



Decent Income in the Globalised World

A Guide from
the German Commission for Justice and Peace and
the German Confederation of Trade Unions (DGB)



DEUTSCHE KOMMISSION
**JUSTITIA
ET PAX**

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Bonn/Berlin, August 2012

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FOREWORD

Decent work necessarily involves a just wage in keeping with human dignity – one sufficient to enable working people and their families to take part in the economic and social life of their communities and to be free of poverty and need. In the globalised world, however, we see workers in ‘low wage countries’ having to make do with starvation wages. We are speaking here of 1.2 billion ‘working poor’ worldwide – people who in spite of working are still below the poverty threshold of 2 USD per day. On the other hand, workers and trade unions in our part of the world are confronted with the argument of competition coming from these producing countries. This situation of pressure encourages the expansion of the low wage sector in our country as well. In Germany, for example, 2.2 million people are working at under 6 euros an hour, and 1.2 million for less than 4 euros per hour. This amounts to a confrontation of different realities which nonetheless has the effect of making employment precarious in all parts of the world.

The discussion group of the German Justice and Peace Commission and the trade unions sees these dehumanising work and earning conditions as an expression of social injustice, as well as constituting a moral and political challenge. With a view to investigating these developments with the greatest possible accuracy and objectivity, the discussion group joined with the Institute for Development and Peace (INEF) of the University of Duisburg-Essen, members of whose staff were commissioned to conduct an analytical study of these issues (Part A of the present Guideline). We would like to thank Mr Christian Scheper and Mr Jonathan Menge for their contributions, and for their fruitful collaboration with the discussion group of the trade unions and Justitia et Pax.

Based on their conclusions, the Federal Executive Committee of the German Confederation of Trade Unions and the German Commission for Justice and Peace have developed a position which is set forth in Part B.

The recommendations for action expressed here are not just addressed to governments and to those international organisations which are called on to set economic and socio-political standards for a decent income available to all. Companies and trade unions are equally challenged to contribute to

the realisation of humanly acceptable income levels. Players in civil society, and also in the church, can and should promote social dialogue in this connection, above all by encouraging persons working in informal and precarious situations to organise themselves, both in Germany and in the context of development work. They can also contribute to the development of country-specific strategies for the implementation of decent working standards.

The present Guideline represents a further elaboration of the concept of decent work which was defined by the International Labour Organization, and for which the German Confederation of Trade Unions and the German Commission for Justice and Peace published their own Guideline entitled 'Decent Work in the Globalised World' in April 2007. This was adopted as a contribution from civil society to the debate of the Economic and Social Committee of the United Nations.

On this note, we venture to hope that the present Guideline may meet with equally wide interest from the general public, and trust it may encourage committed support on the path to making decent incomes available to all in the globalised world.

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Bonn and Berlin, August 2012

A. ANALYSIS AND DISCUSSION

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.

Universal Declaration of Human Rights, article 23, section 3

I GAINFUL EMPLOYMENT AND POVERTY

At the start of the new millennium 2.7 billion people, more than a third of the world's population, were living in absolute poverty. Of these 'poor' 18 million persons die every year – accounting for about a third of all deaths worldwide – from the direct and indirect consequences of poverty, such as malnutrition, the lack of healthy drinking water or absence of elementary medical care.¹

The problem of poverty, however, is not just restricted to *absolute poverty* – to people, that is, with a purchasing power parity (PPP) of less than 2 US dollars per day.² We also have to consider many millions of people living in *relative poverty*, people who have to earn their living on less than 50 percent of the median income for their home country. In 2004 the number of people living in absolute poverty in Germany was around 8 percent. If we include people 'at risk of poverty' (i.e. earning less than 60 percent of the median income), it amounted to 13 percent of the German population.³ 'Relative' and 'absolute' poverty, taken together, thus assume immense proportions on a global scale.

But poverty is not by any means restricted to those who have no means of earning a living – *in many cases we find poor people who are actually 'breadwinners'*. The number of '*global working poor*' – related to the US USD2 poverty threshold – was estimated by the International Labour Organization (ILO) at almost 1.2 billion people for the year 2008, while many more millions were employed but still close to the poverty line.⁴ The consequences are as critical as they are multifarious. While in industrial countries problems connected with the social integration and stigmatisation of relatively poor people predominate, in many other

countries of the world, even when people are full time employed and working permanent overtime hours, poverty is quite simply a matter of life and death. The conditions under which so many millions of people work are without any doubt unfit for human beings. We have a graphic illustration of this in the following report from a textile worker in Bangladesh:

*'Since the age of twelve I have been working from eight in the morning till midnight, and I earn 2600 takas monthly (just under 27 euros). We all have to live on this – my three daughters, my parents-in-law and my husband, who has no fixed employment. In addition I have to give 50 takas to the head of department to get him to leave me in peace. Jobs here, you see, are very much in demand.'*⁵

While working women,⁶ even those on low incomes in industrial countries like Germany, do not have to be bracketed with these *'global working poor'*, alarming tendencies can nonetheless be observed on the job market in our own country. High levels of unemployment, and the driving down of wages on an increasingly wide scale in many sectors, are just the most obvious indicators. 2.2 million people receive less than 6 Euro per hour for their work, 2.2 million even receive less than Euro4.⁷ Hourly rates like this are hardly enough to survive on, and are certainly insufficient to feed a family. The consequences are serious, not just in view of the life quality of these people and their related health problems, but also for future generations, as the problem of child poverty, widely discussed in recent years, makes plain.

Whether we have to do with *'absolutely'* or *'relatively'* poor people, in both contexts, increasingly, we find *the demand for a decent remuneration as a central aspect of decent work*. Whereas in Germany wage levels are traditionally negotiated between the social partners under the auspices of free collective bargaining, in times of globalisation this tradition is increasingly being pushed into a corner. With multinational groups as players, it is becoming steadily more difficult to discuss wages in a national context. Here the growing pressure on wages in the developed industrial nations is inseparably related to the minimum wages to be found in the developing and threshold countries, which have long since become a production site for the goods and services of the OECD world.

On a global scale it can be seen that the general wage trend in practically all industrial countries is at the cost of gainful employment. Thus the

modest growth in real wages lags far behind the increase in productivity. In addition, there is an ever greater gulf between maximum and minimum wages worldwide, and the proportion of wages in the gross domestic product is also decreasing in all parts of the world.⁸ Here the level of organisation achieved by the workforce and/or the power balance between the social partners plays a crucially important part. If we look at the problem in its totality, it appears as if work in today's world is becoming increasingly 'valueless'. The question of decent income is thus more topical than ever, and it has become one of the central challenges for the more equitable shaping of globalisation.

But what are we to understand by the concept of decent income? How can it be defined? Why are attempts to realise it in the global economy not working, and what approaches are already being tried with the aim of overcoming the existing obstacles?

These are the questions to which the present Guideline is dedicated. The objective is to give an overview of this wide complex of problems, which has become increasingly unmanageable as a result of economic globalisation. To this end, we aim to proceed by way of three essential steps. First of all we consider fundamental normative and ethical standards. What does it actually mean to speak of 'just' remuneration? On what ethical principles is the demand for a certain level of income based? Secondly, we take this as the starting point for answering the question how a decent income should be defined. The object here is not to determine a numerical income level, as a definition of that kind would necessarily be dependent on a great many contextual factors and would be subject to ongoing changes. Instead we will offer reference points for stating what qualitative criteria are relevant to the definition of humanly acceptable income. Thirdly, we would like to outline the central political and economic difficulties under the conditions of globalisation which make it difficult to realise humanly acceptable income levels. In conclusion we aim to discuss approaches to the realisation and implementation of a decent income, and finally deduce recommendations for action aimed at the political players.

II ON THE CONNECTIONS BETWEEN WAGES, JUSTICE AND HUMAN DIGNITY

If we are of the opinion that the scale of the interaction between gainful employment and poverty represents a deplorable state of affairs, we are adopting a normative position, on the basis of which we are criticising the way things are. In what follows we shall be arguing that the current global *state of interrelations between gainful employment and poverty* must be described, *for many reasons, as a serious moral dereliction*. To begin with we will establish a position based on human dignity and human rights (II.1), and go on to outline various considerations based on the principles of social justice (II.2).

