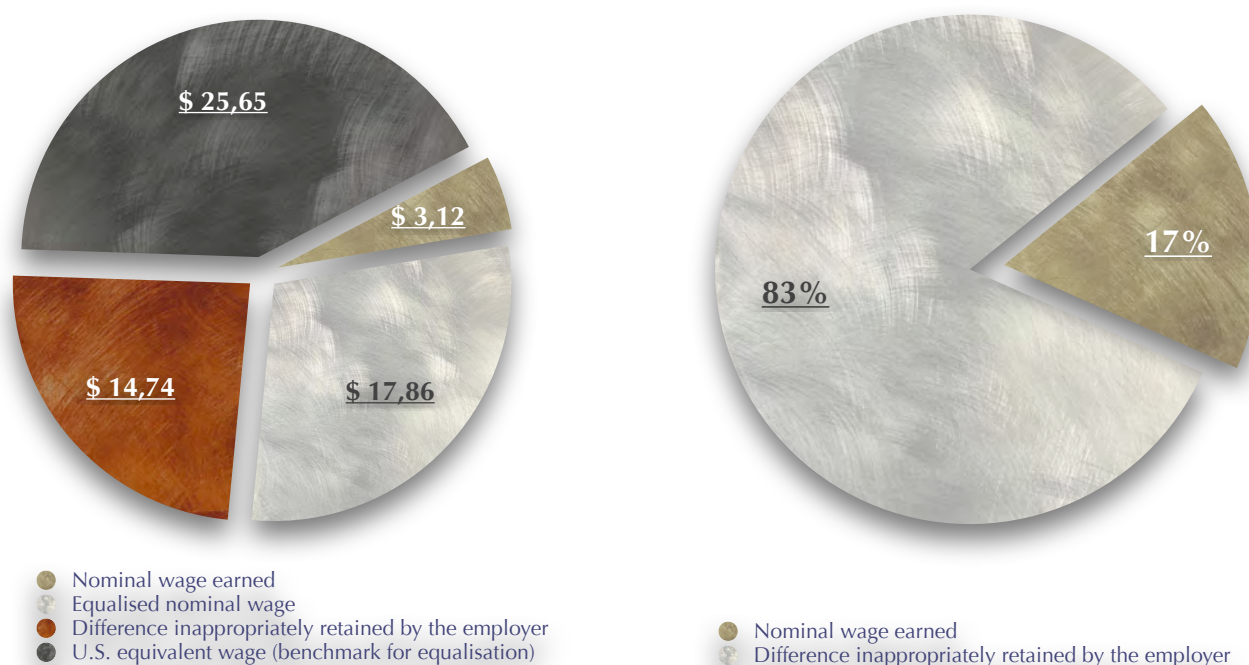
Table 3.1: Nominal wage, real wage and wage equalisation for manufacturing employees in purchasing-power parity terms

| 2008 | Nominal hourly wage | PPP 2008 | PPP Real wage | Equalised nominal hourly wage | Equalisation index |
|----------------------|----------------------------|-----------------|----------------------|--------------------------------------|---------------------------|
| United States | \$25,65 | 100 | \$25,65 | \$25,65 | 100 |
| | | | | | |
| Canada | \$29,78 | 113 | \$26,41 | \$28,92 | 103 |
| | 116% | | 103% | 113% | |
| Mexico | \$3,12 | 70 | \$4,48 | \$17,86 | 17 |
| | 12% | | 17% | 70% | |
| Brazil | \$6,93 | 72 | \$9,56 | \$18,59 | 37 |
| | 27% | | 37% | 72% | |

A Classic Example in 2008

- ◆ From a graphic perspective (chart 3.1), the first chart shows the U.S. real wage for production-line workers in the manufacturing sector, which is always the benchmark. In the case of Mexico, the pie chart exhibits the nominal wage earned, the nominal wage equalised with the U.S. wage –always in purchasing power parity terms, and the difference retained inappropriately (deliberately).
- ◆ The nominal equalised wage of \$17,86 is what the Mexican production-line worker should earn to be equally remunerated (in purchasing power terms) for performing an equivalent task. Yet, the worker only earns \$3,12 instead of \$17,86; thus the employer deliberately retains \$14,74, which constitutes the greater part of the surplus value that legitimately belongs to the Mexican worker, according to TLWNSI's concept.
- ◆ In this way, the second chart shows how the employer retains inappropriately 83% of labour's surplus value by only allocating to the worker 17% of what he/she is entitled to.

Chart 3.1: Distribution of equalised wage between employer and production-line worker for manufacturing sector in Mexico



3.4 Criteria and benchmarks

The specific criteria used by TLWNSI to assess whether a worker is enjoying a dignified level of labour endowments is anchored on the ILO's eight fundamental and four priority labour conventions, but with TLWNSI's living-wage concept at its core. Thus, the benchmark is the forefront of international labour standards, dynamically –because there is always room for improvement– but with TLWNSI's living wage as the *sine qua non* standard for a dignified quality of a worker's labour endowments. That is, a company cannot be regarded as an employer that provides fair and sustainable labour endowments if it does not pay a living wage to all of its workers and to those in its supply chain, even if the company fully meets the standard required by the ILO's fundamental and priority conventions. TLWNSI uses the following criteria to assess the situation of fair or unfair compensation with a specific MNC:

- ➔ **Living wage benchmark and indicator.** The fundamental benchmark to pass judgment on an MNC is the basic compensation cost it offers to its home country workers and, subsequently, applying its purchasing power parity, which always uses the U.S. cost of living as the benchmark.⁴⁰ TLWNSI's living wage concept assumes that such benchmark, in the case of developed economies, is of a living wage kind. If the MNC's home country is not a developed economy, then the wages paid to equivalent workers by companies in the same trade in the U.S. would be used as the benchmark. Typically, hourly wages is used as the specific indicator, but monthly salaries can also be used. Parting from TLWNSI's living wage concept, this is the most important indicator to assess MNCs: the direct comparison between the compensation cost of home workers and the cost of host workers for a similar job. Products made in host operations and sold everywhere at similar prices with salaries with no relation with the host countries cost of living, are the clearest and most important evidence of unfair compensation and exploitation. This evidence alone bears the heaviest weight on the welfare of workers and, even if all other indicators are in line with their home operation, is sufficient to classify an MNC's compensation practice in host countries as clearly unfair, irresponsible and unsustainable.

⁴⁰ In the case of international labour comparisons, the hourly rate is the "hourly compensation cost" as defined by the U.S. Department of Labour, Bureau of Labour Statistics (for international labour statistics compiled): This includes (1) hourly direct pay and (2) employer social insurance expenditures and other labour taxes. Hourly direct pay includes all payments made directly to the worker, before payroll deductions of any kind, consisting of pay for time worked and other direct pay. Social insurance expenditures and other labour taxes refers to the value of social contributions incurred by employers in order to secure entitlement to social benefits for their employees.

