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Sustainable
Living Wage and Income
Report

SUSTAIN-ABILITY

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A Research Project of
CREA: Center for Reflection, Education and Action, Inc.
Hartford, CT

Ruth Rosenbaum, TC, PhD
Project Director

Project Team
David Bolan, Aida Montalvo, Karla Montalvo
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The El Salvador Sustainable Living Wage and Income Report

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DEDICATION

To Workers
and to all who support
the struggle for economic justice and sustainability



“The future of our earth is in the trees...”
Sign on wall in El Salvador. 2003



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PROJECT SPONSORS

Every project, no matter how large or small, is dependent on many persons and organizations for funding. Without this financial resource, many projects sit waiting. To fund a project such as this requires the basic commitment of each donor to social justice and, specifically, to economic justice. We are deeply grateful to the following donors for their contribution to

Sustain-Ability:

The El Salvador Sustainable Living Wage and Income Project

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Sisters of St. Francis of Assisi, Wisconsin

David Tschantz

Patricia & Dennis Zerega



CREA: CENTER FOR REFLECTION, EDUCATION AND ACTION Inc.

*Believing that the earth is home to all,
CREA facilitates analysis of human, social and economic policies
from the perspective of their effects on human lives,
beginning with the lives of people who are impoverished*

CENTER

At CREA, the foundational point for reflection and analysis is the dignity of all human beings before God. CREA evaluates social and economic policies through the lens of the rights and responsibilities that are essential to that dignity. CREA works to develop ideas, programs and tools to assist communities and individuals who are struggling to attain these rights. This work includes examining the interaction of the domestic and international systems and structures that impact communities. We at CREA strive to work from a “non-oppositional stance” and to see others not as opponents but as potential colleagues in the search for better ways to create a more just and equitable world.

CREA Inc. was founded in 1996 with an office in Hartford, CT. Since 1999 the organization has been located in its own building, CREA House, which serves as its physical center and welcoming space.

REFLECTION

Conferences, workshops, retreats and days of reflection are available to assist individuals and groups in the integration of faith, the development of personal spirituality and work for economic and social justice. Varying forms and locations are possible. Sample copies of conferences and presentations are available upon request.

EDUCATION

Opportunities for participating in educational sessions are offered in formal settings, informal gatherings, popular educational programs and publications.

ACTION

Purchasing Power Index Studies

The Purchasing Power Index (PPI) is a methodology used to determine the real purchasing power earned by workers. The PPI is based on the actual wages earned and the real costs in local currency of the items they require for themselves and their families. In the age of the globalization of the economy, the PPI provides a clear and unbiased assessment of the need for sustainable living wages/income for all workers. It also makes clear the wage levels that are required to achieve family and community sustainability.

Systemic Analysis

CREA provides education in the practice of systemic analysis through its programs and materials. This type of analysis examines the interaction of social, political, cultural, economic, educational, political and religious structures, and the effects of these on the lives as individuals and communities.

CREA has developed a series of constructs to assist in this analysis. These constructs provide an objective framework from which to conduct the analysis. Their use assists conversations, dialogues and negotiations to move from personal confrontation to objective discussions about issues.

CREA Focus

CREA *Focus* is a comprehensive screening service for investors, investment managers and anyone interested in Socially Responsible Investing (SRI). It provides a complete range of SRI services including Portfolio Reviews, Company Reports, Portfolio Screening, Industry and Issue Reports and Proxy Voting. CREA also files shareholder resolutions on issues related to economic and social justice.

In an age when money seems to have more and more power, how we use our power as consumers and investors can be a powerful extension of our values, our beliefs and our work for justice.

THE EXECUTIVE DIRECTOR OF CREA

Ruth Rosenbaum, TC, PhD, is recognized by organizations throughout the US and Canada as well as countries in Latin America, Asia, Africa, Europe and the Caribbean for her work on the Purchasing Power Index (PPI) and the struggle for just and sustainable living wages/income for workers.

ACKNOWLEDGEMENTS

Many individuals and groups contributed to this research project. Some listened to the initial discussions of whether and how it should be done. Others helped to plan and provided practical advice and information. CREA donors and the project sponsors provided financial support. CREA prayer-partners gave us their prayers and their moral support. All are partners in this work for economic justice. We thank you.

We thank in a particular way the workers in El Salvador who opened their homes and their workplaces to us and who agreed to be interviewed and to have their photographs taken. Their dignity in the face of the hard work and deprivations of their lives is an inspiration to us. Their faces and their lives will remain in our memory as we continue to act in solidarity with them in their struggle for economic justice.

The CREA Team for this project deserves special acknowledgement. Aida Montalvo and Karla Montalvo worked painstakingly in El Salvador to do the pricing accurately, and to interview the workers thoroughly. Dave Bolan labored for many hours, using his artistic and computer skills to select the photographs and to design their layout. He also provided his proofreading and computer talents to the data-entry work of Melisa Sherman and Sheila Rhodes in that phase of the research. Sister Kathryn edited the initial writings of the report into passages that flowed and held together.

The research and writing phases of this project are now complete. Much more work lies ahead: the translation of the report; training of the workers in El Salvador so that they will be able to use the report in their negotiations for improved wages and income; the introduction of the report to shareholders and corporate management as they consider how to function more justly in this globalized economy; and making the report known to individuals, organizations and educational institutions so they can use it as one of their knowledge bases in their efforts for environmental, social and economic justice.

The struggle for justice requires efforts from all of us. No one individual, group or organization can do it alone. Each of us has to offer whatever we can within our life circumstances. We thank all of you who are adding your part to the work of making our earth truly a home for all.

Ruth Rosenbaum, TC, PhD
Project Director
CREA House
Hartford, CT

August 2004

**SUSTAIN-ABILITY:
El Salvador Sustainable Living Wage and Income Report**

Table of Contents

	Page
1.0 Preface	1
2.0 Overview	3
3.0 Background	6
4.0 Design of the Project	11
5.0 Wages and Income.....	15
6.0 Standards for the Sustainable Living Wage and The Sustainable Living Income	19
7.0 Earning Purchasing Power in the Maquilas	36
8.0 Earning A Sustainable Living Income in the Crafts Sector.....	48
9.0 Earning A Sustainable Living Income in the Coffee Sector	59
10.0 Sustainable Living Wage and Income Standards in El Salvador	71
11.0 Sustain-Ability and Human Rights: Commentary for the Future.....	74

1.0 PREFACE

The first time in a country is a defining moment. The first impressions, experiences, interactions become the foundation upon which future experiences build.

INDEPENDENT MONITORING WORKING GROUP

CREA's first experience in El Salvador was in 1996 when Executive Director Ruth Rosenbaum, TC, PhD was a member of the Independent Monitoring Working Group (IMWG) working with Gap to set up independent monitoring at an apparel factory in San Salvador.

During the eight years of the independent monitoring project, there were many times when meeting with workers, worker representatives, independent monitors and others provided a deep understanding of the challenges to workers in factories in El Salvador. The Monitoring Project focused on workplace issues, health and safety, wages, overtime, etc. It was "the first independent monitoring program in El Salvador and in the apparel industry globally." (Social Responsibility Report, Gap Inc. 2003)

"Everyone who works has the right to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection."

Universal Declaration of Human Rights.
United Nations. 1948. Article 23

THE MISSING QUESTIONS

Compliance and monitoring projects seek to ensure that factories adhere to national laws concerning wages paid, including the minimum wage, overtime wage and required benefits. While this is key to operations within factories, the more foundational issue that is not addressed is the following:

What standard of living does a worker have the right to expect as the result of working well, and hard, for the workweek? What standard of living can a worker and his/her family achieve in return for good work during the full workweek?

SEEKING TO ANSWER THE QUESTIONS

Since CREA's founding, we have been straightforward in asserting our belief in the dignity of each and all persons, and that the starting point of all our analysis is the living reality of the majority of the persons in the world, the economically poor.

We believe that the Universal Declaration of Human Rights provides clear direction regarding the purpose of work and what workers anywhere should be able to do as a result of working. The Declaration states:

"Everyone who works has the right to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection."
Article 23, Universal Declaration of Human Rights. United Nations. 1948.

It is only with sustainable living wage and sustainable living income levels that the economic human rights components of the Declaration of Human Rights can be achieved.

SUSTAINABLE LIVING WAGES AND INCOME

Oftentimes discussions and deliberations regarding wages revolve around raising the minimum wage. In a globalized economy where the race to the bottom oftentimes seems to be gaining speed and momentum, CREA believes that it is critical that we raise the questions of sustainability and of human rights as we see the effects of wages and income on workers, their families and their communities. Often concealed within the data of globalization, profit and growth are the faces (and hearts and hands and minds and lives) of the workers on whom this globalized economy depends.

THE PURCHASING POWER INDEX (PPI)

As we shall see, the Purchasing Power Index (PPI) methodology allows us, as researchers, to enter into the very intimate aspects of human life: the kind of homes one lives in, the food one eats, the clothing one wears, the education of one's children, the hopes and dreams for the futures...and the planning and saving that makes those dreams possible. The PPI is grounded in reality, in multiple realities in many parts of the world. Whether we are in Haiti or Mexico, in El Salvador or the US, in Kenya or China, human needs are the same. What differs are the culturally determined ways in which those needs are met.

The PPI looks at the costs of what is needed and the income that is needed to generate the purchasing power required to buy those items. It then examines the wages (when a person works for someone else) or income (when a person is self employed) that are needed to earn sufficient purchasing power. At any wage or income level, with benefits subtracted and bonuses added, any worker, anywhere in the world, earns just so many minutes of purchasing power. Those minutes of purchasing power are what any worker has to pay the costs of meeting his/her own needs and those of her/his family.

When purchasing power is not sufficient, something has to give. Needs are not met. The family does without. Without a decent house to live in or nutritious food. Without the kinds of clothes that symbolize a decent life. Without decent health care or transportation or so many things that provide for health and security.

What they don't give up is their dream of a better life.

A job that provides a sustainable living wage or sustainable living income would make that dream possible. Why is it so elusive? Why is it not the standard upon which economic systems are built in any country, any place around the world?

To work for economic justice as we do at CREA requires that we believe that change is possible. Changing hearts, changing minds leads to ideas and the collective will to change systems.

At CREA, we continue to believe, we continue to hope, and we continue to work for change. It can be done. That is our dream, Cree en tu sueño.

Ruth Rosenbaum, TC, PhD
and the CREA team
Hartford, CT
August 2004

2.0 OVERVIEW

CREA's work on the Sustainable Living Wage and Sustainable Living Income (SLW/I) uses the Purchasing Power Index (PPI) to measure the wage or income amounts necessary for workers and their families to achieve a decent standard of living. The methodology provides data that clarifies how well workers are able to meet those needs. It accurately measures the intersection between wages, prices and inflation and allows for comparison over time, from country to country and between regions or areas within a country.

In this El Salvador Sustainable Living Wage And Sustainable Living Income Study, a Purchasing Power Index project, we examine the effects of a specific model for change, the Fair Trade model. Fair Trade is "an alternative approach to conventional international trade. It is a trading partnership that aims at sustainable development for excluded and disadvantaged producers. It seeks to do this by providing better trading conditions, by consciousness raising and by campaigns." (Fairtrade Foundation)

This study examines the purchasing power of two coffee cooperatives, a crafts cooperative and a crafts collaborative and compares their purchasing power with that of workers in the maquilas in the San Salvador Free Trade Zone. The study then addresses the role of this alternative model in the economic sustainability of El Salvador.

The El Salvador purchasing power project builds on other CREA purchasing power projects in other countries. What makes this project unique are the following:

1. The expansion of the PPI measurements beyond the manufacturing sector to the agricultural sector.
2. The application of the PPI to measure the effects of Fair Trade in the crafts and coffee sector
3. The expansion of the use of the PPI to income, not just wages.
4. Discussion of the sustainability of a country based on the contributions of the manufacturing, coffee and crafts sectors.

The data provided will present clear pictures of the wage and income realities of workers and their families and their struggles to meet daily needs. The data is often stark, revealing the inadequacies of wage and income levels. The photos have been chosen from hundreds taken throughout El Salvador during the study. They illustrate the daily reality of Salvadorans in many parts of the country.

The Sustainable Living Wage or the Sustainable Living Income

- meets present basic needs, including health care and education
- provides ability to participate in culturally required activities such as births, weddings, and funerals.
- allows for savings for future needs

The Purchasing Power Index (PPI)

- calculates the minutes of work at a specific wage that are required to purchase a specific item
- is expressed in minutes of purchasing power, or minPP

The 40-hour work week results in 2400 minutes of purchasing power (minPP) earned in a given week.

The 50-hour work week results in 3000 minutes of purchasing power (minPP) earned in a given week.

Any change in wages and/or prices and/or inflation changes the number of minutes of purchasing power required for any item.

THREE BASES OF COMPARISON MADE POSSIBLE BY THE PURCHASING POWER INDEX

The cost of a kilo of rice in minPP Based on local minimum wage.

TRANS-TEMPORAL Comparison over time in Matamoros, México

1994	34 minPP
1998	38 minPP
2000	67 minPP
2002	76 minPP
2004	83 minPP

TRANS-NATIONAL Comparison between Countries 1996

Jakarta, Indonesia	98 minPP
Matamoros, Mexico	35 minPP
Port-au-Prince, Haiti	106 minPP

TRANS-CULTURAL Comparison among regions Mexico 2000

Matamoros	67 minPP
Reynosa	87 minPP
Nuevo Laredo	70 minPP
Ciudad Acuna	81 minPP
Juárez	56 minPP
Tijuana	89 minPP
Monterrey	82 minPP

(Source: México Purchasing Power Index Study, 2000. CREA, Inc. additional data collected 2002, 2004)

The data is first segregated according to location to calculate what is needed for a sustainable living wage or sustainable living income in each area of the country. The results are examined in relation to the ability of workers in the maquila, coffee, and crafts sectors to earn sufficient purchasing power for a sustainable living wage or sustainable living income.

Underlying the results will be the questions that need to be asked about the structures and systems that are part of any societies that deny workers the purchasing power necessary for a better standard of living.

The PPI provides three bases of comparisons: Trans-Temporal, or across time; Trans-National, or among nations; and Trans-cultural, or among culturally different regions. This enables us to assess the effects of change on the lives of workers and their families. It helps in the creation of wage and income standardizations that are tied to the ability of and need for workers to provide for their dependents and contribute to their communities. The results help us to understand what systemic changes must be made to improve their living conditions.

This report provides clear illustration of the effects of wages/income on issues related to migration, health and the environment. It also sets out two other dimensions from which analysis of wages and/or income need to be examined:

1. Sustainability: In a time when discussions regarding sustainability as well as sustainability reporting are proliferating, we add two questions to these discussions: Sustainability of what? Sustainability of whom? Without these two dimensions, discussions regarding sustainability omit the key realities of persons, families and communities.
2. Human Rights: The economic components of the Universal Declaration of Human Rights (UNDR) provide clear direction regarding the purpose of work and what workers anywhere should be achieve as a result of working. In this report, we raise the issue of a sustainable living wage or a sustainable living income as a human right since it is only with such wage/ income levels that workers can achieve these components of human rights.

Often, economic reports deal with statistics only. The individuals and communities whose lives those statistics represent are invisible in the reports. Our studies seek to make them visible. Pictured below are some of the persons we met in the course of this project. They gave permission for us to use their pictures in this report.



WAGE or INCOME LEVELS

Marginal Survival Wage or Income

- does not provide for adequate nutritional needs
- prevents starvation, but malnutrition, illnesses and early deaths are the result.

Basic Survival Wage or Income

- meets immediate survival needs, including basic food, used clothing, minimal shelter, fuel for cooking, crisis health care

Short Range Planning Wage or Income

- meets basic survival needs
- provides small amount of discretionary income for minimal planning and setting aside for occasional purchase of needed item

Sustainable Living Wage or Income

- meets basic needs, includes health care and education, and allows for savings
- allows for setting aside of savings for future purchase of items and meeting of needs
- provides ability to participate in culturally required activities such as births, weddings, funerals, etc.

Sustainable Community Wage or Income

- provides enough discretionary income to enable workers to support development of small businesses in the community, and community cultural and civic needs

The El Salvador Purchasing Power Index (PPI) project grew from CREA's long-term work on sustainable living wage and maquilas. It developed out of our involvement since 1996 in efforts to improve conditions in the maquilas in El Salvador, and our PPI studies in other countries. The original project plan was to focus on the wages paid in the maquilas in the free trade zones in San Salvador and Santa Ana.

However, concern about the international coffee crisis raised the issue of coffee in El Salvador, since the country has coffee cooperatives producing for the Fair Trade market and plantations producing for the open trade market. Inclusion of coffee farmers in the study thus expanded the PPI methodology to the agricultural sector.

The project seeks to illustrate the particular contributions that the Fair Trade system and the coffee roasters who are part of that system make in the struggle of coffee farmers for a decent livelihood. Two Fair Trade-certified coffee cooperatives are the focus for this part of the project: Las Colinas and El Pinal.

The third sector included in the project is that of crafts. The brightly colored painted woodcraft of the Salvadorans is familiar to many. CREA followed a Fair Trade crafts collaborative in La Palma from the harvest of the wood to the marketing of the products. The project also included a small crafts cooperative operating in San Salvador, which provided a contrast to the work situation of the maquilas workers there. Inclusion of the crafts sector opened up the important dimension of the social benefits gained in this sector.

For each of the sectors, and in San Salvador, Santa Ana, Las Colinas, El Pinal and La Palma, the report provides the following:

1. The quantification of the cost of living for a sustainable living wage and sustainable living income standard.
2. The quantification of the purchasing power needed to meet this cost of living.
3. The determination of the sustainable living wage and/or the sustainable living income standard in each town or city.

The report describes the effects of the wages/income on the living standards, daily lives and decisions of workers and their families.

THE PURCHASING POWER INDEX

The creation of the Purchasing Power Index starts with a standard market basket survey similar to the standard tool used in the formation of the Consumer Price Index (CPI) each month, quarter and year in the United States by the Department of Labor. The CPI is calculated after the prices for a given set of items (the “market basket”) are researched throughout set locations in the United States on a regular basis. The increase/decrease in the price of the items in the market basket is what determines the CPI amount.

