

Living Wage and Sustainable Development Goal # 8

Raymond Saner

University of Basel

(Corresponding author: raymond.saner@unibas.ch)

Lichia Yiu

President, CSEND, Geneva

Paper prepared for presentation at the “6th Conference of the Regulating for Decent Work Network” At the International Labour Office Geneva, Switzerland, 8-10 July 2019

6418 words

Abstract (203 words)

The 2030 Agenda for Sustainable Development consists of 17 Sustainable Development Goals (SDGs) of which SDG 8 focuses on employment and decent work for all. SDG 8 has been listed as one of the six SDG goals that serve as thematic topics of the 2019 High Level Political Forum scheduled to take place in July in New York. All member countries of the United Nations are invited to present their implementation of the SDGs in general and of SDG 8 in particular. This paper discusses SDG 8's 12 targets and 17 indicators and how SDG 8 could be better linked with the labour policy called Living Wage. The ILO is the International Organisation which serves as custodian in charge of developing indicators for the SDG 8 related targets. However, the indicators developed so far are not strong yet (most of them are Tier II quality) and the link to Living Wage is not adequately developed either. This paper summarizes the main arguments that have been made in favour or disfavour of Living Wage and ends with recommendation how the ILO and its member states could ensure that the policy of Living Wage will be firmly anchored in SDG 8.

Keywords: Living Wage, 20130 Agenda; social justice; Sustainable Development Goal #8, worker wellbeing,

Copyright 2019 by author(s). All rights reserved. Readers may make verbatim copies of this document for non-commercial purposes by any means, provided that this copyright notice appears on all such copies.

A) The 2030 Agenda and Living Wage

In September 2015, as a follow-up to its Millennium Development Goals (2000), the United Nations General Assembly adopted Resolution 70/1, titled “Transforming our world: the 2030 Agenda for Sustainable Development”. Resolution 70/1 introduced the 17 Sustainable Development Goals (SDGs), created with the aim to “end poverty, protect the planet, and ensure prosperity for all” (“Sustainable development goals–United Nations”, 2017). The 17 goals encompass all aspects of sustainable development, including ending poverty and hunger, ensuring quality education and gender equality, reducing inequalities and ensuring sustainable business practices and taking care of the environment (Yiu and Saner, 2014).

The 2030 Agenda describes Goal 8 as follows: “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”¹

The text lists 10 Targets on page 21 which are suggested to help countries achieve the SDG Goal #8 by the year 2030². None of the 10 SDG 8 Targets mentions by name the labour policy on “Living Wage” even though Living Wage is presented in several of ILO’s documents ever since the start of the ILO in 1919 and despite the fact that the ILO is the custodian of SDG 8. Instead, the concept of “Decent Work” (DW) has been included into the text of the 2030 Agenda and mentioned six times, namely in the introduction (2x), in the section on the New Agenda (1x), the presentation of the 17 Goals (1x), the presentation of Goal 8 (in heading and as Target 8.5), and one of the 10 SDG 8 Targets uses a term related to DW, i.e., the term “decent job”.

Targets of SDG 8 that mention either Decent Work or Decent Job are as follows:

Target 8.3: Promote development-oriented policies that support productive activities, *decent job* creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-

¹ Transforming our world: the 2030 Agenda for Sustainable Development, UN AG resolution 70/1 , 21 October 2015, New York, Page 14/35

²

<https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf>

sized enterprises, including through access to financial services (italic added)

Target 8.5: 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 (italic added)

Target 8.3. focuses on economic development including creating decent jobs but the major focus is entrepreneurship, innovation, access to finance. Decent Job is part of the larger economic development strategy of countries and serves also as part of an overall development objective of wellbeing for all. Target 8.5. does not reflect this development link rather is much more limited to and focused on conditions of work therein payment of worker's salaries.

The absence of the labour policy concept "Living Wage" in the whole of the 2030 Agenda is startling especially since the International Labour Organisation (ILO) lists Living Wage in several of its key documents ever since its founding in 1919. It is even more stunning to realise that an important policy consideration to avoid the malaise of working poor has been left out of the SDG agenda when ILO has promoted the policy agenda of "decent" work for more than 15 years and is currently serving as the nominated custodian of SDG 8 and its 10 targets. "Custodian" is the term used to identify an international agency that will be responsible to develop the indicators needed to measure achievement of the respective Targets. There exists a policy incoherence between the organisational precept and approaches with the global one. This incoherence should not be overlooked.

B) Strength of specific SDG indicators and challenge

The SDG indicators were developed by the Inter-agency and Expert Group on SDG Indicators (IAEG-SDGs). Of the total 230 indicators, problems exist pertaining to the conceptual clarity, availability of data, and internationally established methodology in data gathering. A total of three categories of indicators were established ³.

³ Tier Classification for Global SDG Indicators, 20 April 2017, UN, NY

Tier 1: Indicator is conceptually clear, has an internationally established methodology and standards are available, and data are regularly produced by countries for at least 50 per cent of countries and of the population in every region where the indicator is relevant.

Tier 2: Indicator is conceptually clear, has an internationally established methodology and standards are available, but data are not regularly produced by countries.

Tier 3: No internationally established methodology or standards are yet available for the indicator, but methodology/standards are being (or will be) developed or tested.

