

# Poor Communities and Trade Programme

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## Fair Wage in Haiti: Assessment Report

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It is but equity, besides, that they who feed, clothe, and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed, and lodged.

(Adam Smith, Wealth of Nations 1:8;35)

## Introduction

This report was commissioned by International Trade Centre's (ITC) Ethical Fashion Initiative, a program designed to assist artisans. It examines the concept of a "fair wage" in the context of the cost of living and the prevailing wage scale within in Haiti. It concludes with a recommended wage scale for the artisan sector.

## BACKGROUND : ETHICAL FASHION INITIATIVE

The Ethical Fashion Initiative (EFI) of ITC's Poor Communities and Trade Programme supports micro-enterprises based in marginalised settings to access new opportunities through export trade. The initiative's objective is to strengthen the international competitiveness of microenterprises through a form of global partnership, thereby contributing to poverty reduction and empowerment of artisans through sustainable trade. The Ethical Fashion Initiative is based on a market driven approach, which is implemented through a business infrastructure that discloses trade opportunities for micro producers from marginalised communities. To effectively include a large number of communities into an established international value chain, it is necessary to take the closed setting of a factory floor, dismantle it, and then spread each of its parts over entire regions.

To fill this need, ITC has promoted and supported the birth of Ethical Fashion Africa Ltd, a not-for-profit social enterprise designed specifically for this role: it facilitates all market linkages, provides technical assistance and capacity building. Simultaneously, through a clear social agenda we enable the communities to be part of the game. This is paramount to the successful implementation of the structure as a whole as previous experiences have shown that social support is needed to enable marginalised communities to partake in schemes of work aimed at self-reliance. An impact assessment on communities is regularly carried out through a methodology designed within the project by a consortium of third parties (NGOs and Universities).

Throughout both the business and social infrastructures there are multiple mechanisms in place allowing them to work smoothly and fairly, ensuring that the welfare of the communities involved is always the main priority. However, it is important to underline that auditing of work and employment conditions is also carried out by an external body: the Fair Labour Association (FLA).

## IN HAITI

### FAIR WAGE IN HAITI: AN ASSESSMENT

ITC researchers have determined a "fair wage" for Haitian artisans is US \$2.00 - \$5.00 for urban based apprentices, \$8.00 - \$12.00 for mid-level artisan, and \$15.00 - \$20.00 for a master per day. This conclusion is based on examination and research of the prevailing competitive wage market and alternative entrepreneurial opportunities in urban Port-au-Prince.

As the following report argues, a fair wage should be couched in an understanding of prevailing livelihood strategies in developing countries and specifically in Haiti. Haiti is unique in the degree to which the population is dependent on 1) the informal economy, 2) what is called in anthropological parlance an "internal marketing system" and, not least of all, 3) production and social security organized around the household. It behoves us to take stock in how these features articulate with employment opportunities in Haiti and exercise caution in our well-intended endeavour to assist Haitian working class people that we do not do more harm than good by helping to price impoverished Haitians out of the international labour market.

### WHAT IS A FAIR WAGE?

There is agreement among international human rights groups and fair-trade organizations that individuals should,

- not be forced to work
- not be harassed or abused in association with work
- not be unduly subject to injury or sickness in the workplace
- not be compelled to work more than 10 hours per day
- not be discriminated against or receive unequal pay based on colour, ethnicity, age or gender.

But exactly what constitutes a "fair wage" is not clear. Article 23(3) of the United Nations Universal Declaration of Human Rights states that,

Everyone who works has the right to just and favourable remuneration ensuring for himself (*sic*) and his (*sic*) family an existence worthy of human dignity...

Most national minimum wages were created with the goal of providing individuals and families with the minimum means necessary to be, as Adam Smith said in the *Wealth of Nations*, "tolerably well fed, clothed and lodged," (I viii 36). How well those needs get met is an area of great controversy. Labour activists manage to keep a fairly steady barrage of attacks on what they see as unreasonably low minimum wages in developed countries such as the US, where the figure is US \$7.25 per hour. But minimum wages as low as US \$2 per day in the poorest countries appals most of us.

## LIVING WAGE ESTIMATES

Recently, human rights organizations dissatisfied with "minimum wage" standards have promoted the concept of a "living wage" defined as "the minimum necessary for a worker to meet basic needs." This takes into consideration food, shelter, clothing, utilities, transport, and healthcare. Some observers include education, recreation and retirement. It also considers dependency ratios, often calculated as the wage for one worker and 3 dependents. Anker (2006) put the average for the lowest income countries at US \$1.86 per hour and for the highest income countries he put the average hourly living wage at \$14.75.