II.1 WAGES, HUMAN DIGNITY AND HUMAN RIGHTS

Work is not just a means to the end of maintaining life. It has always also been regarded as forming part of a fulfilled, productive life in keeping with human dignity. Our modern concept of work / gainful employment has its origins in the industrial revolution. Working processes became more complex, production came to be based on the division of labour and waged work grew to become the dominant labour pattern. This resulted in the alienation of workers from the product of their work. The tendency was exacerbated by automation aimed at increased productivity. Work developed *from a direct condition of existence for the support of human life* into a *condition mediated by way of the worker's wages*. But even if it was frequently experienced as monotonous and exhausting and felt to be a burden, we cannot speak of work as being purely instrumental to ensuring the means of existence. While for Hannah Arendt the vision of human beings liberated from the necessity of work as a result of machine production could still be seen as desirable,⁹ *work today is generally viewed as an integral component of human life and one that gives it meaning*.¹⁰ A drop in living standards is a central problem for the unemployed, certainly – especially when it represents a threat to survival – but it seems that social isolation and the loss of the sense that one is needed are equally serious handicaps.¹¹ Ever more precarious working conditions and the prevalence of minimum wages mean that workers are increasingly exposed to such risks. In places where dependent work for wages

represents the dominant labour pattern, it follows that an appropriate remuneration is often the basic condition for a life that deserves the name.

'Human dignity shall be inviolable.'¹² A reference to human dignity is to be found in a prominent position not only in the Basic Law or constitution of the Federal Republic of Germany, it also appears in the preamble to the Charter of the United Nations, in the Universal Declaration of Human Rights (Preamble, article 1) and in other documents that define human rights and the law of nations.¹³ The powerful resonance of human dignity as a value has to do with its universality – a universality that is connected with a certain openness of interpretation. Even if it emanates from the Christian tradition, it remains an open-ended term, susceptible to different religious or rational justifications. While the Catholic church, for example, derives human dignity from the fact that human beings were created in God's image,¹⁴ Immanuel Kant, often seen as the father of the modern concept of human dignity, rather associates it with human beings' possession of the faculty of reason.¹⁵

In recent philosophical debates on human dignity the question of the violation of human dignity – as a negative approach to the understanding of the term – has played an important part.¹⁶ If we see this as being based on the direct connection between human dignity and human rights – a connection that is made in the Basic Law of the Federal Republic and the relevant UN documents – we can understand human rights as being a protective cloak for human dignity.¹⁷ So how can we formulate precisely the relation between gainful employment and decent income on the one hand, and human rights on the other?

Human rights, understood as the elaboration in concrete form of human dignity, represent a normatively documented standard by which working conditions must allow themselves to be measured. The crucial foundations for this in the law of nations are the Universal Declaration of Human Rights (UDHR), the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the International Covenant on Civil and Political Rights (ICCPR). Here we find human rights incorporating on the one hand *direct references* to work and working conditions, such as the right to work (UDHR art. 23, section 1; ICESCR art. 6), the right to form trade unions (UDHR art. 23, section 4; ICESCR art. 8, section 1; ICCPR art. 22, section 1), as well as the direct right to expect a 'just and

favourable remuneration' (UDHR art. 23, section 3) and the right to 'just and favourable working conditions' (ICESCR art. 7). In article 7 (a) (ii) of the ICESCR we find it stated:

'The signatory countries recognize the right of everyone to the enjoyment of just and favourable conditions of work which ensure, in particular: (a) remuneration which provides all workers, as a minimum, with [...] (ii) a decent living for themselves and their families in accordance with the provisions of the present Covenant [...].'

The connection between articles 6, 7 and 8 is moreover reinforced by the Committee for Economic, Social and Cultural Rights in its general commentary on the right to work (article 6), dated 2005. There we find it stated in chapter II, which spells out the normative content of the right to work:

'Work as specified in article 6 of the Covenant must be decent work. This is work that respects the fundamental rights of the human person as well as the rights of workers in terms of conditions of work safety and remuneration. It also provides an income allowing workers to support themselves and their families, as highlighted in article 7 of the Covenant.'

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On the other hand, work can also be seen as a *means* to the fulfilment of human rights – for instance, by satisfying the right to adequate food, access to clean drinking water and health care (UDHR art. 25, section 1) – or as contributing to the fulfilment of the right to an appropriate standard of living (ICESCR art. 11, section 1) and to participation in cultural life (UDHR art. 27, section 1; ICESCR art. 15, section 1a).

But we also find human rights documentation at regional level referring to the right to work and to an income in keeping with human dignity. In the revised version of the European Social Charter of 1996, for example, we read in part 1, article 4: 'All workers have the right to a fair remuneration sufficient for a decent standard of living for themselves and their families.'¹⁹

The links between human rights and work have also been touched on by the ILO in various international agreements. The concept of decent work, in particular, was more narrowly defined by the ILO based on the idea of 'key working conditions'. These have status in terms of human rights, seeing that the ILO's declaration of 1998 on fundamental principles and

rights in connection with work lays all member states under the obligation of implementing these, even if they have not ratified the relevant conventions.²⁰ The key working conditions comprise four basic principles: freedom of assembly and the effective acknowledgement of the right to collective bargaining, the banning of all forms of enforced or compulsory labour, the effective abolition of child labour and a ban on discrimination in a working and professional context.²¹ Even if the wage aspect is not referred to directly here, the Constitution of the ILO does state as an explicit aim (chapter III, section d) 'in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection'.²² This formulation, moreover, has been recapitulated in similar terms in various declarations of fundamental principles by the ILO.²³ Likewise the ILO's tripartite declaration of fundamental principles in relation to multinational companies and social policy rehearses rules pertaining to a minimum wage: '[...] Wages, benefits and conditions of work should be related to the economic position of the enterprise, but should be at least adequate to satisfy basic needs of the workers and their families.'²⁴

The normative basis for an income that meets the conditions of human rights, and so is also a *decent income*, is thus derived both from *ethical considerations* and from the ways in which these have been *incorporated in the law of nations*.

II.2 WAGES AND JUSTICE

Another important normative perspective from which working conditions should be viewed is linked to questions of justice. Here just the extent of the problems referred to above, and the gravity of the suffering under which so many people eke out a life and a livelihood, constitute grounds for presuming a serious injustice. This supposition is further reinforced in view of the fact that the gulf between wealth and poverty, and between high and low incomes, is yawning ever wider worldwide. Whereas the bottom fifty percent of the world's adult population in the year 2000 was in possession of 1.1 percent of global wealth, the top ten percent was able to secure 85.1 percent of global wealth, and the top one percent alone as much as 39.9 percent.²⁵

Wage justice has been discussed from several points of view in the past. Traditionally it has always been seen as *an economic component of performance-related justice [German: Leistungsgerechtigkeit] and fair exchange*, as well as being *a social component of needs-based and distributive justice*. An important part in the discussion of wage justice has in the past been played by Christian social ethics.²⁶ In the current debate, however, we frequently find an economic narrowing of the wages issue, which we will refer to in what follows as the 'economisation of wage justice'. Under this heading we distinguish two current approaches to justice: 'social justice' and 'global justice'.

The economisation of wage justice

On the employer's side we frequently find the principles of performance-related justice invoked, as a basis for the argument that in a market economy the question of the 'right' wage amount can be derived from the principle of supply and demand. When negotiations are fair, the price paid to the worker reflects the productivity of the work supplied. The same tendency is often reflected in the debate on wages. Interestingly enough, this purely economic argument based on performance-related justice is relatively new. Already in classic economic theory, as expounded by Adam Smith and John Stuart Mill for example, the question of wage justice was always at the same time a moral and/or social issue.²⁷

In their attempt to justify minimal wages, particularly in connection with global value creation chains, some companies and federations regularly refer to the productivity of human labour. So long as this does not increase to an appropriate extent, wage rises are not feasible in market terms. It must be said that this argument has its weak points. First of all, the connection between productivity and wage amounts is controversial. 'Efficiency wage' approaches state that wages felt to be fair have a tendency to result in maximum labour productivity. And secondly, it faces us with the fundamental question how the productivity of human labour can be appropriately calculated in relation to wage amounts. On a superficial view, an increase in productivity that is achieved just through technological innovations would not need to bring increased wages in its train. Daniel Vaughan-Whitehead, on the other hand, who is responsible for wage issues at the ILO, argues that even in this case wage rises would be appropriate. Even if we determine wages purely on the basis of

individual qualifications, productivity and performance, a higher technological component and greater capital intensity in a company must also be associated with wage increases, because of their being associated with changes in the style of work and in the demands made on the individual worker.²⁸

It is a still more serious problem, however, that the question of the *fair share due to the worker in the overall profits* of the company is generally marginalised by the argument from productivity. In economic terms, the development of the wage share in the GDP has been notably negative in recent decades in most countries,²⁹ without any broad debate on justice having been triggered by this to date.