The indicators pertaining to SDG 8 and its 10 Targets are weak due to missing data or missing known or accepted methodology. Of the 17 Indicators listed, only 8 are Tier I (47%), 7 are Tier II (41%) and 2 are Tier III (12%) indicators. As stated above by the IAEG, Tier III indicators means that no internationally established methodology or standards exist yet and Tier II means no data are regularly produced by countries. In other words, currently 9 of the 17 indicators (53%) aiming to measure progress in achieving decent work for all are not able to generate empirical evidence whether countries have been able to implement SDG 8 and making progress.

What is the current state of play in regard to the two work conditions related policy concepts that are recommended in the 2030 Agenda- namely Decent Job (Target 8.3) and Decent Work (8.5)? The related indicators for both targets are 8.3.1 (Tier II), 8.5.1 (Tier II) and 8.5.2 (Tier I). In other words, two of the indicators belong to Tier II category and need to be improved to Tier I category to ensure the regular production of data and hence making them possible to measure outcomes of SDG 8 implementation. Improving these two Tier II indicators logically should be possible since the ILO is the custodian of both Targets and since both targets mention ILO terminology such as Decent Job (8.3) and Decent Work (8.5.)

In summary, the absence of any mentioning of Living Wage in the 2030 Agenda and in the sector specific SDG Goal 8 is illogical since Living Wage has been and remains an official core concept and policy of the Decent Work Agenda of the ILO. One hence can wonder why Living Wage is absent in the 2030 Agenda. One can also wonder why the two targets linked to

ILO's Decent Work concept have not been improved to Tier I status since they are within the remis and competence of the ILO and it is the sole custodian of both SDG 8 targets. In addition, there has been four years to improve the indicators of both targets since initial publication of the Declaration.

C) Current appraisals of Living Wage

As said in the previous section, none of the 10 SDG 8 targets refer to known labour policies such a Minimum Wage or Living Wage. To leave out mentioning of wage specific labour policies creates a policy vacuum which could be interpreted as deliberate omission or an attempt to amalgamate both- MW and LW- into the Decent Work Agenda unobtrusively. But by not explaining and justifying why it is left to speculate why MW and LW have been omitted in the 2030 Agenda.

MW and LW are part of the Decent Work concept already and should be acknowledged in the relevant SDG 8 text. To omitt the core components of MW/LW from the 2030 Agenda replace them with broad and non-specific DW gives the impression to uninformed persons that Decent Work (DW) covers all of MW/LW core statements which is not true. For instance, any mentioning of DW might give the impression that all wage and labour security components are covered hence no need for MW or LW. This is an unsatisfactory tactic, at the best! Since MW and LW are not mentioned specifically, there is uncertainty as to how SDG 8 and its targets 8.3 and 8.4 could or should be interpreted and measured by policy makers, business, labour unions and civil society. As Peter Drucker was reported as having stated once "what gets measured, gets managed". Without an indicator dealing with the wage policy and labour security, it would be quite a stretch to imagine wage and labour security will be part of the SDG policy discourse in many countries and by many companies.

In view of the fact that MW and LW have been considered as controversial labour policy options by some governments and employer associations (Saner, 2019), there is a need for better articulations as to what both terms mean and how both could contribute to the achievement of the two SDG 8 targets. Sticking to fixed positions in this debate will not help

resolve this critical social issue regarding equitable distribution of benefits due to joined effort in productivity gains and wealth creation will be omitted from labour policy discussions. More critical responses by all stakeholders will be needed to face the dual challenges of globalisation and equitable access to opportunities through sustainable livelihoods. The wage issue should not be viewed separately since shortage of sustainable livelihoods engenders failure in achieving the ultimate goal of the 2030 Agenda which is to “end poverty in all its forms everywhere” (SDG 1).

Several experts from different academic backgrounds with broad and deep understanding of both themes provided the following observations about LW and MW. Their statements were gathered during a colloquium on Living Wage which the first author organised and which took place on 10th June 2017 at the University of Geneva. What follows are summaries of their observations and contributions ⁴

1. Living Wage: a historical perspective

Emmanuel Reynaud, sociologist and former ILO official, making reference to his book titled “The ILO and the Living Wage: A Historical Perspective” (2017) stated the following:

The notion of a living wage is closely linked to the very reason for establishing the International Labour Organization after WWI. Two fundamental rationales behind this move, they are:

1. to avoid social unrest by improving labour conditions in a context of economic competition and free trade;
2. to respond to the 1919 context when post-WWI ushered in labour unrest and the negative experience of pre-war “first globalization”.

Setting the principles in the Treaty of Versailles: Post WWI (1919)

⁴ adapted and abridged from CSEND’s prior publication titled “Is a Living Wage Bad for the Economy?”, <http://www.csend.org/conferences-and-forum/labour/467-a-colloquium-on-is-a-living-wage-bad-for-the-economy?highlight=WyJsaXZpbmciLCJ3YWdlIiwibG12aW5nIHdhZ2UiXQ==>, also listed on the website are the presentations made by the speakers

In the Treaty of Versailles, the living wage is mentioned twice in Part XIII on "Labour", i.e., in the Preamble of the Section establishing the ILO and in the Section on "General Principles" (art. 427).

- Preamble: "an improvement of (the conditions of labour) is urgently required: as, for example, by (...) the provision of an adequate living wage..."
- General principles: "Third. The payment to the employed of a wage adequate to maintain a reasonable standard of life as this is understood in their time and country".

