



## Economic and Social Council

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### Commission for Social Development

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**Follow-up to the World Summit for Social Development and  
the twenty-fourth special session of the General Assembly:  
priority theme: promoting empowerment of people in achieving  
poverty eradication, social integration and full employment and  
decent work for all**

### **Statement submitted by International Kolping Society, a non-governmental organization in special consultative status with the Economic and Social Council**

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31.



## Statement

The demand for a decent income is more topical today than ever. Partly as a result of progressive globalization, 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 inhumane 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 Europe, 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.

The issue of wages, meanwhile, is inseparably connected with other key social problems of globalization, 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. Stigmatization 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. The link between the wage issue and other key social problems thus suggests a demand for coherent political planning.

The problems to be observed are not just restricted to highly globalized industrial sectors, such as 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 transnationalization 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 realization of appropriate wages in the context of the global economy. In this guideline we have endeavoured to bring the marginalized 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 globalization, one to which working people themselves are central.

The above-mentioned obstacles to the realization 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 realize, 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 work 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 mobilization potential, church organizations 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 emphasizing 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 gross domestic product 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 marginalized 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 globalized 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 organizations and regional alliances, to a politics which pursues the enforcement of the ideal of a decent income on both the national and global levels

- 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 International Labour Organization
- 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 countries of the Organization for Economic Cooperation and Development should:

- Observe the requirements of political consistency in the light of their human rights 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
- As part of bilateral trading agreements, international cooperation and the promotion of foreign trade, pay greater attention to the requirement of a decent income, and endeavour to promote this ideal outside their own territory, in keeping with their human rights obligations
- As part of the 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
- 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

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
- Work towards the implementation of appropriate measures at the national, regional and global levels in the interest of bringing about a level playing field based on a sense of responsibility
- Respect the right to freedom of organization and tariff negotiations in their firms and in the value creation chains by which they are supplied, and commit themselves to the encouragement of social dialogue in their producing and trading countries

Trade unions, organizations representing the workforce at the company and corporate group levels and civil society and church organizations should:

- Pursue more energetically approaches leading to organization, above all self-organization, both in the formal and in the informal economies, in order to meet the challenges of globalization, for example by countering the national depression of wages as a result of global location competition by setting up

transnational forms of organization, regional approaches to a solution and cross-border initiatives

- Lend each other mutual support in the social dialogue, acknowledging the specific tasks of each
  - In discussion with Governments, jointly engage with themes that have implications for development policy and human rights, with a view to promoting socially equitable peace
  - Exercise their power at the company and corporate group levels to enforce humane working conditions and decent income at their foreign locations in the supply chain
  - Strengthen international solidarity by extending the scope of international cooperation and exchange.
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