There is not only a wide difference in wages for developed versus developing countries, there is also a wide difference in estimations of "living" versus "real" wages within those countries. For example estimates of "living wages" in the US are respectably close to real wages. In a 2006 article in the *International Labor Review*, Anker calculated "living wages" in developed countries at about 2x the minimum wage. However, this is close to the median income for labourers in these countries. For example the median income for a labourer in the US was about \$14; Anker's living wage was the same.

But it's different for developing countries. Here "living wage" estimates tend to be radically out of proportion with the legal minimum wage and, even more so, with wages paid. Anker's estimated poorest country "living wages" of slightly less than \$2 *per hour*, are 10 times the typical minimum real and legal wage *per day* in these countries.

In Haiti the minimum wage is 200 gourdes per day (~ \$5) for most formal sector workers and 125 gourdes (~ \$3.00) for apparel workers in trade free zones. That comes to about US \$ 900 per year, a dismal contrast to any reasonable living wage.<sup>1</sup> Allotting for bare \$5 per day for one meal and \$250 per year for rent, a family living in Port-au-Prince needs US \$2,075 to get by. But I emphasize, this is *bare minimum*. It is unlikely that an urban family could survive on that. The figure does not include cooking fuel, cloths, water, transportation, sanitation, hygiene and medical expenses, or the cost of education-- none of which are free in Haiti. More realistically, a typical family in Port-au-Prince popular neighbourhoods spends US \$1,000 per year on rent and a minimum of US \$10 per day on the main meal for a total of US \$4,650 per year. This means that a single breadwinner working 25 days per month would have to earn \$15 per day to pay only for shelter and a single daily meal. If we realistically include the cost of cooking fuel, breakfast, snacks, water, transportation, education, sanitation, and basic healthcare products like soap, the figure is closer to US \$30 per day, which is almost exactly what the advocacy group Solidarity Center calculated as a living wage for a Port-au-Prince apparel worker (\$29 per day).<sup>2</sup>

For some this wage differential is manifest of international corporate exploitation of the poor. But there are problems with that conclusion, not least of all the fact that Haitians pay each other less, much less. To be exact, Haitians in the informal sector pay about one half to one fourth the rate that formal sector or international corporations pay Haitian employees. For example, a maid working for an NGO or in the home of an expatriate living in Haiti earns about US \$7.26 per day; a maid working in the Haitian informal sector earns about \$3.95 per day. A receptionist working in the formal sector earns \$21.83 per day; in the informal sector she earns \$8.33. For the masses the real wages are indeed right at eye level with the minimum wage. Farmers throughout the country consistently--with no influence or control from the government-- pay their neighbours 150 gourdes per day (\$3.00), i.e. 25 gourdes more than minimum wage for garment workers-- for what they call a *journé*, 6 hours of intense agricultural labour. If they provide a meal they pay 100 gourdes (\$2.50). Highlighting the absurdity, within the context of the Haitian economy, recommending a real wage for a semi-literate apparel worker at US \$29 per day is the fact that it is top pay in Haiti, 2.5 times what a construction foreman earns (\$12.50 per day), considerably more than a secondary school teacher earns (\$22.83), and almost equal to what the average medical doctors brings home (\$34.50).

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| Table 1: Formal Sector Employment (USD)<br>(Demattee 2012) |             |          |
|--|-------------|----------|
| Occupation   | Year        | Day      |
| Security Guard   | \$1,734.00  | \$5.78   |
| Maid   | \$2,177.00  | \$7.26   |
| Laborer  | \$2,419.00  | \$8.06   |
| Wait Staff   | \$2,492.00  | \$8.31   |
| Cook   | \$2,855.00  | \$9.52   |
| Handyman   | \$3,430.00  | \$11.43  |
| Messenger  | \$3,796.00  | \$12.65  |
| Driver   | \$5,347.00  | \$17.82  |
| Office Staff   | \$6,548.00  | \$21.83  |
| Secretary  | \$8,090.00  | \$26.97  |
| Teacher  | \$8,110.00  | \$27.03  |
| Nurse  | \$10,150.00 | \$33.83  |
| Mechanic   | \$10,801.00 | \$36.00  |
| Engineer   | \$12,777.00 | \$42.59  |
| Acct   | \$15,379.00 | \$51.26  |
| IT Prof  | \$20,310.00 | \$67.70  |
| Office Mng   | \$21,267.00 | \$70.89  |
| Doctor   | \$28,306.00 | \$94.35  |
| Senior   | \$30,956.00 | \$103.19 |
| Program Mng  | \$31,672.00 | \$105.57 |
| Executive  | \$35,646.00 | \$118.82 |