The commission's working sessions at Versailles began with the concept of "living wage" and then broadened it into "an adequate living wage": an ambitious objective, but intended as minimum wage (it was listed as "Principle of the minimum wage").

The International Labour Conference later restated the aims of the ILO in 1944 in Philadelphia and incorporated them into the ILO Constitution the objective of "a minimum living wage for all employed and in need of such a protection."

Again, during the 2008 ILC, The Social Justice Declaration reaffirmed the Philadelphia Declaration and mentioned explicitly the Living Wage as a goal to reach. Historically, statements and provisions regarding Living Wage have always been approved unanimously by the member states. But, with a lack of concrete and substantive specifications implementation difficulties are foreseeable consequences of these ambiguities.

Further development of the principle in the first decade after Versailles: C26 and R30 (1928)

There has been extensive statistical research to generate data for drafting an international standard on wages. Given that the main concern was the comparative advantage in international trade, these proposals aimed at establishing a national (not international) machinery for fixing the minimum wage in low-paying industries. It led to the adoption in 1928 of Convention 26 (C26) and Recommendation 30 (R30).

R30 stated that "the wage-fixing body should in any case take account of the necessity of enabling the workers concerned to maintain a suitable standard of living". There were actually references

made to prevailing practices in similar trade with effective collective agreements, or to the level of wages within a country or locality, but not to the living requirements of workers.

Continued development of the principle in the 1960s: C131 and R135 (1970)

The post WWII decolonization produced a growth in the ILO membership and therefore facilitated a revision of C26 and R30 with special reference to developing countries. A Meeting of Experts was held in 1967 and the final report identified four criteria for setting a MW, i.e., workers' needs, the employer's capacity to pay, wages or income elsewhere in the economy, requirements of economic development.

Both Convention 131 (C131) and Recommendation 135 (R135) were meant to determine MW by striking a balance between economic considerations and needs of workers and their families.

Quoting C131, "the elements to take into consideration in determining the level of minimum wages shall, so far as possible and appropriate in relation to national practice and conditions, include

(a) the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups;

b) Economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment.

These Conventions and Recommendations provided guidance and a "formula" in setting at least minimum wage, used in synonym to the living wage by definition given, corresponding to the needs of the workers, the capabilities of the employers and the country's circumstances. It is however important to observe that to date only 54 countries have actually ratified the Minimum Wage Fixing Convention (1970, C131)⁵, one of the eight fundamental conventions of the ILO.⁶ This begs the question why countries are so reluctant in granting more rights to the workers and their family. Does this mindset contributing to the implementation of SDG 8?

⁵ The list of countries ratified the C131 can be seen at https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11300:0::NO::P11300_INSTRUMENT_ID:312276

⁶ The eight fundamental conventions can be seen at <https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>

2. 'How to reach a living wage in a sustainable way?'

Three types of deficits need to be overcome within the existing global supply chains in order to reach a living wage in a sustainable manner, according to Daniel Vaughan Whitehead (2018), professor at Sciences Po in Paris and ILO official in Geneva.

The “institutional” deficit

Institutional deficit deals with the lack of timely adjustment of minimum wages and poor social dialogue. As a result, two different gaps ensued that should be considered when discussing living wage.

- A living wage/minimum wage gap: minimum wages in many countries remain below living wage thresholds or don't apply to vulnerable groups, such as domestic workers or homeworkers. In developing countries this gap is remarkable, whereas in Europe the gap between the MW and the LW is much closer precisely because the minimum wage is adjusted on a regular basis through institutional mechanisms.
- A social dialogue gap: trade unions are not always recognized and the rights of association and of collective bargaining are not respected in many companies and countries. This lack of social dialogue impedes a fairer redistribution of growth. Labour inspections as another type of institution are also insufficient to provide necessary feedback on the actual working conditions prevailing in the society.

The “purchasing practices” deficit

The existing imbalance in bargaining positions between buyers and suppliers may lead to disproportions in the value-added distribution. There is an increased recognition that the internal functioning of the global supply chain (at every step) and in particular the relationship between the buyer brand and its suppliers have implications on wages and labour conditions.

According to a global survey carried out in 2016, this imbalance can be explained taking into account four types of purchasing practices:

- Type of contract- for example, 35% of suppliers have some non-written contracts with the buyers; 56% of the contracts don't specify responsibilities in case of changes in orders so

that suppliers are often designated as being responsible.

- Low technical specifications - accuracy of technical specifications about products and its features are often missing resulting in waste of material and need to rework.
- Insufficient lead times - only 16% of suppliers surveyed considered orders to have enough lead times to fill the order often resulting in unpaid overtime work. Prices below the production costs - 39% of the suppliers reported to have accepted orders whose price did not allow them to cover their production costs. In textile and garment industry, the percentage is even higher reaching 52%. There is no margin for fair wage nor providing LW.)

The “pay systems” deficit

Evidence collected so far shows that there are practices of double records, non-payment of wages, non-payment of overtime hours, non-payment of minimum wage at supplier level. Pay systems are also often very rudimentary which tend to be over-reliant on the piece rate system, lack of link between wages and skills, lack of rewards according to performance, poorly diversified pay packages. Generally the use of wages to boost human resources is totally neglected at enterprise level. As a result the pay system are not only unfair, but they are also poorly motivating.

