

# What is a Living Wage *and why do we need one?*



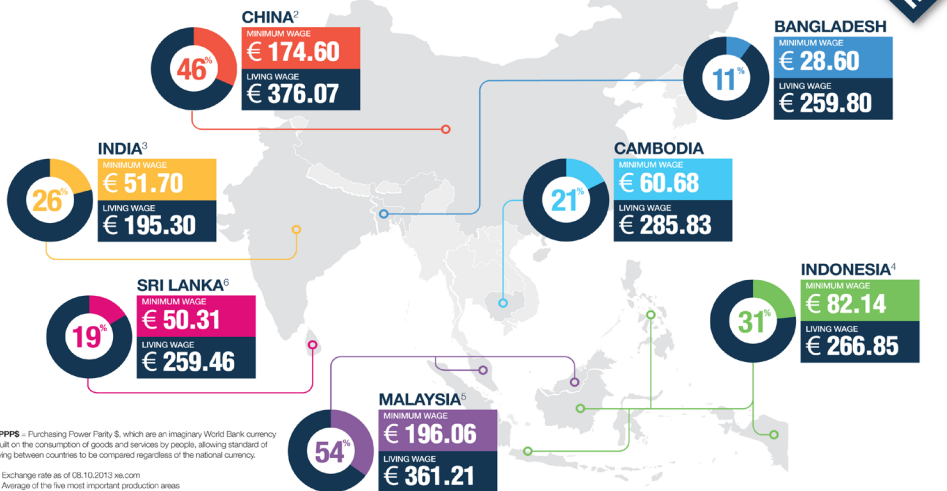
The majority of women workers in the Asia Pacific region work in de-valued, low paid and largely unorganised sectors such as agriculture, domestic work, service sector and garment factories. Across these industries women are routinely denied key labour rights<sup>1</sup>, paid poverty wages and exposed to exploitation.

A **LIVING WAGE** is a wage that allows workers to live with dignity. A living wage must be enough to enable workers to meet basic needs such as food, shelter, clothing, healthcare, savings and minimal recreation for workers and their families. A **LIVING WAGE** is based on the calculation of (1) food consumption with enough calories for a family of four, based on local dietary habits (2) non-food costs including food, rent, utilities, children's education, and savings.

A **LIVING WAGE** can help achieve economic equality, gender equality, eradicate poverty and support sustainable economic growth.

## MINIMUM WAGE VS LIVING WAGE

The difference between the minimum wage<sup>1</sup> and a living wage. To say instead - The Living Wage is based on the Asia Floor Wage 2013 figure of PPP\$725.



<sup>1</sup> PPP\$ = Purchasing Power Parity \$, which is an imaginary World Bank currency built on the consumption of goods and services or people, allowing standard of living between countries to be compared regardless of the national currency.  
<sup>2</sup> Exchange rate as of 08.10.2013 via.com  
<sup>3</sup> Average of the five most important production areas  
<sup>4</sup> Average of key regions: Tamil Nadu, West Bengal, Maharashtra (Mumbai), Zone II  
<sup>5</sup> Average of all provinces  
<sup>6</sup> In July 2012 the Malaysian government announced that workers in Malaysia would receive minimum wages of RM 900 (US\$201) for Peninsular Malaysia and RM 600 (US\$150) for Sabah and Sarawak  
<sup>7</sup> Lowest entrance wage for first year, grade IV and without any bonuses

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## THE ASIA FLOOR WAGE

(AFW) is calculated based on the following assumptions:

**A WORKER IS SUPPORTING THEMSELVES**

1 X WORKER +  
 2 x adult dependents **OR**  
 1 x adult + 2 x children **OR**  
 4 x children

50% of monthly salary goes towards food, based on 3,000 calories a day per adult.

**3000** calories

**50%**

40% clothing, housing, travel costs, children's education, health costs.

**40%**

10% towards discretionary income (some entertainment, savings, pension or if main earner loses their job).

**10%**

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**No country in our region provides a LIVING WAGE for garment workers. In most cases garment workers and their families are forced to live in poverty. Domestic workers and agricultural workers are paid even less.**

## Why is minimum wage not enough?

The export industry dependent states in South and Southeast Asia promote low wages as their 'competitive advantage'. This means they must compete in pushing down wages and they set extremely low minimum wages to attract foreign investment. Unions are generally absent, weakened or attacked in these areas, meaning demands for a higher minimum wage are dismissed. As social services become increasingly privatised and social protections decrease, minimum wages become more and more insufficient

Even the official minimum wage is not always applied, and informal sector workers are excluded. As a result, Asia continues to have the highest gender pay gap in the world, and the majority of women work without basic security, benefits, and safe working conditions. The burden of care work adds to the challenges women workers face in organising and unionising.