| Table 2: Mostly Informal Sector<br>Employment (EFI, 2012) |             |         |
|---|-------------|---------|
| Occupation  | (USD/year)  | USD/Day |
| Waiter  | \$800.00    | \$2.67  |
| Guard/home  | \$1,012.50  | \$3.38  |
| Factory work  | \$1,125.00  | \$3.75  |
| Domestic/hm   | \$1,170.00  | \$3.90  |
| Domestic/office   | \$1,200.00  | \$4.00  |
| Stylist   | \$1,400.00  | \$4.67  |
| Tailor  | \$1,550.00  | \$5.17  |
| Teacher/Prim  | \$1,620.00  | \$5.40  |
| Guard/business  | \$1,710.00  | \$5.70  |
| Messenger   | \$1,800.00  | \$6.00  |
| Gas Station   | \$1,800.00  | \$6.00  |
| Apprentice  | \$2,250.00  | \$7.50  |
| Call Center   | \$2,416.00  | \$8.05  |
| Receptionist  | \$2,500.00  | \$8.33  |
| Nurse   | \$2,790.00  | \$9.30  |
| Sales Pers.   | \$2,980.00  | \$9.93  |
| Checkout  | \$3,150.00  | \$10.50 |
| Driver  | \$3,150.00  | \$10.50 |
| Foreman   | \$3,750.00  | \$12.50 |
| Police  | \$4,500.00  | \$15.00 |
| Secretary   | \$4,500.00  | \$15.00 |
| Supervisor  | \$5,750.00  | \$19.17 |
| Teacher/Sec.  | \$6,850.00  | \$22.83 |
| Doctor  | \$10,350.00 | \$34.50 |
| Analyst   | \$11,250.00 | \$37.50 |
| Director bank   | \$18,000.00 | \$60.00 |
| Director business   | \$18,500.00 | \$61.67 |

In Table 1 is from DeMattee 2012 is based on 876 observations from 79 formal sector employees, including the banking, airline, construction, petrol, hotel, manufacturing, medical, telecom, IT, and humanitarian sectors. Table 2 and 3 show mostly inform sector employment and entrepreneurial opportunities. The data come from 15 independent studies conducted by Haitian students and EFI researchers who interviewed friends, family and neighbours engaged mostly in informal sector occupations. (all data is in US dollars annual wage; daily wage earnings are based on 25 working days per month).

| Table 3<br>Entrepreneurial Sector (EFI 2012) |            |         |
|--|------------|---------|
| Occupation                                   | Year       | Day     |
| Call-Card V.                                 | \$1,500.00 | \$5.00  |
| Shoe Shine                                   | \$1,875.00 | \$6.25  |
| Load Truck                                   | \$2,250.00 | \$7.50  |
| vendor food                                  | \$2,250.00 | \$7.50  |
| Artisan                                      | \$3,000.00 | \$10.00 |
| Mason  | \$3,750.00 | \$12.50 |
| Moto Taxi                                    | \$4,125.00 | \$13.75 |
| Small Vendor                                 | \$4,500.00 | \$15.00 |
| Restaurant owner                             | \$9,000.00 | \$30.00 |
| Tap tap driver                               | \$9,000.00 | \$30.00 |

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In lieu of the high cost of living and the very real low wages paid to most people in Haiti, two significant points follow,

- 1) There is a very real need to understand how are people able survive on so little, and
- 2) When "living wages," are used to assail as exploitative foreign entities that are willing to provide jobs we may be doing the poor a disservice by intimidating organizations with demands for high formal sector pay scale and thereby encouraging them *not* to employ the poor

## FORMAL VS. INFORMAL ECONOMIES AND GLOBAL VS. INTERNAL MARKETING SYSTEM

To address the first issue--'how are Haitians able to survive on so little?'--it's important to begin by dispelling some myths. First off, "unemployment" rates that developed-world sociologists and statisticians include in their descriptions of developing countries do not jibe with the reality of a large segment of the developing world population. The rates are often alarmingly high. In the case of Haiti the proportion of the population living and working in the informal economy range from 60 to 80%. Similarly, organizations such as the World Bank have estimated that over 50% of the Haitian population lives on less than \$1 per day and as much as 80% lives on less than \$2. As seen, this latter statement cannot possibly be true; \$1 per day would not purchase enough food, let alone the other needs, that come with being alive. As for the first point, the use official "employment" figure is an imposition of developed world expectations and conceptual categories where they do not fit. More specifically, as much as 80% of the Haitian population--exactly the highest figure "unemployed"--is hard at work in the informal sector.