The causes of unfair working conditions are thus not just rooted in the wage levels, but also in pay systems that should be reformed at enterprise level. In order to obtain sustainability, there is a need to improve not only wage levels, but also wage adjustments, wage bargaining, wage-fixing mechanisms and pays systems. At the final end to protect the fundamental rights of the worker, there is an urgent need for a comprehensive “fair wage” policy rather than just a “living wage” policy. Such a debate needs to be initiated at the highest level of the land.

3. The labour market effects of trade

Trade is coming under increasing fire in developed countries. This is because while many countries are doing well, some are being left behind by globalization observed Marc Bacchetta, Counsellor, Economic Research and Statistics Division, WTO.

Wage is one of the casualties in the globalisation trading system for many countries who lack of competitive advantage and resorting to comparative advantage, i.e., cheap labour, to promote its international trade and foreign investment.

Research suggests positive overall effects of trade on labour markets, however, require resources to be reallocated from lower productivity to higher productivity firms/sectors. Practically, this means that some workers may lose their job and may need to find another job when market readjust itself.

This reallocation of workforce may be difficult when “frictions” concerning skill mismatches, geographic labour mobility and labour market regulations or rigidity exist.

Trade increases the demand for skilled workers relative to unskilled workers in every country. Depending on a number of factors, this can translate into an increase in the skill premium (that will affect wage inequality); an increase in the share of skilled workers in employment; a mix of both. A polarization of the workforce pitting skilled workers against less skilled workers in terms of skill premium.

To achieve a better wage for all, governments must reduce frictions mentioned and provide workers with compensation and redistribution measures. Reaching equilibrium of the labour market, the key role is played by skills development policies and competitiveness related policies. For countries at lower development stage, this is more easily said than done since the factor conditions in general prevent higher trade performance and inhibit wage improvement.

4. “Inclusive growth through SMEs competitiveness in international trade”,

Certain levels of “competitiveness” may probably be a precondition for facilitating the payment of living wages suggested Marion Jansen, Chief Economist, ITC, previously WTO and ILO, 2018. This is particularly true for the Small and Medium Sized Companies (SMEs).

According to the statistics of the ITC, SMEs represent 95% of firms and nearly 70% of the employment in the world. Within a globalized economy, both low-wage workers and SMEs tend

to have low bargaining power which impede on their ability to negotiate a greater share of the benefits from trade

Studies suggest that a productivity gap exists between large firms and SMEs in developed countries. The gap is bigger (twice the size) in developing countries (OECD – ECLAC 2013). Similar findings have been achieved by observing wages gaps.

Other studies show a positive correlation between SMEs' competitiveness and GDP per capita (ITC 2016), and between SME's competitiveness and bargaining power. The three pillars of competitiveness (capacity to compete, to connect, to change) have been analyzed with regard to three different levels, i.e., firm level, immediate business environment and national environment. Improvements of business environments could lead to better performance of SMEs in term greater capacities for higher wages and possibly MW and/or LW.

5. “Living wage and the OECD RBC Guidelines”

Roel Nieuwenkamp, Chair, OECD Working Party on Responsible Business Conduct made observations on Living Wage from the perspective of the OECD Guidelines for Responsible Business Conduct

Besides the trade and competitiveness argument for LW, a regulatory case can also be made regarding multinational companies. OECD Guidelines for Responsible Business Conduct (RBC GLs) also focus on living wages. They are the most important international standard on this topic. The Guidelines are a truly global mechanism because they cover all of a company's global supply chain. For instance, in case of violations of the freedom of association in a factory in India, it is possible to file a complaint before the national contact point of the country where the buyer brand is headquartered. There have been many complaints about supply chain responsibility already.

The 2011 revision of the OECD RBC GLs embedded the topic of Living Wages into the Guidelines, namely, “when multinational enterprises operate in developing countries, where comparable employers may not exist they should provide the best possible wages, benefits and

conditions of work, within the Framework of the respective government's policies. These should be related to the economic position of the enterprise, but should be at least adequate to satisfy the basic needs of the workers and their families." (Art. XXX)

There are now concrete provisions on due diligence in the garment and footwear industry. It means that transnational corporations must identify the risks on wages, prevent and mitigate difficulties and be accountable on how they address these issues. Furthermore, Living Wage is a human right, so companies must respect this principle according to the Human Rights chapter of the Guidelines, as well as according to the Labour chapter of the Guidelines.

Corporations should work together in promoting LW and fair treatment of labour. A single company alone could get it out of business if the company pays a higher wage on its own. Acting alone could thus be harmful for employment and the overall economy. Good examples are ACT (Action, Collaboration, and Transformation), a collaborative global framework on Living Wage, and the Malawi Tea 2020 revitalization programme. (NOTE: Need some description on why they are cited) These good practices need to be scaled up as a pathway in achieving LW.

6. A Global Research Project "GLOW" (Global Living Organizational Wage) to better understand the dynamic relations between wage, market and capitalism

Lichia Yiu, President, Centre for Socio-Eco-Nomic Development (CSEND) and second author summarized the main messages sent by the GLOW group led by Stewart Carr, Professor at Massey University, New Zealand

The Project GLOW (Global Living Organizational Wage), carried out by an international consortium of industrial psychologists, aims at setting a Global Living Wage that enables people, organisations and communities to prosper and thrive.