- ➡ **Definition of an MNC.** An MNC is any corporation with direct operations in countries other than their home country, or that regularly operates by subcontracting part or all of its production with factories or assembly plants located outside its home country. The latter case must also include retail companies that only operate in their home country, but that retail products they purchase internationally, i.e., garment stores and department stores that place orders with local companies in developing countries, that are not owned by other MNCs and that systematically exploit these workers.
- ➡ **Daily number of working hours.** The MNCs compliance with the number of working hours, defined as a full-time shift in line with the host country's legislation. If, for some reason, there is no local legislation or the local legislation excessively violates the standards internationally accepted by the ILO, the MNCs home country legislation will then be used as the standard (ILO's convention 47).
- ➡ **Overtime compensation policy.** The MNCs compliance with host country legislation, paying the legal overtime rate for hours worked beyond the legal regular weekly schedule. If, for some reason, there is no local legislation or the local legislation excessively violates the standards internationally accepted by the ILO, the MNCs home country legislation will then be used as the standard (ILO's convention 1).
- ➡ **Legal benefits.** The MNCs compliance with host country legal workers' social security benefits. If, for some reason, there is no local legislation or the local legislation excessively violates the standards internationally accepted by the ILO, the MNCs home country legislation will then be used as the standard (ILO's conventions 102, 122, 131 and 158).
- ➡ **Fringe benefits.** The MNCs compliance with its own corporate employees and workers' benefits, offering the same fringe benefits in all of its operations.
- ➡ **Physical conditions of work place.** The MNCs compliance with host country's legislation for the workers' physical protection and a healthy and hazard-free environment at the place of work. If there is no local legislation or the local legislation excessively violates the standards internationally accepted, the MNCs home country legislation will be used as the standard (ILO's conventions 81, 129 and 155).
- ➡ **Equality.** The MNCs compliance with equal treatment in opportunity and compensation to all workers – regardless of race, colour, gender, creed, political opinion, national extraction or social origin– especially when salary tabulators for specific positions exist (ILO's conventions 100, 110 and 111).
- ➡ **Illegal child hiring and compensation.** The MNCs' compliance with host country's legislation concerning child employment. If, for some reason, there is no local legislation or the local legislation excessively violates the standards internationally accepted by the ILO, the MNCs' home country legislation will be used as the standard (ILO's convention 90, 138, 182 and UN's Children's Rights).
- ➡ **Workers' right to free association, to collective negotiation, to protection of their representatives and to Tripartite consultation.** The MNCs must respect the rights of workers to freely organise or choose an organisation to protect their rights and interests without any interference or influence from their part. Workers' representatives shall enjoy effective protection against any act prejudicial to them. They must also respect the right of workers to bargain collectively with a view to the regulation of terms and conditions of employment by means of collective agreements (ILO's conventions 87, 98, 135 and 144).
- ➡ **Abolition of forced or compulsory labour.** The MNCs compliance with the fact that no one can be forced to perform any kind of work for which the said person has not offered himself voluntarily. This is the most basic and simple labour right. (ILO's conventions 29 and 105).

These criteria constitute the core indicators of the state of the labour endowments in each of the physical operations of a corporation or of the companies that are being subcontracted to outsource production. Our specific mission here is to assess how corporations measure up in all of their host operations against the conditions prevalent in their home country relative to these indicators. Nonetheless, the activities of global corporations impact the communities where they are active on both the environmental and social dimensions. For this reason, TLWNSI's approach expects corporations to report on both dimensions. To this endeavour, TLWNSI is collaborating with a network that

seeks to assess companies comprehensively, including not only the social and environmental dimensions but also the corporate governance dimension.

3.5 Uniqueness of concept

Since the beginning of the 1990s, a growing interest among NGOs is building up to stop MNCs from continuing to pursue a strategy of investing in developing countries centred on the availability of cheap labour and the “discretionary” application of legislation –when available– for labour and environmental protection. However, TLWNSI is the first concept to specifically focus on the living-wage gap by setting as its underpinning goal to close the real wage gap between North and South workers of MNCs, performing the exact same job or an equivalent to the one performed in the MNCs’ operations in their home country. Following are its most distinctive attributes:

- ➔ **Directly addresses living-wage gap:** TLWNSI uniqueness resides not on the fact that its central mission is addressing this living wage gap, but succinctly, that it addresses it. In other words, TLWNSI is the only initiative that directly and explicitly addresses the absence of a living wage standard in both multi-stakeholder and multilateral so-called corporate responsibility guidelines, standards, norms or principles.
- ➔ **Directly denounces the issue of labour exploitation as a corporate best practice.** Its living wage concept fundamentally denounces the issue of labour exploitation customary practiced by both foreign and domestic business in the Southern countries with the full support of host governments.
- ➔ **Upholds the principle of equal pay for equal work as an infeasible human right.** No initiative is anchored on the principal of economic remuneration equality as a universally upheld principle.
- ➔ **Provides a practical mechanism to define what should be a living wage** for a specific job in a specific company and a specific country.

Indeed, many NGOs targeting MNCs concentrate on improving the working conditions of workers by demanding compliance with the conventions of the International Labour Organisation –within or independent from the framework of the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy. These include daily number of working hours, legal benefits, fringe benefits, physical conditions of the work place, gender discrimination and illegal child hiring. These also include, above and beyond compliance with the legal minimum wage of the host country, paying competitive or the best possible wages in the country concerned, where they ought to provide the basic amenities such as housing, medical care and food of a good standard. Nonetheless, such compliance, albeit it goes in the right direction, does not provide a living wage standard or the mechanism to define it. This is tantamount to accepting varying degrees of exploitation, for a competitive wage as well as the best possible wage and basic amenities of a good standard do not address the need to specifically provide a living wage by Northern standards, anchored on the premise of equal pay for equal work as an infeasible human right.

TLWNSI poses a fundamental question: why should workers in the South receive a lower wage standard than their counterparts in the North for equal work of equal market value? Many argue that it is a matter of supply and demand, but suffice it to say that market-driven economic logic cannot be above the fulfilment of a human right in the context of a true democracy ethos. Therefore, a living wage for Southern workers must be the same –in terms of purchasing power– as the wages of the northern counterparts. That is, to make it consistent with the right to equal pay for equal work as an infeasible human right, a living wage must guarantee a standard of living at a par with that of equivalent workers in the North and not just the basic amenities. To this effect, TLWNSI is the only proposal that is specifically centring its strategy on using the MNCs’ home country compensation arrangement as the point of reference –and then applying purchasing power– to actually determine the living wage that employers should be paying in the first place. We believe that using a home country’s hourly and monthly wages, for blue-collar and white-collar workers –in purchasing power terms– as the key indicator of corporate social justice, is where a real frontal attack to inequality and, thus, labour exploitation resides.

Finally, the greatest evidences that paying a living wage is the fundamental element against labour exploitation are: 1) the fact –as previously illustrated– that multilateral and so-called multi-stakeholder corporate social responsibility (CSR) standards customarily ignore the issue; and 2) the abundant and well documented instances where companies have exerted systematic pressure on multi-stakeholder initiatives and multilateral organisations and governments to keep living wages away from the social and sustainability agendas.