In addition, the unequal position of the individual worker in relation to the company gives rise to the fundamental problem that the process of negotiation is characterised by massive inequality in terms of power. Consequently the principles of representation by a trade union and tariff autonomy as a basis for collective bargaining are closely connected with the justice of fair exchange, with a view to avoiding a vast disparity in power between the negotiating parties. In the global economy, however, the appropriate representation of the worker is fraught with difficulties and cannot be taken for granted, which means that the argument from performance-based justice rests on a precarious footing. We will go into this aspect in greater detail in chapter III below.

Social justice and wage justice

The discussion of *social justice* has been conducted in Germany with great intensity in recent years. This is partly due to the ever wider divergence between the incomes of rich and poor, and partly because the continental European welfare state model is faced with a serious pressure to restructure itself in view of globalisation.³⁰ Social justice is likewise connected with *performance-related justice*. Against the background of differences in individual performance and capability, differences in income do not necessarily have to be viewed as socially unjust.³¹ As a central principle of the just shaping of processes of exchange with reference to wages, performance-related justice thus calls for

'[...] the shaping of remuneration in dependence on the counterperformance supplied in each case. [...] With a view to the social implications,

*the consistent putting into practice of performance-related justice gives rise to a social hierarchy which is not based on traditional privileges or authoritarian decree, but rather answers to the personal work-related choices of every individual citizen.*³²

In the last two clauses of the quotation, it must be said, we find it indicated that performance-related justice is more multi-faceted than may at first appear. If the final outcome is to be accepted as just, performance-related justice is associated with a premise of equality, aimed at evening out differences of origin – *equality of opportunity*, in other words. Equality of opportunity thus represents a precondition of performance-based justice, and should guarantee the comparability of individual performance – even if one can observe an infiltration of these principles by the increasing focus on profit and business results in relation to the remuneration of employment.³³ But this very link between wage justice and equality of opportunity has its place in the canon of values of social justice, one which in addition to these two principles embraces at least three further aspects of justice – namely *needs-related justice, distributive justice and justice between the generations*.³⁴

The principles of needs-related justice and distributive justice thus balance out performance-related justice in such a way as to ensure the cohesion of society and the upholding of human rights. Justice between the generations meanwhile cuts across the levels just referred to, and calls for these principles to be applied in such a way that relations between different social age groups and future generations also be taken into account.

Working conditions under which people live in relative poverty thus not only violate the principles of distributive justice, but also by consequence those of performance-related justice (often interpreted in a narrowly economic sense):

*'The target dimensions of distributive and needs-related justice, as well as of equality of opportunity, stand in a complementary relation to one another. This being so, the continuous increase in public (and private) poverty that has been witnessed for some time back in Germany and many other industrial nations not only constitutes a violation of distributive and needs-based justice but also amounts to a restriction of equality of opportunity, without which, on the other hand, performance-related justice would be inconceivable.*³⁵

Global justice and wage justice

With global justice we now move explicitly into a transnational perspective. A particular importance seems to attach to this in consequence of globalisation, as it makes it possible for social justice to engage with the novel conditions of a global economy. In recent years the discussion of justice has essentially been fired by the problem of worldwide poverty, and has concerned itself with the obligations to which this gives rise. The debate can be broken down into two basically opposed positions. *Cosmopolitans* focus their thinking on the individual, and deduce far-ranging obligations incumbent on the individual towards people living in absolute poverty. *Particularists*, on the other hand, refer to the nation state as the primary reference object for justice, from which very much more modest obligations of aid to non-citizens are inferred, while they remain sceptical in relation to the transnationalisation of justice.³⁶ For all their differences, however, we can say that on one point a fair degree of unanimity prevails: the authors all conclude, generally with a glance at the problems of global poverty, that the world in which we live is unjust.³⁷

Much greater justice is done to the conditions of progressive globalisation and the transnationalisation of work and production processes by the cosmopolitan position. Thomas Pogge, for example, argues that global structures – which are for the most part determined by ‘the west’ – violate the human rights of people living in absolute poverty.³⁸ Such a point of view also permits us to infer the injustice of working conditions and practices which result in human beings living below the absolute poverty threshold and being subjected to the violation of their fundamental human rights, inasmuch as these working conditions receive additional support from global structures and institutions. This, then, enables us to state as a *minimum requirement* for global working conditions that they must make it possible for people to lead a life that is out of the absolute poverty bracket.

So we can now summarise our normative/ethical reflections by stating that the call for a decent income can be justified in various ways. First of all, based on the fact that there exist *different links between gainful employment and human rights which must be fulfilled if human dignity is to be upheld*. On the other hand, the demand for a humanly acceptable income may be justified on the grounds that *social conditions which result*

in poverty are unjust. They violate fundamental social standards of the just society. In view of economic interdependencies worldwide, this is increasingly becoming relevant in a global context as well.

III WHAT IS A DECENT INCOME?

Up to the present day there has not been any consistent definition of decent income. In addition it needs to be stressed that such a definition can never be objective, as it is always going to reflect the social balance of power. A ready guideline may be found in *statutory minimum wage levels*, which are based as a rule on the definition of an existential minimum necessary for the maintenance of life. The factors commonly taken into account in this connection are food and nutrition, housing, clothing, and a basic measure of education, health care, child-rearing facilities and mobility.³⁹ It appears in practice, however, that in many countries the statutory minimum wage is still far from being family-friendly. At the same time the rates calculated for the essential means of life are frequently set too low, and they are not adjusted to inflation as they should be. Irregularly occurring extra expenses, such as may arise from repairs or a child's illness, are not covered by the calculation of a statutory minimum wage either, and so can lead to existentially threatening crises. Often the statutory minimum wage does not even permit a life above the nationally defined poverty threshold. Different organisations therefore call for alternative criteria for the definition of minimum wage amounts, in distinction from statutory minimum wage levels (cf. also chapter V below). Notwithstanding, in many cases statutory minimum wage levels represent an important lower limit, which in view of its mandatory character can prevent wages from declining into a bottomless pit.

III.1 PROBLEMS OF DEFINITION

In the context of the debate on globalisation, the demand for what is referred to as '*living wages*', or sometimes as '*decent living wages*', has come to be widely accepted. This demand focuses on the question what income a worker and her family dependents need to live on. In German we generally use the term *existenzsichernder Lohn* – 'a wage ensuring the means of existence'. It seems important to stress, however, that against the background of the reflections on human dignity outlined above we cannot just be concerned here with the bare maintenance of existence, but rather with the facilitation of a *life compatible with human dignity*. Sometimes we find the term '*family wages*' used, in view of the frequent

necessity of looking after dependent family members. In view of the very different situations of families and their dependants, on the other hand, this concept too can only be generalised with difficulty. We prefer therefore to speak of a 'decent income'.

As was to be expected, however, there is no consensus on the question what figure we should assign to this income basket. Just in view of the frequently drastic fluctuations in the price of the essential means of life, living requirements are subject to major short-term uncertainties. Then too definitions of the poverty threshold, which are frequently adduced for the purpose of determining a minimum income, have repeatedly been the subject of heated controversy.⁴⁰ The political character of wage levels, finally, is also problematic in view of the fact that it is often used as a justification for rejection of the call for a decent wage. Many companies, in particular, have repeatedly argued that in view of the difficulties quantification entails, the living wage approach is unsuitable as a basis for wage demands.

III.2 ATTEMPTS AT A QUALITATIVE APPROACH

Independently of endeavours to determine wage amounts on a numerical basis, there have also been widespread attempts at the *qualitative description* of what we may understand the meaning of a decent wage to be. Starting with various local movements, above all in the USA, this approach was then picked up and further developed at global level by civil rights organisations and groups known as 'multi-stakeholder initiatives' dedicated to the improvement of working conditions in the global value creation chain.

The Fair Wear Foundation (FWF), a Dutch initiative committed to upholding social standards in the global value creation chain of its European member companies, defines the wage standard it advocates as follows:

'Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income (cf. ILO Conventions 26 and 131). Deductions from wages for disciplinary measures shall not be permitted nor shall any

*deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specification of their wages, including wage rates and pay period.*⁴¹

Various other definitions, such as the Ethical Trading Initiative and the SA8000 Social Standard, offer different formulations but still cover comparable aspects. Some include further specifications emphasising that the working week on which payment is based should not amount to more than 48 hours, in keeping with ILO standards. In some cases the minimum essential goods for which a wage is supposed to be adequate are described in greater detail.

On this basis we can identify certain key components which are included in current definitions as minimum criteria.

A decent income, accordingly, comprises a net wage...