Addressing the wage issue is crucial to address the demand for poverty eradication. SDG8 (Decent work and economic growth) is related to the concept of sustainable livelihoods, that makes reference to resilience, to Amartya Sen's capabilities approach, and to the traditional definition of sustainability:

“a livelihood comprises the capabilities, assets (...) and activities required for a means of living, a livelihood is sustainable for a worker’s ability to cope with and recover from stress and shocks, maintain or enhance capabilities and assets, and provide sustainable livelihood opportunities for the next generation; and which contributes net benefits to other persons’ livelihoods at the local and global levels and in the short and long term”ⁱⁱ .

It must be underlined that Treasuries in New Zealand and South Africa have indicated that the introduction of Living Wages could put at risk a company’s sustainability. We need therefore to identify a pathway towards a win-win situation, for example by marshalling the extensive and substantive evidence on the shared benefits to employees and employers alike from enhanced workplace justice, job satisfaction, work engagement, organizational commitment, occupational pride and work-life balance (to name but a few). These are known factors contribute to great productivities and quality of services.

Living wages are often calculated econometrically, but GLOW proposes a different, qualitative approach. A society may ask their citizens directly to estimate the real value of their needs, with particular respect to their need for adequate quality of life including conditions at work.

This is a “people development approach” that considers the real needs and tries to map them onto monetary incomes. It measures wages in terms of perceived benefits for workers and possibly for organizations.

7. Living Wage seen from the perspectives of government

Roel Gans, Director of International Affairs, Ministry of Social Affairs and employment, The Hague, Netherlands provided the following reflections on Living Wage from a government practitioners perspective

Living Wage is now seen by many governments as a human right, as stated in international treaty instrumentsⁱⁱⁱ. It is therefore not just an economical technical issue, but an ethical one as well.

Amongst the members of the OECD, the only country in which a due diligence process inspired by the Guidelines exists as a legal obligation is France^{iv}. In the UK, the due diligence process is compulsory within the specific scope of forced labour^v.

The last G20 meeting of labour ministers on labour, held in Germany, made strong references to decent work, OECD RBC Guidelines and ILO standards^{vi}.

D) Measuring Living Wage

Living Wage (LW) and Minimum Wage (MW) are overlapping albeit different labour policies. However, work done on measuring MW helps understand LW. Important contributions on MW have been made by Pember and Dupré (1997, p2) who defined the following 6 criteria for MW determination namely:

- Criterion 1: the needs of workers and their families;
- Criterion 2: the general level of wages in the country;
- Criterion 3: the cost of living and changes therein; Criterion 4: social security benefits;
- Criterion 5: the relative living standards of other social groups; and
- Criterion 6: economic factors, including the requirements of economic development, levels of productivity and the level of employment. This criterion also includes The capacity to pay as indicated in Starr (1993).

Subsequent authors expanded the definition of MW to LW. For instance, Schoenbach & Sirota (2014), defined LW from a legal perspective suggesting that national living wage models can help establish a way to measure what constitutes a living wage – what a worker must earn to afford basic needs without public or private assistance. They list the following measures that could be used to measure LW laws or certification programs namely Faire Market Rent (FMR); Federal Poverty Level (FPL), and Federal Minimum Wage (FMW).

A leading researcher and author on LW is Richard Anker who researched and developed LW models while working at the ILO. His recent book co-authored with Martha Anker and titled “The Anker Methodology for Estimating a Living Wage, The Global Living Wage Coalition” proposes the following definition of LW namely:

Remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events.

Ankers’ methodology consists of calculating food costs, housing costs and essential needs of an individual such as funds needed for health care, education, and transportation.

Amy Glasmeier, the founder of MIT’s Living Wage Calculator (LWC) in 2003 created a measure which calculates the baseline wage employees need to earn to support themselves in any county in the United States (Shulman, 2018). The online tool factors in costs include food, housing, transportation, medical care, child care, and taxes.

Glasmeier (2019) discussed the recent raises of wages in USA by the Bank of America, J.P. Morgan Chase and Google by the Central Bank of Malaysia and also reported that researchers of the Metropolitan Area of Barcelona are devising a method to calculate the basic costs of living of households in Barcelona. However, Glasmeier also cautions some of the progress being made in regard to LW by stating:

Companies announcing increases in the starting salaries for their single employees is laudatory; still, across the nation for families with children, these pay increases are insufficient to cover basic living expenses. Corporate America has a serious distance to travel before many Americans are able to get by without hardship.

The common theme of the authors listed and cited above is that ILO’s concept of Decent Work should also translate itself into Decent Salaries which would allow workers to cope with their needs of survival. This basic understanding of LW is not a guaranteed reality neither in developing nor in

developed countries. For reference, Switzerland counts a significant number of working poor, estimated at 145,000 in 2015. This number is out of a total of approximately 570,000 people (or about 7% of the total population) living in poverty⁷ and in other European countries, the rate of working poor ranges 4 to 14%.⁸

One potential limitation in all of the above approaches is the focus on material commodities like food and the satisfaction of lower-, albeit more fundamental needs, like hunger and nutrition for example. Definitions of living wage vary across campaigns, countries, and economies, but many of them do go beyond the material and into social and humanitarian work needs, for example participation in society, and inter-generational aspirations for a better quality of life, and work-life (Carr et al, 2016). This kind of approach to living wages resonates with the SDGs in general, and with the Decent Work Agenda in particular. In response to that resonance, Project GLOW (Global Living Organizational Wage) has developed a method to calculating living wage values, for any given context, that relies on plotting quality of life and work life, indicated for instance by attitudes like job satisfaction and life satisfaction, as a function of personal and household wage and income (Carr et al, 2018).