Haitians find "informal" employment in positions such as night watchman, yardman, maid, cook, nanny, guard, construction worker, mechanic, and welder. They work as captains, mariners, and boatswain in the thriving domestic shipping sector. They work as loaders and drivers or money collectors on the thousands of taxis and trucks that carry goods across, around and throughout the country. They produce handicrafts. They farm and fish. In rural areas--where lives 50% or more of the population--the vibrant internal market system includes a dizzying array of specialized occupations. There are alcohol distillers, butchers and bakers, tailors and basket makers, rope weavers and bridle makers and jewellers and watch repairman. There are part-time farmer-specialists who hew with their hands lumber for houses and furniture. Local iron smiths work with nothing more than a hammer, burin, pliers, and burning coconut shells for heat to make nails, hinges, latches, iron bed frames, and the bits for horse bridles. Other specialists make nets, weirs, and boats. Others specialize in caulking

boats. Others go into the hills to find buoyant *monben* tree seed pods for nets and poles for oars or vines and *galata* poles for roofs. Other specialists sew shoes. There are specialists who climb coconut trees for coconuts and those who climb royal palms for thatch to make roofs to cover houses and to make baskets for carrying and storing goods. There are those who gather rock to build houses, those who mine clay and others who mine lime and sand. There are those who slake the lime, those who cut wood and then smoulder the wood to make charcoal. There are half a dozen specialists involved in building homes, from masons to roof makers to door makers and window setters. There are latrine diggers. There specialist tire repairmen and even children who specialize in repairing bicycle tires. There are a myriad of farming specialties. Digging holes in gardens is a specialist activity, as is the castration of livestock. There are even specialists who castrate particular kinds of livestock. Other specialists train dogs to hunt wild cats and mongoose. There are specialist tomb builders, grave diggers, casket makers, and those who wash and prepare bodies for burial. There are healthcare specialists and herb specialists called leaf doctors who know hundreds of remedies made from local plants and trees to treat everything from colds to AIDS (not all of them are effective). There are masseuses, midwives, spiritual healers, magic practitioners, and card readers. There are prayer-saying specialists, and even those who specialize in saying particular prayers on particular occasions. All these specialists charge fees and all of these specializations articulate and spill over into the urban popular quarters where they take on new forms of productive petty enterprise with jerry rigging electricians, plumbers, toilet and radio mechanics and typesetters and copiers and painters and makers and vendors of dozens of different foods, alcoholic beverages and medicines. And everyone involved in this thriving economy is bustling back forth on the backs of the hundreds of thousands of moto-taxis and calling one another on cell phones for which they have to incessantly purchase recharge cards sold by tens of thousands of ambulant vendors and that they periodically have to have fixed by one of the tens of thousands of telephone technicians. All that I am describing falls in the realm of the Haiti's informal economy.

Those who cannot find work and have the possibility, often choose to migrate to the Bahamas, the Dominican Republic, Canada and the United States where they engage in any number of occupations. The men often engage in seasonal farming, fishing, transport, construction, the sex industry and narco trafficking. Women migrate to the same places where they work in factories or as cooks, nannies, maids, prostitutes or masseuses or bar girls or where they marry foreigners and fly off to North America or Europe. Most of both men and women send back money to family and friends and lovers, money that fuels the vibrant informal economy described above.



## GENDER

Many of the occupations mentioned above are for men. Men monopolize construction, iron work, and mechanics. But some are un-expectantly female. Women are butchers for example. In the absence of men, women will perform most farming tasks. Women have their exclusive enterprises. For example, only women process fish. Only women are masseuses and midwives. Women almost exclusively monopolize popular restaurant enterprises and most production of candies and other treats are female dominated. But more than anything else rural women completely dominate the movement and redistribution of domestic produce. They so dominate this sector of the economy that rural middle aged women are often on equal or greater economic footing with their husbands. And because the trade is so important, particularly in rural areas, the entire family supports women in the endeavour. Not least of all men. Indeed, relationships between men and women and the family are built on a contractual foundation that cedes hegemony over the household to women.