- which is earned in a working week within the statutory maximum weekly working hours, in no case more than 48 hours;
- which is sufficient to satisfy the basic material needs of an average family, covering food, housing, energy, health care, education, child care and mobility;
- which allows the possibility of making basic provisions for the future through savings (e.g. 10 percent of the family income).⁴²

In addition, against the background of the human rights outlined above, we can say that a decent income

- must comprise an appropriate minimum for participation in social and cultural life, depending on the local conditions.

There are divergent views on the question whether the aspects described above are complete, or are already too all-embracing and excessively detailed. And of course we are necessarily going to be confronted with the question when the expectations described here can be seen as having been fulfilled. Besides a context-independent minimal definition, then, it seems important to do justice to the difficulty of fixing an amount, as well as allowing for the fact that wages have a socio-political significance as well as an economic one, by moving the *wage-setting process* more into the centre of the debate. Only in situations where appropriate procedures

exist for wage negotiation can a decent income be realised permanently and in the long term. The amount of wages is thus closely connected with the assurance of other human rights in connection with work, such as freedom of association and freedom of negotiation. On the other hand other work standards, like the limitation of overtime hours and measures against discrimination, will also remain insufficient so long as the wage issue is left out of consideration.⁴³

Why has it not been possible to date to realise a decent income in the context of globalisation? In spite of the far-reaching consensus with regard to the unacceptability of the existing situation, what makes it so difficult to bring improvements about?

IV GLOBAL OBSTACLES TO THE REALISATION OF A DECENT INCOME

A glance at the debate on corporate responsibility and working standards in the global economy shows that while there is a lot of discussion about a wage sufficient to maintain life, *the attempt to realise such a wage has been largely unsuccessful to date*. For example, the clothing company Levi Strauss & Co. resigned from the UK's Ethical Trading Initiative on the grounds that the required implementation of 'living wages' in its supplier firms was not possible.⁴⁴ It seems as if even those transnational corporate groups which in principle acknowledge the obligation of a decent income have so far hardly found effective ways and means of implementing it in their global value creation chains – or perhaps have no serious interest in doing so. This circumstance first of all points to the fact, quite simply, that on a global scale *we are still very far from the realisation of decent incomes*. And secondly, it also shows that *the wages question affects key corporate interests in the context of global value creation*, and cannot be separated from other important aspects of social responsibility. Realisation of a decent wage thus calls for a far-ranging restructuring of the organisation of global value creation chains, or else for comprehensive approaches to the removal of structural obstacles in the global economy. We would like to outline four of these obstacles in what follows. First, the national implementation of decent working conditions comes up against its limits, above all in view of the prevailing focus on *worldwide location competition*. Secondly, wage costs in companies are often seen as a 'flexible leftover' and so are subject to particular cost pressures. At the same time, thirdly, the *trade union organisation of the workers* is in many cases ineffective or does not exist at all. These problems, fourthly, are exacerbated by a *high proportion of informal work* in globalised production chains, work that stands in a relation of dynamic interaction with the formal conditions of gainful employment. Companies often slide into the informal economy in order to cut their costs.

IV.1 LOCATION COMPETITION AND THE THREAT OF RELOCATION

Especially the developing and threshold countries, as they have come to be known, find themselves confronted with the necessity of creating favourable conditions for investors. Both in the industrial nations, and above all in the countries of eastern and southern Asia, whose economies are heavily characterised by the mass production of global consumer goods like clothing and electronic products, this leads to fierce competition for the most favourable conditions of production. The potential threat of relocation by multinational companies has contributed to a downward spiral, especially in those areas where the state can intervene directly to create 'favourable' conditions for foreign investors. So not only have many countries developed into 'tax oases' for transnational corporate groups, we also find they have national minimum wages which lie well below the existential minimum. In Bangladesh, for example, where around 2.5 million people work in textile and clothing factories, the minimum wage – after a drastic increase in 2010 – is now around 58 USD (in terms of purchasing power parity) per month.⁴⁵ Even these modest standards, moreover, are not always observed. In the service sector as well we find equally low wages. Ironically enough, it is now often the brand firms confronted by civil protests who call for governments to raise minimum wage levels. But even these demands are generally still below the level of the *living wage* envisaged by civil initiatives.

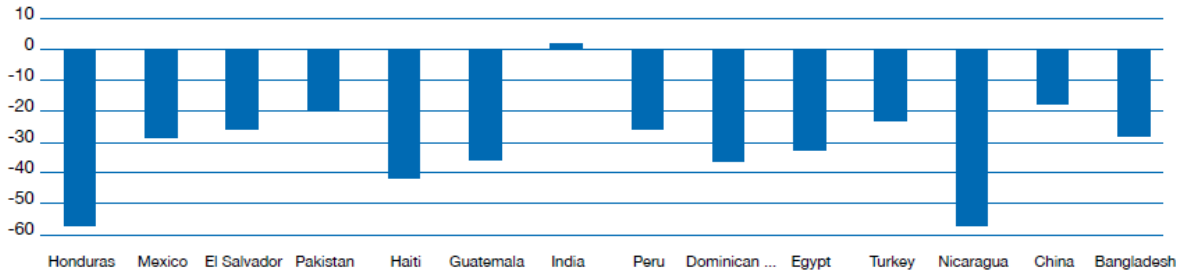
In Germany, relocation with a view to reducing wage costs is above all viewed as a problem in terms of domestic unemployment levels. But this is also associated with fatal consequences for the question of decent incomes. So on the one hand an awareness of the competition for cheap wages has led in Germany to a further increase in wage pressures in many industries. On the other, employment has lately been moving from regions with properly functioning industrial relations to regions with defective worker representation and a high proportion of informal labour. The position of the workforce is structurally weakened as a result.

IV.2 WAGES AS A 'FLEXIBLE LEFTOVER' OF PRODUCTION COSTS

The wage pressure resulting from location competition is above all rendered more persistent by the fact that wages, in comparison with all other production costs, are viewed as a kind of 'flexible leftover'.⁴⁶ Companies on the whole find it very much easier to make savings in the wages department than in the procurement of necessary raw materials, say, where the price is little subject to the influence of individual companies. As in view of global competition companies are competing for attractive orders from major brand firms, they frequently make offers that do not cover their production costs. Besides the macroeconomic level of competition for the 'best' location in wage terms, we thus also find a constant tendency on the microeconomic level towards the depression of wages by supply firms. This tendency has increased markedly in connection with mass goods such as clothing and electronics, and even agricultural products, as the ever greater concentration of market power in the hands of the big brand firms and falling prices in consumer countries result in rising cost pressures on the supplier. This frequently results in a dynamic of the '*survival of the cheapest*'.⁴⁷

Let us illustrate this by a look at the development of factory costs for the manufacture of T-shirts, which well illustrates the massive pressure on production costs and so also and above all on the cost of wages:

Fig. 1: Factory price changes in the production of cotton shirts between 1994 and 2004:



Source: Merk, J. (2009), p. 32.

In this situation of falling prices, demands for wage increases meet with considerable resistance. Even dominant brand companies frequently argue, against this background of intense competition, that wage rises in the lower links of the value creation chain, taking into account the profit

margins of the various suppliers and intermediate dealers, would result in a selling price for the finished clothing product which would no longer be competitive. The prices achieved in the context of transnational value creation are moreover far from transparent. In the clothing and textile production industry, for example, one-off purchase prices are frequently agreed while the wage costs remain hidden from the view of the purchasing company.

IV.3 WEAK TRADE UNION ORGANISATION

It is an obvious approach, in connection with the question of wages, to point to the role of industrial relations and negotiations between the social partners. It has been demonstrated that the *institutionalised representation of the workforce is the most effective way to date of avoiding wages incompatible with human dignity*.⁴⁸ But this too is associated with another key problem in the context of the globalised economy. The increasing fragmentation of global value creation makes workers dependent on corporate policy in widely different parts of the world. The wage and purchasing policies of German companies, for example, which have an effect all the way down the global value creation chain, are for the most part not susceptible to the influence of German trade unions. At the same time, trade unions in the producing countries, like China and the countries of southeast Asia, are often poorly organised, lacking in independence or completely nonexistent. We are only just seeing gradual beginnings in the direction of setting up transnational forms of worker representation.⁴⁹ The fragmentary division of labour is exacerbated by the perception of sharp differences within the workforce (based on nationality, ethnicity, social standing, language etc.) right the way along the global value creation chain.⁵⁰

In addition to this, works councils and trade unions at local level are often actively suppressed. Trade union members may be dismissed or threatened with violence. For many workers, the inhuman working hours alone represent an obstacle to trade union involvement. Also the widespread discrimination against women, responsible for the greater part of the work in the lower links of the value creation chain, militates against any effective self-organisation. Thus trade union work is often regarded as 'men's business',⁵¹ and many female workers suffer from multidimensional

structural discrimination, as is the case with immigrants.⁵² In principle this applies both to factories and to large sectors of agricultural labour.⁵³ So the question of wages is closely connected with the lack of trade union freedom worldwide, nor can it be viewed in isolation from prevailing forms of discrimination against social groups, especially women.

