



## asian floor wage

Some years ago, labour movement activists across Asia got together to discuss the possible benefits of calling for an Asia Floor Wage - that is, a minimum wage for all Asian workers. Naturally, the very nature of this conversation raised some very important considerations: What would the wage be? How do we call for a wage across different countries, using different currencies and where the cost of goods and services is markedly different? How would we calculate such a wage? Who would we be presenting with such a wage claim?

The key concepts of the Asia Floor Wage (AFW) are summarised in the Asia Floor Wage Alliance publication *Stitching a Decent Wage Across Borders*. [available at [www.asiafloorwage.org](http://www.asiafloorwage.org)]

The AFW Alliance includes NGOs, trade unions and academics from Asia, Europe and North America.

All garment workers in Asia need a wage increase. But sometimes as workers struggle to improve their wages and conditions in one country, companies relocate to another country, where wages and conditions are lower. So workers are often afraid or unable to fight for better wages, because they might lose their jobs.

The AFW is a response to this problem. It proposes to negotiate a minimum (floor) wage for all garment workers in Asia.

AAWL's November public meeting was on the issue of the minimum wage, and comrades had a number of questions about the development of the AFW campaign. The first major issue that was raised is that campaign documents make the AFW campaign appear similar to campaigns to introduce codes of Corporate Social Responsibility. These codes are employment standards that large multinationals agree to abide by. They are usually negotiated by NGOs directly with the companies. The codes rely on compliance inspectors and consumer pressure. This is in contrast to campaigns that are led and controlled by workers, which are built through union meetings, industrial action and international solidarity, and where wages and conditions are negotiated directly with the employers.

An additional issue discussed was that workers and unions around the world have been fighting for wage increases, and these campaigns are well documented. In some cases particular wage negotiations have a long history. These campaigns should to be at least considered when we begin a discussion of strengthening local campaigns and building an international solidarity campaign, as they will be the familiar ground for worker activists. But it is not clear how the AFW proposal links to existing campaigns and with the unions' history of struggle for higher wages.

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To begin to calculate the Asia Floor Wage, the AFW Alliance has determined that a figure of 3000 calories is the amount of food that is required by an adult worker on a daily basis. Adopting such a nutritional threshold means that local groups can then define how their own basket is filled. This should allow for a variable food basket that takes into account differences in local cuisines and local produce availability. The AFW Alliance considers that a minimum wages should provide enough food for a family of 2 adults and 2 children, which would be 9000 calories per day.

But a major issue is how much does 3000 calories of food cost? Obviously that depends on what people are buying. 3000 calories of grain costs a lot less than 3000 calories of meat. And 3000 calories of sugar has less nutritional value than 3000 calories of vegetable. So quite specific decisions on the items in the food basket are necessary to reach a meaningful figure as the cost of the 3000 calories.

According to the AFW Alliance food costs are usually half of a family's total living expenses. Therefore the ratio between the cost of food and of all other basic needs, such as clothing, housing, utilities, transport, health care, education and savings for pregnancy, sickness and old age is 1:1. So you double the cost of 9000 calories worth of food for two adults and two children to calculate the minimum wage. In this calculation, the AFW is earned during each country's legal maximum working week, and in any case not above 48 hours.

This calculation also presents issues. The AFW is achieved by simply doubling the cost of food, to take into account all other cost of living, including provisions for children and savings for the future. This is because "garment workers from Indonesia, India, Bangladesh and elsewhere spend a great deal - often around half - of their income just on food items." However it is possible to argue that food costs accounting for half of all living costs is a situation born out of necessity and poverty, rather than being a reasonable and normal spending

pattern for Asian workers. It may be that the doubling of food costs to reach a minimum wage would achieve only a poverty wage, which is clearly not what is intended by the AFW campaign.

The relocation of much manufacturing industry to Asia has occurred in order to maximise profits by minimising labour costs. The US garment industry has an annual profit of \$US130 billion and most of that comes from the exploitation of workers in Asia. Low wages are maintained by restrictions on the ability of workers to organise. This is done by companies refusing to recognise unions, refusing to negotiate in good faith and by sacking activists and workers who take industrial action. It is also done by governments with the establishment of free trade zones, laws that restrict industrial action and union rights, and by setting poverty-line minimum wages. It is sometimes done through outright violence.

Labour movement campaigns need to be international to change this situation. The Asia Floor Wage campaign may become very important in this struggle. However the central demand has to remain a living wage for all workers. And activists need to remember that successful campaigns are built through workplace struggle. Unions everywhere need to assist garment workers in the Asian region, and coordinate industrial action and solidarity campaigns to support their struggle for wages and conditions and achieve significant victories.

We need to make it clear to all capitalists that poverty wages are not acceptable. In any industry, in any country, for any reason.



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# philippines wages



In the Philippines there is no national legal minimum wage. Wages are determined regionally based on a government policy established during the Aquino administration where Regional Wage Boards were created that determine wages in particular areas. The Regional Wage Boards determine wages based on the interests of capitalists and not at all providing a living wage for workers. Regional Wage Boards only serve to divide, deceive, and give grossly inadequate wage adjustments to workers. The government further allows numerous exemptions and high levels of non-compliance with Wage Board orders. Wages have long been frozen at levels far below the cost of living.