A proverb said throughout Haiti is that, "men build houses, but they don't own them" (*gason fe kay, min li pa gen kay*). As a cultural rule, the household is the domain of women. In rural areas men plant gardens on behalf of women and in the name of the children they have together. Women are regarded as the owners of the produce. They do the harvesting, sell the harvest and manage the money. Few rural Haitian men would be so bold as to meddle in his wife's commercial activities and, more daring still, try to put his hands on the money she manages on behalf of the household. Those who have methodically examined the issue report violence and aggression among rural women as higher than among men, both with respect to women attacking men and women attacking one another (Schwartz 2009 and Murray's 1977 dissertation). The vast majority of this violence is related to control over income generating activities.

In summary, although poorly understood and poorly regarded by outsiders, a vast and vibrant internal service, production, and marketing system characterizes the Haitian economy. From the vibrant marine trade to the production of comestibles to specialized production and repair services, for about 9 of the 10 million people who live in Haiti these are very real and important economic occupations. It's true, however, that the jobs and endeavours described yield small earnings by international standards. Moreover, in all but a small minority of cases can a single lone adult support a family. So getting back to the question of how do Haitians survive depends on understanding another feature of the Haitian economy, the household.

## HOUSEHOLD LIVELIHOOD STRATEGIES

For the overwhelming majority of individuals in developing countries it is the household, not the State, that provides a safety net for individuals. Unlike the middle and upper-income developed-world homestead that depends on the income of adult breadwinners and the services that income purchases, members of developed world households often have to provide those services with their own time and effort. Even very young members of the household may contribute to livelihood security by fetching firewood and water, running errands, washing clothes, and preparing meals. Moreover, in many cases, especially true in rural Haiti, it is also around the household that labour and production are organized. Household members participate in a wide range of productive income or food generating activities, such as agricultural production, livestock rearing, and fishing. And again this is true for all members of the household, even young children. <sup>4</sup>

## HOUSEHOLD BASED LIVELIHOOD STRATEGIES AND CHILDREN

In Haiti, the labour of children is so important in making households viable productive entities that without them the household does not exist. In a 1,586 randomly selected sample of rural households in North West Haiti, the GTZ found that only 53 households did not have children, and these were overwhelming households in the yards of our households that did have children (Schwartz 2000). When asked, rural respondents repeatedly drove this point home with comments such as, "If you don't have children, dogs will eat you," "you need children," "children are the wealth of the poor" and "If I didn't have children I wouldn't stick around here for a minute."

The importance of the household and the contributions from children extends to urban areas. In a three-part sample of 2,383 impoverished rural and urban Haitian women anthropologist Maynard-Tucker (1996) found that

in the Port-au-Prince slums, "most living quarters have no piped water, electricity or sanitation facilities...Job opportunities are scarce and every day brings a new search for food and survival." Because of this children were seen as useful. "Children are taught at an early age to sell and trade goods in the streets or to do menial work, carry water, goods, watch property..."(ibid). So important were children and the labour services they provide that, according to Maynard-Tucker, only one third of both slum and rural children were, at the time she conducted the research, sent to school.

Table 4: Households reporting that Children are primary Custodians of Specific Labor Activities

| Task           | % of Housholds |
|----------------|----------------|
| Housework      | 75.7%          |
| Cooking        | 72.8%          |
| Childcare      | 62.5%          |
| Carry water    | 73.6%          |
| Sell produce   | 31.6%          |
| Sell livestock | 32.9%          |
| Tend Livestock | 56.5%          |
| Garden work    | 52.7%          |
| Wage labor     | 8.3%           |

\*Includes households with no children and those with only

Perhaps more importantly than anything else in understanding the household as the basis for livelihood strategies and the role that children play is that for both urban and rural areas children stay home and perform basic domestic tasks and care for younger siblings thereby freeing adult women to pursue income generating activities outside the homestead. Children free their old sisters, cousins, aunts and mothers to engage in itinerate trade and go work in villages, towns and urban centres as domestic servants.