In view of the number of working poor, ensuring the payment of a Living Wage is morally right and economically a better solution since paying a LW increases poor people's spending power which in turn is beneficial for the economy and society at large and provides workers with an opportunity to live a dignified life.

E) Making SDG 8 be based on Living Wage

It comes as a surprise when comparing two international agreements which are related to each other and which were negotiated both in the year 2015. These agreements are the 2030 Agenda and the Addis Ababa Action Agreement (AAAA) which focused on Financing for Development. Both agreements were negotiated by the same countries who are all members of the United Nations. The AAAA agreement was concluded on 15 July 2015, three months before the 2030 Agenda agreement.

Even though the AAAA agreement focuses on financial matters and economic development, the actual text of AAAA lists a surprising larger number of work and employment related articles than

⁷ https://en.wikipedia.org/wiki/Poverty_in_Switzerland

⁸ <https://www.eurofound.europa.eu/publications/report/2010/working-poor-in-europe>

the 2030 Agenda. Some of the AAAA’s work related articles are actually close to core elements of Living Wage factors (see table 1 below)

Table 1: Decent work mentioned in AAAA agreement 2015
Art. 1, page 1; We will promote peaceful and inclusive societies and advance fully towards an equitable global economic system in which no country or person is left behind, enabling decent work and productive livelihoods for all, while preserving the planet for our children and future generations.
Art. 41, p. 20; We further encourage the private sector to contribute to advancing gender equality through striving to ensure women’s full and productive employment and decent work, equal pay for equal work or work of equal value, and equal opportunities, as well as protecting them against discrimination and abuse in the workplace
Art. 16, p 19, Generating full and productive employment and decent work for all and promoting micro, small and medium-sized enterprises. To enable all people to benefit from growth, we will include full and productive employment and decent work for all as a central objective in our national development strategies
Art 64, p. 31; We stress the importance of the conservation and sustainable use of the oceans and seas and of their resources for sustainable development, including through the contributions to poverty eradication, sustained economic growth, food security, creation of sustainable livelihoods and decent work , while at the same time protecting biodiversity and the marine environment and addressing the impacts of climate change.
Art 79, p. 37; With appropriate supporting policies, infrastructure and an educated work force, trade can also help to promote productive employment and decent work, women’s empowerment and food security, as well as a reduction in inequality , and contribute to achieving the sustainable development goals.

In contrast to AAAA, the indicators of the key SDG 8 as of 4 April 2019 only state the following in Table 2 below:

Table 2: Comparing SDG 8 Targets 8.5. with Indicators 8.5.1 and 8.5.2.

SDG 8, Target 8.5.	Indicator 8.5.1	Indicator 8.5.2	Custodian ILO ✓
8.5. 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	8.5.1 Average hourly earnings of female and male employees, by occupation, age and persons with disabilities Tier II	8.5.2 Unemployment rate, by sex, age and persons with disabilities Tier I	✓

Indicators 8.5.1 and 8.5.2 are de-Minimis indicators. Neither of the two lists the last part of the SDG 8 Target 8.5. which states “**and equal pay for work of equal value**” nor do they expand on the text of the Target to more comprehensively include other core elements of Decent Work as mentioned in the AAAA agreement such as “**productive livelihoods for all, equal pay for equal work or work of equal value, and equal opportunities, as well as protecting them (women) against discrimination and abuse in the workplace, poverty eradication, sustained economic growth, food security, creation of sustainable livelihoods**”.

As stated in the ILO publication on the SDGs titled “Decent Work and Sustainable Development Goals (2018) states how DW has been partially included in other SDG goals (1 and 3) and of course draws the reader’s attention to SDG 8 and acknowledges the number of SDG 8 targets that are still only given indicators of Tier II and Tier III status. (pp 2, 5 and 6) and observes on page 7 that:

For indicators with no internationally agreed methodology (tier III indicators) custodian agencies are in charge of leading methodological development efforts, which entails the coordination of inputs and proposals by various experts, the development of statistical standards and seeking support for their adoption at the national level. (p.7)

and on same page:

Regional agencies, including regional offices of international organizations such as the United Nations regional commissions and regional statistical offices such as Eurostat, may contribute to the data reporting process by acting as intermediaries, facilitating data flows from countries to custodian agencies. In some cases, they may also collect and compile country-level data in the countries they cover and may even adapt international standards to their specific regional context.

Eleven years are left to do best efforts to ensure that the goals of the 2030 Agenda and its 17 Goals will be reached. For this to be possible, two actions are needed namely a) that all Tier III and Tier II indicators be improved to Tier I status and b) that indicators be given texts that make full achievement of the Decent Work policy components be possible (for instance re-integrate the full text of 8.5.1 the SDG target 8.5 which lists “equal pay for work of equal value” and c) that text of the SDG 8 indicators be improved to also reflect ILO conventions such as Living Wage and Minimum Wage which have been to a large extent included in the AAAA agreement

ILO’s Draft Concept Note of 31 January 2019 invites practitioners and academics to contribute their knowledge and insights to provide a comprehensive picture of SDG 8 with concrete policy recommendation and to contribute to the thematic review of SDG 8 at the upcoming 2019 HLPF (p.5) and Catherine Benson Wahlén, writing for IISD Knowledge Hub (2019) cites the ILO's World Employment and Social Outlook for 2019 which warns that the world is off track to achieve many SDG 8 targets.