IV.4 INFORMALISATION OF GAINFUL EMPLOYMENT

The structural obstacles to the realisation of appropriate wages are exacerbated by the high and growing proportion of informal labour in global value creation chains. The informal economy is generally taken to include all those sectors that exist outside statutory prescription and so are to a great extent unprotected. Here workers are frequently unregistered either by trade union activities or by government measures for the enforcement of appropriate wage levels.⁵⁴ Many members of the workforce even have the status of worker denied them (e.g. in temporary positions, fictitious self-employment or slave labour). This makes it even more difficult to enforce a decent income and to scrutinise actual wage standards. Then too there is the problem that in areas where minimum wage levels are actively enforced and more strictly controlled, by official workplace inspections and the like, there is a dangerous tendency for gainful employment to be shifted into the informal sector. Many value creation chains can hardly any longer be traced right down to the bottom link in the chain, as they are characterised by geographically scattered work in the home and other kinds of informal employment.

V APPROACHES FOR THE REALISATION OF DECENT INCOMES

In what follows we will describe some approaches aimed at countering the political and economic challenges outlined above. Here we will first of all give an account of the discussion about the possibilities of mandatory international regulation by the World Trade Organization (WTO) and the ILO, as well as efforts being made on EU level. After that we will refer to two examples of ways in which civil initiatives endeavour to present an alternative approach to combating the wage problem in the global economy, and we will also emphasise the importance of representing the interests of workers in the informal economy.

V.1 MANDATORY INTERNATIONAL REGULATION

In view of the global dimension of the wage problem, the increasing international ramifications of institutions and world trade and the economic importance of decent conditions of work, it is an obvious approach to call for a humanly decent income to be enshrined in mandatory international regulations. In principle, this would be possible in both political and economic terms.

An approach towards this kind of international underpinning would be the incorporation of social standards in the existing world trade regime. Against this background, the late 1990s saw an increasingly intensive discussion by the WTO of the option of 'social clauses'.⁵⁵ This would open up the possibility of enforcing trade sanctions against countries failing to comply with work standards. Such a development would do justice to the fact that the comparatively strong sanctions mechanism of the WTO does not just have to be one-sidedly used in the interests of free trade, but could also be used as a means for realising the ideal of decent work. An international regulatory framework would moreover act to counter location competition worldwide, which frequently makes it more difficult to enforce working standards, and so also meet the often heard argument that companies are unable to pay decent wages because of global competition and the lack of a level playing field.

The idea of incorporating social clauses in the WTO's regulations, however, has also called forth much criticism in the past. It has been argued, for instance, that by overstepping its mandate the WTO could be landing itself with a legitimacy problem. Moreover it is held unlikely that social clauses would actually be applied, or sanctions imposed, in relation to strong trading partners like India or China; such measures, it is thought, would be more likely to be inflicted one-sidedly, above all on states of no significance in commercial political terms. Then too, the call for social clauses has been objected to in some quarters as being a form of 'hidden protectionism'. In addition to this, there are concerns that if the WTO were committed to internationally acknowledged working standards this would lead to extreme reluctance on the part of governments to ratify them. In view of this last argument above all, some ILO representatives have actually spoken out against the idea of social clauses being formulated by the WTO.⁵⁶

In view of the controversial nature of the issue as we have described it above, it has not been possible to date to enforce an international trading regime based on social standards, and social clauses have only been adopted thus far by bilateral trading agreements in a very hesitant fashion. The political clout of international institutions thus remains very much greater when it is a matter of free trade than when the enforcement of decent working conditions is at stake.

An alternative to the incorporation of social clauses in the WTO might lie in strengthening the sanctions mechanisms of the ILO. While there have already been far-ranging approaches to the insistence on standards in the ILO system, the ILO is very much less effective when it comes to the implementation of standards than is the WTO. There has only been one case in the history of the organisation – a case of persistent forced labour in Myanmar – where the toughest form of sanctions, based on article 33 of the ILO's statutes, came to be applied, after legal proceedings had been brought before the International Criminal Court. This shows that mandatory enforcement is altogether a possibility, though it is only likely to be put into practice in the most serious and unambiguous cases.⁵⁷ The organisation tends instead rather to rely on efforts towards long-term improvement based on technological cooperation. In addition the ILO is concerned with the mandatory and universal importance of fundamental working rights, which it has emphasised by its formulation of key working conditions. These apply to all member states without any need of

ratification, and annual reports have to be submitted showing how the conditions are being met. The ILO has also increasingly focused on a more general approach to 'decent work', in hope that such a more far-ranging and development-oriented idea will have better chance of reaching people who have not benefited from official working standards in the past, like those in the informal economy.⁵⁸

Alongside endeavours by international organisations at global level towards the creation of a mandatory regulatory framework, the introduction of mandatory minimum wage thresholds would also be conceivable at regional level, in the EU in particular. Although no universal minimum wage exists in Germany to date, in many European countries minimum wage regulations have long been an established fact. At the same time, the range of minimum wages in EU member states is extreme. Whereas the statutory minimum hourly wage in Bulgaria in the year 2011 came to 1.43 Euro (based on purchasing power parity), in Luxembourg it was 8.39 Euro. In view of the fact that background conditions in the two countries are widely divergent, the introduction of a consistent European minimum wage in the form of a monetary value would be difficult to imagine. At the same time it is a feature of both countries that relative poverty is measured on the national scale as a percentage of the average income. Thus a European yardstick, in the form of a certain percentage of the net average income, would be a conceivable option. There have been calls for this from civil society for some years.⁵⁹

A comparison of minimum wages in the EU does also show, however, that the member states frequently fail to live up to the social standards they have themselves dictated. In many European countries the minimum wage only represents a 'poverty wage', and so violates article 4 of the European Social Charter. This calls for a 'just wage', which in turn has been defined by the European Committee for Social Rights of the European Council as at least 60 percent of the average net wage. Malta and France are the only two European countries currently meeting this standard, though the Scandinavian countries – Denmark, Sweden and Norway – show a comparatively high wage level as a result of a universally applied tariff system, even without any statutory regulation of the minimum wage. The situation in Germany, on the other hand, where we find neither a statutory minimum wage nor any such seamless system of tariffs, is declared by the Committee to be in violation of article 4.⁶⁰

With the support of players from civil society, the European parliament thus also pressed in 2008 for EU regulations with a view to setting the European minimum wage at 60 percent of the average net wage (if appropriate, by other measures as well as statutory regulations).⁶¹

In addition to calls for a mandatory minimum wage, some trade unions have also stressed the cartel law aspect of the lack of social standards. In the food industry above all, there have been demands for measures under cartel law to combat the dominance of just a few trading chains. These, it is argued, place enormous pressure on supply companies, which in turn makes it difficult to enforce appropriate social standards.

In view of the inadequacy of binding regulations in this field to date, other approaches for the realisation of working standards have increasingly come into being. These on the whole are less binding, and so are frequently regarded as a 'second best' solution with an eye to existing regulatory loopholes in the international system. We would like to give a brief outline in the next section of two civil society initiatives of this kind, along with their goals and their problems.

V.2 A REGIONAL APPROACH: THE ASIA FLOOR WAGE CAMPAIGN

The Asia Floor Wage Campaign (AFW) is an initiative incorporating more than 60 labour law organisations and trade unions in Asia, the USA and Europe. It is dedicated to the enforcement of regional wage levels in the Asian textiles and clothing industry. The AFW's regional wage proposals have been applied hitherto to the countries of Bangladesh, China, Indonesia, Cambodia, Sri Lanka and Thailand. The AFW thus pursues a kind of regional tariff-based approach, with the aim of reducing location competition between these countries and preventing the drastic depression of wages. This regional orientation does however entail the problem that a whole range of different contexts – including inequalities in terms of development, pricing and wage levels – needs to be taken into account.