3.6 Key hurdles

Essentially, to increase the welfare of workers in Southern countries, the bar for fair compensation has to be gradually yet substantially raised. To accomplish this endeavour, three fundamental hurdles must be overcome:

- ➡ ***Governments have forsworn their regulating role, have transmuted into market agents and refuse to fulfil their essential democratic responsibility.*** Governments currently refuse to act as regulators of market-driven forces. Instead, they are consolidating their partnership with the owners of the market to enforce their market rules. Thus, we continue to have an oligarchy, a “marketocracy”, ever more entrenched, instead of a true democracy. It constitutes the consolidation of a world where the market is supreme, where financial markets are God. Today, financial markets continue to rank countries according to the risks they bear for investors (S&P, Moody’s and Fitch) and demand the appropriate policies to reduce their investment risk, regardless of the consequences to the people (Greece, Ireland, Portugal, Spain, Italy, Belgium, the U.S....). Due to the sheer corruption of the politicians controlling the State’s institutions, we have a profoundly antidemocratic global system where a tiny elite benefits whilst the vast majority of the population is either left to be exploited or simply effectively excluded from society, or rather from “the market”. The vast majority of the population is regarded as totally dispensable, to be used as human nuts and bolts to be tossed around in line with the whims of marketocracy.
- ➡ ***Businesses refuse to put the social good –a social and environmentally sustainable business model– at par with the private good –shareholder value– as the two purposes of business.*** Businesses continue immersed in the idea that the only purpose of business is to systematically increase shareholder value. Despite social pressure to modify their business practices –as to make them comprehensively socially and environmentally sustainable– they continue envisioning capital reproduction and accumulation as their only *raison d’être*. The captains of MNCs feel only responsible to their institutional investors’s demands.
- ➡ ***Business sustainability practice has evolved into a mockery.*** In full congruence with the logic of the market, the social and environmental practices of business have been developed to become a mockery of what they ought to be. Businesses have deliberately mounted a sustainability practice that is completely voluntary and discretionary and that leaves their key business variables untouched –such as labour endowments schemes– with the fundamental issue of living wages handled as an intractable taboo issue, not to be addressed, despite the dramatic consequences that it has on the lives of people.

3.7 Strategic concept

The strategic concept is anchored on unrelenting advocacy activity aimed at MNCs and key stakeholders in support of dignified compensations in the MNCs Southern operations –using their domestic compensation arrangement as the point of reference and the argumentation previously noted– as part of a paradigmatic change in the understanding of the purpose of business entities. To materialise our strategy, several actions with a broader reach and a comprehensive approach are executed on a permanent basis:

- ➡ ***Continue advocacy of TLWNSI’S gradual closing of the wage gap over a period of not more than thirty years.*** Continue raising awareness –amongst various key audiences– about the need to address North-South wage gaps, their systemic components, implications and proposed mechanism to close it by continuing to publish our annual wage gap reports and seminal ad hoc papers from our collaborating members.
- ➡ ***Continue work with citizen networks involved in modifying business practices from a human rights perspective.*** Continue collaborating with initiatives that address the state of human rights in the business sphere of influence with the goal of upgrading business performance from this dimension.
- ➡ ***Continue work with citizen networks involved in improving existing multilateral standards for business sustainability.*** Continue collaborating with initiatives whose mission is to lift the bar of the frameworks developed by multilateral organisations for the social and environmental sustainability of business.
- ➡ ***Promote change of business’ raison d’être to incorporate the sustainability of people and planet at the core (DNA) of corporate culture –deep in their corporate governance, strategy and operations.*** Continue work with civil society networks committed to change the purpose of business at the core of corporate missions.

- ➡ **Work with the vanguard of sustainability practitioners to lift the bar dramatically for true sustainable social and environmental business practice.** Rather than attempting to create a higher sustainability framework to compete with other alternatives, Jus Semper will continue to collaborate with a multi-stakeholder movement at the cutting edge of sustainability to “rate the raters” with a truly sustainable and comprehensive superior standard, that will preeminently include our living wage concept.
- ➡ **Involve key stakeholders –carrying the necessary leverage to make companies redesign their core (DNA) business nature– into a push for paradigmatic change.** Involve socially responsible investor groups and socially and environmentally conscientious consumers in the push for the change of the business paradigm. This is to be achieved by empowering them with sound information about the sustainability performance of individual companies necessary to make well informed investment and consumer decisions.

3.8 Main benefits of closing the living wage gap

Closing the living wage gap in not more than thirty years makes its most important contribution to the long-term sustainability of people and planet by in effect contributing to a paradigmatic shift away from the market-centred paradigm. TLWNSI's contribution, however, brings concrete benefits to all stakeholders in the pursuit of our paradigmatic change that entails a win-win proposition to all parties involved:

Multinationals and Shareholders:

- ➡ Short-term: a positive endorsement of their actions before their target markets (key stakeholders);
- ➡ Long-term: an expanded, stronger and far more sustainable global market with many more consumers, a global middle class;
- ➡ A far stronger direct market of sustainability conscientious consumers and investors –for corporations embarking in the people and planet paradigmatic change– guaranteeing sustained growth for their shareholder value.

Governments:

- ➡ Home countries: Trade and investment take a sustainable increase as most growth is anchored on the true brick and mortar economic activity and much less in the bubble economy of financial markets' speculations. Global public and private debts decrease and are put under control as individual real economies take off with a sustainable path, tax revenues increase and inflation and interest rates decrease. Welfare State systems are revamped to remain under direct and firm public control and provide a higher and sustainable quality of living standard to their societies. Tangible results in social justice empower governments to democratically remain in power –under a true democracy ethos in transition towards the people and planet paradigm– instead of through financial support from private and unsustainable interests;
- ➡ Host countries: Their social responsibilities are increasingly fulfilled, dramatically reducing the gap between rich and poor and with the middle class taking the central focus. Millions formerly excluded from enjoying a dignified quality of life are now included, generating a clear decrease in a wide array of social problems. The real economy takes off at a sustainable pace, and as tax revenue increases and inflation and domestic interest rates decrease, domestic and foreign debts are reduced substantially. Welfare State systems are revamped or created for the first time in many countries, to be managed under direct and firm public control to provide dignified and sustainable quality of life standards to their societies. Tangible results in social justice empower governments to democratically remain in power –under a true democracy ethos in transition towards the people and planet paradigm– instead of financial support from private and unsustainable interests.

Workers:

- ➡ Short term: A less unfair compensation in the South, a reduction in the pace of transfer of exploitative jobs to the South –for customary comparative advantage reasons– and a release of downward pressure on wages in the North.
- ➡ Long term: A gradual equalisation in total compensation in the South, over a reasonable period of time, relative to the standard of living of workers in the North. The complete disappearance of job loss due to labour comparative advantages in the South. The result is the generation, both in the North and South, of many new jobs due to a sustained growth of aggregate demand as a result of wealth re-distribution through wage equalisation and the transition towards a people and planet paradigm.