Taking the market basket survey concept a few steps further, the Purchasing Power Index calculates the intersection of wages and prices documented through actual pricing, while evidencing the effects of inflation as experienced in different geographic areas within a country. It calculates the cost of items in terms of the minutes of work at specific wage levels that are required to purchase a specific item. This is called minutes of purchasing power, or minPP.

The actual pricing lists contain extensive lists of commodities, both consumable and non-consumable. The lists are created in collaboration with individual workers and their organizations, and with other NGOs working with them. The lists are not minimalist in that they do not contain the bare minimum that a worker might need in order to survive. The Purchasing Power Index is based upon the belief that all workers, along with their families and dependents, are entitled to a living standard that reflects the basic dignity accorded to all human beings.

The standards set forth in the Purchasing Power Index incorporate the following:

1. Nutrition rather than mere calories
2. Social, cultural and religious norms appropriate to a given country, region and group of people
3. Educational needs

The PPI methodology assists those who use it to move beyond the questions of “Isn’t any job better than no job?” and/or “Isn’t this living standard better than what workers had before?” Neither question should be used as an excuse to make acceptable low wage standards and/or the exploitation of workers. While it is true that any job (with some notable exceptions) is better than no job, that should not be used as a reason to dignify low wage levels as appropriate, acceptable or just. Those who work expect that one of the results of that work should be the ability to better one’s own standard of living and those of one’s family and dependents.

ADVANTAGES OF THE PURCHASING POWER INDEX

The Purchasing Power Index ...

- is transparent and easily understood
- factors in effects of inflation, and effects of changes of wage and/or prices

The PPI....

- allows inclusion of the benefit of wage additions such as subsidies, benefits, bonuses and any other additions to income by deducting the cost of any items these additions supply from the total income needed by the worker.

Care must be taken not to presume that a specific wage/benefit addition item takes the place of income needed for other essential items. Employers, not employees, decide upon wage addition items. The items may or may not supply life essentials to workers and their families.

The PPI ...

- allows for geographical specificity, while providing a clear methodology for comparison between geographic locations
- provides the data to track the effect on workers’ purchasing power of jobs being moved from one area to another or from one group of workers to a new group in another country.

Advantages of the PPI, cont.’

The PPI ...

- allows for specificity and comparison over time.

Future studies can provide data in the same form: minutes of purchasing power required (minPP.) The minPP reveal the progress or decline of workers in their struggle to meet basic needs.

The PPI...

- is inclusive of foods and other items particular to any group within any local population, because it is based on actual shopping
- allows for the cost of community or cultural demands in a worker's life to which s/he is required to contribute.

The PPI ...

- is based on affordability, not what is chosen for purchase. It states what is possible in terms of the purchasing power accruing as the result of a normal workweek.
- removes the question of judgment of values involved in decisions as to how one spends one's money.

The PPI...

- creates a means of comparing the purchasing power earned by workers/employees at different wage levels, including management wage levels.
- allows comparison of the effects of wages paid by different employers whose workers do the same work.

The calculations of the PPI start with the 10 cents per hour wage, and then increase up to \$10 per hour. For each item priced, the cost in currency is translated into the cost in minutes of Purchasing Power (minPP) required for the purchase. Since each week contains a limited amount of minutes, the calculations reveal both the type and quantity of items that are affordable for a worker. In this way the purchasing power generated by actual wage levels can be determined. In addition, the effects of any specific wage scale upon the life of the worker, his/her family unit as well as the community can be clarified in an objective manner. The emphasis is on affordability with choice left to the worker.

The next stage calculates what would be a sustainable living wage in a specific geographic area. CREA does not use the expression “living wage” since a corporate official in one country stated that the wage paid was a “living wage” because the worker was living. We then used the expression “sustainable wage.” This we amended to “sustainable living wage and/or sustainable living income” to signify a wage or income standard that reflects the needs and rights of workers to a dignified living standard, and the ability to move beyond only immediate necessity to planning for the future.

The PPI changes the context of the expression “minimum wage.” These questions can then be raised.

- Minimum in terms of what context?
- Is a minimum wage the minimum amount that a person needs to survive?
- Is it the minimum established by the local governing power as the least amount that the employer is obliged to pay the employee?

The Purchasing Power Index provides precise calculations accepted by corporations, non-governmental organizations, religious investors and other members of the socially responsible investing community as well as by the workers themselves. It is accepted as a tool that enables them to accomplish something else: to illustrate the reality of workers and their families anywhere in the world. The data that the PPI provides is an objective foundation for negotiations to adjust workers' wages or income to the sustainable living wage or sustainable living income (SLW/I) level.

EARNING PURCHASING POWER

One of the great limitations that affect all human beings is that of time. We cannot earn, buy, or make more time, no matter the wage or salary scale upon which one's income is based. That is as true for us as it is for maquila workers, for coffee cooperative members or crafts makers. Time is the true limitation of all human beings.

Purchasing power is based on the concept of time. The Purchasing Power Index (PPI) translates costs into units called minPP or minutes of purchasing power. The minPP unit is based on the 60 minute per hour standard.

Any worker working a:	40-hour week	earns	2400 minPP per week
	45-hour week	earns	2700 minPP per week
	48-hour week	earns	2880 minPP per week

The earning of purchasing power can be calculated for any number of hours per week, as long as there is payment for the hours. Therefore when salaried workers work overtime and do not receive extra compensation they do not earn additional purchasing power. What varies as wages, prices and/or inflation increase or decrease is the cost in minPP for any item that needs to be purchased.

Therefore, to determine a Sustainable Living Wage or a Sustainable Living Income, each and all of the necessities of a worker and his/her family must be obtainable through the purchasing power that the worker's wage provides.

In each of the following sections, the purchasing power earnable in the maquilas, coffee cooperatives and the crafts collaborative and cooperative will be calculated. The calculations will be done for each of the categories of costs that are included in the Sustainable Living Wage and Income (SLW/I) standard: Housing and related costs, Nutrition, Clothing, Non-consumables, Education, Health Care, etc. The purpose is not to compare the three industries. Rather the purpose is to quantify the purchasing power earnable and the resulting standard of living possible.

Background

Initially the El Salvador PPI project focused on the maquilas in the free trade zones around San Salvador and in Santa Ana. Assembly plants, known for their low wages, are a constituent part of the contract supplier system that operates in many countries for many industries. In these factories, products are produced for brands that place the orders for specific goods in the factories. Someone else, either a separate company or one or more individuals, owns the factories. In the apparel factories, it is common to find three or more brands producing in the same factory.

Depending on the country, manufacturing zones are known by a variety of names. The most common are zonas francas, maquilas zones, export processing zones (EPZ) and free trade zones (FTZ). These zones have numerous common characteristics including exemption from taxes, low wages and production for export. In some countries there is also the suspension of labor laws within the zones. The zonas francas were chosen for the study to give us the broadest possible spectrum of worker interviews. They were El Pedregal, San Bartolo, San Salvador, Santa Ana and International.

When the project was expanded to include coffee as a representative of the agriculture sector, the two coffee cooperatives that participated in the study were El Pinal and Las Colinas. Both cooperatives sell as much of their coffee as possible to Fair Trade roasters. Whatever is not purchased within the Fair Trade system is sold on the open market.

The crafts sector was examined in two areas. First, a collaborative system in La Palma provided a complete picture of the production of hand-painted woodcrafts from the cutting of the trees to the final packaging of the craft products. A smaller example of a crafts cooperative is provided by the La Semilla de Dios cooperative in San Salvador.

For each geographic area, a complete range of interviews and pricing provide a clear analysis of the purchasing power needed and the cost of living that must be met.



4.0 THE DESIGN OF THE PROJECT

DATES

All pricing was completed during the first quarter of 2003. Pricing and interviews were conducted in San Salvador and the surrounding colonias. Pricing and interviews were then done in Santa Ana, Las Colinas and El Pinal. The final area for data collection was La Palma. Photographs were taken to document and illustrate whenever possible. Permission was always asked before photos were taken.

THE FIELD TEAM

As with all CREA projects, local people were hired as the El Salvador PPI Field Team. Each member was trained in interview techniques as well as pricing methods. The extensive training is designed to guarantee the consistency of the project data collection. All interviews were conducted in Spanish. It was critical that all the interviews and pricing be carried out by local team members to ensure that the data was not “gringo-ized,” or distorted from price changes because the purchaser was a non-Salvadoran. The pricing and interviews were done under the direct supervision of Dr. Ruth Rosenbaum, the project director. CREA considers itself fortunate that all pricing and interviews were done by the same people: Aida Montalvo and Karla Montalvo, thereby increasing the consistency of the data.

The pricers and interviewers were paid for their time and expertise. Time is valuable. The work that was done was also valuable; in fact it would not have been possible without the pricers/interviewers. We believe that it would be inappropriate for us, as researchers, to expect that this work be done without financial compensation. In addition, all expenses of the team, including meals, supplies and transportation were funded by the project.

PRICING LISTS

CREA has developed core pricing and interview categories for housing and related costs, food, clothing, household items, school costs, etc. These core lists are specifically adapted for each country and community at the start of the project. The lists for the El Salvador PPI project were reviewed by Carolina Quintero, Karla Montalvo and Aida Montalvo. In addition, the field team members were free to add items that were named by interviewees during the study interviews. In this way, the lists were kept as culturally applicable as possible.

The PPI study for each of the cities required the gathering of data in the following categories.

Consumables These include fruits and vegetables, bread and grain products, dairy products, meat and fish, and health and hygiene products. They were priced in supermarkets where these were present and in the smaller stores known as tienditas. In general, these smaller stores provide essential items on a more immediate basis. They are local and convenient, but are limited in what they offer and usually more expensive. They are also known to extend credit if they know the shopper.

Non-consumables These are household items that are generally used. They would need to be replaced on an as-needed basis. These items were priced at the open markets, the small stores and in the supermarkets where applicable.

Clothing Standard items for men, women, children and babies were priced. Prices were collected for new clothing and for used clothing sold in the flea markets as well as the small local markets.

Housing The housing interview sheet includes the costs for housing, propane gas for cooking, water (both potable and non-potable), electricity or other light source, as well as building materials, transportation to and from work and shopping, land use taxes and other related expenses. These prices were gathered during actual interviews with workers and their families.

Education These items include uniforms, fees (even in the government run schools), textbooks and supplies.

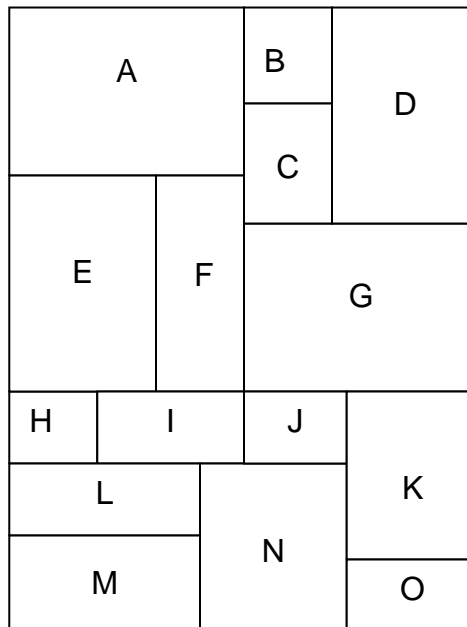
DATA SOURCES: WHERE WE PRICED

Small supermarkets are present in San Salvador and Santa Ana. In addition, small stores are present in both cities. Pricing was also done in the small stores in the towns of Tecuba, near the Las Colinas coffee cooperative and in La Libertad near El Pinal.

Pricing was carried out also at markets in different sections of San Salvador and Santa Ana. Where markets had many stands providing the same items, pricing was done at as many stands as possible. Pricing was also done at the markets near El Pinal and Las Colinas. In La Palma, items were priced at the market stands throughout the city.

Markets provide fresh fruits and vegetables, meats, other foodstuffs as well as household articles. At other market stands, articles for personal hygiene are often found. The market stands vary in size and permanence depending on the city or town in which they are located. The following photos illustrate the variety of vendors and their stands.

- | | |
|---|--------------------------------------|
| A | Sandwich stand |
| B | Local medications |
| C | Fruits and vegetables |
| D | General food and house supplies |
| E | Meat |
| F | Snow cones for snacks |
| G | Fruits and vegetables |
| H | Housewares |
| I | Eggs |
| J | School supplies |
| K | Foods |
| L | Child in front of his mother's stand |
| M | Cabbage for cooking lunch |
| N | Clothing |
| O | Pharmacy |





DECISIONS RELATED TO PRICING

Prior to the actual pricing sessions, the following decisions were made:

1. No sale prices would be used. These are unreliable and change from week to week. Sale prices enable a shopper to save a small amount during a given week; it is a short-term effect. Workers can only realize a long-term benefit from sales prices if there is sufficient income not earmarked for weekly necessities so that investment can be made in a larger supply of sale items to use over the long term. The lack of storage space also places limits on what can be bought, even at a good sale price.

In addition, it is our belief that workers should receive the benefit from sales and not employers. It would be inappropriate for employers to decide that the availability of some items at sale prices was an excuse for wages to be lower.

2. The price for the cheapest brand of an item in any given location was chosen, except when the pricers from the area determined that the quality of the available item was so poor that it should not be used as a sample.
3. The best size for staples, which come in a variety of sizes, was determined by agreement among members of our research team based on experience as to what size is most commonly used by workers and their families. When different sizes for a given commodity were available in different locations, a standard size was chosen and the prices from other stores pro-rated for that size. For most items, the sizes available did not vary significantly from one location to another.

ORGANIZING THE WAGES PRICES AND PURCHASING POWER INDEX DATA

In January 2001, the US dollar became the official currency in El Salvador and the gradual phase-out of the Salvadoran colon was begun. At the time of the data collection in 2003, the dollar was the only currency in use. The only place where the colon was found was attached to decorative plaques on which the former Salvadoran currency was exhibited.

A data set was created for each location. The data set recorded the prices for food, other consumables, non-consumables, housing clothing, educational costs, etc.

Data set 1 contains all of the original pricing as well as the costs that were recorded from the interviews.

Data set 2 contains the prices organized by high, low and average price or cost for each item. Prices were entered and then summarized by location and by category according to high, low and average price.

Data set 3 contains the conversion of the average prices into the price in minutes of purchasing power (minPP) necessary to purchase the item. The minPP calculations begin with 10 cents per hour and then are increased until reaching \$10 per hour. For the maquilas workers, the wage amounts are based on take home wages rather than the wages before deductions since all workers, in El Salvador as in the US, can only make their purchases with what they have after taxes and other deductions.

5.0 WAGES AND INCOME

It is important to be clear and precise in any discussion about wages and or income since we are essentially talking about the purchasing power that workers earn or receive in return for their work.

WAGES The term “wages” is used when someone is an hourly worker working for someone else. For example, someone who is paid \$10 per hour will be paid for the actual hours worked. In contrast, a salary is the amount someone receives in return for work that is not tied to an hourly rate. Therefore a salary can be set at \$60,000 per year without being tied to the amount of work or the actual hours of work.

INCOME The term “income” can be used in substitution for wages or salary. However for the purpose of this report, the term income is used to describe what workers have at the end of the workweek or month or year when they are essentially self-employed or belong to a cooperative or collaborative where the profits are shared out among the members.

The specificity of these terms becomes important when we examine key components of work including overtime and the payment one has the right to expect in return for the extra time of work. Hourly workers are usually paid an additional amount per hour after the hours of the normal workweek. In contrast, salaried workers most often do not receive additional compensation for overtime. Also, self-employed workers do not receive extra for working longer hours since the cooperative shares out its earnings among the members. It is also true that self-employed workers do not always achieve an income equal to the established minimum wage.

A minimum wage, in any country, is the lowest amount that it is legal to pay a worker within a country or a state within a given country. It is important to see the minimum wage only as a base level for payment to workers. In some countries a minimum wage amount is tied to specific regions of the country or to specific industries. The minimum wage amount is determined by the government of the country, state or region, depending on the country.

It is important that the minimum wage be seen as just that: the minimum that can be paid. Discussions concerning wages can sometimes seem to imply that if what is being paid is the legal amount, then to pay more than that legal minimum would somehow be illegal. That is simply not true.

When wages and income are translated into purchasing power, we are able to see the relationship between the money one has and what needs to be bought. Because purchasing power brings together these two components, it automatically demonstrates the effects of inflation on the lives of workers and their families.

IF WAGES:	AND IF PRICES:	THEN PURCHASING POWER	WORKERS EXPERIENCE
Stay the same	Stay the same	Remains the same	No change
Increase	Stay the same	Increases	Raising of the standard of living
Increase	Increase at same rate	Remains the same	No change
Stay the same	Increase	Decreases	Decrease in the standard of living

The relationship between wages, purchasing power and the desire for a better standard of living explains the willingness of workers to work extended hours of overtime. The key question regarding overtime is: Should a worker HAVE to work extensive overtime in order to meet the basic components of a sustainable living wage? In El Salvador the standard workweek is 44 hours. Hours of work in addition to the 44 are considered overtime and are to be compensated at 150%.

Workers can be paid by the hour or by the piece. Salvadoran labor law requires that piece rate workers shall be paid a wage equal to the minimum wage whenever the worker works more than 5 hours per day or 30 hours per week.

The Ministry of Labor in El Salvador sets the minimum wage rate (wage per regular work day) approximately every 3 years. The following chart describes the minimum DAILY wage in El Salvador.

SECTOR	2001	2002	June 2003	% Variation
Textile & Apparel	\$4.80	\$4.80	\$5.04	5%
Industry	\$4.80	\$4.80	\$5.16	.5%
Service & Commerce	\$4.80	\$4.80	\$5.28	10%
Agriculture	\$2.81	\$2.81	\$2.81	0%

Source: Proesa, El Salvador

There is a specific difference between wages, the remuneration a worker receives from someone else in return for work, and the income a worker is able to receive when he/she works either for him/herself or as part of a group or cooperative. In the maquilas, the factories in which apparel and other commodities are assembled for export, the base wage, structured on the legal minimum wage, is a guaranteed wage for the worker. This, of course, assumes that the management of the maquilas pays according to the law.

This is also true if a worker works on a plantation owned by someone else, although in the case of the agricultural workers the set minimum wage is much lower than the established minimum wage for assembly plant workers. In contrast, when one is self-employed, either alone or as part of a cooperative, income is determined by productivity and market for the product produced. This last point – market for the products - is key in their struggle for a decent standard of living.

