

**Digital Conference: Living Wages and Living Incomes in Fair Supply Chains?
A Critical Review of the Concept.
7. - 9. September 2021**

Preliminary Programme

Due to the still unpredictable pandemic development, the programme might be modified. So please, check regularly for updates.

Tuesday 7. September 2021

18:00 - 19:15 **Keynote & Discussion**

Thriving in Just, Equitable and Sustainable Food Chains

Tomaso Ferrando, Faculty of Law and Institute of Development Policy (IOB), University of Antwerp

At a time when the climate emergency is already showing the environmental and social injustices behind the global industrial food system, the covid-19 pandemic has magnified and intensified its socio-economic cracks and structural flaws. It is increasingly evident that the mainstream food system has been built around the unpaid and unrewarded labour of nature and people: both are considered essential and at the same time disposable. In the words of Moore and Patel, nature and people are treated as cheap resources to produce cheap food, with the long-term social and environmental externalities left with the most vulnerable and future generations. In my intervention, I claim that the urgency of the present needs to be addressed through a systemic, thorough, and collective reflection about the future of food: one that addresses the root causes rather than suggesting short-term quick fixes and postponing true changes. In that sense, it is my intention to embed the call for Living Incomes and Living Wages (LI-LW) into the broader pathway towards just, equitable and sustainable (food) chains that is promoted by the 2018 Fair Trade Charter. By thinking about history, climate justice, power dynamics within the global food system and Sam Moyn's idea of 'human rights as sufficiency', I make an invitation to be both pragmatic and ambitious and imagine a future where 'living' is not enough, but law, policy and advocacy should aspire to collective and planetary thriving.

Wednesday 8. September 2021

10:00 - 11:30 **Panel 1**

Implementing Living Wages in Global Value Chains: Unpacking the Multi-Level Responsibility of Multinational Enterprises

Stephanie Schrage, Economic Sciences, Hamburg University of Technology

Article 23 (3) of the Universal Declaration of Human Rights recognizes the right to a living wage. Nonetheless, many corporations operating in today's global value chains (GVCs) offer wages that are too low to safeguard the well-being of workers and their families – even when complying with host country minimum wage legislation. GVCs often connect economically powerful buying firms (mostly multinational enterprises, MNEs) from industrial countries with independent suppliers from developing countries. Especially wages of workers employed with suppliers on the producing end of the chains tend to fall below a living wage level. In the recent past, non-governmental organizations (NGOs) have called upon brands and retailers as multinational buyers in GVCs to take responsibility for too low wages along their chains and voluntarily implement living wages despite not legally owning supplier firms. Many MNEs

want to take responsibility. However, the ongoing debate on the calculation of the living wage aggravates progress in terms of the implementation of higher wages. What can MNEs actually do? This piece will unpack MNEs' responsibility to implement living wages in GVCs in its multi-level nature. On the micro level, implementing living wages is a responsibility of individual Corporate Social Responsibility (CSR) managers, who handle the implementation of higher wages along GVCs. On the meso level, it concerns single buying and supplying firms that need to adapt their processes and structures in order to meet the demand of implementing a living wage. On the macro level, it involves entire value chains and industries, where actors such as buyers and suppliers and their stakeholders collaborate inter-organizationally and across sectors in order to raise workers' wages to a living wage level. On all levels, there are challenges and opportunities that need to be met.

Wages and Job Satisfaction of Plantation Workers in Ghana: The Role of Fairtrade Certification

Katharina Krumbiegel, Economic Sciences, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Of the approx. 1.3 billion workers employed in the agricultural sector world-wide, about 500 million women and men work as casual, temporary, or permanent workers on agricultural plantations, in orchards, in greenhouses and in processing facilities. Hired plantation workers are often considered to be particularly vulnerable due to their dependence on rural wage labor opportunities, possibly exacerbated by lack of arable land or little wealth to invest in business development, and difficult working conditions they are often exposed to. At the same time, the globalization of trade flows and the integration of developing countries into global trade has led to a rise of public and private standards, such as Fairtrade. In a case study in the Ghanaian pineapple sector, we assess the effect of Fairtrade certification on extrinsic and intrinsic employment rewards with a focus on worker's hourly wages and job satisfaction. We use data from 325 randomly sampled workers from eight different export-oriented pineapple companies and apply a linear, linear mixed model and instrumental variable approach to take into account the multilevel characteristics of our data and possible selection bias. Our findings show that both hourly wages and job satisfaction are indeed higher on Fairtrade certified plantations. Factors of increased job satisfaction are likely driven by higher wages, permanent employment contracts, training opportunities, company services such as medical care and paid leave as well as established labor unions on Fairtrade certified plantations. These findings contribute to a better understanding of how adequate working conditions, in our case facilitated through Fairtrade certification, can generate benefits for workers in terms of income generation and on the level of psychological achievements such as a feeling of self-worth or personal growth.