The AFW's proposal for the definition of a minimum wage is composed of two equal elements – 'expenses for foodstuffs' and 'expenses for other basic needs' such as clothing, housing, social security, education and savings. The wage must moreover be earned in a working week not in

excess of 48 working hours. The cost of foodstuffs is determined at local level in each case, and is then – as the AFW wage is a family wage – multiplied by three consumption units (totalling two adults plus two children). In considering ‘expenses for other basic needs’, the result is once again doubled. Based on the ‘subsistence wage’ computed in this way for the different countries, the participating organisations agreed on the joint demand for an Asia Floor Wage with a purchasing power parity of USD 475 for the year 2009.⁶²

In some cases, however, this demand represents many times the statutory minimum wage prescribed at national level – in Bangladesh, more than sixfold – which has the result that the AFW’s demands are viewed as unrealistic by the majority of companies. At the same time the AFW’s approach is an interesting one, with a view to weakening regional competition between workers in Asia in the long term, as well as opposing international wage standards to the frequently invoked economic necessities of globalisation.

V.3 A PRAGMATIC APPROACH: THE ‘WAGE LADDER’ OF JO-IN

Another approach is to be seen in the *Wage Ladder* developed in the *Joint Initiative for Corporate Accountability and Workers Rights* (JO-IN) by various multi-stakeholder organisations in the clothing and textiles industry. The *Wage Ladder* is a simple tool for the correlation of different wages, so creating a basis for the comparison of wage levels in complex global value creation chains. The Fair Wear Foundation (FWF), for example, is currently working with this approach, with the aim of negotiating suitable target wage levels with the supplier firms involved.

The *Ladder* presents a diagram showing different wage amounts in comparison with one another. These might be the statutory minimum wage, the average wage for the industry, or indeed the Asia Floor Wage. The current wage paid by the company in question is then shown in relation to these wage variables. This gives workers and management a graphic illustration of where their factory stands in relation to wage standards, and what wage amounts might realistically be aimed at within feasible planning horizons. In an ideal case scenario, this would give

employers, workers, trade unions and multi-stakeholder organisations a basis for entering into constructive negotiations.

This approach, then, is an attempt to reach the goal of a sufficient living wage in dependence on actual wages in the given context – a goal to be approached gradually on the basis of continuous improvement. In addition, the *Wage Ladder* also offers the possibility of linking wage amounts with discrimination aspects. For example, men's and women's wages can be presented separately in relation to the 'target variables'. Use of the *Wage Ladder* is becoming increasingly widespread. Thus the *World Banana Forum* developed a ladder for plantations, and there have been similar endeavours in connection with tea-picking.⁶³

Criticism of this approach focuses above all on its open and non-mandatory character – as a result of which even minimal wages can appear to be justified.

V.4 FOSTERING THE SELF-ORGANISATION OF PERSONS IN PRECARIOUS AND INFORMAL EMPLOYMENT

Effective self-organisation and representation of workers' interests are still faced with major challenges, especially for those workers whose working situation is informal and precarious. Self-organisation and representation are however crucial for facilitating the improvement of the wage situation and working conditions as a whole. In view of the international dimensions of the economy and the increasing informality of gainful employment, various trade unions and civil society initiatives in recent years have endeavoured to promote suitable forms of worker self-organisation going beyond the traditional and for the most part national trade union organisation. A particularly well-known example of this is the *Self Employed Women's Association* (SEWA) in India, founded in the early seventies as a trade union for informally employed women, above all in the textiles industry. Today the organisation also offers a wide range of services to self-employed women, most of them working from home – for instance, the offer of microcredits and microinsurance. In Europe too there have been attempts to improve representation of the interests of persons in precarious employment. In 2004 the industrial trade union IG BAU (**B**auen, **A**grar, **U**mwelt = Construction, Agriculture, Environment) founded the *Europäischer Verband der Wanderarbeiter* (EVW) [European

Migrant Workers' Union], with a view to facilitating the self-organisation of migrant workers, above all those coming from eastern Europe. In view of the small numbers of workers joining the organisation, however, IG BAU has now transformed it into the Europäischer Verein für Wanderarbeiterfragen [European Association for Migrant Worker Issues], which now functions as an aid organisation under IG BAU auspices.

B POSITION STATEMENT AND RECOMMENDATIONS FOR ACTION

The demand for a decent income is more topical today than ever. Partly as a result of progressive globalisation, the wages of dependent workers have increasingly reached a point of crisis and *in some cases represent massive violations of human rights*. On the one hand workers in the *low wage countries*, as they are generally known, find themselves faced with hunger wages which in spite of frequently inhuman working conditions and excessive overtime hours *still are in many cases insufficient to support life above the absolute poverty threshold*. On the other hand, *workers in our own country and national trade unions find themselves confronted with the argument of competition emanating from these producing countries*. Worldwide location competition and high levels of unemployment are resulting in a permanent scenario of threat in the industrial countries of today, as a result of which demands for a fair wage have very much less chance of being heard. The dramatic growth in the low wages has had the result that *even in Germany more and more people are living in poverty even though they are employed*. While the forms of poverty in these two contexts differ in their proportions, significantly in some cases, they *both nonetheless represent a violation of human dignity and a gross moral injustice*. This is clearly the case both from the angle of human rights and in terms of various different definitions of what constitutes justice.

The issue of wages, meanwhile, is inseparably connected with other key social problems of globalisation, especially that of sexual discrimination. In addition, people working for minimum wages are as a rule subject to violation of their rights in other fundamental ways as well. Stigmatisation and the lack of opportunity to take part in social and cultural life lead to life situations incompatible with human dignity, which are closely connected with the issue of wages. These are then made even worse by the increasingly precarious nature of work in all parts of the world. The link between the wage issue and other key social problems thus suggests a demand for coherent political planning.

In an age where work is becoming increasingly flexible and informal, attention needs to be paid to the basic conditions for training, education and the acquisition of qualifications, especially for disadvantaged groups and those at risk.

The problems to be observed are not just restricted to highly globalised industrial sectors, like the clothing industry for instance. Agricultural work today also in many cases forms part of transnational value creation chains, and so is faced with comparable challenges. Even in sectors where the transnationalisation of production is not yet so far advanced, workers find themselves confronted with growing wage pressures in view of global or regional competition. So we find equally unacceptable wage levels and working conditions in the various sectors of the service industry as well. We can also see high levels of informal work, the lack of worker participation and various forms of discrimination as constituting higher-order problems of the global economy.

At the same time, the deplorable states of affairs outlined above recede into the background in current wage debates, which are frequently dominated by *narrowly restricted arguments based on productivity and performance*. We point to this problem with an eye to certain crucially important political and economic problems, which stand in the way of the realisation of appropriate wages in the context of the global economy. In this Guide we have endeavoured to bring the marginalised aspects of the debate into the foreground. In spite of the necessary brevity of the exposition, we offer here an alternative normative understanding of the 'economic necessities' of current wage policies in the context of globalisation, one to which working people themselves are central.

Notwithstanding the widespread perception of global injustice, no effective forms have as yet emerged on international level for the regulation of the issue of wages. While on the global level there has been controversial debate on the integration of social clauses with the world trading system, at regional level it still has not yet been possible to enforce any binding minimum wage standards. As an alternative approach, this sector has been dominated by initiatives resting on voluntary participation.

The above-mentioned obstacles to the realisation of decent incomes also highlight more than ever the central importance of effective trade union representation.

Here it can be seen that innovative forms of *transnational trade union work* along the length of global value creation chains, though they may be difficult to realise, are nonetheless essential for the future of effective worker representation. Only solidarity between workers across national frontiers can ensure the socially enlightened shaping of wage policies in the context of fragmented production and working conditions. Here cross-border structures, as in the framework of transnational and global trade union associations, global corporate group works councils and regulatory international conventions, constitute important points of departure.

Cooperation between trade unions and other civil society players under the auspices of multi-stakeholder initiatives represents a highly promising possibility for engaging with this international and cross-cultural challenge. Above all local groups (especially women's groups) should be actively involved. In view of their Christian social ethics, their powerful transnational networking and their worldwide mobilisation potential, church organisations have an important part to play here.

When it comes to formulating demands for the shaping of wages, we can conclude that it is drastically important *to cast doubt on narrowly economic arguments based on worker productivity, in the interest of emphasising widely divergent aspects of the wage debate*. Not only is the argument from productivity on closer inspection found to be problematic in view of the fact that the question of wage increases is only assessed in the light of relative increases in productivity, without any scrutiny of the overall ratio of wages to corporate profits. As a rule the question of what would be a fair or unfair share of work in the GDP is meanwhile not discussed. Likewise the question of the massive inequality of the negotiation process between workers and the company, and the unequal distribution of income and opportunity, is all too often marginalised in today's wage debates, on the grounds of market-based 'factor price formation'.

Here we are concerned with central questions relating to the future of labour and a sustainable employment policy, and so with the equitable shaping of society as a whole. In the last resort human dignity dictates that these aspects be acknowledged as no less valid and important factors than the necessity of corporate profits and the freedom to select a location.