[1] Rhodes, Francesca, Jasmine Burnley, Maria Dolores, Joy Kyriacou, Rachel Wilshaw, Daria Ukhova, Luke Gibson, and Mustafa Talpur. "Underpaid and Undervalued: How inequality defines women's work in Asia." (2016).

For more information on our Living Wage campaign, please visit [www.apwld.org](http://www.apwld.org)

Asia Pacific Forum on Women, Law and Development



## Why is this a feminist issue?

Historically, wage-setting mechanisms assumed that women are dependents, not breadwinners. Any work that was predominantly done by women has been given less value than that of men - sewing, childcare, elderly care, personal care like hairdressing, subsistence food production, cooking, social work are all paid less than jobs that require similar knowledge or experience. The same patriarchal ideas about gender roles mean that women continue to shoulder the burden of unpaid care work when these tasks are not outsourced.

Asia's economic growth has rested on the availability of women's cheap and exploitable labour. While women must have the equal right to participate in paid work, it cannot be a right that comes with an expectation that they accept poverty wages. Globally, real wages continue to fall while workers' living costs rise.

The profits coming from women's paid and unpaid labour is being enjoyed by a tiny few: executive pay has doubled since 2002 and is on average at least 2,000 times more than that of a typical garment worker in Bangladesh.<sup>2</sup> The wealth of Amancio Ortega (owner of Inditex - Zara, Bershka) is 82,107,843 times that of the annual income of a Bangladeshi garment worker.

Fair and just conditions of work, including **Living Wages**, are essential to **Development Justice**. Transforming development requires a transformation of labour practices. **DECENT WORK** and **LIVING WAGES** must also apply to informal sectors and migrant workers.

[2] Wilshaw, Rachel. "Steps towards a living wage in global supply chains." (2014).

## Is a LIVING WAGE actually possible?

Opponents argue that a LIVING WAGE would make export-led countries less competitive and drive away foreign investment, as foreign companies can move to countries with cheaper labour.

A LIVING WAGE can stimulate local economies as workers are able to spend more. With a good tax system in place, this can generate much-needed tax revenue. China has increased its minimum wage to stimulate local consumption. To prevent companies from searching for the cheapest labour cost, we need a regional floor wage and universal calculations for a LIVING WAGE.

Studies show that when companies raise wages to meet LIVING WAGE standards, they were able to reduce worker turnover by as much as 50%.<sup>3</sup> A LIVING WAGE improves the quality of work, increasing overall productivity.<sup>4</sup> Workers can afford basic needs and report higher job satisfaction.

[3] Hurst, Rosie. "Nicer work? Impactt's Benefits for Business and Workers Programme (2011-1013).(2013)

[4] Ibid 1

## Living Wage is a Human Right

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.

UN Declaration of Universal Human Rights, 1948, Article 25 (3)

Everyone has the right to an adequate standard of living for himself and his family, including adequate food, clothing and housing and to continuous improvement of living conditions.

UN International Covenant on Economic and Cultural Rights, 1996, Article 11

Whereas conditions of labour exist involving such injustice, hardship and privation to large numbers of people...an improvement of those conditions is urgently required; as, for example, ...the provision of an adequate living wage.

ILO Constitution, 1919, Preamble

By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Target 8.5, Goal 8 of Sustainable Development Goal

## What can you do?

- Join our ongoing campaign for a **global strike** to demand LIVING WAGES and a just global economy. Stop working, withdraw consent, and withdraw production-consumption from the system. March 8 and May 1 are important dates to strike!
- Host a workshop, forum or street theatre to raise awareness about LIVING WAGES
- Coordinate your actions with unions and other organisations working on wage issues (and join a union if you are not in one!)
- Set up a meeting with representatives from labour or women ministries. Discuss how a LIVING WAGE could help women workers and the country's economy
- Look within your own workplace and assess whether workers are able to meet all the costs of a family using the Asia Floor Wage calculations
- Start an online petition on SumOfUs.org and other platforms, calling for a national and regional LIVING WAGES.
- Share campaign materials on LIVING WAGES on social media and educate your online friends!
- Write an opinion piece or invite media to cover street actions on LIVING WAGE
- Let us know how we can ASSIST YOU.