Consumers:

- ➔ A much stronger and far more stable global economy with all its inherent benefits;
- ➔ A well-informed consumer awareness ethos of the companies that are socially responsible and of those refusing to cooperate, so that consumers can exercise their right of choice and vote their conscious in their consumer preferences within the context of a transition towards a people and planet paradigm.

Civil Society:

- ➔ A far more sustainable and much less unfair and yet diverse truly democratic Global Civil Society at large;
- ➔ A truly beneficial shift to a new understanding of our role as citizens in a true democracy ethos, where we all have both indivisible rights and responsibilities to play our part in the building and sustainability of a people and planet paradigm. This new truly democratic and sustainability culture allows us to enjoy a far more sustainable quality of life standard as long as we fulfil our individual responsibilities to the people and planet paradigm;
- ➔ A permanent, direct and bottom-up true democracy ethos with governments accountable exclusively to their people;
- ➔ A better world.

3.9 Fundamental players to prompt the paradigmatic change

Parting from the premise that the world is currently controlled by an oligarchic alliance between the owners of the Darwinian capitalist market and their partners in control of states who jointly and coordinately strive to maintain the status quo, TLWNSI envisions three key players that have the leverage to exert change and, eventually, our departure from the current ethos and our move towards the construction of the people and planet paradigm. Two actors, financial investors and consumers, interact within the logic of the market. The third actor is all citizens mobilising to replace mock democracy with the true democracy ethos.

I. Financial Investors:

Since 2000, so-called socially-responsible investment (SRI) has grown at a faster rate than the broader universe of all investment assets under professional management in the U.S. and Europe. Nonetheless, from TLWNSI's perspective, this does not mean whatsoever that a growing cadre of socially-conscientious investors is emerging. In fact, there is a completely arbitrary use of the term "socially-responsible investment". The criteria and specific standards used by so-called "socially-responsible investors" are not by any means comprehensive nor homogenous. There is a wide array of different criteria that has been evolving into what is increasingly called sustainability investment, encompassing the environmental, social and governance dimensions (ESG) of enterprises. Yet, until now none truly address the issue of requiring companies to pay a living wage based on "equal pay for equal work of equal value", as TLWNSI argues.

However, the concept of socially-responsible investment, anchored on the ethical dimension of investments, is growing and expanding beyond the traditional SRI community. Today, an impressive array of investors is now perceiving the environmental, social and governance dimensions as sustainability investment risks. Investors are in increasing need of information to determine which companies and brands are most at risk of losing shareholder value, whether because of negative environmental footprints, denunciation of corporate malpractice through NGOs' campaigns or bad sustainability performance assessments by consumer organisations, among others. In this way, the need of investors to reduce investment risk based on the perceived multidimensional sustainability performance of companies is giving them enormous leverage to curve the ESG performance of companies. Investors are in the driver's seat of business practice through their investment decisions, not because they operate within the logic of the market, but because they actually dictate the logic of the market that can make or break many key corporate decisions.

TLWNSI's challenge is to make living wages a core standard of all investors concerned with sustainability investment risks, whether due to ethical or to more mundane reasons. To be sure, financial investors acting from an ethical perspective would naturally be more prone to support TLWNSI's concept. Yet, this predisposition notwithstanding, Jus Semper is working with a large multi-stakeholder group to develop a superior "rate the raters" sustainability framework aimed at all investors concerned with sustainability investment that would include a sound living wage concept closely following TLWNSI's concept. The following excerpt from an HBR article comments on the powerful influence that sustainability investment is acquiring in the U.S. *Lowering sustainability risks that in turn can affect long-term profitability and growth potential has become a mandate at an increasing number of*

companies. The Sustainable Investment Research Analyst Network (SIRAN) reported in July that annual reports from 86 of the 100 largest publicly traded U.S. companies include sustainability initiatives, and 34 report measurable goals. Investors are taking note. The Investor Network on Climate Risk has 80-plus members representing over \$60 trillion (including BlackRock and CalPERS). While climate concerns have been at the forefront for investors like these, social sustainability – such as how workers are treated – has been an additional focus of late. And as new ecological transparency systems come online, that focus will most certainly broaden.⁴¹

II. Consumers

For civil society, consumer power becomes a fundamental and strategic sustainability resource to make corporations become responsible business entities. Some civil organisations have been advocating for years with legislators in different countries to pass legally-binding legislation on CSR with no success. Others have engaged different UN agencies, the EU, the OECD, or they have approached the responsibilities of corporations from a human-rights perspective.⁴² But all we have are principles and voluntary guidelines and a clear signal from so-called “democratic” governments that there is no political will whatsoever to go beyond this threshold. On the contrary, many nations, both North and South, continue to pass legislation meant to make labour markets more flexible and environmental legislation more lenient for the benefit of corporations. Thus, clearly, there is no opportunity whatsoever to currently make sustainability performance, at national and international levels, part of business law to force corporations to change their current short-term, financial-markets driven Darwinian business culture.

In the current voluntary ethos, the practice of CSR is at its best not only bleak but also erratic. Caught in a bureaucratic web of public entities that have no will to put the public interest above the private interests, civil society remains virtually empty handed with an array of toothless norms that have not made corporations socially responsible in any meaningful way. In the current voluntary ethos, out of at least 70.000 MNCs and 700.000 subsidiaries, only a few thousand practice some sort of sustainability reporting. A check on the Global Compact website draws 4.727 active business participants, despite the extreme business friendliness of the Compact’s principles for “good corporate citizenship”, a mockery of what true business sustainability should be; to the point that the UN’s Joint Inspection Unit recently asserted that *if not improved, the Global Compact may damage UN reputation*.⁴³

Yet, consumer power has the leverage to make corporations think differently and change their free-profiteering ways, because, by using the logic of the market, it can chip away bits of business that, in these times of savage competition, are extremely valuable when a fraction of a point of global market share may be worth hundreds of millions of dollars. There is a growing list of well-documented cases where consumer backlash forced MNCs to sit down with trade unions and NGOs to work out a plan to change their standards in some of their operations in the South and sometimes in the North. The behaviour of supermarket chains in developed economies illustrates good cases of robber barons’ like minded behaviour that extends into the realm of corporate governance. In the South, similarly, the behaviour of Nike, Mattel, Disney and other major brands in the Chinese province of Guangdong as well as in other Asian countries and in Iberian America have been well documented by various NGOs in the past decade.⁴⁴

Indeed, consumer power hits where it really hurts. Corporations are extremely sensitive to the perceptions, attitudes, values, preferences and decision-making process –and actual outcomes– of their target markets because this weighs in heavily on the eternal battle for market share, revenue and, ultimately, shareholder value. This is precisely why corporations attempt to maintain the initiative and make their customers perceive them as good corporate citizens.