12:00 - 13:30 **Panel 2**

The Changing Landscapes of Ethical Sourcing and their Effects on Livelihoods and Regional Development

Jeff Neilson and Bill Pritchard, School of Geoscience, University of Sydney

Ethical sourcing practices have traditionally involved buyers 'touching down' in production regions and enrolling selected participants within schemes. This has contributed to uneven flows of benefits within production landscapes based on socio-spatial boundaries of inclusion and exclusion. For suppliers included in schemes, benefits can accrue in the form of higher prices, improved social and environmental standards being embedded within production, and access to new flows of resources for developing social assets. However, there have long been concerns that these benefits may not 'trickle across' to households and communities not directly involved in ethical sourcing schemes. An important development in ethical

sourcing programs in recent years, driven partly by critiques of exclusion, has been to address these concerns by widening the scale of engagement to regions and landscapes. This has manifested particularly in industry-wide sustainability platforms, public-private partnerships and landscape approaches to sustainability, all of which seek to enrol a broader set of local stakeholders positioned 'beyond the chain'. This seems to suggest a more holistic approach to effecting developmental change within commodity-source regions of the Global South. In this paper, we take a closer look at this development, which we present as an attempt by lead firms to more fundamentally restructure the institutional environment within commodity-source regions through processes of extra-firm bargaining. We then reflect on possible implications for rural livelihoods, agrarian transition and regional development.

The Economics of Human Rights. Living Income and Fair Prices

Ruud Bronkhorst, Economic Sciences, Independent Researcher and Policy Advisor

In this presentation we will discuss why Fair prices are essential to attain a Living Income, and why there is an obligation to pay Fair Prices. This obligation is based on the Universal Declaration of Human Rights, adopted by the United Nations in 1948. This Declaration has been signed by the vast majority of countries that have therefore an obligation to pay a 'just and favourable remuneration' to workers everywhere. Living Wage and Living Income are a specification of this obligation. This leads to the question how to achieve these rights? How can we assure workers of a sufficient income? Actually international prices are based more on power relations than on the equilibrium between supply and demand between equal partners. Because of the Universal Declaration of Human Rights, the basis for international wages and prices should be human rights, instead of prices and wages based on power relations and distorted market prices. In the case of small farmers especially, there is another factor as well that is important, namely Climate Change. Farmers should not only earn a Living Income to live, but that should be supplemented with an additional percentage to enable them to invest to prepare for climate change. This implies that Fair Prices to producers are important to [1] Enable the producer to pay his/her workers a Fair Wage, [2] Invest for the maintenance of the enterprise, and [3] Support producers to prepare for Climate change. Therefore an extension of the definition of Living Income is proposed to include a certain percentage to prepare for the consequences of climate change. We will also discuss how the implementation of Fair Prices will effect workers, producers, environment and the local economy. Besides the Living Income / Fair Price approach, advantages and disadvantages of other Living Income Reference Price Models will be discussed.

14:30 - 16:00 **Panel 3**

Living Wages and Contract Labor in Guatemala and Mexico

Sarah Lyon, Anthropology, University of Kentucky

This paper explores the impact of fairtrade on agricultural laborers within Latin America, paying close attention to how fairtrade policies and practices intersect with regional socioeconomic processes. Fairtrade certification typically requires increased labor inputs, and this is especially true when producers sell their certified products through differentiated market channels that prioritize quality. To meet quality demands and comply with certification standards, many smallholder coffee producers in Latin America rely on inexpensive labor sources such as household members, migrant laborers, and neighbors who lack land of their own. Fairtrade certification standards are guided by an 'enhanced labor rights approach' that upholds national laws and international conventions regarding conditions of employment, the right to association and collective bargaining, the prohibition of forced and child labor, and the right to occupational health and safety. However, fairtrade has tended to underestimate and neglect the issue of labor standards on small farms and consequently has not had significant impact in this area. The movement's central focus on poverty alleviation reduces

the system's benefits to increased prices, market access, and social premiums to the exclusion of more robust understandings of transformation, which might include greater attention to labor conditions. Consequently, the Fairtrade certification system, does not adequately take into account local legacies of colonial and neocolonial relations of agricultural production nor does it strongly advocate for increased labor protections and enforcement. The paper highlights how this is particularly problematic when considered against the backdrop of the challenges facing many fairtrade coffee producers in Mexico and Central America who themselves are advancing in age and increasingly tending to coffee fields planted with aged, diseased, and unproductive trees in need of renovation which will require significant labor inputs.