Table 5: Number of Children Resident in House by Whether or Not Woman is Engaged in Marketing (n = 132; children 7 to 25 years of age)

|                |         |                                |       | Woman Markets |     | Total |
|----------------|---------|--------------------------------|-------|---------------|-----|-------|
|                |         |                                |       | No            | Yes |       |
| Age Categories | 20 – 34 | Children resident in the house | 0 – 3 | 8             | 8   | 16    |
|                |         |                                | 4 – 6 | 4             | 12  | 16    |
|                |         |                                | 7+    | 0             | 2   | 2     |
|                |         |                                | Total | 12            | 22  | 34    |
|                | 35 – 49 | Children resident in the house | 0 – 3 | 5             | 6   | 11    |
|                |         |                                | 4 – 6 | 4             | 18  | 22    |
|                |         |                                | 7+    | 0             | 13  | 13    |
|                |         |                                | Total | 9             | 38  | 47    |
|                | 50+     | Children resident in the house | 0 – 3 | 8             | 11  | 19    |
|                |         |                                | 4 – 6 | 3             | 17  | 20    |
|                |         |                                | 7+    | 4             | 7   | 11    |
|                |         |                                | Total | 15            | 36  | 51    |

In summary, the interdependence of household members on one another, the productive character of household and the wide range of petty-income generating activities that household members engage in helps explain how people are able to survive on ridiculously low wages: because they are part of household livelihood strategies that draw income from a variety of sources.

#### FOUR DIMENSIONS OF LABOR

One way of summing up the principal features that we have been discussing regarding labour in Haiti is to illustrate them as a continuum along four dimensions: gender, familial (household) to extra-familial (extra-household), reciprocal to remunerative, rural to urban (see Table 6).

- Gender= who performs the task, male vs. female
- Familial (household) to extra-familial (extra-household) = the degree to which labour tasks are considered household chores or productive activities that family or households members perform together or for one another versus the degree with they seek those services outside the household (in the internal marketing and service economy)

- Reciprocal to remunerative = the degree to which labour tasks are seen as favours versus payable
- Rural-urban = the degree to which the task occurs in rural versus urban settings. For example agriculture is not common in urban area but ubiquitous in rural area

Table 6: The Four Dimensions of Labor<sup>5</sup>

| Task            | Gender |        | Familial-<br>extrafamilial |        | Reciprocal-<br>Remunerative* |       | Rural-Urban |       |
|-----------------|--------|--------|----------------------------|--------|------------------------------|-------|-------------|-------|
|                 | Male   | Female | Hshld                      | Public | None                         | Imed. | Rural       | Urban |
| Housework       | *      | *****  | ****                       |        | *****                        |       | ***         | **    |
| Home            | *      | *****  | ****                       |        | *****                        |       | ****        | **    |
| Childcare       | *      | *****  | ****                       |        | *****                        |       | ****        | **    |
| Carry water     | *      | *****  | ****                       |        | *****                        |       | ****        | **    |
| Harvest crops   | **     | ****   | ****                       |        | **                           | ****  | *****       | *     |
| Plant crops     | ***    | **     | ****                       |        | ****                         |       | *****       | *     |
| Tend livestock  | ****   | **     | ****                       |        | ****                         |       | *****       | *     |
| Prep & weed     | ****   | **     | **                         | **     | ****                         | **    | *****       | *     |
| Sell produce    | *      | *****  | ****                       |        | *                            | ***** | *****       | *     |
| Sell livestock  | **     | *****  | ****                       | *      | *                            | ***** | *****       | *     |
| Other           | *      | *****  | ****                       |        | *                            | ***** | **          | ***   |
| Masseuse        |        | *****  |                            | *****  | *                            | ***** | *****       | *     |
| Midwife         |        | *****  |                            | *****  |                              | ***** | *****       | *     |
| Leaf doctor     | *****  | *      |                            | *****  |                              | ***** | ****        | **    |
| Shaman          | *****  | *      |                            | *****  |                              | ***** | **          | ***   |
| Porter (paid)   | ****   | **     |                            | *****  |                              | ***** | **          | ***   |
| Charcoal        | *****  |        |                            | *****  | **                           | **    | *****       |       |
| Fishing         | *****  |        | *                          | *****  | **                           | ****  | ***         | ***   |
| Taxi drivers    | *****  |        |                            | *****  |                              | ***** | *           | ****  |
| Construction    | *****  |        |                            | *****  |                              | ***** | *           | ****  |
| Labor mig to    | *****  | *      |                            | *****  |                              | ***** | ****        | **    |
| Prostitution DR | **     | ****   |                            | *****  | *                            | ***** | *           | ***** |
| Artisanal work  | ****   | *      | *                          | *****  |                              | ***** | **          | ***   |
| Domestic        | *      | *****  |                            | *****  |                              | ***** |             | ***** |
| Rest. cook      |        | *****  |                            | *****  |                              | ***** |             | ***** |

Note that in each column of the table stars are used to illustrate the degree to which a particular task falls on one or the other side of the continuum.