⁴¹ Daniel Goleman, Why Investors Should Consider Sustainability Risk Management, Harvard Business Review, 26 October 2009

⁴² The Jus Semper Global Alliance, The UN Sub-Commission on the Promotion and Protection of Human Rights has drafted norms that signal a possible advent of compulsory CSR but continue to legitimise a structure that generates sheer inequality between North and South, The Jus Semper Global Alliance. TLWNSI Issue Commentary, September 2003.

⁴³ Inspectors Papa Louis Fall and Mohamed Mounir Zahran: United Nations corporate partnerships: The role and functioning of the Global Compact, Joint Inspection Unit, United Nations, Geneva 2010.

⁴⁴ For a detailed review of our consumer power strategic vision see: Álvaro de Regil: [Consumer Power in the Logic of the Market: Real and Direct Democracy in Pursuit of CSR, The Jus Semper Global Alliance. TLWNSI Issue Essay, December 2004.](#)

Companies realise that merely making promises risks adding hypocrisy to the list of charges against them. But, credible enforcement is not easily achieved, because western consumers understandably put more faith in the campaigners than in the MNCs....Yet, even the best corporate-ethics programme will not end complaints about cheap labour. Multinationals make things in Asia because wages are meagre by western standards—from \$3 a day to as little as 30 cents...Yesterday it was child labour and prisoners. Today it is long hours and low pay.⁴⁵

Leveraging investor and consumer power

In this way, concerning the development of a truly sustainable business ethos, consumer power is a rational and strategic vehicle, along with true sustainability minded financial market investors, to establish market logic mechanisms to change business practice and induce the emergence of this new business ethos with TLWNSI's living wage concept at the core of business practice. Leveraging both truly sustainability-responsible investors and consumer power is the most practical way to establish a quasi-mandatory sustainable business ethos and let corporations decide if they want to abide by civil societies' comprehensive demands and get praised and financially vested or refuse and be denounced and, subsequently, lose shareholder value. Corporations are still free to make a choice—but it is no longer a laissez faire ethos. From the perspective of true democracy, the benefits as well as the practicality that investment and consumer power carry to build a genuine and comprehensive sustainability ethos are sound, meaningful and numerous and render both short and long-term results. Following is the list of the most prominent strategic benefits of truly sustainable investment and consumer power mechanisms to change business practices in the direction of the people and planet paradigm.

- ➡ **Democratic legitimacy:** If sustainability-minded investors and consumers leverage their power to redirect their investment and consumption to less unsustainable companies and, eventually, to truly sustainable ones, their free acts of choice—from the perspective of true democracy—gives them the legitimacy to impose the ethically sustainable ethos—socially and environmentally—that governments have refused to advance. In fact, this is an emblematic example of direct democratic practice from the bottom up;
- ➡ **Regulatory practice.** Investor and consumer power fills the void left by the so-called democratic governments, which have abandoned their duty to protect the common good and procure the welfare of all ranks of society. As the shareholders and consumers of many corporations, these conscientious citizens can most effectively fulfil the regulatory role and shape business practice;
- ➡ **Natural Disposition.** Sustainability-minded investors and consumers are naturally predisposed to utilise information regarding business practice to shape their investment and consumer preferences and decisions in a discriminatory fashion. Conscientious consumers have the common sense that enables them to know when corporate practice is harmful to society and detrimental to true democratic practice. Most consumers know that corporations should be accountable to society and act their civic conscious in their dual role as citizens and consumers. Similarly, both ethically-driven investors and those driven by a more mundane business sustainability logic will seek information to act conclusively to anchor their investment rationale on sound sustainability criteria, thus reducing their investment risks;
- ➡ **A virtuous circle.** Both investors and consumers feed each other with valuable information that they can use to make well-informed investment and consumer decisions. Investors are prone to react to consumer preferences, incorporating them into their investment scheme. If consumers move away from some companies and reward direct competitors with their business for sustainability reasons, investors will decisively take into account such consumer behaviour—for it poses both investment risks and opportunities—and are likely to move in the same direction. A loss of market share will prompt a loss of shareholder value. By the same token, if consumers are informed that investors are de-investing from specific companies for specific sustainability issues, conscientious consumers will follow the same path and favour other more sustainable alternatives;
- ➡ **A valuable incentive.** Investor and consumer endorsement is a very powerful tool to support truly sustainable business practice. Corporations are to gain far more by practicing good sustainability than by ignoring it, even in the event of no investor and consumer backlash;
- ➡ **Competitive business strategic investment.** Practicing true sustainability can become a powerful competitive tool for corporations that become responsible by redesigning their business model. This will provide a clear competitive edge against bad corporate citizens that, in contrast, will be denounced by civil society. It is an effective double-edged sword, an indispensable business tool to remain competitive and protect shareholder value. Investors and consumers can penalise bad corporations as if they were breaking a mandatory rule;

⁴⁵ Business ethics. Sweatshop wars. The Economist, 27-Feb-99
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- ➔ **Strategically immune to threats.** Investor and consumer power disables the traditional threat of global corporations of moving to safe havens to give free reign to their irresponsible practices. If investors and consumers have access to reliable sustainability performance data, they will leverage their power globally and not locally;
- ➔ **Expediency.** Wielding the power of sustainability sensitive investors and consumers can elicit a positive reaction from corporations far more expediently than advocating the development of a mandatory regulatory corporate sustainably responsible framework with governments and their multilateral agencies.

III. True democracy citizens

With the imposition of marketocracy, deep dissatisfaction with capitalistic markets⁴⁶ and so-called representative democracy⁴⁷ has exponentially grown in both “developed” and “developing” societies. This has induced many people to imagine a paradigmatic change. Many are still unable to think “out of the box” of mock democracy, but a growing number have come to the realisation that representative democracy is indeed a mock, a hoax, merely a euphemism to refer to marketocracy. Thus, they have concluded that true democracy can only be built by the common citizen with the vested interest of providing an ethos that strives to be egalitarian, that its only purpose is to procure the welfare of all ranks of society, with special emphasis on the dispossessed, and that is anchored on the long-term sustainability of people and nature. These growing number of citizens have realised that to achieve this yearning we need a quantum leap, a paradigmatic change in the Societal-State relationship where global civil society must be in the driving seat.

In this way, relative to the role of business in society, there is a growing belief that, despite the tenacious opposition of governments to harness business practice with legally-binding regulation, we must force this change as a condition *sine qua non* for the survival of humanity. Consequently, concurrently with the leveraging of investors’ and consumers’ power, the citizenry must unrelentingly press to change the current structures of so-called democratic governments and multilateral institutions (UN, OECD, multilateral banks...) to elicit a tectonic change to the new people and planet-centred paradigm. To be sure, this should be done not just to harness business practice but to encompass every aspect of the public matter so that the citizenry is empowered to take the lead, have the right to propose legislation, remove public servants who failed to fulfil their public mandate, and subject any important public matter decision coming from the State to the approval by consensus of the entire citizenry through a systemic process of well-informed referenda and plebiscites.