Ensuring that all working people have a decent income is an important component for the implementation of ethical and economic standards of work in keeping with human dignity in the globalised world.

The trade unions and the church are committed to this aim and have formulated here recommendations for action to political players, institutions and decision-makers, both in economically well-off countries which still have a high proportion of formal industry, and in countries where work is for the most part on an informal footing.

The **governments of the international community of nations...**

...should explicitly commit themselves, in keeping with the human rights obligations which they have entered into in the context of international organisations and regional alliances, to a politics which pursues the enforcement of the ideal of a decent income on both national and global level.

...should publicly condemn the payment of incomes incompatible with human dignity in the context of the production chains of transnational companies, and as far as possible intervene to regulate the situation, possibly on the basis of cooperation with the ILO.

...should, in the light of Millennium Development Goals 1 (abolition of extreme poverty and creation of decent work) and 8 (establishment of a worldwide development partnership), provide mutual assistance in ensuring the payment of decent incomes.

The **German federal government and other OECD countries...**

...should observe the requirements of political consistency in the light of their human right obligations. This applies in a cross-departmental sense to both economic and social policy, as well as to health policy, education, development and foreign relations. Greater political attention needs to be dedicated to the theme of decent income.

...should, under the auspices of bilateral trading agreements, international cooperation and the promotion of foreign trade, pay greater attention to the requirement of a decent income, and should endeavour also to promote this ideal outside their own territory in keeping with their human rights obligations.

...should, under the auspices of support given to companies and the promotion of corporate social responsibility initiatives, pay greater attention to decent incomes as an aspect of the global value creation chain.

...should, in addition to considering issues of economic viability and procedural transparency, make social standards (including the payment of decent incomes) into firm criteria for public procurement and the award of contracts.

...should in their foreign policy, in accordance with the dictates of human rights, commit themselves to international cooperation for the establishment of mandatory standards with reference to a wage level that ensures human dignity and an income in keeping with human rights.

...should introduce a minimum wage across the board in Germany in all areas where parties to tariff agreements are not in a position to agree, on the basis of tariff negotiations, to a decent income such as would make it possible for workers and their families to lead a life of human dignity.

In particular, the **European Union** ...

...should assume a pioneering role on global level for the enforcement of decent incomes, and make a clear political statement to this effect. A starting point here would be the incorporation of this ideal in the recently published CSR strategy of the European Commission.

...should approve a mandatory requirement which would oblige member states to determine wage levels above the relative poverty threshold through the statutory enforcement of a minimum wage sufficient to live on, as a standard which individual and collective agreements are compelled to observe.

...should adopt social clauses in trading agreements which would observe the requirement of decent incomes.

...should urge its member states to take appropriate measures in their promotion of foreign trade as well as in bilateral trading agreements.

...should refrain from violating the fundamental principles of a decent income even in a time of financial and debt crisis.

Companies (including transnational companies)...

...should take appropriate measures in their supplier chains for the enforcement of decent wages. Such measures should also be incorporated in their own purchasing policies. This should also include an assurance of transparency in relation to their own purchasing policies.

...should work towards the implementation of appropriate measures at national, regional and global level in the interest of bringing about a level playing field based on a sense of responsibility.

...should respect the right to freedom of organisation and tariff negotiations in their firms and in the value creation chains by which they are supplied, and should commit themselves to the encouragement of social dialogue in their producing and trading countries.

Trade unions, organisations representing the workforce at company and corporate group level and civil society organisation and church organisations...

...should pursue more energetically approaches leading to organisation, above all self-organisation, both in the formal and in the informal economy, in order to meet the challenges of globalisation, e.g. by countering the national depression of wages as a result of global location competition by setting up transnational forms of organisation, regional approaches to a solution and cross-border initiatives. This should also be done under the auspices of multi-stakeholder initiatives with the involvement of local groups.

...should lend each other mutual support in the social dialogue, acknowledging the specific tasks of each.

...should in discussion with governments jointly engage with themes that have implications for development policy and human rights, with a view to the promotion of socially equitable peace.

...should exercise their power at company and corporate group level to enforce humane working conditions and decent income at their foreign locations in the supply chain.

...should strengthen international solidarity by extending the scope of international cooperation and exchange.

FOOTNOTES

- ¹ Thomas Pogge (2007): 'Anerkannt und doch verletzt durch internationales Recht. Die Menschenrechte der Armen' ['Acknowledged and yet violated by international law. The human rights of the poor'], in: Barbara Bleisch and Peter Schaber [ed.]: *Weltarmut und Ethik [World Poverty and Ethics]*, Paderborn, p. 97 ff.
- ² The threshold defined by the World Bank for 'absolute' poverty is 1.25 USD (PPP), as distinct from 'extreme' poverty' (USD 1.00 PPP) and 'moderate' poverty (USD 2.00 PPP). In what follows we will use the term 'absolute poverty' to refer to people who have less than USD2.00 PPP available to live on. People who fall below this global poverty threshold are understood as being poor in an 'absolute' sense, especially in contradistinction with the term 'relative' poverty, which refers to poverty within states and societies. For an account of the terminological problems associated with poverty, see also Christian Neuhäuser (2010): 'Zwei Formen der Entwürdigung. Relative und absolute Armut' ['Two forms of degradation. Relative and absolute poverty'], in: *Archiv für Rechts- und Sozialphilosophie [Archive of Legal and Social Philosophy]*, pp. 542-56.
- ³ Statistisches Bundesamt [German Federal Statistics Office] (2006): *Armut und Lebensbedingungen. Ergebnisse aus LEBEN IN EUROPA für Deutschland 2005 [Poverty and living conditions. Conclusions of LEBEN IN EUROPA (LIVING IN EUROPE) for Germany 2005]*, Wiesbaden, pp. 17-19, available on the internet at: http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Presse/pk/2006/EU-Silc/Pressebrochure__EU__Silc,property=file.pdf [08.05.2011].
- ⁴ International Labour Organization (ILO) (2010a): *Global Employment Trends January 2010*, Geneva, p. 22, available on the internet at: http://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_elm/@trends/documents/publication/wcms_120471.pdf [02.06.2011].
- ⁵ Quoted from Yasmina Halamwi (2011): 'Eine Milliarde T-Shirts im Jahr' ['A billion T-shirts a year'], in: *Le Monde diplomatique (German edition) no. 9466 dated 8.4.2011*, available on the internet at: <http://www.monde-diplomatique.de/pm/2011/04/08.mondeText.artikel,a0057.idx,17> [11.05.11].
- ⁶ In the further course of this article we are not referring (unless otherwise stated) exclusively to women, but we have used the female form consistently throughout in the interest of readability, seeing that the majority of those living on a precarious income are in fact women.

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- ⁸ Cf. Daniel Vaughan-Whitehead (2010): *Fair Wages. Strengthening Corporate Social Responsibility*, Cheltenham/ Northampton.
- ⁹ Hannah Arendt (2002 [1958]): *Vita Activa oder Vom tätigen Leben [Vita activa or the active life]*, Munich.
- ¹⁰ For a short overview of the development of the concept of work, see Manfred Füllsack (2009): *Arbeit [Work]*, Vienna.
- ¹¹ Cf. also Oskar Negt (2011): 'Arbeit und menschliche Würde' ['Work and human dignity'], in: *APuZ[Politics and Current Events]15/2011*, pp.3-5.
- ¹² *Basic Law for the Federal Republic of Germany* (2010 [1949]), art. 1 section 1, available on the internet at: http://www.wipo.int/wipolex/en/text.jsp?file_id=224216 [16.06.2011].
- ¹³ Cf. Bundeszentrale für politische Bildung [German Federal Agency for Civil Education] [ed.] (2004): *Menschenrechte. Dokumente und Deklarationen [Human rights. Documents and declarations]*, Berlin.
- ¹⁴ *Catechism of the Catholic Church* (1997), paragraph 1700, available on the internet at: http://www.vatican.va/archive/ENG0015/_INDEX.HTM [16.06.2011].
- ¹⁵ Immanuel Kant (1998 [1797]): *Grundlegung zur Metaphysik der Sitten [Groundwork of the Metaphysic of Morals]*, Ditzingen.
- ¹⁶ Cf. Avischai Margalit (1997): *Politik der Würde [The politics of dignity]*, Berlin.
- ¹⁷ Even if the connection generally appears to be that of a justifying ground – based on the dignity intrinsic to human beings, they are entitled to certain rights – it can also be understood the other way around: when human rights are respected, their human dignity is protected accordingly. Cf. Markus Stephanians (2003): 'Gleiche Würde, gleiche Rechte' ['Equal dignity, equal rights'] in: Ralf Stoecker (ed.): *Menschenwürde. Annäherungen an einen Begriff [Human dignity. Approaches to an idea]*, Vienna, pp. 43-63.