In this project, we examined the role of the Fair Trade system in assisting workers in cooperatives to achieve a higher standard of living. Components of the system include a) a guaranteed base price for the product produced and b) the guarantee of a market for the products. Whether these combine to provide sufficient purchasing power to meet the sustainable living wage standard was an important question for this project.

HOW MUCH MONEY IS THERE TO SPEND?

The PPI determination of the sustainable living wage/ and/or the sustainable living ncome is based upon the wage or income and benefits earned by one worker per family. The decision to use one worker per family as the standard is based upon the following reasoning:

1. Many families are dependent upon the wages of one wage earner. Therefore the wages of that wage earner need to be at a sustainable living wage level in order for the family to meet its needs.
2. If the family has more than one wage earner, that is to the benefit of the family, not the employer. To argue otherwise is to use an argument similar to the one used for decades in determining the wages of women in the US: men had to be paid enough to support a family but women had someone else as the primary breadwinner and therefore could be paid less. That argument has been both faulty and unjust in the US and is faulty and unjust in any other country.
3. Wages need to be determined in relationship to the value of the work for which the worker is being paid. To define wages in terms of what an employer is willing to pay rather than in terms of just compensation for work done is to make everything subservient to the employer. The Purchasing Power Index is based on the purchasing power needed to meet the specific standards stated.

In the traditional family situation, the men were responsible for providing the income for the family while the women were responsible for the care of the family. With the migration of families to the cities in search of work, it is often the women who are the wage earners since they are more likely to be hired for work in the maquilas.

THE ISSUE OF FAMILY SIZE

Most Salvadorans live in an extended family situation. Even when workers live by themselves, there is the obligation to provide money back to the family wherever it is located throughout the country. In search of work, Salvadorans migrate, often to the towns and cities around which the maquilas and zonas francas are located. At the present time, approximately one third of Salvadorans living in El Salvador reside in or around San Salvador.

Other Salvadorans migrate to the US. In 2002, the population of El Salvador was approximately 6 million. According to the Salvadoran embassy in the US, more than 20% of the Salvadoran population is in the US, most having migrated in search of work to support themselves and their families. Each year, Salvadoran workers in the US send home more than \$2 billion in remittances to their families in El Salvador. This \$2 billion equals approximately 12% of the GNP of El Salvador and is approximately 6 times the value of foreign aid received by El Salvador.

One of the reasons for examining the effects of the Fair Trade coffee system and the Fair Trade crafts system is that these systems are key in the prevention of migration away from the cooperatives, villages and/or towns from which the workers come...and where their families remain. In El Salvador, the primary reason for migration is the need for sufficient income. Migration should not be seen as inevitable. The role that the Fair Trade system has in sustaining families and communities where they are is substantial.

How Much Money Is There to Spend?

For the purpose of this study, we will limit the number of persons for whom the income needs to provide to 2 adults and 2 children, recognizing that this will often be smaller than the family size for which a week's wages or income needs to provide. Obviously, larger families will require greater income. This is true throughout the world.

We recognize that families will often be responsible for older members of the family whether they live with them or not. Therefore the standard of two adults does not mean a husband and wife situation. It simply means two adults. For the children, the calculations will be done for one small child and one older child.

With this as a base, it will be possible to see the effects of the wages and income possible in families where one member works in the maquilas, the craft collaboratives, or the coffee cooperatives.

6.0 STANDARDS FOR THE SUSTAINABLE LIVING WAGE AND/OR INCOME

The Purchasing Power Index uses set standards for determining the Sustainable Living Wage or Sustainable Living Income in each country and community where the standards are applied. The standards have been set for the following categories:

- Housing and related costs
- Non-Consumables
- Clothing
- Nutrition
- Education
- Water - Potable and Non-Potable
- Personal hygiene and basic health care
- Transportation

HOUSING AND RELATED COSTS

Housing and related costs are often the highest costs to the worker and the worker's family. These are costs that **MUST** be paid if the family, no matter how large or small, is going to live and function as a unit. There are numerous dimensions to consider when evaluating housing costs. These must be examined carefully in order to arrive at a fair understanding of their relationship to a Sustainable Living Wage/Income housing standard for city, town or cooperative in El Salvador.

It is necessary to set the context for the reality in which many, if not all, workers live. Words or expressions such as "apartment", "owning one's home", "home under construction", or "living rent-free" convey to the average person in the US a sense of living in well constructed housing units. For most workers in El Salvador, a different understanding of homes and houses is needed. The poorest urban dwellers often live in barranceros, ravines or riverbeds, in shacks made of tin or cardboard. Other families rent one-room apartments in buildings with communal facilities.

Until the 2001 earthquakes, the most common rural homes were simple one-or two-room houses made of branches woven together and covered with mud, with dirt floor and thatched or tile roof. Many of these homes collapsed in the earthquake and are being replaced with sturdier homes made of materials such as cement blocks. This is an added expense to the families.

The underlying questions in establishing standards are the following: What should housing provide? For whom? Often there is an underlying assumption that as long as people are living in a situation that is better than what they had before OR allows them to be in a process of bettering conditions for themselves and their families, this is sufficient. Why should that be? Does not every worker, in return for a decent week's work, have the right to a decent standard of living?

Whether the homes are in San Salvador, Santa Ana, La Palma or the coffee cooperatives, the standards that a home should provide are the same. They include many of the ordinary requirements for housing that are taken for granted in other parts of the world. While many workers live in homes that do not provide all of these items, that is from financial necessity, not from a free choice. Therefore, this study uses the following housing standards.

PURCHASING POWER INDEX STANDARDS FOR HOUSING

A house should provide:

- Shelter from the elements. This includes walls, roof and a floor.
- Protection from public exposure. This includes a door that locks as well as solid walls.
- Ventilation. This includes windows that can open and shut.
- Running water for laundry, sanitary needs and general washing of household items.
- Adequate space to provide sleeping spaces for all members of the family as well as sufficient living space to be sheltered from rain and/or extreme heat when necessary.
- Space for cooking.
- Space for bathing.
- Space for meeting sanitary needs so that there is no risk of contamination.

Lighting

Depending on where one lives, what one is doing, the time of day, etc., lighting may come from electricity, kerosene lamps, candles or other sources. Because electricity is the preferred form of lighting, the cost of electricity will be used for the PPI standard.

Cooking fuel and stoves

Different homes have different types of fuel. Propane gas, wood and charcoal are some of the fuels used for cooking. Use of propane gas requires the purchase of propane tanks to be hooked to the stove. Each of these has costs. Some are on-going and some are a single time expense. Repair or replacement expenses are not usually part of the weekly expenses that must be met, but funds must be set aside to pay for these expenses as they become necessary. Such set-aside money is included as part of the SLW/I standard.

Water: potable and non-potable

Two forms of water are necessities: potable (safe drinking water) and non-potable. All the water that is piped into dwellings is non-potable. Potable water must be purchased separately. It is a cost that many cannot afford. Regular piped water, provided as part of municipal services, must also be paid for unless another water source is available. Water needs to be sufficient for personal hygiene, for laundry, for household cleaning. Without sufficient water, a healthy standard of living is not possible.

Transportation

Transportation is required for several aspects of every day life. Bus transportation is the norm in El Salvador with the cost dependent on where one is going. Transportation may be required for work, for shopping, for health care. In some cases, workers in the maquilas receive subsidized transportation provided by the specific maquilas for which they work or by a specific free zone. However transportation for shopping and for meeting other needs still remains a cost for which sufficient purchasing power is required.

Since the normal workweek is 6 days, money to pay for 12 bus trips must be part of the Sustainable Living Wage Income (SLW/I).

NON-CONSUMABLES

The transformation of a house into a home requires more than just walls, floor and roof. There are basic articles needed for bedding, personal cleanliness, cooking, eating, cleaning and laundry that transform any space into a home. These are not items that are purchased all at once. However, anyone who has set up an apartment for the first time knows the myriad items that are needed to be “at home” in a given space. We also recognize that these items, once bought, do not have to be replaced on a frequent basis. However, this list is presented as a relatively minimal list of items needed.

Bedding For the purpose of this study, the following assumptions have been made.

1. Sleeping should not normally be done on the floor or the ground.
2. Sleeping requires some sort of bed and bedding. The bedding includes the following: pillow, sheets, pillowcase and blankets. While the weather in El Salvador is quite hot during the summer months, the temperature can be quite cold in the winter months, especially high in the mountains where coffee is grown.
3. When houses lack insulation or protection from the cold, additional blankets or other items are required to provide warmth.
4. A bed requires more than one set of sheets to allow for washing. If there is more than one bed in a home, the extra set of sheets can be rotated as each bed's sheets are washed, but the extra set is necessary.
5. Children should sleep separately from their parents. This requires separate bed(s) for children.

Personal Cleanliness. Towels are necessary for bathing. As a standard, one towel and washcloth should be available for each person in the family.

Cooking. Basic cooking items include the following: large cooking pot, clay pot, frying pan, large knife, spatula and cooking spoon. In addition, bowls to mix and prepare foods are necessary. There are other items of varying sizes that families use, but the items listed are basic necessities. For each person in the family, there should be a plate, bowl, cup or glass, as well as eating utensils, including knives, forks, small and large spoons. In addition, a large bowl for setting out food is helpful.

There are many other items that, when funds are available, help to enrich the lives of workers and their families. These include simple tools such as hammers, screwdrivers, nails, etc. that assist the worker and the worker's family in the gradual transformation of the house into a home

Photos on p. 22 starting from upper left and going clockwise:

1. With the spread of her arms, Carolina Quintero demonstrates the small size of the new homes being built for workers.
2. Cement block one room home under construction outside of San Salvador
3. House made of tin and board erected on side of hill in San Salvador. Sign reads: Danger. It is forbidden to build in this zone.
4. Line of finished new homes built for maquila workers. These are the homes under construction in photo one.
5. Home after home line the street. Homes are built of whatever materials are available: wood, metal, etc.
6. Apartment house dwellings for workers.



CLOTHING STANDARDS

Clothing and shoes are available in two general forms, new and used. New clothing is available from a variety of stores, both small and large. New clothing is also sold from vendors at the various markets. Many stalls at the open-air markets carry a broad variety of used clothing items. It is not uncommon to see T-shirts from some school or church in the US for sale in these stalls. As would be expected, new clothing prices are many multiples of used clothing prices.

New clothing prices were collected from as many sites as possible in Santa Ana, San Salvador, La Palma and the towns near the coffee cooperatives. The new clothing items priced were for standard articles for men, women and children as well as babies. School uniform prices were also collected since the norm in El Salvador is for students to wear uniforms.

CLOTHING NEEDS

Everyday clothing is needed as well as something reserved for church, social occasions, etc. Depending on the specific work a person does, there is a definite need for some articles of clothing reserved for “dirty work” such as construction, cleaning, etc.

Since much laundry is still done by hand, and many women are part of the workforce, especially in the assembly plants, it is logical to say that a person, whether child or adult, needs to have sufficient clothing to get through the work or school week without laundry needing to be done. The doing of laundry requires time, good drying weather, and access to sufficient water for washing and rinsing.

The amount of clothing needed by adults is different from that needed by children. Adults do not grow while children grow continuously. In addition, children of school age need school clothes and non-school clothes as well as something reserved for special occasions. Babies and small children exhibit other needs, especially for diapers. The use of disposable diapers is commonplace. Based on these requirements, the listing of clothing provided on the next page is the minimum for a Sustainable Living Wage and/or Sustainable Living Income standard.

PURCHASING POWER INDEX STANDARDS FOR CLOTHING FOR ADULTS

For adults, the following standard is used for amounts of clothing:

- 1 set of clothing for good wear
- 7 shirts or blouses
- 3 pairs of pants or skirts
- 7 sets of underwear
- 1 pair of everyday shoes
- 1 pair of dress shoes
- 1 jacket
- 2 sweaters, sweatshirts or other light over garment.
- 7 sets of socks

The following is used as a yearly replacement standard. To be replaced every year:

- Underwear
- Everyday shoes
- Two blouses or shirts
- One pair of pants
- Set of clothing for “good wear” which then moves to everyday wear.

For children, the following basic clothing standards are used:

- 1 set of clothing for good wear
- 7 sets of everyday clothing
- 7 sets of underwear
- 2 sweaters, sweatshirts or other light over-garment
- 7 pairs of socks
- 1 pair of shoes
- 1 pair of sneakers

Because children grow so fast and continually, and because they are much harder on clothes than adults, all of the above items for children need to be replaced each year, although not necessarily at the same time. In addition, school age children need school uniforms. A minimum of 2 uniform skirts or pairs of pants needs to be paired with 3 school shirts or blouses to allow for the soiling of clothes through normal child behavior.

For small children and babies, there are other needs in addition to clothing. Diapers are an on-going cost. If a child needs, on average, 6 diapers per day, the weekly requirement is a minimum of 42 diapers. (Cloth diapers for purchase could not be located.) The rapid growth of babies means that baby clothes are quickly outgrown and have to be replaced. Our standard is a minimum of 7 sets of baby clothes, even though it is possible to argue that this is a lower amount than is practical simply because of the number of times that a baby’s diapers need to be changed.

The balance between buying new and used clothing seems to be determined by a number of factors:

1. Price. For the most part, prices for used clothing items are approximately 10% of the prices of new clothing items. Many families are forced to buy used clothing because of the low purchasing power accruing from the present minimum wage.
2. Condition of the clothing. The used clothing is sold with equal dignity and care accorded new clothing. In small stands in the open-air market, the used clothing has been washed, ironed and folded or hung on hangers with care so the articles are neat and attractive. Clothing with rips or damage is rarely seen. To purchase the used clothing is not seen as anything undignified or lacking in respect. More often, the attitude accorded the process and articles is that of finding a bargain.

Again, it is important to keep in mind that we are not listing what someone or some family can “get by on.” The standard of the Sustainable Living Wage of the Sustainable Living Income is not one of mere survival or getting by.

THE RIGHT TO ADEQUATE NUTRITIOUS FOOD

The issue of food is perhaps the most complicated of the elements within the PPI, because it is here that we come face to face with areas that touch on how one group of people perceives other groups. To set the foundation for this discussion, we need to first decide what is the purpose of food. For the PPI, the purposes of food are as follows:

- To provide good nutrition that allows for the development of the person, physically, mentally and emotionally.
- To provide the nutrients necessary for good health so as to prevent nutritionally associated diseases as well as to allow for resistance necessary to combat disease.
- To prevent malnutrition
- To allow for the "attainment by all peoples of the highest possible level of health."

To support these statements of purpose regarding food, we turned to two types of international human rights documents. In the first group are the conventions and covenants that are legally binding on those accepting them. In the second group are the declarations that, though non-binding, provide a level of moral persuasion on governments and, by extension, on corporations. The World Health Organization (WHO) has assembled a set of statements from various international instruments that both individually and collectively provide the foundation for and the recognition of the human right to adequate food and nutrition. (www.who.int/nut/human_rights.htm)

"Everyone has the right to a standard of living adequate for health and well-being of himself and his family, including food..."

Universal Declaration of Human Rights, Article 25(1)

"Promoting the improvement of nutrition (article 2) is among the highest ways that WHO can achieve its objective, "the attainment by all peoples of the highest possible level of health."

Constitution of the World Health Organization, Article 1

"The States Parties to the present covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing..."

International Covenant on Economic, Social and Cultural Rights, Article 11

"Access to nutritionally adequate and safe food is a right of each individual."

World Declaration on Food, Rome, 1992

"The right of everyone to have access to safe and nutritious food is consistent with the right to adequate food and the fundamental right of everyone to be free from hunger."

Rome Declaration on Food Security, World Food Summit, 1996

PURCHASING POWER INDEX STANDARDS FOR FOOD

It is therefore appropriate within the context of the PPI to work from a standard that will look at the cost of food from the perspective of meeting the nutritional needs of workers and their families within particular cultural settings. In order to do this, it is necessary to distinguish the roles that food plays in preventing hunger, in providing adequate calories and/or in providing good nutrition. To prevent hunger is relatively easy. For example, sugar water, taken at intervals, will still the appetite and prevent the sensation of hunger. What is really happening is that the person will not have the sensation of being hungry. In poor families in many parts of the world, including the United States, it is not uncommon to see bottles of sugar water being fed to infants to still their hunger pangs and get them to sleep. (Giving Kool-Aid to children is another example of this approach to hunger.)

While this provides momentary relief from the sensation of hunger, it does nothing to assist the body in attaining the calories it needs for survival for the day. (The exception being the few calories provided by the sugar in the sugar water.) Caloric intake necessary for growth is a well-documented concept with standards existing for caloric need for all age groups, according to gender. The caloric intake standards used for the PPI are taken from the standards created by the US Department of Agriculture's Center for Nutrition and Promotion in their Dietary Guidelines for Americans 2000. These guidelines are reviewed every 5 years with the next review to be done in 2005.

The PPI uses the standard of nutrition rather than calories. This is an important distinction. A person can achieve appropriate caloric intake through the consumption of carbohydrates. This food group is usually the cheapest form of food, it is usually the most readily available anywhere, and oftentimes what is termed "junk food" or "quick food" is high in carbohydrate content. To meet caloric needs in this way is not a health appropriate form of consumption and does not meet the nutritional standards described by the WHO or the other international covenants and agreements set forth above. The standard of nutrition assumes an appropriate balance of protein, fruits and vegetables, carbohydrates, potable water as well as sources of vitamins and minerals necessary for good health for anyone, anywhere.

Some might raise the question of the appropriateness of using nutrition standards from the US for persons and families from another country. Let us be very clear that what we are saying is that healthy nutrition standards are just that, healthy nutrition standards, and that the same standards of health need to be applied to all peoples. What will differ are the foods that are used to meet those standards. Those foods will be culturally appropriate both in terms of form and content. But the need for adequate protein, fruits and vegetables, carbohydrates, unsaturated fats, etc. remains the same for all.

Some might argue that this will require a change in eating patterns on the part of workers and their families. The only appropriate response is that much of what is seen as eating patterns is determined by access to food and the monies to purchase that food. The purpose of the PPI is to determine what income is necessary to allow for the purchasing of foods that provide adequate nutrition. How that food is prepared and served is up to the workers and their families.