As for TLWNSI’s role from this perspective, it will continue to work strategically with various civil society networks that focus on changing the accountability of business activity from human rights, labour rights, consumer rights and broader multilateral perspectives, as a contribution to the shift to a people and planet paradigm in general and, more specifically, to the role of business in society and its *raison d’être*. As organs of society, corporations cannot continue denying their inherent social responsibility for the impact of their activity. Researcher Theodor Rathgeber points out the need for a coherent regulatory system for business ensuring a minimum of democratic, transparent and participative procedures; and it aims at the idea of business practice becoming humanitarian and democratic in lieu of completely autocratic, where decision making becomes participative among all stakeholders.⁴⁸

⁴⁶ According to a new BBC World Service global poll, dissatisfaction with free market capitalism is widespread, with an average of only 11% across 27 countries saying that it works well and that greater regulation is not a good idea. BBC World Service Poll: Wide Dissatisfaction with Capitalism — Twenty Years after Fall of Berlin Wall, 9 November, 2009.

A recent survey found that public support in the U.S. for free market capitalism has collapsed to only 59% in 2010, down from 80% in 2002 and is now only barely above a low approval average of 55% among 25 countries. Globescan Radar 2010. Tracking Global Public Opinion on Business & Society.

⁴⁷ A survey in 19 countries found that 85% agree that the will of the people should be the basis of the authority of government, and 74% think that leaders should pay attention to the views of the people as they make decisions, whilst only 22% agree that elections are the only time when the views of the people should have influence. World Public Opinion.org, May 2008.

⁴⁸ Theodor Rathgeber. UN Norms on the Responsibilities of Transnational Corporations. Dialogue Globalisation. Occasional Papers. N° 22. Friedrich-Ebert-Stiftung. Geneva April 2006.

4. Strategic Plan

4.1 The Jus Semper Global Alliance (TJSGA)

The purpose of having an alliance is to foster TLWNSI's concept of a living wage. TLWNSI constitutes the sole program of TJSGA. We have no other initiatives for the simple reason that, as earlier argued, most stakeholders bypass or do not make of the right to a living wage a core element of sustainability, despite the many fundamental reasons from social, economic, democratic, human rights and even environmental perspectives to make it a *sine qua non* element of a truly sustainable business practice. In most cases it is deliberately shunned from any CSR framework.

Currently, Jus Semper's alliance is materialised by a list of eighteen civil society organisations⁴⁹ in the U.S., Mexico, Panama, Greece, Bangladesh and Australia that have endorsed TLWNSI's living-wage concept and independently use it as they see fit to advance their own mission and projects. Yet, of far more strategic importance, TLWNSI fosters itself by interacting as a member of key social networks that strategically contribute to our mission and foster sustainability, democracy and social justice. These partners are much larger networks than Jus Semper's own and advance their own missions with the contribution of their members both globally and locally. TLWNSI provides strategic support in the development and/or execution of their agendas, and specific assistance in the advancement of the living wage as a core standard of business practice. In this way, Jus Semper fulfils one of its key objectives, which is to act as a pressure initiative, within alliances designed to exert pressure, by disseminating our living wage concept. Following are the three networks of activists that TLWNSI works with on a permanent basis from the sustainability, multilateral and human rights angles:

➡ **Corporation 20/20** (Boston, United States). An international, multi-stakeholder initiative that seeks to develop and disseminate a pathway for the 21st century corporation in which the social purpose moves from the periphery to the heart of business. Such transformation is indispensable in the paradigmatic change required for the advancement of TLWNSI's mission. Building the new True Democracy for the Sustainability of People and Planet paradigm inevitably requires conceptually redefining the purpose of business to make it consistent with this new ethos and to transform the market into a vehicle generating sustainable social and environmental welfare, placing people and planet over the market. In this way, shareholder value, as the only purpose of business, is eradicated given its absolute incompatibility with the common good and its proven capacity to generate ever greater levels of inequality, exclusion, poverty and depredation of the planet, which are absolutely intolerable in real democracy. Authentic sustainability requires an equilibrium between the financial and social responsibilities of business. Similarly, Corporation 20/20 is advancing, from the heart of capitalism, the need to redefine the purpose of business with the objective of moving the social good from the periphery to the core (DNA) of business culture. To this endeavour, this initiative has developed six principles for corporate redesign:⁵⁰

Corporation 20/20 Principles for Corporate Redesign

- ✓ *The purpose of the corporation is to harness private interest to serve the public interest;*
- ✓ *Corporations shall accrue fair returns for shareholders, but not at the expense of the legitimate interests of other stakeholders;*
- ✓ *Corporations shall operate sustainably, meeting the needs of the present generation without compromising the ability of future generations to meet their needs;*
- ✓ *Corporations shall distribute their wealth equitably among those who contribute to its creation;*
- ✓ *Corporations shall be governed in a manner that is participatory, transparent, ethical, and accountable;*
- ✓ *Corporations shall not infringe on the right of natural persons to govern themselves, nor infringe on other universal human rights.*

⁴⁹ <http://jussemper.org/alliance/member.html>

⁵⁰ <http://corporation2020.org/>

➡ **OECD Watch** (Amsterdam, Netherlands). An international network of civil society organisations promoting corporate accountability. The purpose of OECD Watch is to inform the wider NGO community about policies and activities of the OECD's Investment Committee and to test the effectiveness of the OECD Guidelines for Multinational Enterprises, a soft-law corporate responsibility framework. Although the OECD is, succinctly, a market-driven organisation of the richest countries in the world to advance the free market mantra, it provides a pathway to achieve some level of corporate accountability through the use of its Guidelines and of its network of National Contact Points (NCPs), the only mechanism currently available to civil society organisations to raise complaints against companies. Thus, OECD Watch concentrates on lifting the bar for corporate accountability from a multilateral angle, by empowering civil organisations to use the OECD Guidelines to increase accountability of corporate activity, specifically by using the NCPs to bring concrete complaints against specific companies for corporate malfeasance vis-à-vis the OECD Guidelines.⁵¹

➡ **The International Network for Economic, Social and Cultural Rights (ESCR-Net)** (New York City, United States). A collaborative initiative of groups and individuals from around the world working to secure economic and social justice through human rights. ESCR-Net Members and other participants come together to form Working Groups, which undertake the substantive work of the Network. ESCR-Net has a Corporate Accountability Working Group that advocates for international corporate accountability through its international network of human rights organisations. Involving support for international standards, this advocacy has included the creation of educational materials and events, facilitation of broad-based participation in UN consultations, documentation, and lobbying. Additionally, the Working Group seeks to strengthen the voice of communities and grassroots groups challenging abuses of human rights by corporations, by documenting and highlighting particular cases in solidarity actions, publications and public forums. The Working Group also seeks to build the capacity of its participants, by connecting groups to one another, providing resources for advocacy, and creating space for the exchange of information through its listserv.⁵²

4.2 Strategic interaction with key partners

Corporation 20/20. A core project of Corporation 20/20 is its ratings working group for sustainability ratings or the Global Initiative for Sustainability Ratings (GISR). The GISR is formed by a group of sustainability practitioners from civil society, labour, academia and corporations. They work to develop –anchored on Corporation 20/20's principles for corporate redesign– an independent, non-commercial initiative –a Gold Standard– to rate-the-raters and, more broadly, to chart a longer term strategy for building a world-class, normative ratings framework to guide capital, procurement and business-NGO partnerships toward organisations that are true sustainability leaders. This is occurring at a time when many are raising fundamental questions about the rigour, consistency and integrity of both commercial and non-commercial available ratings. The GISR's mission is to expand and accelerate the contribution of business and other organisations worldwide to sustainable development through the:

- ➡ Design, stewardship and dissemination of a generally-accepted, sustainability performance ratings framework;
- ➡ Develop the gold standard for measuring sustainability performance;
- ➡ Establish the standard of excellence for measuring an organisation's contribution to sustainable development .