Acknowledging ILO’s own critical assessment of the current SDG 8 implementation, this article is meant to support ILO’s invitation to support its effort to improve on the current insufficient progress made in regard to several of the SDG 8 targets and suggests that core elements of Living Wage should be included into the still inadequately developed Tier II indicators 8.5.2 and 8.3.1.

In closing, it is appropriate to take note of the OECD's news item titled "Rapid Action needed for people to meet challenges of changing world of work" (2019) which refers to the ILO transition Agenda for Future that Works for All reiterating that "The Agenda recommends that countries focus on four key areas: labour protection, social protection, learning and social dialogue".

ⁱ Final report available from http://staging.ilo.org/public/libdoc/ilo/1967/67B09_64_engl_report.pdf.

ⁱⁱ Chambers, R., and Conway, G.R. 1991. *Sustainable Rural Livelihoods: Practical Concepts for the 21st Century*. IDS Discussion Paper 296, IDS (Institute of Development Studies), UK, p. 6.

ⁱⁱⁱ Universal Declaration of Human rights (1948). Art. 23, par. 3. "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".

International Covenant on Economic, Social and Cultural Rights (1966). Art. 7. "The States Parties to the present Covenant 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".

^{iv} LOI n° 2017-399 du 27 mars 2017 relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre, available From <https://www.legifrance.gouv.fr/eli/loi/2017/3/27/2017-399/jo/texte>.

^v Modern Slavery Act 2015, available at <http://www.legislation.gov.uk/ukpga/2015/30/contents/enacted>.

^{vi} Final declaration available from <http://www.g20.utoronto.ca/2017/170519-labour.html>.

References

Anker, R; Anker, M (2017), The Anker Methodology for Estimating a Living Wage, The Global Living Wage Coalition.

<https://www.globallivingwage.org/about/anker-methodology/>

Bacchetta, M; Jansen, M. (eds) (2011), Making Globalization Socially Sustainable, ILO and WTO, Geneva.

https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_144904.pdf

Carr, S. C., Parker, J., Arrowsmith, J., & Watters, P. A. (2016). The Living Wage: Theoretical integration and an applied research agenda. *International Labour Review* (International Labour Organisation: Geneva), 155(1), 1-24, Special Issue” “Wages: Determinants, Distribution and Livelihoods”.

Carr, S. C., Maleka, M., Meyer, I., Barry, M.L., Harr, J., et al. (2018). How can wages sustain a living? By getting ahead of the curve. *Sustainability Science*,

<https://doi.org/10.1007/s11625-018-0560-7>

Carr, S. C., Parker, J., Arrowsmith, J., Watters, P. A., & Jones, H. (2016). Can a ‘living wage’ springboard human capability? An exploratory study from New Zealand. *Labour & Industry*, 26, 24-39. Special Issue on Living Wages.

Glasmeier, A, (2019), Is the Low Wage Iceberg Finally Beginning to Melt?, Living Wage Calculator, MIT, USA, 13 April 2019.

<http://livingwage.mit.edu/articles/40-is-the-low-wage-iceberg-finally-beginning-to-melt;>

Jansen, M.; Peters, R.; Salazar-Xirinachs, J. M. (eds); “Trade and Employment From Myths to Facts”, http://www.ilo.org/employment/areas/trade-and-employment/WCMS_162297/lang--en/index.htm?ssSourceSiteId=global

Hennis, M.; Nieuwenkamp, R.; (2016), “Scaling Up Living Wages in Global Supply Chains” <https://friendsoftheoecdguidelines.files.wordpress.com/2016/04/scaling-up-living-wages-in-global-supply-chains.docx>

ILO, (2018), “Decent Work and Sustainable Development Goals”, ILO Geneva.
https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_647109.pdf

OECD (2017), “Due Diligence Guidance for Responsible Garment and Footwear Supply Chains”. Module 7, page 149 on Living Wages. <https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-Garment-Footwear.pdf>

OECD (2019), “Rapid Action needed for people to meet challenges of changing world of work”, 25 April 2019, newsroom, Paris.

Pember, R; Dupré, M.T., (1997) Statistical aspects of minimum wage determination, ILO, Geneva, pp 14.

Reynaud, E. (2017), “The International Labour Organization and the Living Wage: A Historical Perspective”, International Labour Office, Inclusive Labour Markets, Labour Relations and Working Conditions Branch. Geneva: ILO, (Conditions of work and employment series No. 90) accessible at https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_557250.pdf

Saner, R; (2018) Labour is not a commodity, D+C Development and Cooperation, FAZIT Communication, Francfort; GmbH; 01/2019, http://www.csend.org/images/articles/files/20190202-The%20ILO%20was%20established%20to%20promote%20social%20justice%20100%20years%20ago%20-20and%20that%20mission%20stays%20relevant%20_%20D%20C%20-%20Development%20Cooperation.pdf

Saner, R., Keith, A., Yiu, L., (2015), “Labour Rights as Human Rights: Evaluating the Policy Coherence of USA, EU and Australia through Trade Agreements and Their Participation in the Universal Periodic Review”. Trade, Law and Development, Winter 2 Vol. 7 (2), p. 195-299, <http://www.diplomacydialogue.org/images/files/243-729-1-PB.PDF>

Saner, Raymond; Sapienza, Emmanuele; (2012), “Development Diplomacy and Partnerships for Social Policy at the Time of PRSPs: The Case of Decent Work”, Journal of Poverty Alleviation and International Development, 3(2): 145-180;

http://www.diplomacydialogue.org/images/files/JPAID_05_RS_ES_2012_PRSP_ILO.pdf

Schoenbach, S; Sirota, A, (2014), “Measuring a “Living Wage””; BTC Policy Basics, North Carolina Justice Center, Raleigh, NC 27611 |

Starr, G, (1993); Minimum wage fixing: An international review of practices and problems; ILO, Geneva

Shulman, K, (2018), Putting the Living Wage Calculator into action, MIT news, 21 August, 2018, <http://news.mit.edu/2018/mit-corporations-nonprofits-putting-living-w>

Vaughan-Whitehead, D. (2010), “Fair Wages for Strengthening Corporate Social Responsibility”, Edward Elgar.