PURCHASING POWER INDEX STANDARDS FOR NUTRITION AND CALORIC INTAKE

Using the nutritional standards established by the US Department of Health and Human Services and the US Department of Agriculture, the following energy (through calories) intake is the standard for the PPI:

Category	Age	Calories per day for moderate activity	Calories per day for heavy activity
Children	2-6	1600	
	7-10	2200	
Males	11-14	2500	3600
	15-18	2800	3600
	19-24	2800	3600
	25-50	2800	3600
Females	11-18	2200	2600
	19-24	2200	2600
	25-50	2200	2800

The majority of the work in the factories would be termed heavy activity; therefore for the work days, 6 per week, the standard for caloric intake will be 2600 for women and 3600 for men. On the remaining day that is filled with the many activities that comprise taking care of a household, the caloric intake would most probably be termed moderate. Although there are other levels of activity, the life style of the workers mandate that moderate be used to describe life without the work-saving devices that are common in the USA.

Moving from caloric needs to nutrition needs, and using the Dietary Guidelines for Americans, the PPI standards use the following guidelines for servings for older children, teen girls, active women and most men on a daily basis.

NUTRITION AND SERVINGS GUIDELINES

- A. 2-3 servings of milk and milk products
Serving = 1 cup of milk or yogurt, or 1.5 ounces of natural cheese
In the case of lactose intolerance, calcium rich substitutes are chosen.
- B. 3-5 servings of vegetables
Serving = 1 cup raw, leafy vegetables, ½ cup other vegetables (raw or cooked)
- C. 2-3 servings of meat, poultry, beans or other high protein sources
Serving = 2-3 ounces cooked meat, poultry, fish or ½ cup cooked dry beans,
1 egg or 2 tablespoons peanut butter or 1/3 cup nuts = 1 ounce of meat
- D. 2-4 servings from the fruit group
Serving = 1 medium apple, banana, orange or pear
½ cup cooked, canned or chopped fruit
¾ cup fruit juice
- E. 6-11 servings from the bread, cereal, rice, pasta group.
Serving = 1 slice bread or 1 tortilla or ½ cup cooked rice or pasta

To explain the servings described above, the following chart is provided from the same sources:

How Many Servings Are Needed Each Day:

FOOD GROUP	Children ages 2-6, Women, Some Older Adults (about 1,600 calories)	Older children, Teen Girls, Active Women, Most Men (about 2,200 calories)	Teen Boys, Active Men (about 2,800 calories)
Grains Group	6 servings	9 servings	11 servings
Vegetable Group	3 servings	4 servings	5 servings
Fruit Group	2 servings	3 servings	4 servings
Milk Group	3 servings	3 servings	3 servings
Meat & Beans Group	2 servings = 5 ounces	2 servings = 6 ounces	3 servings = 7 ounces

For the purposes of establishing sustainable living wage standard, we use a balance of items from each of these food groups.

Foods are purchased from a variety of places. Each of these provides a range of prices. Where someone will shop for food depends on several factors:

1. How much money does the shopper have to spend at a given time?
2. What items need to be purchased?
3. How much time is available for the shopping?

Each of these factors needs to be considered individually and in combination with the others.

Workers must be paid in currency according to Salvadoran law. When a shopper has easy access to transportation, it is easy to choose the best place from which to purchase food and other items sold. Without easy access to transportation, choice of food purchase site is related to proximity to place of work and to one's home.

For many workers, the closest place for shopping is probably one of the smaller stores, called tienditas. These are located in the colonias and are easily accessible by workers and their family members. At these smaller stores, the choices are limited but the basic items tend to be available.

The place with the best prices tends to be the open-air markets that can be found at various places in each of the cities and towns. Table after table with all sorts of merchandise are set up lining the sides of major streets. Fresh fruits and vegetables, meats, household items, paper products and some clothing and footwear are sold at these markets. Shoppers can travel from table to table looking for the best products and the best prices. It is here that shoppers find the best value for their money.

Bulk pricing when items are on sale is generally not an option for workers for the following reasons:

- Extra money to "buy ahead" is generally not available.
- Storage space is extremely limited.
- Items needing refrigeration cannot be stored since most homes lack refrigerators.

Transportation is another factor that must be taken into consideration when examining choices for shopping. Most workers do not own cars. Therefore to shop at a supermarket that may be at a distance requires one of the following:

1. Knowing someone with a car. Workers will usually share the cost of the gasoline for the shopping.
2. Taking a bus to the supermarket and a bus or taxi home after the shopping is completed. The cost of each of these needs to be included in the shopping cost.
3. Walking home from the supermarket with the bags filled with groceries.

No matter which of these a worker has available, each transportation choice will be limited by the number of plastic shopping bags that can be carried at one time.

In an ideal world, the place with the best prices would be the site for shopping. However, the ability to do comparison shopping is beyond the daily reality of most workers. These factors all affect the ability of workers to provide adequate nutrition for themselves and their families. To determine the purchasing power needed to attain nutrition-oriented diets at the lowest prices, they must all be taken into consideration.

Photos on page 29: Starting in upper left and continuing clockwise

1. Maquila workers leave the factory building and head for the buses that will take them home
2. Church in La Palma
3. Stove in home of coffee farmer at Las Colinas coffee cooperative
4. Crafts woman grinding corn for tortillas in La Palma
5. Bus in La Palma before leaving for San Salvador
6. Water truck carrying garrafons of potable water in San Salvador



STANDARD FOR WATER AND SANITATION

Developing a standard for water requires an integrated understanding of the reality in which water can be accessible, acceptable and affordable anywhere in the world. A water standard requires attention to the needs and requirements associated with adequate and clean drinking water as well as sufficient water to meet the hygiene and sanitation needs of a person and a family.

In the 1990's, during the International Decade for Water and Sanitation for Health, the WHO determined that sufficient water for sanitation and hygiene was more important than the overall purity of the water in preventing disease.

In addition to the amount of water that needs to be available, the water has to be accessible within a reasonable amount of time. It has to be relatively close to where workers and their families live, for the time used to bring water is time that cannot be used for work, study or other activities. This factor must also be considered when examining the PPI standards for water written below.

Realistically, in any countries, simply assuring adequate potable water is an enormous task. Water may have to be carried in containers from far distances. Or water may have to be purchased from trucks that deliver the jugs of water...with the buyers at the mercy of the water sellers. Having continuous access to water via pipe and tap when one needs the water is almost unheard of in many parts of the world. The question is how to address a water standard realistically. Added to the issue of physical access is the growing move to privatize water as well as its delivery, often putting it out of the financial as well as physical reach of many who need it.

The components of a water standard are simple: potable water, that is, water that is healthy for drinking and non-potable water that is used for hygiene. Hygiene activities include bathing, washing of clothes, eating and cooking utensils, sanitation and other similar activities.

In 2002, the United Nations adopted water as a human right. This adoption committed the 145 countries that have ratified the International Covenant on Economic, Social and Cultural Rights to work to ensure fair and non-discriminatory access to safe drinking water. The UN Committee on Economic, Social and Cultural Rights declared: "The right to water clearly falls within the category of guarantees essential for securing an adequate standard of living, particularly since it is one of the most fundamental conditions for survival."

The global burden of disease from insufficient water for drinking, sanitation and hygiene:

- 3.4 million people, mostly children, die annually from water-related diseases.
- 2.4 billion people lack access to basic sanitation.
- 1.1 billion people lack access to even improved water sources.
- Access to safe water supply and sanitation is fundamental for better health, poverty alleviation and development.

Water Supply and Diarrhea

- 2.1 million people die every year from diarrheal diseases (including cholera) associated with inadequate water supply, sanitation and hygiene. The majority are children in developing countries.
- Water, hygiene and sanitation interventions reduce diarrhea incidence by 26% and mortality by 65%.

Source: World Health Organization
http://www.who.int/water_sanitation_health/policy/en/

According to the World Health Organization (WHO), 45 liters per capita per day is the break point where insufficient water will result in a significant and noticeable decrease in infectious disease. Of that amount, approximately 2-4.5 liters per day needs to be potable or drinkable water, with the amount varying according to the person's activities.

Therefore, CREA has divided the water standard into two sections.

Section 1: Standard for the Sustainable Living Wage or the Sustainable Living Income /Income

Section 2: Standard for the Sustainable Community Wage or Sustainable Living Community Income

In addition, in the section on the Social Premium associated with Fair Trade Crafts, we will see what becomes possible when needs are met as a community rather than solely as individuals or single families.

SUSTAINABLE LIVING WAGE and SUSTAINABLE LIVING INCOME STANDARD FOR WATER:

Non-Potable - 20 liters per person

Potable - 2.0 liters per day per person in temperate climates

4.5 liters per day per person in hot climates

SUSTAINABLE COMMUNITY LEVEL WAGE and SUSTAINABLE COMMUNITY INCOME STANDARD FOR WATER:

Non-Potable - 50 liters per day per person

Potable - 2.0 liters per day per person in temperate climates

4.5 liters per day per person in hot climates

Photos on page 33 beginning in upper left corner and continuing clockwise:

1. Stones and basins for grinding of corn in La Palma
2. Cooking on simple fire in San Salvador
3. Water jugs, basins and pots hand outside store in Tecuba
4. Water jugs lined up at home in La Palma
5. Homes hidden beneath the trees at Las Colinas coffee cooperative
6. Cement water structure at home in Las Colinas. Structure has place for clothes washing, dish washing and general cleaning with water then used for watering plants.
7. Vegetable garden outside home at Las Colinas
8. Climbing hill, young boy carries filled water jug to his home



STANDARD FOR EDUCATION

Education is a basic need within any community. Formal schooling provides the students with the skills they need to communicate, to calculate and to create. El Salvador is a young country, demonstrated by its age spectrum as of 2004.

	Percentage	Female	Male
0-14 years	36.8%	1,185,750	1,237,262
15-64 years	58.1%	2,009,032	1,819,035
65 years and over	5.1%	186,241	150,221

Since 1980, literacy rates in El Salvador have risen, especially in the urban areas. Government statistics from 2002 state that the literacy level for people between the ages of 15 and 24 in urban areas was 96.56 % for people 10 years old or older. The percentage of literacy in El Salvador is 83.4% and the level of illiteracy is 16.6% for the year 2002, for people with 10 years or more of age. In rural areas, literacy rates are lower since access to school is more difficult.

Access to education has several components. First, a school must be physically accessible. Second, the family needs to be able to pay the school fees. While school is free, there are school fees that are required. Third, the money to pay for uniforms and school supplies has to be available. Fourth, the children, especially the older children, need to be free to attend school. That is, their labor should not be required to meet the struggle for a decent standard of living for the family.

SUSTAINABLE LIVING WAGE and/or SUSTAINABLE LIVING INCOME STANDARDS FOR EDUCATION

For each of the years of compulsory schooling for each school age child, money needs to be available for school fees, school uniforms, school supplies, and transportation to/from school if necessary.



STANDARD FOR HEALTH

Defining health standard is a complicated task. In a country like El Salvador, it must start with the most basic requirements of water and food. In previous sections, the standard for food provides for the nutrition that is the foundation for health.

In the water standard, the twin components of potable and non-potable water provide the basic standard for health. The health effects related to sufficient water are numerous. Sufficient water is necessary to prevent dehydration and death. Potable water is necessary to avoid the numerous diseases associated with water contamination. Having sufficient water to wash one's hands is critical whether after defecating or before preparing food or eating. Accessibility of water supply and the effective use of water for cleanliness are essential for hygiene. Each leads to significant improvements in health even when water is limited.

Coupled with effects of nutrition and the availability of sufficient and appropriate water, there are a group of everyday items which need to be available. These include common medicines such as aspirin, acetaminophen, ibuprofen and other similar products. These should be available along with common antiseptic for cuts and other wounds to protect against infection.

Costs associated with vaccinations that provide immunity to common diseases must be possible. These include whatever fees are necessary at the doctor or clinic as well as transportation costs. Additionally, members of the family need to be able to go to the doctor and dentist when necessary. This requires some savings that make these visits possible. Again, transportation must be included. Since it is impossible to know when someone will need to go to the doctor, savings for these times must be possible.

There are many traditional treatments for illness in El Salvador. The markets often include stands or stalls where traditional medicines and pills of many types are available for purchase. Traditional medicine is to be honored for the healing and health purpose it serves in Salvadoran life.



7.0 EARNING PURCHASING POWER IN THE MAQUILAS

MAQUILAS and the FREE TRADE ZONES

Maquilas are located in 15 trade zones located in the Salvadoran states of San Salvador, Santa Ana, La Libertad, La Paz, Usulután and La Unión. Although the zones vary in size, they are located in areas with access to the airport and/or ports for transportation of completed goods. In addition, each of the zones is surrounded by a possible worker population of significant size. This population ensures a steady supply of workers for the maquilas.



The textile and apparel industry has been present in the Salvadoran maquilas for more than 20 years. The industry is supported by a variety of services, including embroidery, industrial laundry, dyeing and finishing, cutting rooms and packaging. More than 250 brand names produce apparel in El Salvador. The country is positioning itself as the focal point for the Central America region, in a plan to integrate all the steps in the procurement, production and distribution processes for the industry in that region.

El Salvador has a broad spectrum of incentives to encourage apparel manufacturing within the country. These incentives include:

- duty free imports of machinery, equipment, raw materials and intermediate goods,
- 100% income tax exemption
- 100% value added tax exemption
- 100% municipal tax exemption
- no taxes on capital gains
- no double taxation
- minimal registration procedures
- no limits on foreign capital
- full currency convertibility

The available work force available in El Salvador far outnumbers the available jobs, making it very stable. According to the 2000 official census, the Salvadoran population equaled 6.2 million (of which 1.2 million are living or working in the US). Approximately 70% are under 34 years of age. The labor force numbered nearly 3,000,000 with more than 90,000 workers in the textile and apparel industry. National unemployment was 7% with 30% described as underemployed. In the maquilas, attrition rate was estimated at less than 10%.

In 2002, the Salvadoran government recorded the Economically Active Population (EAP) as 2,572,977 of which 63% were employed in urban areas and 37% in rural areas. In the active labor force, almost 60% were men and 40% women. Out of the total EAP, 59.4% are men and 40.6% are women. This reflected the lower activity level of females in the labor market; yet in recent years a substantial increase in their participation has been observed.

INTERVIEWS OF THE MAQUILA WORKERS

Workers from nine of the Free Trade Zones were interviewed: San Marcos, San Bartolo, Libertad, La Paz, El Pedregal, San Marcos, American, Santa Ana and FZ10. All the workers were interviewed outside the free trade zones after work, in their communities or in their homes. Care was taken to make sure that no worker would be penalized for talking with the interviewers. At the start of each interview, the Project team members introduced themselves, described the Project and its purpose and gave each person a set of contact information for CREA. All the materials were in Spanish. All the interviews were voluntary.

PRICING NEAR THE MAQUILAS

In addition, pricing was done in markets and stores near the maquilas in order to include places where workers might shop before going home.

PROCESSING THE DATA

Spreadsheets were created for each of the pricing categories. The data was then entered in the spreadsheet with a separate column for each place where pricing was done. The same was done for each interview. For each item in each spreadsheet, the high, low and average prices were then calculated.

Using the average price, the costs in purchasing power (minPP) at different hourly wages were then calculated, starting at 25 cents (\$0.25) per hour in order to accommodate and create parallels with the agricultural and crafts sectors which will be discussed later in this report.

All prices were recorded in dollars (US) since that is the currency used in El Salvador. The average costs in minutes of work necessary or minutes of purchasing power (minPP) were then calculated based on the average cost and the minimum wage.

THE QUEST FOR THE SUSTAINABLE LIVING WAGE IN THE MAQUILAS

The quest of maquila workers for a sustainable living wage seems to be rather straightforward. This is what a worker earns per hour. This is what they need. If wages do not increase, then the workers either have to work longer hours or they and their families have to do without.

However, there is one additional factor affecting the wages that workers are able to earn and the hours they are able to work. That factor is productivity, a word that seems to imply that there is no end to the production goals that can be expected of workers anywhere in the world.

In every work situation the work can possibly be done more efficiently. In the maquilas, as in assembly factories around the world, there is a push to have workers produce more in shorter periods of time. The goal is the *meta*, the number of items that the line of workers has to produce each day. Tied to meeting the meta are the production bonuses. Diligent workers come to expect the production bonuses to be attainable and therefore earnable during each pay period. In other words, these productivity bonuses often become part of the expected income of workers.

However, factories raise the meta as a way of addressing two issues: a) producing more in ever shorter periods of time and b) lowering the cost because then they do not have to pay the production bonuses. It is here that the competitive nature of the apparel and other industries located in El Salvador takes its toll. The factories are forced to bid against each other to come up with the lowest costs for the brands who buy their products; the workers have to work harder.

Several questions need to be raised about this system:

- First, are there not limits to the levels of productivity that can be demanded of workers? How do we force the production system to acknowledge that workers are not machines?
- Second, many corporations, or brands, place their requests for bids to fill orders for goods on the Internet. This system allows the brands to receive bids for contracts from factories and assembly plants all over the world. Their decisions about placing their orders can then be made without ever seeing the facility for themselves. They can choose the lowest bid of qualified factories or assembly plants. This lowers their own costs and makes them more competitive with other companies in the same industry. They have to be competitive to survive; consumers demand lower prices, and investors demand increasing profits.

This system, in turn, places the factories and assembly plants in competition with each other. They are vying to be chosen, and bidding at the lowest cost is essential. Whatever they can do to lower their own costs makes them more competitive and keeps them in business.

The workers in the factories and assembly plants are now indirectly in competition with the workers in other facilities around the world. If they do not agree to lower wages, or increased production demands, they could lose their jobs and the ability to support themselves and their families.

Is there any end to this downward spiral of purchasing power and the poverty associated with it? In such a faceless, competitive bidding system, how do we put the faces of the workers and their living reality back into the system?

- Last, with all the contemporary discussion of sustainability, what are we talking about sustaining? The corporations? The workers' living standards? The workers' community?

EARNINGS IN THE MAQUILAS

Minimum wage in El Salvador is established according to industry sector. In 2003, the minimum wage for manufacturing was \$4.80 per day or \$144 per month. All prices and calculations are done in US 3dollars since El Salvador was “dollarized” in 2002

Calculating the actual take home hourly wage is done as follows:

- Regardless of how many days are worked, wages are calculated on a 44-hour workweek but paid for 48 hours as the standard. In addition, a payment equal to a 7th day (as part of the 7 day workweek Salvadoran standard) is added.
- This is officially calculated as follows:
 - o In 2003, the daily pay rate was \$4.80 with the hourly rate being \$0.5999
 - o 48 hours at this daily rate was \$28.75
 - o Plus 7th day payment (since wage is paid based on 7 day workweek) at \$4.80
 - o Provides an official weekly wage of \$33.55
 - o And an official bi-weekly wage of \$67.10
- Overtime is calculated at the rate of 2.0 x \$0.629 (official minimum wage) or \$1.258 per hour.