A View into the Practice: Living Income in Colombian Coffee Farming

Carla Veldhuyzen, Fairtrade International, Senior Advisor Sustainable Livelihoods

Living Income Reference Prices play a pivotal role within Fairtrade's holistic Living Income Strategy. They are instrumental for raising awareness around the fundamental need for sustainable pricing as part of a smart mix of interventions to enable living incomes, and they inform price setting mechanisms for Fairtrade and other actors committed to sustainable trade. A Living Income Reference Price indicates the price needed for a typical farmer household with a viable farm size and a sustainable productivity level to make a living income from the sales of their crop. The model is derived from the universal human right for everyone who works to a just and favourable remuneration, ensuring an existence worthy of human dignity. The first multi-stakeholder price discovery exercise, based on primary and secondary farm economic data analysis, was conducted in Colombia. In order to assess the farm economic metrics, Fairtrade introduced farm records among a sample of coffee farmers. Their farm investments and outputs were tracked throughout a year during 2019/20 in record-keeping books. These baseline data served as a primary source for subsequent analysis and establishment of Living Income Reference Prices. A technical roundtable committee was set up, comprised of coffee experts representing producers, industry, NGOs and research institutions. Over a period of six months a series of workshops and complementary focus group discussions were conducted to analyse a variety of recent datasets, pool knowledge and agree on the values for each of the variables in the reference price model. Based on these variables and a preliminary range for the living income benchmark for a typical coffee farmer household, Fairtrade Living Income Reference Prices were estimated for conventional and organic coffee from Colombia. The results of this process are outlined in today's presentation.

16:00 - 17:15 Keynote & Discussion

Living Wages and Living Incomes in a Sustainable World

Richard Anker and Martha Anker, Economic Sciences, University of Massachusetts

There is growing realization that current high levels of inequality across the world are not sustainable, threaten world peace, and that living wages and living incomes are human rights. Living income and living wage are related concepts that apply to small holder farmers and wage earners respectively. All families in a location have similar basic needs and face similar costs regardless of employment status, industry or occupation. Furthermore, farm families and families relying on wages are often the same. To enable companies in the global supply chain to pay wage workers and small farmers enough to afford a basic but decent standard of living, agreed upon living wage and living income estimates are required. These estimates need to be: publicly available so they can be scrutinized, considered to be credible and independently estimated so they are widely accepted, and internationally comparable so that particular countries are not unfairly affected. The methodology used to measure living wages and living incomes should be practical, and robust and normatively based and not

reproduce the poverty in which many workers and small farmers currently find themselves. This implies the use of normative standards for key components of living standards such as for nutritious diet, healthy housing, adequate health care and children's education. To be practical, maximum use of existing secondary data sources is needed, while at the same time ensuring local relevance, and increasing costs indicated by secondary data that do not ensure the above mentioned human rights. Furthermore, it is important that there is significant supervision and quality control of studies, such as practiced by the ARI, since this is required by every methodology, no matter how good. Progress on measuring living wages has come a long way since we first began working on this. We continue to work on new methods and related topics such as: providing greater coverage of living wage/living income estimates across as well as within countries so that major companies can apply a worldwide living wage/living income policy'; measuring gender pay gaps and its causes at the establishment and enterprise levels; and development of an equivalence scale conversion tool to convert living cost estimates for different family sizes.