GISR will achieve its mission through a two-pronged strategy: (1) rater-the-raters –a systematic evaluation of the quality of existing ratings programs from both a process and content standpoint; and (2) design a normative, best practice ratings framework, as a benchmark for use by raters and ratings users. These two activities will be conducted through an independent, non-commercial, multi-stakeholder process. Building on the experience of more than a decade of sustainability ratings, GISR will strive to drive the resources of asset owners and asset managers, government procurement, consumer purchasing, and civil society activities toward organisations that are true sustainability leaders. Over time, it seeks to position itself as the ongoing “brain trust” of ratings through a multi-faced program of research, innovation and education. Its first phase is envisioned as the development of the comprehensive rate-the-raters framework. The GISR process will redress the shortcomings of current ratings groups by:

- ▶ Forging a transparent, multi-stakeholder review process;
- ▶ Achieving credibility and legitimacy internationally through stewardship by an independent, authoritative, non-profit host institution;

⁵¹ <http://oecdwatch.org/>

⁵² <http://escr-net.org/>

- ▶ Creating core products that will be public goods, accessible to all users at nominal or no cost;
- ▶ Ensuring impeccable integrity by focusing on frameworks only, leaving ancillary activities such as certification, assurance and advisory services to other parties, in some cases with GISR guidance, as appropriate.

As GISR has taken shape, perspectives of investors, consumers and other stakeholders have come to light in ways that are informing GISR strategy and design of a generally-accepted framework that can meet their needs and concurrently increase their expectations comprehensively. Following is the scenario envisioned:

- ▶ **Investors:** Investors, financial and insurance institutions attempt to determine which companies and brands are most at risk of value erosion;
- ▶ **Consumers:** Surveys and market trends show that a significant number of individual consumers want to purchase from companies with strong social and environmental commitment and practices;
- ▶ **Government:** Many federal, state, and local government agencies are being pressured to impose regulations that protect human rights and the environment;
- ▶ **Corporations:** Unrelenting social pressure on companies is driving them to seek credible, systematic and efficient approaches to making responsible operating and procurement decisions to meet consumer, community, and civil society expectations;
- ▶ **NGOs:** Mission-driven NGOs are advancing their agendas by targeting brands that fail to meet their sustainability standards and by advocating supply chain improvements to influence positive change;
- ▶ **Employees:** A growing number of employees have expressed interest in working for socially responsible companies that challenge them to do well by doing good.

The GISR envisions a Gold Standard for measuring sustainability that can be used interactively by all stakeholders to make informed decisions and to also feed it with new information to be contrasted with its own benchmark.

TLWNSI has participated as a member of the steering committee of the ratings working group since 2007 and of the subsequent GISR since 2009. TLWNSI's vested interest and goal in this initiative is to make sure that its living wage concept becomes a core element of sustainability in the yet to be developed Gold Standard. Jus Semper believes that this is a strategic, ambitious and unique opportunity to overcome all the shortcomings of existing sustainability ratings and make living wages the only standard in labour remuneration, whilst at the same time making the Gold Standard the internationally-accepted standard for measuring business and other organisations (governmental, educational, public services...) sustainability. Jus Semper also believes that materialising the GISR –on the context of Corporation's 20/20 principles for corporate redesign– will be an important contribution to the tectonic shift from a market driven to a people and planet driven paradigm. The GISR is currently assessing ad hoc research from sustainability partners with the goal of designing the benchmark (Gold Standard) by the end of 2011.

OECD Watch. The Guidelines are recommendations on responsible business conduct addressed by governments to multinational enterprises operating in or from the 33 adhering countries. The OECD Guidelines are the only multilaterally endorsed and comprehensive code that governments are committed to promoting. The Guidelines express the shared values of the governments of countries that are the source of most of the world's direct investment flows and home to most multinational enterprises. As could be expected, the Guidelines are consistent with the market-driven paradigm advanced by governments as agents of MNCs and their institutional investors. Thus, they are strictly voluntary and they have systematically avoided the concept of living wages. The OECD Investment Committee has acknowledged OECD Watch's contributions to the Committee's work, and has named OECD Watch “a partner in implementing the OECD Guidelines”. In addition, the Investment Committee has asked for OECD Watch's advice on interpreting the Guidelines and on requests for clarification from National Contact Points.

TLWNSI's interaction with OECD Watch is to promote our living wage concept within the network and, more conspicuously, to assist it on its effort to introduce the concept of living wages with the OECD. In 2011 the OECD is updating once again the OECD Guidelines and is working with a number of stakeholders to accomplish this endeavour, including OECD Watch and the Trade Union Advisory Committee (TUAC) to the OECD, which constitutes an interface for labour unions with the OECD. OECD Watch and TUAC often collaborate to update the Guidelines. In the current update, OECD Watch and TUAC have been striving to include the living wage concept in the final text of the Employment Chapter, which has been aligned with the ILO Tripartite Declaration. Thus,

OECD Watch has requested our assistance to provide the proper argumentation to ensure that the issue of a living wage remains in the text. Although we are sure that, at this time, TLWNSI's living wage concept will not be considered by the OECD, merely incorporating the term in the Guidelines, for the first time ever, is a step in the right direction. TLWNSI's future work with OECD Watch will be to insist on expanding the living wage concept in the Guidelines, in line with our own vision, given that the Guidelines do carry a lot of influence with multinationals and provide the mechanism to raise concrete complaints through the NCPs.

ESCR-Net. The Network's Corporate Accountability Working Group works to strengthen the human rights accountability of corporations operating in different sectors and regions, advocating for a common, international set of standards articulating the human rights responsibilities of business, which must ultimately be enforceable. TLWNSI's work with ESCR-Net is to promote our living wage initiative through this working group. We do this by disseminating many of our publications on the concept through the network, particularly concerning the work of the UN's Special Representative on Business and Human Rights, where both ESCR-Net and TLWNSI have reacted critically to the approach followed by the representative on the issue. In this sense, along with the dissemination of our own assessments,⁵³ TLWNSI has endorsed the position that ESCR-Net has adopted, which has been conveyed in the letters sent to the UN Representative to express our critical view on the annual reports of his mandate and the Guiding Principles that he is recommending for adoption. Occasionally, TLWNSI has also provided argumentation and clarification to the network on the issue of living wages from a human rights perspective.