The minPP calculations will be done based on the following:

Actual weekly wage of \$33.55
 Divided by normal hours of work = 44
 Actual hourly wage (\$33.55/44) = \$0.76

Therefore 1 hour or 60 minutes of work at \$0.76 will earn 60 minPP.

Each pay period there are numerous additions and deductions that affect the take-home pay for workers. Payments for social security, retirement and any loans against future earnings have to be paid. In addition, workers sometimes purchase their lunches from the tienditas in the factories themselves, resulting in another deduction. Workers may also benefit from various bonuses awarded for punctuality, attendance, etc. as well as overtime.

NO.	ORDENOS LINEA # 1	NOMBRE COMPLETO	FIRMA	SAL. SEGURO	SEAS LAB	GRUO	HORA	EXTRA	SEB	DESC	TOTAL	SENE	OTROS	TOTAL	LIQUIDO
01		RODRIGUEZ LOPEZ	[Signature]	30.00	15	430.00	21.5	121.00	371.05	27.58	517.66	124.95	0	0.00	642.61
02		RODRIGUEZ LOPEZ	[Signature]	30.00	15	430.00	25	140.75	390.75	28.53	560.23	124.95	0	0.00	685.18
03		RODRIGUEZ LOPEZ	[Signature]	30.00	15	430.00	18.5	104.16	494.16	23.87	518.03	124.95	0	0.00	642.98
04		RODRIGUEZ LOPEZ	[Signature]	30.00	15	430.00	21	118.23	548.23	27.43	575.66	124.95	0	0.00	700.61
05		RODRIGUEZ LOPEZ	[Signature]	30.00	15	430.00	22	123.86	553.86	24.82	578.68	124.95	0	0.00	703.63
06		RODRIGUEZ LOPEZ	[Signature]	30.00	2	96.00	7	39.41	135.41	6.35	141.76	24.99	0	0.00	166.75
07		RODRIGUEZ LOPEZ	[Signature]	30.00	14	420.00	19	106.97	526.97	23.45	550.42	116.62	0	0.00	667.04
08		RODRIGUEZ LOPEZ	[Signature]	30.00	15	430.00	17.5	96.53	526.53	23.60	550.13	124.95	0	0.00	675.08
09		RODRIGUEZ LOPEZ	[Signature]	30.00	15	430.00	20.5	115.42	545.42	27.11	572.53	124.95	0	0.00	697.48
10		RODRIGUEZ LOPEZ	[Signature]	30.00	15	430.00	21	118.23	548.23	27.43	575.66	124.95	0	0.00	700.61
11		RODRIGUEZ LOPEZ	[Signature]	30.00	15	430.00	20.5	115.42	545.42	27.11	572.53	124.95	0	0.00	697.48
12		RODRIGUEZ LOPEZ	[Signature]	30.00	15	430.00	23	129.49	559.49	27.99	587.48	124.95	0	0.00	712.43
13		RODRIGUEZ LOPEZ	[Signature]	30.00	15	430.00	19	106.97	536.97	24.00	561.97	124.95	0	0.00	686.92
14		RODRIGUEZ LOPEZ	[Signature]	30.00	15	430.00	22.5	126.68	556.68	27.85	584.53	124.95	0	0.00	709.48
15		RODRIGUEZ LOPEZ	[Signature]	30.00	15	430.00	25.5	143.57	573.57	28.67	602.24	124.95	0	0.00	727.19
16		RODRIGUEZ LOPEZ	[Signature]	30.00	15	430.00	23.5	132.31	562.31	28.13	590.44	124.95	0	0.00	715.39
SUB TOTAL															12,469.11

HOUSING COSTS

Monthly costs were used in the calculation of housing and related costs. The chart below provides the high, low and average costs in dollars and in minutes of purchasing power (minPP).

Category	Highest Monthly Cost	Lowest Monthly Cost	Average Monthly Cost	Average Monthly Cost in minPP at Minimum Wage
Rent or parallel cost	\$114	\$3	\$34	2684 minPP
Electricity	\$50	\$2	\$10	827 minPP
Potable water	\$6	\$6	\$6	490 minPP
Regular water	\$23	\$2	\$7	554 minPP
Gas for cooking	\$7	\$4	\$5	341 minPP
Wood for cooking	\$34	\$11	\$15	1191 minPP
Oil for Lamp	\$4	\$4	\$4	316 minPP
Bus Transportation	\$27	\$4	\$19	1461 minPP
Telephone use	\$86	0	\$23	2640 minPP
TOTAL	\$351	\$36	\$123	10,504 minPP

At right: Men and women leave the maquila at the end of the work day to board the buses that will take them home.



At left: Sitting in long production lines, women and men work at their sewing machines in an apparel maquila.

THE COST OF REPLACEMENT CLOTHES

We have established a minimum standard number of sets of clothing that workers and their family members need. The question here is how often does clothing have to be replaced. We are not talking about responding to new fashions or styles. Rather we are using as a base line the fact that the clothing wears out from repeated use and subsequent laundering and simply needs to be replaced.

At a minimum, we are talking about replacing two sets of clothing per year for each of the adults in the family unit. For the children, due to both growth as well as wear and tear, at least half, or 4 sets of clothing, need to be replaced per year. For babies, because of growth, wear and repeated laundering, all sets will have to be replaced at least until the age of two. For both adults and for children, a minimum of one pair of shoes will be replaced each year.

When the pricing was done for the clothing articles, the prices recorded were the lowest available in each of the sites where clothing was priced. From among those, we assembled "sets" of clothes for the men, women and children. After assembling these "sets" for each group of wearers, we averaged the price of the sets of clothing. From this average price we are able to calculate the probable price for an inexpensive set of clothes. This probable price will then be multiplied by the number of sets of clothing that need to be replaced each year as described above.

Separate calculations were done for men, women, boys, girls and babies. The data for each of these groups are found in the following chart:

PERSON	Average Yearly Costs for Replacement Clothing	Average Weekly Costs for Replacement Clothing	Weekly Costs of Replacement Clothing in minPP at Minimum Wage
Adult Man	\$63.96	\$1.23	97 minPP
Adult Woman	\$49.02	\$0.94	74 minPP
Boy	\$75.92	\$1.46	115 minPP
Girl	\$74.33	\$1.43	113 minPP
Baby	\$69.07	\$1.33	105 minPP
TOTAL	\$332.30	\$6.39	504 minPP

It is important to keep in mind that these prices do not reflect the purchase of name brand clothing or new styles for each season or year. Most often, they are based on the prices for new or used clothing available in the formal or informal markets.

COSTS OF NON-CONSUMABLES

Building a household requires the use of items for washing, cleaning, eating and drinking. Some of these items, such as furniture, dishes, pots and pans, are bought once and then we have them for years. Other items, such as mops, brooms, sponges, and similar items, need to be replaced as they wear out.

The prices for some of these items were itemized in the data collection for Non-Consumables. Families add these items as money for the items becomes available. For example, it is not uncommon to see laundry being done in a bucket by some women while others will have laundry basins or tubs of varying sizes. Some households have a minimum of eating utensils. Plates, bowls, cups or glasses are often few in numbers within many households.

It is difficult to determine the amount of money that workers and their families have to set aside each year for these items. It is impossible to determine how many articles or items will be needed each year. It is possible to estimate how many articles will need to be replaced in an average year. It is also possible to look at the articles within worker homes, see what is available in the stores and markets and imagine the hope of workers to be able to afford these articles. CREA quantifies the category of non-consumables in the following manner.

Non-Consumables can be divided into three main categories: those that wear out on a regular basis, small items bought for long-term use, and larger items bought for long-term use. In the first category are items such as towels, sheets, mops and broom. In the second and third categories are more permanent items that last for many years.

For the PPI, a collective amount is used that includes the items in the first category. The amount is based on the cost of the items and the probability that they will need to be replaced or added to approximately each year. For the second category, a second estimated amount is determined based on the average prices of items such as dishes, pots and pans, eating utensils, tools, etc. The third category includes items that will raise the standard of living for the workers, especially by allowing communication with the larger world (radio and television.) The third category also includes bulk purchase of items, requiring storage space and a refrigerator or freezer. Workers and their families should be able to expect that they can improve their standard of living by acquiring these items after putting aside money towards their purchase.

All three of these categories of items mean that money has to be available to set aside each week in order to accumulate enough money for these articles. If all income goes to meet the immediate needs of housing costs and clothing, there is nothing that can be used to improve the conditions of the household.

For category 1, the amounts for the year would need to be at least \$1 per week. This would provide a base amount of \$52 yearly from which these items could be bought.

For category 2, for the smaller items, the amounts would be pro-rated for the week and year to provide basic access to this group of items. The base amount would need to be at least \$1.50 per week so that the family could hope to be able to buy what is needed.

For category 3, there are several underlying questions. If we are going to include the savings for larger appliances such as a refrigerator or smaller appliances such as a radio or small television for housing where there is electricity, we have to be realistic about the possibility of saving for these items. At the same time, we have to be careful not to categorize workers as not having the right to expect to be able to save for a radio, TV, or other forms of communication or entertainment. As a base amount, workers would need to be able to set aside \$1.50 - \$2.00 per week.

Radios and televisions come in all sizes and costs. Even taking the most modest models would require significant savings. To put some cost perspective on the discussion, a refrigerator costs between \$250-\$500 depending on size and part of the country. A fan costs between \$20 and \$25. In the oppressive summer heat in El Salvador, the use of a fan should not be seen as excessive. Basic small radios were available starting at \$10. Televisions began at \$127 for the 13" size. How long should a family expect to be able to save in order to purchase one of these items? How long should a family have to save in order to purchase a fan or a small radio?

It is true that many of these items are available at the open-air markets at tables that sell used appliances and other household items. A worker can choose to purchase the items there as the money become available. However, the ability to save for future purchase of at least some of these items needs to be built into the sustainable community level wage no matter where one lives in El Salvador. To achieve this purpose, the PPI standard allows for the beginning of this type of saving. This would allow the worker and the worker's family to begin to access these items in a program of careful savings.

	Weekly Savings	Yearly Savings	Weekly Costs in minPP
Category 1	\$1.50	\$78	118 minPP
Category 2	\$1.50	\$78	118 minPP
Category 3	\$2.00	\$104	158 minPP
TOTAL	\$5.00	\$260	394 minPP

COST OF FOOD AND NUTRITION

Food needs can be examined from different starting points. Food is, first and foremost, the nutrient provider. We all need to eat in order for our bodies and minds to be nourished with the nutrients that provide for health and physical and mental well-being. Food is also social in that the sharing of food is part of what bonds families and groups together.

Food requirements for the PPI are based on 3 meals per day for 7 days per week. The components of the meals are based on standard El Salvadoran food coupled with the nutrition standards from the FDA and USDA. To prepare for this section of the study, 21 meals containing the required number of component food groups (as specified by the USDA) were prepared for each of the gender and age groups (also as determined by the USDA).

Each of the prices in the markets and stores had been chosen because they were the lowest cost per item. The foods chosen for the meals were chosen both for their nutrient composition and for their low prices. Care was given to create meals of the lowest cost possible while still meeting the demand for nutrients. The costs of these meals were averaged to provide the following data for men, women, boys, girls and babies.

COSTS FOR FOOD and NUTRITION

Persons	Costs in Dollars per Day	Costs in Dollars per Week	Costs in minPP per Week at Minimum Wage
Adult Man	\$2.48	\$17.36	1371
Adult Woman	\$2.15	\$15.02	1186
Boy	\$1.46	\$10.21	806
Girl	\$1.46	\$10.21	806
Infant/Toddler	\$3.23	\$22.59	1783
TOTAL Costs for Family of Four	\$10.78	\$75.39	5952

There are several key points to keep in mind when looking at these numbers. First, these calculations allow for no casual eating; there are the minPP necessary just for the meals of each day. Second, that these calculations are derived from eating of the simplest foods, based on the lowest costs while still meeting nutrition requirements. Third, there is no room within these calculations for any of the snacks and similar foods that people, especially children, eat.

The children of maquila workers live in an environment where fast food of all types is readily available and where billboards and signs in stores advertise many different types of foods. While these numbers will provide nutrition, they do so without adding in the social dimension, the reality in which people live, work, go to school, etc.

Food is a vehicle through which we celebrate, we mourn, we welcome. People do not live in isolation. In reflecting on the limitations of these calculations, we need to keep in mind this social dimension. That dimension is quantified in the Sustainable Community Wage and Sustainable Living Income, a wage level above and beyond the Sustainable Living Wage and Sustainable Living Income.

None of the costs provided above take into consideration the incidental food expenses that are part of everyday life. These incidental costs would add to the food costs for the week. There is nothing included for fun, celebration, snack, etc. It presumes a rather spartan and utilitarian approach to food...and yet it is still far from the minPP restrictions forced upon the worker by the minimum wage standard as presently constructed.

COST OF WATER

Many of the maquila workers and their families do not buy potable water simply because they cannot afford it. Even the amounts of regular water they have is limited, more limited than it should be for hygiene and sanitation. Based upon the requirements for potable and non-potable water as constituent components of nutrition, hygiene and sanitation, the costs of water are as follows:

	Monthly Cost for Family of 4	Weekly Cost for Family of 4	Weekly Cost in minPP at Minimum Wage
Potable Water	\$17.33	\$4	316 minPP
Non-Potable Water	\$8.66	\$2	126 minPP
Total Cost	\$25.99	\$6	442 minPP

COST OF EDUCATION

As in many other countries, El Salvador has required education for all children. While this may seem to be free, there are many costs associated with attending school. These costs are the responsibility of the family. The costs of uniforms, school supplies and school fees must be added into the family budget for each child to be able to attend school.

	Annual Cost per Child	Cost per child per week	Weekly Cost per Child in minPP at Minimum Wage
TOTAL	\$65	\$1.25	102 minPP

HEALTH

Illness in the family of a worker can be devastating for several reasons. First there is concern and worry for the person who is ill. Second, there are the expenses associated with alleviating illness and providing healing. Third, there is the loss from wages when workers themselves are the ones who are ill. Expenses associated with illness can be for prevention and/or for healing. Health costs need to include the availability of common medicines as well as the setting aside of money for the doctor and any needed prescribed medications. Lastly, as a precaution against the time when the ill person is the worker in a family, there needs to be the ability to set aside some money to balance the lost wages when there is illness.

	Cost per Month	Cost per Week	Weekly Cost in minPP at Minimum Wage
Common household medicines	\$4.75	\$1.10	89 minPP
Prescribed medications	\$2.00	\$0.46	37 minPP
Savings against illness and loss of work	\$1.00	\$0.23	19 minPP
TOTAL	\$7.75	\$1.79	145 minPP

CALCULATING THE SUSTAINABLE LIVING WAGE IN THE MAQUILAS

	Monthly Costs	Weekly Costs	Weekly Costs in minPP at Minimum Wage
Housing and Related Costs	\$123	\$28.38	2301 minPP
Replacement Clothing	\$27.69	\$6.39	504 minPP
Non-Consumables	\$21.67	\$5.00	394 minPP
Food	\$326.69	\$75.39	5952 minPP
Water	\$25.99	\$6.00	442 minPP
Education	\$65	\$1.05	122 minPP
Health	\$7.75	\$1.79	145 minPP
TOTAL	\$597.79	\$124.00	9860 minPP

THE SUSTAINABLE LIVING WAGE IN THE MAQUILAS

How are we to understand the data presented?

1. If the average workweek is 44 hours according to Salvadoran Labor Law, then workers earn 2640 minPP each workweek. (44 hours x 60 minutes per hour = 2640 minPP)
2. **For a family of four, the Sustainable Living Wage standard would require a weekly income of \$124.00.** If the family has one wage earner, that would need to be the income from that wage earner. More than 65% of the workers interviewed were the only full-time worker in their families.

DISCUSSION OF THE CONSEQUENCES OF WAGES THAT DO NOT MEET THIS STANDARD

1. If the Sustainable Living Wage standard requires that a family of four have at least \$124.00 as its monthly income in order to have sufficient purchasing power, the family has to do without. Different families choose to do without different things.
2. Workers and their families are continually forced to choose between adequate basic housing and the other needs of their families. Some cannot afford to send their children to school. Others survive by living in makeshift houses built of tin and wood wherever a space can be found.
3. The nutritional standards of many of the workers and their families are inadequate because of the lack of purchasing power that the workers can earn.
4. The lack of access to sufficient water, both potable and non-potable, leaves each and all members of the family at risk for illness on an on-going basis.
5. Many families survive on the remittances sent by members of their families working in the US. While those monies sent home assist the family in meeting needs, those monies do not excuse the fact that the wages that are paid are below what is needed for a decent standard of living. Families without relatives in the US do without.

SALVADORAN WOOD CRAFTS

The brightly painted wooden shapes and forms are an easily recognizable popular type of craft from El Salvador. This art form was created by the Salvadoran artist, Pinto Fernando Llort. In 1973, he brought the art form to La Palma, a small town in the province of Chalatenango in northern El Salvador, not far from the Honduran border. The art form is meant to describe aspects of traditional Salvadoran rural life as well as the animals and flowers, the flora and fauna of the country. The wooden shapes may be boxes, crosses of varying sizes, Christmas ornaments, mirrors, key racks or photograph frames, mirrors, etc. What they have in common are the brightly painted pictures on their surfaces. The majority of people in La Palma are involved in the crafts industry, from the harvesting of the lumber through the packaging and marketing of the final products. Each item reflects the creativity and personality of each artist.

From start to finish, the production of each of the woodcrafts requires numerous steps:

1. Trees must be cut down, dried and then cut into boards. These boards are often cut by hand.
2. The boards are then cut into pre-determined shapes.
3. The shapes are sanded to remove rough edges.
4. The design for the product is outlined on the shape, creating specific sections for each color. This is usually done through simple silk screening.
5. Section by section, each color of enamel is applied by hand.
6. A finish is put on the pieces to protect the colors.
7. The painted product is put away to dry.
8. The completed products are packaged for shipment.