Vaughan-Whitehead, D. and L. Pinedo (2017), Purchasing practices and working conditions in global supply chains: Global Survey results, INWORK Issue Brief N0 10, ILO, Geneva.

Wahlen, C.B.; (2019) “ILO Trends Report Finds Progress Insufficient to Achieve SDG 8”, IISD, 19 February 2019
<https://sdg.iisd.org/news/ilo-trends-report-finds-progress-insufficient-to-achieve-sdg-8/>

Annexe 1

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all, 2030 Agenda, 70/1 Resolution, 2015, p. 17/35

- 4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes
 - 4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education
 - 4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
 - 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
 - 4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations
 - 4.6 By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy
 - 4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development
-
- 4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all
 - 4.b By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries
 - 4.c By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States

Annexe 2

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent

8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries	8.1.1 Annual growth rate of real GDP per capita	Tier I	UNSD	World Bank	Ti
---	---	---------------	------	------------	-----------

Target	Indicator	Initial Proposed Tier (by Secretariat)	Possible Custodian Agency(ies)	Partner Agency(ies)	Updated Tier Classification (by IAEG-SDG Members)	Notes (including timing of review and explanation for change in Tier)
8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	8.2.1 Annual growth rate of real GDP per employed person	Tier I	ILO	World Bank, UNSD	Tier I	
8.3 Promote development-oriented policies that support productive activities, decent job creation , entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	8.3.1 Proportion of informal employment in non-agriculture employment, by sex	Tier II	ILO		Tier II	
8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead	8.4.1 Material footprint, material footprint per capita, and material footprint per GDP	Tier II	UNEP	OECD	Tier III	IAEG-SDG 3rd meeting: There is no established methodology for the indicator (classified as Tier III) <i>Repeat of 12.2.1</i>
	8.4.2 Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP	Tier II	UNEP	OECD	Tier I	Data availability reviewed in Nov. 2017 (classified as Tier I) <i>Repeat of 12.2.2</i>
8.5 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	8.5.1 Average hourly earnings of female and male employees, by occupation, age and persons with disabilities	Tier II	ILO		Tier II	
	8.5.2 Unemployment rate, by sex, age and persons with disabilities	Tier I	ILO		Tier I	
8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training	8.6.1 Proportion of youth (aged 15–24 years) not in education, employment or training	Tier I	ILO		Tier I	
8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms	8.7.1 Proportion and number of children aged 5–17 years engaged in child labour, by sex and age	Tier I	ILO, UNICEF		Tier II	Data availability reviewed in Nov. 2017 (classified as Tier II)

Target	Indicator	Initial Proposed Tier (by Secretariat)	Possible Custodian Agency(ies)	Partner Agency(ies)	Updated Tier Classification (by IAEG-SDG Members)	Notes (including timing of review and explanation for change in Tier)
8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	8.8.1 Frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status	Tier I	ILO		Tier II	Data availability reviewed in Nov. 2017 (classified as Tier II)
	8.8.2 Level of national compliance with labour rights (freedom of association and collective bargaining) based on International Labour Organization (ILO) textual sources and national legislation, by sex and migrant status	Tier I	ILO		Tier II	Reviewed at Dec 2018 WebEx meeting (classified as Tier II) UNSC 48 Refinement, Reviewed at 5th IAEG-SDG meeting: Internationally agreed methodology and standard needs to be approved (classified as Tier III)
8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products	8.9.1 Tourism direct GDP as a proportion of total GDP and in growth rate	Tier II	UNWTO	UNEP	Tier II	
	8.9.2 Proportion of jobs in sustainable tourism industries out of total tourism jobs	Tier II	UNWTO		Tier III	UNSC 48 Refinement, Reviewed at 5th IAEG-SDG meeting: Taking into account the concerns expressed by the UN Committee on Statistics and the Tourism Satellite Account (classified as Tier III)
8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all	8.10.1 (a) Number of commercial bank branches per 100,000 adults and (b) number of automated teller machines (ATMs) per 100,000 adults	Tier I	IMF	UNCDF	Tier I	
	8.10.2 Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider	Tier I	World Bank	UNCDF	Tier I	
8.a Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries	8.a.1 Aid for Trade commitments and disbursements	Tier I	OECD	WTO-EIF	Tier I	
8.b By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization	8.b.1 Existence of a developed and operationalized national strategy for youth employment, as a distinct strategy or as part of a national employment strategy	Tier III	ILO	World Bank, OECD	Tier II	Reviewed at Dec 2018 WebEx meeting (classified as Tier II) UNSC 48 Refinement; Reviewed at 5th IAEG-SDG meeting (classified as Tier III)