\*The category is "remuneration" and the measure is from no pay (as when one does a household chore) to delayed pay (as when on plants are garden or performs a task on commission) to direct pay (as when one is working for a salary)

## THE OTHER SIDE OF THE FAIR WAGE

What is a "fair" wage should not hinge on the producer. It must also consider the alternative opportunities available to wholesalers and consumers. For a "fair" or "ethical" wage to have market value--necessary for it to outcompete "sweat shop" products--consumers must be disposed to accept a value being attributed to "ethically" produced goods. Consumers must be willing to choose or pay more for "ethically" produced goods or forego the cost savings of purchasing alternative "unethical" goods.

But it is unreasonable to expect a purchaser to pay inordinately high costs or forego lucrative opportunities. Most wholesalers will only do so only for so long as it remains profitable and the consumer assigns the described value to what is "ethical." Neither can we reasonably expect the consumer to assume inordinately high costs. Similarly, it is impractical to expect consumers will purchase inferior quality goods. We cannot "ethically" expect the consumer to assume the costs of the producer who has ten dependent children or the semi competent or mentally challenged producer who needs special medical attention and produces inferior products. These are costs more properly assumed by the State or welfare agencies, such as the Church or, relative to our main point here, families that do have productive members who are able to find gainful economic activity.<sup>6</sup>

Very importantly, to ignore the hegemony of the purchaser is harmful to the producers. It is producers in the need of work who will pay the price for overzealous trade activists. In the real world competition between producing countries and the struggle between machine manufactured versus handmade goods, inordinately high production costs risk driving buyers to other markets or to mechanized manufacturing. If this happens the intended beneficiaries can forever lose the opportunities to produce for that particular market.

This issue of driving buyers away from the market is an especially sensitive one for Haiti. During the 1970s and 1980s, US and EEC policies and financial assistance packages targeted to promote the Haitian assembly sector helped the country reach a 1986 employment pinnacle of 120,000 factory workers. But subsequent political unrest precipitated dramatic decline. By 2004 there were only 4,000 formal sector factory jobs in the country. Over the same 15 years the income for Haitians shrivelled. Between 1980 and 2004 the GDP slipped backwards at an overall rate of about 2% per year. The result for many Haitians was economic desperation. Many observers argue that it was precisely manufacturing led social engineering and political meddling from foreign governments that drove the decline; that the developed country governments such as the US, Canada, and the EU threw their weight behind right wing conservative political parties, something that led to armed conflict and a wholesale breakdown in security and political balance. It is an argument that, if not conceded, must be recognized and noted. But however Haiti got to where it is, the fact is

that many Haitians are desperately poor. For many of them it does not matter how they got in the present situation. What they need is another job to add to the household livelihood strategy. In that respect any wage is fairer than no wage at all.<sup>7</sup>

## CONCLUSION: REGULATORY ORGANIZATIONS AND FAIR WAGE IN HAITI

Summarizing to this point, we must be careful not to drive customers from the Haitian markets and we must understand the income opportunities in the context of the people who we are trying to assist. The poor in developing countries such as Haiti engage in a wide range of economic endeavours and they pool household resources to create, in the absence of a strong state, their own social safety net. In this endeavour they are typically not over-, but underworked. It is precisely the poorest of the poor who are the most "under-employed." They are the ones least able to escape and move to distant labour markets or to pay for training or education to adapt to disappearance of old opportunities and the emergence of new ones. They and their household co-members often have extra time on their hands. The young, the elderly, and the ill among them also a type of untapped and surplus labour pool that Haitian households could and would benefit from if they could somehow be involved in new remunerative activities. Moreover, while the intention is not to promote child labour or exploitation of the handicapped or to rail against UN mandates, we should be careful about imposing our own values-- adapted to a radically different set of conditions. "Ethically" we should listen to the poor. And if when we do, they tell that yes, they *want* high income jobs, but they *need* whatever they can get. They need more employment. They need more opportunities, even low wage opportunities. Stable income is especially welcome.