From 2001 to 2006 wages increased by only 19% while the cost of basic goods rose by 38%. The present national average minimum daily wage is 296 Philippines Pesos (US\$6). This is a meagre 34% of the estimated daily cost of living of P871 (US\$19).

The KMU Labour Centre is demanding and campaigning for a legislated P125 (US\$3) across-the-board, nation-wide daily wage increase.

For more information on KMU's campaign go to: [www.kilusangmayouno.org](http://www.kilusangmayouno.org)

With the government's deregulation policies and the imposition of the Expanded Value-Added Tax, Filipino workers' purchasing power has been slashed by one third. A new round of oil price hikes is very imminent in the face of recent announcements by oil companies, which will again cause price increases on basic commodities. Philippines government data from the National

Statistics Office shows the purchasing power of Filipinos falling year after year, with the Peso's real value dropping from P0.94 in 2001 to P0.63 in May this year. Meaning that 9 years ago, a Filipino only needed P63 to buy the same goods and services that now cost P100.

The Philippines Government has done nothing to protect workers from the price hikes in oil and basic commodities. Instead, It has created a deregulated environment wherein corporations can reap big profits even as workers reel from the crisis. For instance, the price of a kilo of rice has doubled since 2001 from P17 to P35 because of the country's increased dependence on rice importation, caused by the lack of government support for the agriculture sector. Further, the price of fuel has tripled because of the Oil Deregulation law. Today 77% of families in the Philippines are living in poverty. One third of the labour force is job-starved and the so called minimum wage fulfils only half of the requirements for a basic decent life. Social inequality is huge, with the top 20% earning 57% of the total national income.

These conditions are intensified by the economic crisis. For Filipino families, globalization has only meant bankruptcies and mass displacement of peasant families and workers. It has spelled the continuing violation of workers' rights and threat to job security in order for transnational and big local corporations to squeeze more profits. Government policies also mean increasing prices of basic commodities and social services as government regulation is lifted and public utilities are turned over to private corporations.

*The report on Philippines wages was presented by Angelina Ladera, from Kilusang Mayo Uno (KMU). Comrade Angelina is a refugee because her life and her children were threatened in an attempt to stop her union organising activities.*

	Philippines
Minimum Wage Local / Hour	37 Pesos
Minimum Wage US\$ / Hour	81 cents
KMU demand Local / Hour	53 Pesos
KMU demand US\$ / Hour	\$1.15

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# minimum wage rates in asia

	Bangladesh	China	India	Sri Lanka	Thailand	Indonesia
Minimum Wage Local / Hour	10.70 Taka	2.70 Yuan	INR 16	SLR 40	22 Baht	4800 IR
Minimum Wage US\$ / Hour	16 cents	41 cents	34 cents	36 cents	67 cents	52 cents
Asian Floor Wage proposal Local / Hour	51.70 Taka	7.90 Yuan	INR 34	SLR 80	36 Bath	9000 IR
Asian Floor Wage proposal US\$ / Hour	77 cents	\$1.15	72 cents	70 cents	\$1.10	95 cents

1. China sets minimum wages by Province. Figure above from Guandong, the major exporting province.
2. India sets minimum wages by State. Figure above from an average of 5 States with significant industry
3. Indonesia & Thailand set minimum wages by province. The figures above are the mid-way points
4. The Sri Lanka minimum wage figure above is from 43 trades
5. Bangladesh has many disputes over arrears, which seem to be the main way minimum wages are determined.

## colombia wages

Asia is unfortunately not the only region where poverty wages are standard.

In Colombia the economy is controlled by a few families. Most workers receive very low wages. The official poverty line is 1.2 Million Pesos (US\$600) per month. But the legal minimum wage is 497,000 Pesos (US\$240) per month, less than half of the poverty line.

In the impoverished economy most small business owners can't afford to pay a living wage. In practice two or three jobs are needed to make one wage. So workers have to increase their hours of work and their effort to make enough money to live. This is very profitable for companies in Colombia.

To reduce costs companies use subcontracting. In Colombia 85 workers out of 100 are now subcontractors. There is a great deal of informal labour. There is no guarantee of employment for the

duration of the year. There are no unemployment benefits. Health & safety problems have increased with the extension of subcontracting and informal labour.

Unions in Colombia argue for a living wage for all workers. But unions are severely repressed in Colombia, which has the highest number of union activists murdered in the world.

[Information & solidarity: [www.sinaltrainal.org](http://www.sinaltrainal.org)]

*The report on Colombia wages was presented by Duban Veléz, from Central Unitaria de Trabajadores (CUT). Since returning to Colombia comrade Duban has received anonymous death threats demanding that he resign from his union position.*

	Colombia
Minimum Wage Local / Hour	2400 Pesos
Minimum Wage US\$ / Hour	\$1.17

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