Thursday 9. September 2021

10:30 - 12:00 **Panel 4**

The Depoliticizing Effects of Certification Schemes and the Living Wage Debate in the Kenyan Cut Flower Industry

Gerda Kuiper, Anthropology, Global South Studies Center (GSSC)

In the past two decades, the Kenyan cut flower industry has come under intense scrutiny. It has been criticized for its environmental impact and poor labour conditions, including low wages. Since then, certification schemes that set certain environmental and labour standards have gained prominence in the industry. In this talk, I discuss how this change was mainly brought about by the development of a new value chain for the flowers, in which cut flowers are sold directly to supermarkets, rather than to florists through an auction-based system. I furthermore question how profound the changes are that are brought about by these certification schemes. I will take Fairtrade, the most well-known standard, as an example. For instance, despite Fairtrade's focus on living wages, wage levels in the Kenyan cut flower industry remain well below the living wage levels calculated through the Anker method, also in Fairtrade-certified farms. I will explore reasons for this discrepancy and I will argue that certifications, including their measures to support living wages, run the risk of having depoliticizing effects. As a consequence, and in contrast to their aims, certification schemes can obscure and even consolidate existing socio-economic configurations instead of transforming them.

At the Intersection with Forest Protection and Biodiversity: Public and Private Sector Contributions to a Living Income for Smallholder Commodity Farmers

Yuca Waarts, Agricultural and Environmental Economics, Wageningen University & Research

Interventions and policies in the cocoa, tea and coffee sectors have failed to ensure that all smallholder commodity farmers earn more than the \$1.90 World Bank poverty line or a living income, and they have not halted deforestation. Commodity farming is strongly associated with deforestation, in spite of interventions. About a third of smallholder tea and cocoa farmers earn or could earn a living income from primary commodity production. For about two-thirds, production of global commodities will never be a pathway out of poverty because of small farm sizes, the impossibility to invest to increase yields, the limited opportunity for other farm income and low price levels. For more than 50% of the cocoa and tea farmers in our datasets, household income would need to double in order for them to earn a living

income. For these two thirds of all farmers, commodity production farming will never be a primary pathway out of poverty. Price increases at scale can play an important role, but require supply management to offer stable long term income impact without negative impact on forests and biodiversity. This because price increases inspire farmers to increase yields by planting more trees. And by doing so decrease biodiversity and increase supply in a situation of oversupply, which also puts a downward pressure on prices. In this session we will discuss poverty drivers based on empirical data, and explore different pathways towards a living income for different types of tree-crop commodity farmers, from an inclusion, equality and equity perspective, while also addressing biodiversity/forest protection targets.

12:30 - 14:00 **Panel 5**

Living Wages and Living Incomes from a Decolonial Perspective

Alexander Profanter, Anthropology, University of Innsbruck

Against a background of persisting Coloniality and epistemic violence Latin American anthropologists in particular have been advocating decolonial economic and social changes for several decades. They view the capitalist market economy as one of the key aspects of the current post-colonial global power gap (cf. Quijano 2016). The Fair Trade and Living Wage/Living Income initiatives are some of the most widespread economic movements opposed to economic injustice. Yet, due to their reformist tendencies that oppose the revolutionary character of Decoloniality, Decolonialists have only marginally dealt with these initiatives. By analyzing (the emergence of) Capitalism from the perspective of Coloniality, the context for the structural and sociocultural boundaries of Fair Trade and Living Wages/Living Incomes is investigated. Their opportunities as alternative movements operating within the framework of a (post-)colonial economic system are restricted, as viewed by Dependency Theories (cf. Escobar 1995) and the Modernity/Coloniality approach (cf. Quijano 2016). Because of the complexity of injustice – of which poverty is almost merely a symptom – a permanent discussion and restructuring of sociocultural and political power must take place, which goes beyond trade. However, Fair Trade and Living Wage/Living Income initiatives to some extent imply decolonial aspects. I will argue that their greatest decolonial potentials to counter epistemic violence and Coloniality are the organization at the local level, the bottom-up approach, and the creation of *spaces*.

What's next? Living Incomes and Living Wages and a Good Life among the Dayak Benuaq in East-Kalimantan, Indonesia

Michaela Haug, Anthropology, University of Cologne

The aim of *living incomes* and *living wages* is to provide a decent standard of living for a 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, as well as provisions for unexpected events. The idea of such a *decent standard of living* is closely linked to the idea of a good life. Taking the Dayak Benuaq – an indigenous group of Indonesian Borneo – as an example, my talk explores the question of what people consider worth striving for and the values they associate with a "good life". In doing so, I develop a multidimensional perspective of a good life and its opposite, a bad life, taking into account not only economic aspects but also social elements and local values. I look at how different types of work, e.g. oil palm plantation work, swidden agriculture, and agroforestry activities are valued and how they are seen as having very different potentials in terms of achieving a good life.