What is missing in this description are the following:

- a. Money to buy the materials: lumber, paint, brushes, packing materials, etc.
- b. Access to the markets where the products will be sold.
- c. A continuous market for the products so that the artisans are guaranteed a continuous source of income.

The challenge within the crafts industry is to find markets for the finished products. Some individual artisans are able to sell their products to individual small stores whether in La Palma or in other parts of the country. Others sell their products through intermediaries who then export these products to other countries for sale. In marketing their products in this way, individual artisans lack the bargaining power to demand higher prices for their finished products. In effect, they are competing with all the other artisans producing similar crafts.

ARTISANS IN COOPERATIVES and COLLECTIVES

Within La Palma, San Salvador and some of the other towns and villages throughout the country, there are groups of artisans who have come together in cooperatives or collaboratives to produce and market their products. Collaboratives are groups of artisans who work together but are not a formal cooperative.

This working together has numerous advantages:

1. Those best skilled in a particular stage in production can do that step for each of the crafts products knowing that others will use their skills on the other stages.
2. The artisans are no longer competing with each other with the small production of finished products. Instead by dividing the work into stages or steps, more products can be marketed.
3. A member of the cooperative can concentrate on finding markets for the finished products.
4. Many of the artisans are women working on the painting at home. They are able to adapt their work schedule around the needs of their children.
5. The women are enabled to contribute to the support of their families without having to migrate to work in the maquilas. This provides financial support while keeping the family intact.
6. The workers working as a cooperative are able to participate in community development projects for the benefit of all the cooperative members. In this report we will describe a water project that has provided unlimited fresh water for the members of the cooperative without the high fees paid by La Palma residents for government run water services.

ADDING FAIR TRADE

Some of the crafts cooperatives are Fair Trade cooperatives. There are key components to the Fair Trade movement that are meant to build on the benefits that cooperatives bring to workers and extend those benefits in new ways.

Fair Trade retailers are organizations or companies that have made a commitment to the crafts cooperatives with whom they work. The commitment is demonstrated in specific programs, policies and practices that define and reinforce the relationship between the Fair Trade organization selling the crafts in the US and the artisan cooperative.

- The organization or company has made a on-going commitment to work with artisans in cooperatives by developing markets for their products in other countries. Fair Trade retailers assist artisans and farmers in developing new markets.
- The Fair Trade relationship between the Fair Trade retailers and the artisan cooperatives reduces the need of the cooperatives to rely on the usual layers of "middle men", each of whom usually takes part of the profit derived from the end sale of the product. This more direct system is designed to have the cooperatives and the artisans themselves receive a much greater return because they sell directly to the retailer.
- Fair Trade retailers pay fair prices for products.
- The Fair Trade retailers make long-term commitments to the artisans cooperative. This allows for planning and ensures a greater stability for the cooperative and its members.
- Fair trade crafts products are made using environmentally sound business practices.
- There is a social premium to the cooperative.
- The cooperative and its members receive business training that enables them to function in a more financially sound manner.

A cooperative can be a Fair Trade cooperative but it does not function in a vacuum. There are two other groups that are needed: First, there is the need for sufficient Fair Trade retailers who adhere to the Fair Trade standards. Second, there is the need for Fair Trade customers, those of us who are committed to paying fair prices so that workers may receive a fair income.

COLLECTING THE DATA

As with the interviews conducted for the maquilas sector, at the start of each interview, our team introduced themselves, explained the project and why we needed the data. Interviews were done for all the members of the cooperative in La Palma as well as with other persons living and working in the town. Again, all the interviews were in Spanish and all were voluntary.

Pricing was done at all the stores, large and small, that sold the categories of items listed for the study. In addition, pricing data was collected at many of the stands in the open-air market at the center of La Palma.

INCOME IN LA PALMA

Interviews were conducted with artisans in collectives and cooperatives as well as non-artisans. The artisans, operating through the collectives and cooperatives sell most of their products through the Fair Trade system of retailers. There is some selling directly to tourists and others who visit the workshops in La Palma.

The non-artisans who were interviewed provide data that serves as a basis for comparison of income and purchasing power with those employed in the Fair Trade system.

The range of income of the two groups is as follows:

	Highest Monthly Income Earned	Lowest Monthly Income Earned	Average Monthly Income Earned	Average Weekly Income	Average Hourly Income based on 44 hour Workweek
Artisans	\$389.02	\$144.16	\$239.39	\$55.24	\$1.26
Non-Artisans	\$457.67	\$102.97	\$216.12	\$49.87	\$1.13

The chart clearly illustrates some of the benefits of the Fair Trade artisan collaborative system.

- ❖ The average weekly income for the artisans is greater than for non-artisans in La Palma.
- ❖ The average artisan does not work a 44-hour workweek. Many of the women working in the crafts sector are able to work around the demands of their family. Therefore the actual income per hour is more than what the number for the average indicates.
- ❖ There are some non-artisans that are able to earn more than the artisans but that is not true for all non-artisans.
- ❖ There is a significant difference between the lowest monthly earnings of the artisans and the non-artisans.
- ❖ Many of the non-artisans in La Palma are employed in other sectors of the economy that are linked to the La Palma’s reputation for crafts. Tourist services including restaurants, hotels, and transportation benefit from the rollover into the local economy by the purchasing power generated in by the artisans and the associated works. Other beneficiaries are those who sell household and other products in the local markets.

Both the artisans and non-artisans in La Palma earn more per hour and per day than workers in the maquilas.

How close the income and purchasing power generated by the work of the artisans meets the standard of a Sustainable Living Wage and Sustainable Living Income now need to be calculated.

PROCESSING THE DATA

Spreadsheets were created for each of the pricing categories. The data was then entered in the spreadsheet with a separate column for each place where pricing was done. The same was done for each interview. For each item in each spreadsheet, the high, low and average prices were then calculated.

Using the average price, the costs in purchasing power at different hourly wages were then calculated, starting at 10 cents (\$0.10) per hour in order to accommodate and create parallels with the agricultural and crafts sectors which will be discussed later in this report. All prices were recorded in dollars (US) since that is the currency used in El Salvador. The average costs in minutes of work necessary or minutes of purchasing power (minPP) were then calculated based on the average cost and the minimum wage. In currency, the high, low and average housing and related costs were as follows:

HOUSING COSTS for ARTISANS in LA PALMA

Category	Highest Monthly Cost	Lowest Monthly Cost	Average Monthly Cost	Average Monthly Cost in minPP at Average Income Earned by Artisans
Rent or parallel cost	\$114.42	\$34.32	\$79.38	3780 minPP
Electricity	\$80.09	\$4.58	\$21.67	1032 minPP
Gas or Wood for Cooking	\$15.45	\$2.75	\$5.23	249 minPP
Transportation	\$68.65	\$2.29	\$12.92	615 minPP
Telephone	\$68.65	\$2.15	\$23.23	1106 minPP
TOTAL	\$347.26	\$46.09	\$142.43	6882 minPP

The range of housing costs clearly reflects the range of living conditions for La Palma residents. Closeness to free fuel from the trees, renting or owning where the family lives, as well as distance from the town center where the stores are located are but some of the factors influencing housing and related costs.

REPLACEMENT CLOTHING COSTS in LA PALMA

Separate calculations were done for men, women, boys, girls and babies. The data for each of these groups are found in the charts that follow:

Persons	Average Yearly Costs for Replacement Clothing	Average Weekly Costs for Replacement Clothing	Weekly Costs of Replacement Clothing in minPP at Average Artisan Income
Adult Man	\$89.55	\$1.72	82 minPP
Adult Woman	\$86.54	\$1.66	79 minPP
Boy	\$155.17	\$2.98	142 minPP
Girl	\$99.50	\$1.91	91 minPP
Baby	\$82.35	\$1.8	75 minPP
TOTAL	\$513.11	\$9.87	470 minPP

COSTS for NON-CONSUMABLES in LA PALMA

	Weekly Savings	Yearly Savings	Weekly Costs in minPP At Average Artisan Income
Category 1	\$1.50	\$78	71 minPP
Category 2	\$1.50	\$78	71 minPP
Category 3	\$2.00	\$104	95 minPP
TOTAL	\$4.50	\$260	237 minPP

It is key to remember that these savings amounts are base amounts, not ceiling amounts. The ability to save, to set aside money allows people to have greater control over their lives. It allows planning for the future, the ability to imagine that the future will be different, will be better, not only for oneself but also for one's children. Many items for which families save allow for greater communication and connectedness to others. It would be better if these savings amounts could be higher. They are, at best, a beginning.

COSTS FOR FOOD and NUTRITION

Persons	Costs in Dollars per Day	Costs in Dollars per Week	Costs in minPP per Week at Average Artisan Income
Adult Man	\$7.63	\$53.41	2543 minPP
Adult Woman	\$6.60	46.20	2200 minPP
Boy	\$4.49	\$31.43	1497 minPP
Girl	\$4.49	\$31.43	1497 minPP
Infant	\$4.97	\$34.79	1657 minPP

Calculating the costs for nutritious food for a family of four consisting of one male adult, one female adult, one child and one infant, the data reveals the following weekly food costs for the family:

	Weekly Cost in Dollars	Weekly Cost in minPP
Family of Four	165.83	7897

None of the costs provided above take into consideration the incidental food expenses that are part of everyday life. These incidental food costs would add to the food costs for the week. There is nothing included for fun, celebration, snack, etc. It presumes a rather spartan and utilitarian approach to food.

In addition, these costs do not include the costs associated with feeding extended family. Caring for aged parents and other relatives who are no longer able to work is a component of family life in El Salvador as in many other countries and communities.

WATER

The interviews revealed several important facts regarding water and its use in La Palma.

1. The families of non-artisans all reported that they do not use potable water. Many reported that they do not have the money to purchase potable water for their families. This has significant health risks for all the members of the family. They also described how careful they were with non-potable water both because of its cost and the variability of its availability through the government run system
2. The costs for non-potable water are reported as higher for the artisan families; however they consistently reported that they feel free to use more water because of the community water project that has brought unlimited water at an affordable cost to their families.

Therefore the higher costs for artisans are reflective of greater use of both potable and non-potable water, something definitely to be encouraged. Another way to interpret the data is to see that the artisans and their families are comfortable with a higher water consumption and use because of their higher income.

	Average Monthly Water Costs for Artisans in La Palma	Average Monthly Water Costs for Non-Artisans in La Palma
Potable Water	\$6.26	Not used
Non-Potable Water	\$9.85	\$3.16
Total Water Costs	\$16.11	\$3.16
Total cost in minPP at average monthly income	767 minPP	168 minPP

EDUCATION

All of the families interviewed had at least one child in school. Some had as many as four. Education for their children is obviously a priority for the families who send their children to school at considerable sacrifice. As with the families of maquila workers, for students in La Palma to attend school requires payment of fees as well as payment for school uniforms and supplies.

	Average Annual School Costs per Family	Average Monthly School Costs per Family	Average Cost per Family per Week	Weekly Cost per Child in minPP at Average Weekly Income for Artisans
TOTAL	\$498.46	\$41.54	\$9.59	456 minPP

HEALTH

As with the maquila workers, illness often has multiple effects on families. Again there are the three basic health related costs for which families need to be prepared.

	Cost per Month	Cost per Week	Weekly Cost in minPP at Average Artisan Weekly Income
Common household medicines	\$4.75	\$1.10	52 minPP
Prescribed medicines	\$2.00	\$0.46	22minPP
Savings against illness and loss of ability to work	\$1.00	\$0.23	11 minPP
TOTAL	\$7.75	\$1.79	85 minPP

CALCULATING THE SUSTAINABLE LIVING INCOME FOR ARTISANS IN LA PALMA

	Monthly Costs	Weekly Costs	Weekly Costs in minPP at Average Weekly Income for Artisans
Housing and Related Costs	\$142.43	\$32.87	1435 minPP
Replacement Clothing	\$42.77	\$9.87	470 minPP
Non-Consumables	\$21.63	\$4.50	237 minPP
Food	\$718.60	\$165.83	7897 minPP
Water	\$16.11	\$3.71	177 minPP
Education	\$41.54	\$9.09	456 minPP
Health	\$7.75	\$1.79	85 minPP
TOTAL	\$1,084.39	\$227.66	10,786 minPP

WHAT DOES THE DATA TELL US?

1. Based on more than 100 interviews in La Palma, the monthly income from work as an artisan ranges from a high of \$389.02 to a low of \$144.16. The average monthly income for an artisan is \$239.39.
2. In contrast, while the highest monthly income among the non-artisans is \$457.67, the lowest income was \$102.97. The average monthly income among non-artisans was \$216.12, significantly lower than the average income for the artisans.
3. Based on the interviews and actual pricing, the Sustainable Living Income standard would require a weekly income of \$227.66.
The average weekly income for artisans is \$55.24. This is 24% of the Sustainable Living Income (SLI) standard.
4. The average purchasing power earned by artisans in La Palma is greater than the average purchasing power earned by those who are not artisans. Obviously, other sources of income, either from other family members or remittances, provides for the family's needs.
5. The flexibility of schedule for the artisans aids in stabilizing their families at home. Women are able to interrupt their painting to feed their children, etc. and then return to their work. In addition,
6. This stability and greater purchasing power combine to prevent the need for migration to the areas with free trade zones to look for work in the maquilas. However, the need for greater purchasing power still leaves families dependent on the remittances sent home by family members working in the US and other countries.
7. The stabilization of the family and continuation of work allows for the families to improve their homes over time.
8. The working together as a collective or cooperative brings people to work collaboratively on other projects that will lead to the betterment of the community as a whole. One such project is described in the following pages.
9. The important piece to continuing to improve the standard of living for the artisans and their families is the continued commitment of Fair Trade retailers to bring the crafts of La Palma to market. The other important piece is our commitment to purchase Fair Trade products preferentially.

THE SOCIAL PREMIUM OF A STABLE MARKET FOR CRAFTS

Most basic necessity for human life is clean water. Insuring an adequate supply is both an engineering and a social challenge, much more difficult than distributing electricity, for instance. Electrical power can go from point A to point B through a thin cable draped over makeshift supports.

In El Salvador, access to water is a continuous struggle. Water needs to be accessible at an affordable price. If it is not, then access is limited by the cost of the water and the lack of sufficient income to buy it in sufficient quantity. Water needs to be:

- Acceptable - Water needs to be clean and usable.
- Accessible - Workers and their families have to be able to get the water in a reasonable amount of time.
- Affordable - The cost of necessary potable and non-potable water cannot monopolize the income of the workers and their families.

Eight years ago a grass roots group of new households built their own water supply system at a fraction of the cost demanded by the government-owned water company. Greater income in La Palma had come from the profitable crafts export trade and the influx of remittances from family members in the United States. Just outside of the town a hundred housing plots were sold on installment, and houses were built. The state water company ANDA charged a thousand dollars per household for a utility connection, well beyond anyone's means. For months the women of these families had to carry water from a faucet in the town square. Every drop used in a household arrived in a plastic jug balanced on a woman's head.

Alfredo Hernandez, an artisan and new resident, conceived of a plan to lay a pipeline from their settlement direct to a mountain stream several miles above them. Each household would contribute a share of the labor and the material cost. The ultimate cost divided out at \$350 each. Solely upon his own initiative and negotiating skill, Alfredo persuaded everyone to participate and coordinated each man's work. He walked the entire terrain and selected the best route from a stream that flowed pure and consistently even in the long dry season. He had water samples tested in a government lab. He obtained water rights from the government jurisdiction and negotiated with private landowners along the way for easements for the pipe.

With no formal education beyond high school, Alfredo engineered the construction successfully. They built a concrete collection basin in the stream and brought the pipeline down a steep gorge. After reaching more level terrain, they switched to a 1 ½" PVC plastic pipe buried in a trench – all dug by hand, of course. With such a steep drop in the grade, concrete pressure relief chambers were built to keep the pipe from rupturing. When the pipeline reached the settlement, a large concrete storage tank, 10 ft. high and 12 ft. across, received the water. A network of smaller pipes distributed the water to each house, a distance of 5 miles. Two weeks were needed to lay the pipe.

Many of the houses have only outhouses, and the water comes only to a single faucet at a large washtub. The water is pure and ample, encouraging hygiene and protecting health. A few houses have septic tanks.

The established town itself has water only every other day from ANDA. When asked why the state-owned agency doesn't tap into a large watershed with another pipeline, Alfredo just shrugged. He said that the bureaucrats have job security and no incentive to make the effort.

This extraordinary feat by the group of households was made possible by a start-up loan from the founder of Tree of Life, a small company that provides a consistent market for a group of the craft artisans in La Palma. The long-term relationship established with the artisans by the company's founder helps to provide the artisans with the security needed for planning, both for their families and for their community.



Starting from the upper left and moving clockwise:

1. Alfredo checks the water pressure within the pipeline.
2. PVC water pipe crosses a deep gully high in the mountains above La Palma.
3. The pressure of the water is strong as clean water is brought down to the city.
4. The water storage tank allows water to accumulate for use by the people.

9.0 EARNING A SUSTAINABLE LIVING INCOME IN THE COFFEE SECTOR

Most of us think of coffee as that fragrant brown liquid in our morning mug that improves the day. We are used to having numerous types of coffee, forms of coffee and brands of coffee from which to choose. Some of us like coffee from a particular country, or made in a specific way. Some of us are concerned about whether the coffee is organically grown while others are concerned about the about conditions under which the coffee is grown.

What these individual concerns about our morning coffee do not tell us is the important role that coffee plays, not only in our individual lives as coffee drinkers but in the lives of the persons, families, communities and countries for whom coffee is their primary source of income. Depending on the specific year, coffee is the second or third most important commodity in world trade, sharing the positions of the first three with oil and

INTERNATIONAL COFFEE CRISIS

Coffee grown requires a coffee market for the growth and sale of coffee to be financially beneficial for the farmers and their families as well as those who are part of the chain that brings coffee to the consumer around the world. Because of the huge market in coffee, countries eager to find ways to pay off their international debt have expanded the amount of coffee grown within their respective countries. As with all commodities, when supply outstrips demand, prices fall. Prices that are paid to the farmers are often below the cost of production, causing suffering to the farmers and their families as they struggle to survive.