An organization, in this case the Ethical Fashion Initiative, is what defines and then informs the consumer if "fair" or "ethical" conditions are being met. But there are pitfalls in making such a decision for producers.<sup>8</sup> When we do that we are insinuating ourselves into the market chain and commoditizing the concept of "ethical." And in doing so, we change the market relationships in ways that, if we are not careful, may not be beneficial to the people we intend to help. We should exercise our mandate with care. We should consider the real world context of the producer, intermediary, consumer relationship and not, in our zeal to aid, do more harm than good. We should not limit the concept of "fair wage" to what a producer *earns* to take care of his or her family. It should be understood in the context of what it *adds* to his or her family. It should be considered in the context of household livelihood strategies. A "Fair Wage" concept should also include the notion of a practical purchasing price for buyers and cost and quality of products for consumers, a point that has direct impact not only on the purchasers but on the producers as well.<sup>9</sup>

## NOTE

<sup>1</sup> (<http://www.state.gov/r/pa/ei/bgn/1982.htm>).

<sup>2</sup> Solidarity Center estimated the monthly living wage for a SONAPI export apparel worker and two dependents living in Port-au-Prince: 29,971 Haitian gourdes (approximately \$749 or 29\$ per day). See. Solidarity Center's "A Post-Earthquake Living Wage Estimate For Apparel Workers In The SONAPI Export Processing Zone" March 3, 2011 Port-Au-Prince, Haiti [http://www.solidaritycenter.org/Files/haiti\\_livingwagesnapshot030311.pdf](http://www.solidaritycenter.org/Files/haiti_livingwagesnapshot030311.pdf)

Note that this points up a rather sticky problem with the difference between trying to be fair and ideal versus being practical and realistic. If we assume that all people have a right to the same basic humanitarian services, than a just living wage in developing countries such as Haiti should arguably be *higher* than developed world counterparts. This is true because Governments in these countries usually fall short of assuming the cost of social welfare. People often must pay for basic healthcare, education, sanitation services, water, electricity and even justice and police protection-- what are considered rights in developed countries

<sup>3</sup> No range of distribution is provided here, but 90% of observations fell within 30% of the mean, meaning they are reasonably consistent and dependable. Note the wide difference between income in the formal versus informal employment

<sup>4</sup> Even middle and upper income families tend to pool resources and live in a single domicile, (something that perplexes many outsiders with the image of 30 year old middle class 'children' living with their parents--a situation considered untenable in a developed country).

<sup>6</sup> Consumers are similar to wholesalers in this respect. Consumers cannot be expected to pay unreasonably high prices for goods because producers live in underdeveloped countries where the State has failed to assume responsibilities for their wellbeing. Nor can consumers be expected to purchase inferior quality, toxic or otherwise harmful products. That's not trade. That's charity.

<sup>7</sup> To be even more clear, I/we are acknowledging the leftist critique that many of the current economic woes of Haiti have come about as consequence of foreign interference and deliberate attempts to exploit Haitian labour for as little as possible. This point might be fuel for the middle class revolutionary or expatriate activist but from the perspective the impoverished Haitian "victim," how they got to the desperate situation they find themselves in is mute. The fact is that any opportunity at all is better than nothing. And for an unfortunate few nothing is what they get.

<sup>8</sup> Consumers must be willing to discriminate between goods produced "ethically" versus those they do not know about or that they know are produced in an "unethical" environment (an unethical environment would be, for example, one were the producer has no bargaining power, were unsafe and abusive working conditions prevail).

<sup>9</sup> With these points in mind, a "fair wage" can be defined from two perspectives that must be mutually appreciative of one another: 1) the producer and 2) wholesaler and consumer. And it is the intermediating agency that must apply a criteria for "fair" that takes into consideration the practical, real world predicament of the impoverished, something that is often terribly unfair but that cannot be remedied with proclamations of good will and may be aggravated by impractical product certifications that scare away wholesale intermediaries with high costs.

**Producer** fair wage depends on 1) alternative income opportunities (forgone "opportunity costs"), 2) cost of living, 3) gender, 4) skill level, 6) complementary income generating activities, and 7) the economic burden unique to a particular individual. Assessment of all these factors have to be understood within the parameters of the prevailing developing world livelihood strategy: household based social security and household based production.

**Wholesalers and consumer** fair wages depend on more than ethics. They depend on prices and quality of the goods. This means alternative wage rates in other countries and the skill of people in these other countries.

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