4.3 Strategic Activity to Advance TLWNSI

The following table exhibits the main activities strategically designed to advance TLWNSI's living-wage concept with the resources that Jus Semper currently has and that secures our own sustainability. This constitutes the materialisation of our strategic plan in pursuit of our stated objectives and of our mission.

| Activity | Content | Medium | Target audiences/users |
|---|--|---|--|
| Research (Wage data analysis) | Continue living wage gaps data analysis of 32 economies | In-house research | All audiences |
| Participate in Global Initiative for Sustainability Ratings | Continue collaboration with GISR to develop and implement Gold Standard of sustainability to rate the raters | Work with Steering Committee and ad hoc working groups | Investors, consumers, corporations, civil society, governments |
| Work with civil society networks at a multilateral level | Continue advocacy work with OECD Watch and ESCR-Net to lift the bar of Corporate Responsibility Standards | Working with coordinating staff and ad hoc working groups | OECD and UN Office of the High Commissioner for Human Rights |
| Write seminal papers from TLWNSI's living wage perspective | Continue work on human rights, sustainability, CR, consumer, fair trade, true democracy issues | In-house work | All audiences |
| Disseminate our work through own vehicles | In-house research and seminal papers (English and Spanish) | jussemper.org and TLWNSI Newsletter | All audiences |
| Disseminate our work through external vehicles | In-house research and seminal papers (English and Spanish) | Zunia, Idealist, academic networks, Facebook and others | All audiences |
| Provide ad hoc support on living wage assessment | Specific "on demand" assessment of living wage gaps | Direct interaction with users | Investors, consumers, MNCs, governments, NGOs, UN, etc. |

⁵³ For further detail see: <http://www.jussemper.org/Resources/BusinessandHRRVE.pdf> and http://www.jussemper.org/Resources/Corporate%20Activity/Resources/BHRRUpholding_Mkts_Darwinism.pdf
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5. Results, Expectations and Time Span

Achieving wealth redistribution in the developing world and placing it at par with standards in the developed world is a mission that will take at least one generation if civil society organisations, including prominently socially and true sustainability sensitive investors, are capable of changing in a very meaningful way business corporate culture and its *raison d'être*. We envision achieving this goal in a period of not more than thirty years. To be sure, this will materialise sooner if we are able to accelerate the tectonic shift to the people and planet paradigm. This would entail the shift from mock democracy to true democracy and thus, would entail the incremental cooperation of governments. Jus Semper expects to obtain results gradually as a result of the concerted work of many organisations that we interact with that advance missions that share a strong affinity with our own mission. Achieving wealth redistribution is a process of gradual improvements. The gap in salaries is so enormously wide that even if an MNC is suddenly chaired by a convinced philanthropist, we cannot expect the closing of a wage gap in an MNC to be achieved with just one salary review. It would have to be an increase of several hundred percent to achieve an egalitarian compensation in one movement, and that is just impossible to achieve, because the MNC would be risking a decisive backlash from powerful market-driven interests. Our mission is a controversial one and it entails a process of education and the development of a truly sustainable culture of life among all parties involved. Even the workers directly benefiting from our work may misunderstand the rationale behind and the complex set of variables that affect wealth redistribution.

Nonetheless, things are slowly moving in the right direction because there is a growing realisation that the current paradigm is unsustainable. The best concrete example that we have identified since we launched our initiative is taking place in Brazil. President Lula's Brazilian government, approaching the end of its second term, has just made a decision that is both transcendental and historical due to its paramount effectiveness in the reduction of poverty in a very meaningful manner and in the span of little more than a decade. Beginning in 2010, the Brazilian State launched a plan to increase the real minimum wage annually, until 2023, following the simple rule of increasing nominal wages by applying the rate of inflation plus the GDP growth recorded two years earlier. Without a doubt, such policy will gradually transform Brazilian wages into living wages. In this way, Brazil made a commitment to closing the wage gap prevailing between the current Brazilian labour endowments, still undignified, and the living wage ethos prevailing in developed economies, within the current market context. In 2011, Dilma Rousseff, Brazil's new Head of State, followed through with the new plan and adjusted the minimum wage accordingly. The Brazilian plan brings a great dose of encouragement for Jus Semper's mission, for it exhibits a rather strong affinity with TLWNSI.

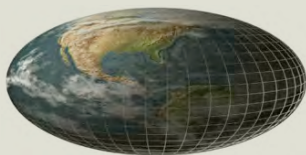
Our ebullience is evidently unprecedented. To be sure, we are not in a position to decisively influence governments to follow on the same path. Yet, if by chance a State commits itself to closing the wage gap in its society, as is the case in Brazil, the setting could not be better to fulfil a fundamental human right in the context of true democracy, with the full power of the State. It would indeed signal a paradigmatic shift towards the people and planet ethos. Notwithstanding these initial expectations, we should always remember that albeit unjust wealth distribution is a problem as old as humankind, setting expectations to solve this problem within one generation is indeed an ambitious but an entirely realistic goal.

6. Conclusions

TLWNSI is the practical culmination of our effort to contribute to the global drive to change from the current marketocracy paradigm, for shareholder value, to the true democracy paradigm, for the long-term sustainability of the people and the planet. Our experience has shown us that the staunch opposition of the vast majority of governments and the market –despite the recurring crises of their system and the overwhelming evidence of its societal and environmental unsustainability– will eventually collapse for the simple reason that their paradigm is physically unsustainable. Hence, we must work to ensure that we transition into a new ethos, where the welfare of people and the long-term sustainability of Mother Nature is the only purpose of societies across the world. This is where our living wage initiative will contribute to make the right to decent work, worthy of human dignity, a core element of true democracy and the standard customarily honoured by both governments and market players.

Yet, given that we are parting from a market-driven ethos, the only effective way to accomplish our goal is by developing a strategy for change that follows the logic of the market, for this is the only efficient path to elicit change in the key market drivers: the institutional investors of financial markets and their corporations and consumers (their markets). By zeroing in shareholder value through the vested participation of investors and consumers –concerned with the long-term sustainability of people and planet– we will trigger immediate responses from market investors and corporations and, eventually, from governments as well. Such responses will invariably move in the direction of the new truly democratic paradigm that we believe is the only way to offer a fair chance to future generations to enjoy life in concert with the laws of nature. Refusing to adopt this intended change will only occur at the cost of shareholder value, in sync with the logic of the market.

Building a new ethos will surely demand the unrelenting effort of millions of people across the world, from many different angles and for many years to come. Not doing it, without a doubt, would take us to our demise and that of our planet as we know it, probably much sooner than many may envision. However, we believe that human nature has a far more powerful instinct of survival than the mere sheer greed that has been driving the current unsustainable marketocratic ethos. Thus, for this single reason, we trust that humanity will gradually change and move in the direction of long-term sustainability; and, as this materialises, TLWNSI's mission will also come to fruition.



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