While there are numerous efforts underway to address the international coffee crisis on the systemic level, the effects of the crisis continue in individual countries, in individual communities and individual families. The Fair Trade system and other organizations established to provide similar production and marketing supports are important contributions to these efforts to assist the coffee farmers to achieve a Sustainable Living Wage/Income. This study focuses on the Fair Trade system as it functions in the two coffee cooperatives of El Pinal and Las Colinas.

COFFEE IN EL SALVADOR

Coffee has occupied a central place in El Salvador since the mid 19th century. In fact, by 1880 coffee had become El Salvador's sole export crop, replacing indigo which had previously occupied that position. Early coffee growth and export took place on the *fincas* or large coffee farms plantations of the country.

In 1980, forced by rural discontent throughout the country, the Salvadoran government began agrarian reform that resulted in the distribution of land. One of the results of this land distribution was the formation of cooperatives by the workers who received the land. The members of these cooperatives, the farmers and their families who had received the land, farmed the land together. In this way they were able to maximize their resources and their economic power. Salvadoran cooperatives are members of FESACORA, the Salvadoran Federation of Agrarian Reform Cooperatives. FESACORA was founded in 1982 and has more than 150 cooperatives as members.

At the present time, coffee is El Salvador's primary export. The centrality of coffee in the Salvadoran economy is reflected in the fact that approximately 70 percent of the Salvadoran population has some aspect of coffee production as its primary source of income. This includes those who grow the coffee, harvest or process it as well as those who are the coffee exporters in the country.

Coffee cooperatives play key roles in the lives of the Salvadoran communities. In addition to significant social and economic roles, the cooperatives protect the environmental health and safety of communities by growing coffee in the traditional, environmentally integrated shade-grown manner.

At the present time, El Salvador suffers from advanced deforestation. Approximately 90% of the country has lost its forest cover. This causes serious problems with water supply since the deforested land does not hold the water that falls during the rainy season. Water run-off, in addition to being unavailable for use by the communities and towns, also causes advanced run-off and flooding in areas below where the rainfall occurs. In addition, mountainside instability can result in mudslides, destroying what is below on the hillsides. Of the approximately 10% that remains forested, over 80% of that is natural or cultivated shade cover for coffee. Shade coffee farming is therefore fundamental to conservation within El Salvador.

FAIR TRADE COFFEE

Fair Trade coffee is governed by a set of rules or standards created by the Fair Trade Labeling Organization (FLO). These rules or standards set a baseline to which all Fair Trade participants must adhere. The core standards are as follows:

- Fair Trade coffee cooperatives are democratically organized...including the participation of women in the government of the cooperative.
- Coffee cooperatives are guaranteed a price of \$1.26 per pound for their coffee. The guaranteed minimum price for organic coffee is set at \$1.36. There is an additional \$.05 paid as a social premium to the cooperative.
- The cooperative sells its coffee directly to the coffee roaster. All the middle layers that exist in the regular coffee market have been eliminated so that more profit goes directly to the cooperative.
- Affordable long-term credit is available to the cooperative. This allows the cooperative to plan its future, rather than dealing with the vagaries of the market.
- Fair Trade roasters enter into long-term relationships with their Fair Trade cooperative partners. This relationship also allows the cooperative to plan for its future.

In El Salvador, Fair Trade relationships have enabled the cooperatives to re-build their communities since the years of war. The social premium paid by the Fair Trade roasters provides funding for investment in the infrastructure needed for coffee production, as well as the physical and social infrastructure that any community needs. The guaranteed base price of \$1.26 per pound paid for Fair Trade coffee has been especially critical during this time of the international coffee crisis. It has enabled the coffee cooperatives and the families who are their members to continue to grow their coffee.

While Fair Trade continues to contribute to the viability of the coffee cooperatives, questions have been raised regarding whether or not Fair Trade is the appropriate response in view of the overproduction of coffee worldwide. In response, it is important to remember the contributions that the cooperatives make to the environmental sustainability of their countries and the economic and social sustainability of their families and communities.

The following charts illustrate the ways in which the Fair Trade system supports the economic stability of the communities. Note the ways in which the following significant questions are answered:

1. What stays within the community and what leaves?
2. Where do the profits accrue?
3. Where do the benefits from the profits accrue?

THE FREE TRADE SYSTEM HOW COFFEE *USUALLY* GETS TO YOUR CUP

1. The small coffee farmer sells the Coffee to a middleman
2. The middleman sells the coffee to a coffee processor
3. The coffee processor sells the coffee to an exporter
4. The exporter sells the coffee to a coffee broker in the US
5. The coffee broker sells the coffee to a coffee company
6. The coffee company sells the coffee to a coffee distributor
7. The coffee distributor sells the coffee to stores
8. The stores sell the coffee to YOU!

The coffee farmer with the smallest amount of power gains the least.

At each step, the persons involved take a piece of the profit.

THE FAIR TRADE SYSTEM BRINGING COFFEE TO YOUR CUP

1. The farmers in the cooperative sell their coffee to the collective
2. The collective sells the coffee to the Fair Trade company
3. The Fair Trade company sells the coffee to:



Note that in either system, the aim is to get coffee to the coffee drinkers. The coffee that each of us chooses to drink has a direct impact on the lives of those who grow it. Who we choose to sustain through our purchases is a key question that each of us must ask ourselves.

LAS COLINAS COFFEE COOPERATIVE

Las Colinas coffee cooperative is located near the town of Tacuba, in western El Salvador. It is in the department (state) of Ahuachapán, which is also the name of the department capital city. The cooperative was formed in 1980. It has 99 members representing 463 families.

Las Colinas originally had 429 manzanas of land. To explain this in units more commonly used:

MANZANA	HECTARE	ACRE
1.00	0.60	1.48
1.66	1.00	2.47
429.00	257.40	635.78

Of that land, the cooperative were required to return 100 manzanas to the original owner by decree. Another 50 manzanas was given for forest reserve. The remaining 279 manzanas are for the cooperative. 43 manzanas are used by the cooperative either for cooperative buildings or for the growing of crops for use by the cooperative families. These crops include corn, beans and sorghum.

Each family has land for housing and individual land parcels for growing crops. The coffee land is owned collectively.

Each manzanas is capable of producing 8.5-9.5 quintales (QQ) of coffee. For example, In 1999-2000, the crop was 9.45 QQ per manzanas.

To describe the amount of coffee being described:

- 1 coffee tree usually produces about 2000 coffee cherries per year
- Since each coffee cherry has two beans within it, this produces 4000 green coffee beans.
- This results in approximately 1 pound of coffee for brewing.

- In 2003, Las Colinas produced 227,810 QQ or 5 containers of coffee.
1 quintal (QQ) weighs 46 kilos or 101.2 pounds;
Therefore a container of coffee equals 23,054,372 pounds of coffee. All this coffee is hand picked.

40% of the coffee production was sold to Equal Exchange at Fair Trade rates while the remainder was sold on the open market. The coffee varieties grown by Las Colinas are Pacas and Bourbon.

During interviews with the leadership team of the cooperative, it became clear that the difference in income provided by Fair Trade sales made it possible for Las Colinas to survive as a coffee cooperative during this time of depressed international coffee markets. Las Colinas has a business relationship with Equal Exchange, the 100% Fair Trade company located in Massachusetts in the US. This relationship guarantees both stable pricing and pre-financing. Fair Trade, and the relationship it brings, gives the cooperative and its members greater control over their own lives.

The income that coffee workers receive is related to the price on the coffee market. When the price for coffee on the open market was higher, workers received 31 colones or \$3.55 per day. Now, because of the depressed coffee market, the cooperative is able to pay only \$2.57 daily to the workers.

There is more to the story of Las Colinas and the income it receives from coffee.

APECAFE is an NGO that was registered in 1997 and began operation in 1999. APECAFE has 11 small cooperatives as members, all of which are members of FLO, the Fair Trade Labeling Organization. Together with 60 other cooperatives, APECAFE and its members are affiliated with UCAPROBEX, the coffee exporter. APECAFE, as an NGO, does not have an export license. UCAPROBEX also provides an insurance policy for the coffee that covers the transportation, storage at the port before shipment and loading on the ship. The organization pays UCAPROBEX a commission for its services. PROCAFE provides technical assistance to the cooperative.

Las Colinas receives \$126 for 100 pounds of its coffee when it is sold via Fair Trade.

From this \$126.00, the following costs must be paid per 100 pounds:

\$5.00 – cooperative emergency fund

\$2.50 to UCAPROBEX for its “canon of commercialization or export license fee.

\$1.00 to PROCAFE – the Foundation for Coffee Research in El Salvador

\$0.35 to the Salvadoran Coffee Council to register their coffee contracts

\$1.89 in taxes to the government.

Leaving \$115.26 per 100 pounds as the final income to the Las Colinas coffee cooperative.

It is from this amount that the members of the cooperative, the workers and their families receive their income.

EL PINAL COFFEE COOPERATIVE

El Pinal Coffee Cooperative is located in the department (state) of La Libertad, on the coast south of San Salvador. The closest major town is La Libertad. Like Las Colinas, El Pinal cooperative was founded in 1980 with 39 members supporting 150 families. The members are former workers on the coffee plantation of Pio Romero Bosque, the Salvadoran president in 1928.

The cooperative has 682 manzanas of land of which 138 manzanas (204.52 acres) are used to grow coffee. The remainder is forest or used to grow corn and beans. The annual coffee production equals 150,000 QQ (6,900,000 kilos or 15,180,000 lbs) with each manzana (1.48 acres) providing 12-13 QQ (552-598 kilos or 1214-1315 lbs)

The cooperative is on the side of a mountain with the paths up to the coffee growing areas narrow and steep. It is down these paths that 100 lb sacks of coffee berries are carried on the backs of the coffee pickers.

7 women are members of the cooperative; 3 women members are retired. There are no women on the board or on committees since none of the women are able to read.

El Pinal cooperative pays a daily salary of \$3.23 during the coffee season. .

The coffee varieties grown at El Pinal are Pacas and Bourbon. The cooperative produces 1500 QQ of green coffee equaling 4 containers. Production costs are subtracted from income before workers can be paid.

In 2003, 50% of the El Pinal coffee was sold within the Fair Trade system. For each QQ that is sold as Fair Trade, they received \$44. For the remainder of the coffee that they sell on the open market, they received \$16.02. As with the members of Las Colinas, the members of El Pinal were clear in their appreciation of Fair Trade. In their words, without Fair Trade, they “would not be able to break even.”

In examining the coffee sector it is easy to get caught up in the many discussions that are occurring regarding coffee internationally. Fair Trade vs. Free Trade, cooperative vs. plantation, certification process A vs. any certification process B. Obscured by all of these discussions is the central question: what do coffee workers and their families have the right to expect as the result of a full day's work, a full week's work that serves to keep the worldwide system of coffee growing, harvesting and processing functioning in so many countries.

To address that central question, we need apply the same living standards for wages and income as have been applied to the maquilas and crafts sectors. Within this application, we will be able to clearly see the effects of the different systems and, more importantly, what still needs to be done to raise the standard of living for the coffee farmers and their cooperatives.

For this part of the project, interviews were conducted with all the families in the El Pinal and Las Colinas cooperatives. Pricing was done at any of the small stands or stores on the roads around the cooperatives as well as in the closest towns to the cooperatives: Tecuba for Las Colinas and La Libertad for El Pinal. As with the other sectors of the study, the aim is to provide an accurate picture of life in the cooperative.

Using the same pricing lists as for the other two sectors, tables have been constructed for each of the components of the Sustainable Living Wage/Income (SLW/I). The tables provide the high, low and average price for each item as well as the price in minutes of purchasing power (minPP) required to purchase each item, using the average price as the standard for the calculations.

PROCESSING THE DATA

As with the data from the maquila and crafts sectors, all information was transferred to spreadsheets for processing. Whether from pricing in stores or from interviews, the data sets were arranged to provide information as to the high, low and average prices for each item. Although the US dollar is the official Salvadoran currency, some prices were collected in colones. These were then converted to dollars at the mandated exchange rate.

FAMILY INCOME in the COFFEE COOPERATIVES

	Highest Monthly Income Earned	Lowest Monthly Income Earned	Average Monthly Income Earned	Average Weekly Income Earned	Average Hourly Income based on 44 hour workweek
Las Colinas	\$100.11	\$68.65	\$74.59	\$14.46	\$0.39
El Pinal	\$114.42	\$26.60	\$62.65	\$7.21	\$0.33

HOUSING

Housing is simple in the coffee cooperatives. Many of the homes have needed to be rebuilt since the devastation of earthquakes in 2001. In El Pinal, the difficulty of bringing building materials up the hillside has resulted in the homes being rebuilt from lamina or tin sheets. In the heat of El Salvador, life in these homes is difficult at best. In Las Colinas, where it is easier to bring building materials, the homes are slowly being rebuilt with wood, replacing the clay and mud bricks that were damaged in the earthquake. Some of the houses still show cracks in the walls from the 2001 earthquake. Some of the homes have simple electricity while others are lit using oil lamps. Cooking is done with wood in and on stoves built from clay and tile.

Washing and laundry are done outside the house in an area set aside. Some of the houses had stone and cement wash stands that had been built to provide an area for washing of dishes, pots and clothing. Everyone slept in the same room. The children shared beds but slept separately from their parents. The lavatory is in a separate building at a distance from the house...and from the vegetable garden. There has been a clear attempt to separate waste from the living area.

HOUSING and RELATED COSTS in the COFFEE COOPERATIVES

Category	LAS COLINAS		EL PINAL	
	Average Monthly Cost	Average Monthly Cost in minPP at Average Cooperative Income	Average Monthly Cost	Average Monthly Cost in minPP at Average Cooperative Income
Rent or parallel cost	Not necessary	Not necessary	Not necessary	Not necessary
Electricity	\$6.35	977 minPP	\$5.13	933 minPP
Other Lighting: Oil and Candles	\$1.52	234 minPP	\$7.17	1303 minPP
Wood for cooking	\$11.44	1760 minPP	\$1.72	313 minPP
Transportation	\$3.03	466 minPP	\$2.87	522 minPP
Telephone	Not used	Not used	Not used	Not used
TOTAL	\$22.34	3437 minPP	\$16.89	3071 minPP

CLOTHING

Clothing is simple and basic. Laundry is done by hand, outside the house.

Persons	Las Colinas		El Pinal	
	Average Monthly Costs for Replacement Clothing	Average Monthly Costs of Replacement Clothing in minPP	Average Monthly Costs for Replacement Clothing	Average Monthly Costs of Replacement Clothing in minPP
Adult Man	\$2.99	560 minPP	\$8.10	1,214 minPP
Adult Woman	\$4.20	787 minPP	\$7.40	1,111 minPP
Boy	\$2.98	558 minPP	\$5.57	836 minPP
Girl	\$3.86	723 minPP	\$7.34	1,101 minPP
Baby	\$3.21	603 minPP	\$3.64	546 minPP
TOTAL	\$17.23	3231 minPP	\$32.05	4,807 minPP

Many of the prices obtained for these items were for used clothing. Even with these low prices, it is obvious that coffee farmers and their families must struggle to obtain the most basic clothing.

WATER

Category	LAS COLINAS		EL PINAL	
	Average Monthly Cost	Average Monthly Cost in minPP at Average Cooperative Income	Average Monthly Cost	Average Monthly Cost in minPP at Average Cooperative Income
Potable Water	Not purchased	Not purchased	Not purchased	Not purchased
Regular Water	Not purchased	Not purchased	Not purchased	Not purchased

In all the interviews, only one family spoke of purchasing potable water. The parents of the family spoke of making the decision to try to purchase potable water after two of their children died from dysentery. In general, potable water in garrafons (large water jugs) is not available to the cooperatives. Sufficient regular, natural but non-potable water is available from the land where the cooperative is located.

FOOD AND NUTRITION

Each of the families has an area set aside for the growing of fruits and vegetables. In Las Colinas, families have set up complex areas where each vegetable grows in integrated relationship to other plants so that the waste from one plant becomes the fertilizer for another. Water pipes and hoses have been placed beneath the soil as well as on racks overhead. Each hose or pipe has specific holes next to where specific plants are growing, allowing the water that comes from the hole to not be wasted. It is an impressive agriculture system. In addition, there is land set aside for the growth of corn and beans. Some of the families also have chickens for meat and for eggs.

COSTS FOR FOOD AND NUTRITION

Persons	Average Costs in Dollars per Day	Costs in Dollars per Week	Costs in minPP per Week at Average Income at the Coffee Cooperatives
Adult Man	\$0.69	\$4.83	743 minPP
Adult Woman	\$0.56	\$3.92	603 minPP
Boy	\$0.41	\$2.87	441 minPP
Girl	\$0.41	\$2.87	441 minPP
Infant	\$1.14	\$7.98	1227 minPP

Again calculating for the costs for nutritious food for a family of four consisting of one male adult, one female adult, one child and one infant the following weekly food costs for the family are as follows:

	Weekly Cost in Dollars	Weekly Cost in minPP
Family of Four	\$19.60	3286

EDUCATIONAL COSTS

School costs are a major burden for families in the coffee cooperative. Some families reported that they are not able to send their children to school because of the costs of fees, uniforms and supplies. Families buy the minimum amount of uniforms, and supplies. Sharing of uniforms from year to year is common. What remains are staggering costs for families. When families are unable to pay for each of their children to attend school, they are forced to choose to send the children just for the basic grades. Another choice is to send only the boys...or only one child in the hope that this child can share the skills with the other children.

All the families in Las Colinas reported having to pay school fees. In contrast, most of the families in El Pinal reported having the fees waived by the school. Even with the fees waived, the costs of supplies and school uniforms are considerable for the families because of the lower income.

EDUCATION COSTS

	Average Annual School Costs per Family	Average Monthly School Costs per Family	Average Weekly School Costs per Family	Weekly Cost per Child in minPP
Las Colinas	\$24.27	\$2.04	\$0.47	72 minPP
El Pinal	\$24.97	\$2.08	\$0.48	87 minPP

COSTS for NON-CONSUMABLES in LA PALMA

	Weekly Savings	Yearly Savings	Weekly Costs in minPP At Las Colinas	Weekly Costs in minPP At El Pinal
Category 1	\$1.50	\$78	231 minPP	273 minPP
Category 2	\$1.50	\$78	231 minPP	273 minPP
Category 3	\$2.00	\$104	308 minPP	364 minPP
TOTAL	\$4.50	\$260	769 minPP	909 minPP

HEALTH CARE COSTS

As with the maquila workers and artisans, illness often has multiple effects on families. Again there are the three basic health related costs for which families need to be prepared.