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<http://daccess-dds-ny.un.org/doc/UNDOC/GEN/G06/403/13/PDF/G0640313.pdf?OpenElement> [07.01.2012].
Separate commentaries on articles 7 and 8 of ICESCR do not exist to date, though notice is given of them in the Comment on article 6 without specification of the time of publication.
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<http://www.coe.int/t/dghl/monitoring/socialcharter/Presentation/ESCRBooklet/English.pdf> [07.01.2012]
- ²⁰ International Labour Organization (ILO) (1998): *ILO Declaration on Fundamental Principles and Rights at Work*, on the internet at:
http://www.ilo.org/dyn/normlex/en/f?p=1000:62:0::NO:62:P62_LIST_ENTRIE_ID:2453911:NO [07.01.2012].
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<http://www.ilo.org/dyn/normlex/en/f?p=1000:12000:0::NO>[13.10.2011]
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<http://www.ilo.org/ilolex/english/constq.htm> [13.10.2011]. Cf. also ILO (1928): *Convention 26 – Minimum Wage Fixing* and ILO (1970): *Convention 131 – Minimum Wage Fixing, especially with regard to Developing Countries*, available for inspection at:
<http://www.ilo.org/dyn/normlex/en/f?p=1000:12000:0::NO>[13.10.2011]
- ²³ Cf. ILO (1944): *Declaration of Philadelphia*, chapter III, under d, available on the internet at:
http://www.ilocarib.org.tt/projects/cariblex/conventions_23.shtml [07.01.2012] and ILO (2008): *ILO Declaration on Social Justice for a Fair Globalisation*, chapter I, section A, under ii., available on the

internet at: http://www.ilo.org/wcmsp5/groups/public/@dgreports/@cabinet/documents/publication/wcms_099766.pdf [07.01.2012].

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- ²⁶ Christian Hecker (2008): *Lohn- und Preisgerechtigkeit. Historische Rückblicke und aktuelle Perspektiven unter besonderer Berücksichtigung der christlichen Soziallehren [Justice in relation to wages and prices. Historic retrospect and current prospects, with particular reference to Christian social teachings]*, Marburg.
- ²⁷ Donald R. Stabile (2008): *The Living Wage: Lessons from the History of Economic Thought*. Cheltenham/Northampton.
- ²⁸ Daniel Vaughan-Whitehead (2010), p. 13.
- ²⁹ Cf. Vaughan-Whitehead (2010), p. 8.
- ³⁰ Wolfgang Merkel (2001): 'Soziale Gerechtigkeit und die drei Welten des Wohlfahrtskapitalismus' ['Social justice and the three worlds of welfare capitalism'], in: *Berliner Journal für Soziologie [Berlin Journal of Sociology]*, 11(2), p. 135.
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- ³² Hecker (2008), p. 282.
- ³³ Holger Lengfeld (2007): 'Lohngerechtigkeit im Wandel der Arbeitsgesellschaft' ['Wage justice in the light of changes in the working society'], in: *APuZ [Politics and Current Events]* 4-5/2007, pp. 11-17.
- ³⁴ Alexander Grasse, Carmen Ludwig and Berthold Dietz (2006): 'Problemfeld "soziale Gerechtigkeit". Motive, Inhalte und Perspektiven' ['"Social justice" as a problem area. Motifs, content and prospects'], in: *ibid.* [ed.]: *Soziale Gerechtigkeit. Reformpolitik am Scheideweg [Social justice. Reform politics at the crossroads]*, Wiesbaden.
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- ³⁶ Henning Hahn (2009): *Globale Gerechtigkeit. Eine philosophische Einführung [Global justice. A philosophical introduction]*, Frankfurt a.M.; cf. also Christoph Broszies and Henning Hahn [ed.] (2010): *Globale Gerechtigkeit. Schlüsseltexte zur Debatte zwischen Partikularismus und Kosmopolitismus [Global justice. Key texts on the debate between particularism and cosmopolitanism]*, Berlin. Cosmopolitan positions are represented e.g. by Peter Singer (2007 [1974]): 'Hunger, Wohlstand und Moral' [Hunger, affluence and morals'], and cf. also Barbara Bleisch and Peter Schaber [ed.]: *Weltarmut und Ethik [World poverty and ethics]*, Paderborn, pp. 37-51 and Pogge (2007). A particularist position may be found for example in John Rawls (2002): *Das Recht der Völker [The Law of Peoples]*, Berlin.
- ³⁷ Cf. Thomas Nagel (2010): 'Das Problem globaler Gerechtigkeit' ['The problem of global justice'], in: Henning Hahn and Christoph Broszies [ed.]: *Globale Gerechtigkeit. Schlüsseltexte zur Debatte zwischen Partikularismus und Kosmopolitismus [Global justice. Key texts on the debate between particularism and cosmopolitanism]*, Berlin, pp. 104-44, as well as Julian Nida-Rümelin and Martin Rechenauer (2009): 'Internationale Gerechtigkeit' ['International justice'], in: Mir A. Ferdossi [ed.]: *Internationale Politik als Überlebensstrategie [International politics as a survival strategy]*, Munich, pp. 297-321.
- ³⁸ Pogge (2007). Cf. also Iris Marion Young (2010): 'Verantwortung und globale Gerechtigkeit: Ein Modell sozialer Verbundenheit' ['Responsibility and global justice: a social connection model'], in: Christoph Broszies and Henning Hahn [ed.]: *Globale Gerechtigkeit. Schlüsseltexte zur Debatte zwischen Partikularismus und Kosmopolitismus [Global justice. Key texts on the debate between particularism and cosmopolitanism]*, Berlin, pp. 329-69. Young represents by contrast a different understanding of global justice, which she explicitly develops with an eye to the structural injustices manifesting themselves in labour relations in the context of globalisation without institutional controls.
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- ⁴⁰ Cf., with reference to the USA, David H. Ciscel (2004): 'The Determination of Living Wages', in: Deborah M. Figart (ed.): *Living Wage Movements. Global Perspectives*, London/New York, p. 51.

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- ⁴³ Cf. Vaughan-Whitehead (2010), p. 88.
- ⁴⁴ Cf. Doug Miller and Peter Williams (2009): 'What Price a Living Wage? Implementation Issues in the Quest for Decent Wages in the Global Apparel Sector', in: *Global Social Policy*, 9(1), p. 100.
- ⁴⁵ ILO (2010b): *Global Wage Report 2010/11. Wage Policies in Times of Crises*, Geneva, p. 118, available on the internet at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_145265.pdf [02.10.2011].
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- ⁴⁷ Merk (2009), p. 32.
- ⁴⁸ Cf. Jeroen Merk (2010): 'Cross-border Wage Struggles in the Global Garment Industry. The Campaign for an Asia Floor Wage', in: Andreas Bieler and Ingemar Lindberg (ed.) *Global Restructuring, Labour and the Challenges for Transnational Solidarity*, London, p. 117.
- ⁴⁹ Cf. Thomas Fetzer (2010): 'The Late Birth of Transnational Labour Cooperation. Cross-Border Trade Union Networks at Ford and General Motors (1953-2001)', in: *Labour History Review*, 75(1), pp. 76-97.
- ⁵⁰ Cf. Merk (2010), p. 117.
- ⁵¹ Cf. Bettina Musiolek (2010): *Geschlechtergerechtigkeit und freiwillige Instrumente der Unternehmensverantwortung in globalen Produktionsnetzwerken und Lieferketten [Justice between the sexes and voluntary instruments of corporate responsibility in global production networks and supply chains]*, INEF Forschungsreihe Menschenrechte, Unternehmensverantwortung und Nachhaltige Entwicklung [INEF Research Series on human rights, corporate responsibility and sustainable development] 07/2010, p. 37, available on the internet at: http://www.humanrights-business.org/files/geschlechtergerechtigkeit_und_freiwillige_instrumente_der_unternehmensverantwortung_musiolek.pdf [13.09.2011].

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- ⁵³ Musiolek (2010), p. 79 ff.
- ⁵⁴ Cf. Nina Ascoly (2004): *Die globale Bekleidungsindustrie und die informelle Wirtschaft: Zentrale Problemfelder für Akteure auf dem Feld von Arbeitsrechten [The global clothing industry and the informal economy: central problem areas for players in the field of labour rights]*, IRENE/CCC-Hintergrundpapier [IRENE/CCC Background Paper], available on the internet at: http://www.irene-network.nl/download/de_disccc.pdf [29.12.2011].
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