



A LIVING WAGE IS A HUMAN RIGHT

A proposal for Italy, for the
fashion industry and beyond



Full report

June 2022



SUMMARY OF THE REPORT

In-work poverty is a complex social phenomenon: it goes beyond the pure wage issue, depending not only on several factors (individual, family, public policies) but also on how global value chains are structured. In order to address its structural causes, different and complementary economic and fiscal, legislative and contractual policy measures are needed, both at national and international level.

In this report we specifically address the issue of wages as the first, but not the only, urgent issue we need to act on in order to tackle the problem of in-work poverty and inequality in Italy, starting from the fashion supply chains. The **concept of wage** we are referring to is the **floor living wage** adopted by the Clean Clothes Campaign, which can be defined as **the value of the net basic wage able to guarantee the worker and his/her family the satisfaction of basic needs and decent living conditions**. The net basic pay is calculated without overtime bonuses, before incentives and allowances, and after taxes, taking into account only monetary disbursements.

The floor living wage proposed here, which is a **human right as recognised in international law and in our Constitution**, while representing a base threshold for all wages in the Textile, Garment and Footwear (TGF) sector, **differs from the legal minimum wage in that it**

is not based on market values but on the satisfaction of the basic needs of the worker and his/her family.

It is based on a rather simple calculation methodology, so as to be replicable and updatable over time, as well as immediately understandable by workers. The idea is to divide total household expenditure into two major components: food expenditure and other expenditure. Once the monetary value of household food expenditure has been defined - as detailed in the report - and assuming that this represents a certain percentage share of total expenditure, we obtain the value of the living wage as the sum of food and non-food expenditure at household level. **Once we have defined the assumptions (household composition, energy requirements for an individual of working age and the share of household food expenditure in total expenditure) and the calculation methodology described above, we have obtained a value of the floor wage of €1,905 net per month. Assuming a standard working week of forty hours per week, this wage is equivalent to €11 net per hour.**

The floor living wage is, in our view, shall take into account the basic needs of workers and their families and strengthen the existing system of protections to enable them to enjoy a free and decent life. The legal minimum wage therefore, if set at an appropriate level to protect workers' purchasing power, can be a suitable measure to provide effective protection to all workers and their families, especially the most vulnerable ones employed in complex supply chains (populated by small and very small enterprises with low union density) and affected by the worst forms of precariousness, insecurity and exploitation.

Regardless of whether or not the Italian Parliament will approve a legislation on minimum wage, and indeed to usefully inform the ongoing debate on this issue, **we hope for an implementation of a floor living wage that could be articulated in three steps**, detailed in the report, in view of the 2030 Agenda for Sustainable Development goals.

It is clear that in-work poverty is a complex and multidimensional phenomenon, affecting working

time, employment continuity, family composition and the redistributive action of the State. **A strategy to combat in-work poverty, along the entire supply chain in Italy and abroad, requires a variety of instruments and economic, legislative, contractual and cultural measures**, fit to protect workers in a productive context anchored to the dynamics of international trade and strongly globalised, even if new trends of deglobalisation and relocation are emerging.

In addition to the floor living wage and in order to encourage stable, secure and lasting employment relationships, in the report we call for the implementation of other measures that could be experimented starting with the TGF sector and then extended to the whole economic system: **the introduction of instruments to supplement and support lower incomes, the so-called *in-work benefits* and the start of a multi-year, gradual pathway to a collective reduction in working hours, for an equal floor wage**, with a view to a marked improvement in the quality of life for the workers, greater efficiency for companies and a reduction in

the rhythms of production and consumption based on poverty wages, long working hours and poor quality products, typical of the TGF sector, in particular the well-known phenomenon of fast fashion, which has now even worsened in the ultra fast fashion business model.

Our recommendations to political institutions and companies detailed in the report are aimed at **tackling in a systemic and structural way the problem of in-work poverty as well as the urgent transition to a sustainable fashion industry, which can only be so if it is inclusive, fair and democratic**. These measures include **guaranteeing a floor living wage to all workers** in the supply chain, in Italy and abroad, through a **coherent and innovative mix of binding regulations, incentives and enforceable supply chain agreements**. All of the above shall be characterised by a **strong level of transparency** on the part of companies and a **renewed quantitative and qualitative investment in public labour inspections**, for effective and easily enforceable protection for workers, with the utmost attention to the most vulnerable.

With a
**LIVING
WAGE**

Workers and their families
would have access to:



Living wage is a
HUMAN RIGHT



Full report

www.abitipuliti.org



This publication has been produced with the financial support of the European Union. The contents of the publication are the sole responsibility of the Clean Clothes Campaign partnering organisations and do not in any way reflect the opinion of the European Union.