	Cost per Month	Cost per Week	Weekly Cost in minPP El Pinal Coffee Cooperative	Weekly Cost in minPP Las Colinas Coffee Cooperative
Common household medicines	\$4.75	\$1.10	200 minPP	169 minPP
Prescribed medicines	\$2.00	\$0.46	84 minPP	71 minPP
Savings against illness and loss of ability to work	\$1.00	\$0.23	42 minPP	35 minPP
TOTAL	\$7.75	\$1.79	326 minPP	275 minPP

CALCULATING THE SUSTAINABLE LIVING INCOME FOR COFFEE FARMERS AND THEIR FAMILIES

LAS COLINAS

	Monthly Costs	Weekly Costs	Weekly Costs in minPP at Average Weekly Income for Coffee Farmers
Housing and Related Costs	\$22.34	\$5.16	968 minPP
Replacement Clothing	\$17.23	\$3.97	774 minPP
Non-Consumables	\$19.50	\$4.50	843 minPP
Food	\$84.93	\$19.60	3675 minPP
Water	-	-	-
Education	\$2.04	\$0.47	88 minPP
Health	\$7.75	\$1.79	335 minPP
TOTAL	\$287.16	\$66.27	6654 minPP

EL PINAL

	Monthly Costs	Weekly Costs	Weekly Costs in minPP at Average Weekly Income for Coffee Farmers
Housing and Related Costs	\$16.89	\$3.90	709 minPP
Replacement Clothing	\$32.05	\$7.40	1110 minPP
Non-Consumables	\$19.50	\$4.50	909 minPP
Food	\$84.94	\$19.60	3286 minPP
Water	-	-	-
Education	\$2.08	\$0.48	87 minPP
Health	\$7.75	\$1.79	326 minPP
TOTAL	\$307.22	\$94.91	6,427 minPP

What does the data tell us?

1. The weekly income that would meet the Sustainable Living Income (SLI) standard would be \$66.27 for the Las Colinas cooperative and \$94.91 for the El Pinal cooperative. This is without the added cost of potable water if it were to be available for purchase by the cooperatives. With the cost of potable water, the SLI would be even higher. The difference in the SLI amounts for the two cooperatives is based on the significantly different costs of many items in the region around the cooperatives.
2. At the time of the project, during the coffee season, workers were able to earn \$2.57 per day or \$14.13 for the equivalent of a 44-hour workweek at Las Colinas. When 40% of the coffee was purchased by Fair Trade companies (at \$1.26 per pound) and the remaining 60% was sold on the open market (at \$0.26 per pound), the income of workers at Las Colinas provided by coffee during the coffee season was 21% of the income needed for the Sustainable Living Income standard.

If the remaining 60% were to be sold to Fair Trade companies, the income for the workers would rise dramatically. If the workers were to receive the same proportion of payment from the sale of the coffee at the higher Fair Trade prices, workers could receive as much as \$7.47 per day.

However this higher amount would still be only 79% of the Sustainable Living Income Standard

3. At El Pinal, during the same coffee season, workers were paid \$3.23 per day or \$17.77 for the equivalent of a 44-hour workweek. At El Pinal, the cooperative was able to sell 50% of their coffee as Fair Trade (\$1.26 per pound) with the other 50% being sold on the open market (\$0.26) per pound.

At El Pinal, the income during that coffee season provided 19% of the income needed for the Sustainable Living Income standard. Although the workers of El Pinal earned more than the workers at Las Colinas, their costs of living were also higher, resulting in the difference in percentage of the SLI earned by the workers at El Pinal and at Las Colinas

If El Pinal was able to sell 100% of its coffee at Fair Trade prices (\$1.26 per pound) that would enable the income of the workers to rise to as much as \$9.48 per day.

However this amount would still be only 55% of the Sustainable Living Income standard.

4. Clearly, without Fair Trade, if forced to sell all their coffee on the open market, the coffee cooperatives of Las Colinas and El Pinal would not survive.
5. In addition, because the coffee season does not last throughout the year, these income levels described above are not for the entire year. Many workers and their family members usually look for other work in nearby towns and villages in order to earn enough to meet their needs and those of their families.
6. As with the families working in the maquila and crafts sectors, not having sufficient income and purchasing power means doing without. Again, different families choose different things to do without.

7. The lack of access to potable water leaves all members of the families at risk for their health.
8. No family should have to choose between meeting basic needs and education. It is education that provides for greater participation in the creation of the future.
9. As in other sectors, families benefit from receiving remittances from their family members working in the US. Coffee farmers and their families reported fewer instances of remittances being received.
10. The coffee farmers repeatedly spoke about being able to survive as a cooperative because of Fair Trade. At the time of the study, neither cooperative was able to sell its entire crop for Fair Trade prices. It is obvious that even with Fair Trade, the living standard limitations imposed on the coffee farmers by the international coffee market are extremely difficult.
11. Recently, Equal Exchange, the 100% Fair Trade Company reported that it was now able to purchase all of the coffee being produced at the two cooperatives.

As the Fair Trade coffee market continues to expand, the income that the cooperatives receive will also increase. However, there will be a limit to the possible increases simply because for any cooperative, there is a limit to the coffee they are able to grow. Therefore the ability to increase the living standards within the cooperatives will require increased income for the cooperatives. How that will be accomplished is a complex issue. Finding ways for it to happen is part of the on-going development of the Fair Trade system.

10.0 SUSTAINABLE LIVING WAGE AND INCOME STANDARDS IN EL SALVADOR

At CREA, we are frequently asked why we do these Sustainable Living Wage/Income projects. We design and carry out these projects with several purposes in mind.

1. First we believe that it is important to quantify the earning ability of workers no matter what sector they work in. This needs to be done in a way that is easily understood. The PPI methodology, based on time, is something everyone understands.
2. We believe that it is important to bear witness, to tell the story of the effects of the global economy. There is so much we all do not know. Creating access to information is an important task.
3. We believe in the need to understand that the global economy is about people, about families and communities. So much of what we hear and read is about institutions, governments, corporations, etc. We believe that our work assists in telling the story of the workers, their families and communities and, ultimately, the type of world we are creating.
4. We believe we are all called to be question-askers. This is sometimes hard to do. Somehow there is this idea that before you ask a question, you need to know the answer. Questioning is a way of truth seeking. When we do this together, we are better question askers and truth seekers.

QUANTIFYING THE SUSTAINABLE LIVING WAGE/INCOME STANDARD

There are many ways to take a picture of what is happening. Statistics are one of them. The following statistics give us an important picture of the reality of workers in the maquila, crafts and coffee sectors.

Sector Workers	Sustainable Living Wage Standard per Week	Weekly Maquila Wage Based on Minimum Wage Standard (2003)	Percentage of SLW Earned at Minimum Wage in the Maquilas
MAQUILA WORKERS	\$124.00	\$33.55	24%
	Sustainable Living Income Standard per Week	Average Weekly Income for Artisans in La Palma	Percentage of SLI Earned by Artisans in La Palma
ARTISANS	\$249.25	\$55.24	24 %
	Sustainable Living Income Standard per Week	Average Weekly Income For Coffee Farmers	Percentage of SLI Earned by Coffee Cooperatives
Las Colinas Coffee Cooperative	\$66.27	\$14.13	21%
El Pinal Coffee cooperative	\$94.91	\$17.77	19%

These statistics tell of the progress that has been made...and the progress that still awaits. The coffee farmers of El Pinal and Las Colinas told of their reliance on Fair Trade coffee because without it they would not survive. It is startling to then see how much more work needs to be done to lift their standard of living. One step will be to see that the demand for Fair Trade coffee continues to grow so they will be able to sell always all their coffee at Fair Trade prices. Another step will be to see that Fair Trade prices are set at standards within each country that reflect the actual costs for a decent standard of living.

The same is true of crafts. Fair Trade prices and the Fair Trade system offer hope and possibility for artisans. Without the Fair Trade system, the coffee farmers would be in greater danger of losing their land and their ability to sustain themselves and their families. Without the Fair Trade system, the artisans would need to seek other work. The work would most likely be outside their homes and possibly in other towns and villages. The ability of the women artisans to do their work and to care for their families allows for family stability that should be recognized and supported.

Migration is a serious concern in El Salvador as in many other economically poor countries. The first type of migration is to the cities and areas around the free trade or maquila zones. This migration disrupts the family and the community, integral components of Salvadoran life. The second form of migration is out of the country, again in the search for work, for income and purchasing power to support their families back home.

It should be possible to design economic systems that aid in the stabilizing of families and communities. When we talk about sustainability, we need to include sustainable families and sustainable communities. The Fair Trade system is a step in the right direction. More steps need to be taken so that the purchasing power of the artisans and the coffee farmers goes beyond mere survival and allows for a sustainable living wage/income standard of living.

BEARING WITNESS

During the first months of the project, I returned from El Salvador to give a retreat in New Jersey. The first morning of the retreat I was sitting having my first coffee of the day, Fair Trade Café Salvador and realized that I knew, personally, the farmers and their families who had grown the coffee I was drinking. It was a stunning moment for me.

I share this story because bearing witness is a very personal thing. To do so in such a way that helps people to understand the systemic changes that are needed in our world is oftentimes difficult. In our project reports we use many photos in project reports to help reader see not just what they think might be there but what really is there.

Oftentimes in sharing stories with others, I can see the eyes of the persons listening begin to re-focus. They are listening to my words but they are seeing their own memories of their own experiences. I call these "mental videos" that play in our mind's eye and heart. In being willing to share these videos we bear witness so that we all might learn to see with clearer hearts and minds.

PROVIDING INFORMATION AND TELLING STORIES

Information is like the threads in a fabric. Each thread, separated from the others, allows us to see just a bit of color. When the individual threads are woven together with threads of different colors, we can see shape and color in new ways. Information is like that. Individual facts, in isolation tell us a bit about something. Sets of information, presented in an organized format allow us to see ideas, systems, places for intervention and change, etc. The patterns of facts allow us to see differently.

LEARNING TO ASK QUESTIONS

It is our belief that to truly understand the effects of this globalized economy, we need to see the patterns of effects that programs, policies and practices have not only for the persons and institutions putting them in place but for all the others affected. When we hear that jobs are being created, we need to know what wage or income is possible. When jobs move from one place to another, we need to ask if the purchasing power of those jobs also moves. When profits are announced, we need to be willing to ask: Profits for whom? Who benefits from these profits?

Our work does not stand alone. It is linked to so many persons and organizations, each and all doing their piece of building a more just and sustainable world...in this case in El Salvador. It is linked to those who create markets for Fair Trade products, to those who work to improve conditions in maquilas. It is linked all those who walk and work in solidarity. This is our part of that work. It would be better if the statistics could tell a happier story, if the wages and income of the workers were higher. That is the work before us, to figure out how that might be possible.

Each of us lives in a particular set of circumstances in a particular part of the world. Where we live and how we live are continuously impacted by a broad spectrum of social, economic and environmental issues. While our circumstances are particular to us, in a very real sense, our existence is no different from every other human being around the world. We have needs. We exist in relationships, in communities and in societies. We have hopes, fears, dreams and expectations. We want the future to be good for our children. Yet as we each live our lives, it is easy to look at things solely from our own perspective.

The challenge for each of us is to understand the relationship of the social, environmental and economic aspects of our own societies and their interaction with communities and societies around the world. Our challenge is to have a sense of the whole...even as we experience our own parts and pieces of that whole. That sense of the whole requires that we move from seeing only from our perspective or viewpoint, our piece of the social, environmental and economic aspects of the world and learn to see from the perspectives of other persons, communities and societies around the world.

Human society has come to understand better the demands of sustainability. It requires repairing past damage and restoring what has been degraded. It requires methods of meeting present needs without further damaging our planet or jeopardizing the ability of future generations to meet their needs. Sustainability is threefold. It encompasses not only the physical environment, but also the community and the family. We have come to understand the earth as an eco-system and an econo-system, a house or home that must provide for all.

The eco-system functions through numerous cycles whose existence allows for the use and re-use of all the natural resources that the earth provides. Anything that interferes with those cycles prevents this use and re-use. Movement of resources out of their natural cycles creates imbalance. Anything that allows imbalance or accumulation within these cycles interrupts the cycles and, if allowed to continue, causes their breakdown. We have come to recognize ourselves as the only organism that kills for sport rather than for food and/or protection and in some parts of the globe collects more than it needs.

The econo-system is a parallel to the eco-system. It has the same limitations. The creation of new substances, new materials means that we need new cycles for production of the materials and for the wastes. However, interwoven with the eco-systems and the econo-systems are the world's social systems with the power that flows through them. This power exists in many forms, including money, resources and the ability to include or exclude others in decision-making. As we seek a sustainable future, these forms of power must also be more evenly distributed. New ways of thinking and doing are necessary for wealth and power to be cycled and re-cycled. When that is not possible, an imbalance results that affects all other aspects of the earth's systems and communities.

We have to ask difficult questions.

- What damage has been done in the past that needs to be undone wherever possible?
- Who has benefited from this damage and, therefore, should be held responsible?
- What should have been done differently?
- Who should be making the decisions?
- Who are the voices of wisdom and experience?

As we seek to understand sustainability, the sources to which we turn for wisdom and experience will be critical. It is not only the powerful who know truth. It is not only our experiences that matter. It is not only our perspective that should be used to seek and to understand answers.

It is imperative that we understand that present conditions, most especially the human condition of individuals, groups, communities, are not pre-ordained by God, or destiny, or good luck. It has not been eternally decided that some communities should be poor and some should be rich. It is not pre-ordained that some should be healthy and some should be sick. We must be careful not to fall into the following “reasoning trap”:

I am blessed by God. How do I know that I am blessed?
I have all these blessings: health, wealth, assets, etc.
Oh! You don't have these things? God must not be blessing you.
Hmmm. What did YOU do that God is not blessing you?

This is another version of blaming the victim rather than understanding the events of history, the significance of where one is born, and the economic, political, and social systems that affect who has what.

Equally imperative is that we examine how we look at time. There are essentially two ways to look at time: cyclical or linear. In the cyclical understanding of time, time repeats itself in a never-ending pattern. This cyclical understanding of time means that things do not change, in fact are not supposed to change. Associated sayings include “The way things are is the way things are supposed to be” or “It has always been this way”. Sometimes cyclical time is used as a way of rationalizing why some groups of people are poor; “They've always been like that. They're used to it.” If we are not careful, we convince ourselves that we don't have any obligation to make the changes in our lives that are necessary to bring about improvement in their lives.

Linear implies that time moves forward, not so much in a straight line as in a line moving forward, coming from somewhere and progressing towards somewhere. The way we live our lives in linear time can be different from the past. By understanding our time as linear, we grow in our awareness that by what we do and how we do it, the future can and will be different. Even more important, the future needs to be different, so that those who suffer can know that their burden of enduring can, and should be lifted. We begin to see the realities of our own responsibilities in the interaction and inter-relationships of our eco-system and econo-system.

These realities are part of the background that CREA has brought to our work for Sustainable Living Wages/Income. They have informed our thinking, and directed our actions. Our studies, including this El Salvador project, focus on the right of workers to wages or income that enable them to live sustainably as families and as communities. We continue to raise the issues that we have found to be critical to the ability to achieve their rights as human beings:

- As workers at all levels are required to work longer and longer hours, what happens to the rest of their lives: to their families, their community, the ability to rest, relax, renew? Are we saying that the only purpose of workers is to sustain the company, the institution, or any other place of work? Does not sustainability require that we examine how work is being done as well as the places where the work is being done? Are not families and communities also what we are seeking to sustain?
- What does anyone have the right to expect as a result of working hard, working well and for the whole work week. Are there not basic standards of living that anyone should be able to expect as a result of working: adequate housing with light and heat, etc.? Adequate nutrition? Appropriate and adequate clothing? Health care and health insurance? Job security? Decent working hours? The ability to plan for the future? How does work sustain the worker and the worker's family?

For any community to sustain itself a continual, sufficient tax base is critical. Taxes are Common Good money that provides for the social and physical infrastructure that allows communities and societies to function. Protests against taxes are often a protest against the policies and programs on which the tax monies are being spent. If our communities and societies are to be sustained, how do we demand the use of our taxes for the Common Good?

Added to our individual taxes are the tax monies that corporations pay the communities in which they operate for the services they receive. We must question where corporations pay taxes...and the definition of profits used as the basis for those taxes. If a corporation operates throughout the world, either through where it produces and/or sources as well as where it markets or sells its products or services, how do each of the communities involved receive the benefit of the taxes that are paid?

- Related to this issue is the contemporary move towards the privatization of numerous systems that have traditionally been the responsibility and domain of community and society. Whether is it the educational, health care, water or other systems within a community, privatization means that the monies generated from these systems and services become profits, profits that most often leave the community where they are generated. Privatization moves the purpose of a system from serving the Common Good to the generation of profit for the owners/investors. Therefore critical questions include: Who is calling for greater privatization? For whom is privatization designed? Who benefits? Who is harmed? When any system is privatized, for whom will the system function: for the good of the community or for those who receive the profits? What of who holds the private companies accountable to the community?
- For those of us who are investors in corporations, how aware are we of the living and working conditions of the employees of those corporations and their families, of the wages they are paid and the hardships they may have to endure? How much of the profit we make as investors come to us because the workers are not receiving their just share of the profits of their labor in the form of sustainable living wages/income? Is the local environment being degraded? If we maintain the investments, do we take action about the companies' policies in ways that will help the workers, their communities and the environment?
- As consumers, are we willing to pay a fair price for the goods we buy so that workers can receive their just income? Do we shop only for the lowest bargain-priced goods we can get, or do we support efforts to develop a fairer economic system?

Without sufficient purchasing power for a decent standard of living, workers are unable to achieve the economic human rights that nations defined in the Universal Declaration of Human Rights. The human rights of the worker, and the worker's family and community are violated.

We must be questioners and truth-seekers. We must be question-hearers, to create spaces where questions are possible and where there is openness to hearing new answers. This is easier to when we are with people of like heart and like mind. The challenge is to become proficient in the art of questioning no matter where we are. This is much harder and can sometimes be a lonely way to walk. Yet if we want a sustainable future for each and all persons and communities, then we must continue to grow in the art of questioning and calling for the information, ideas and actions that are needed for a truly sustainable world.