

# **WAGE-PRICE-EMPLOYMENT SPIRAL**

APPLICABILITY OF LIVING WAGE FOR  
THE READYMADE GARMENT  
WORKERS

# WAGE FOR WORKERS MAKING CLOTHES BANGLADESH



- \$ 68.8  
Minimum  
Wage at  
lowest  
grade

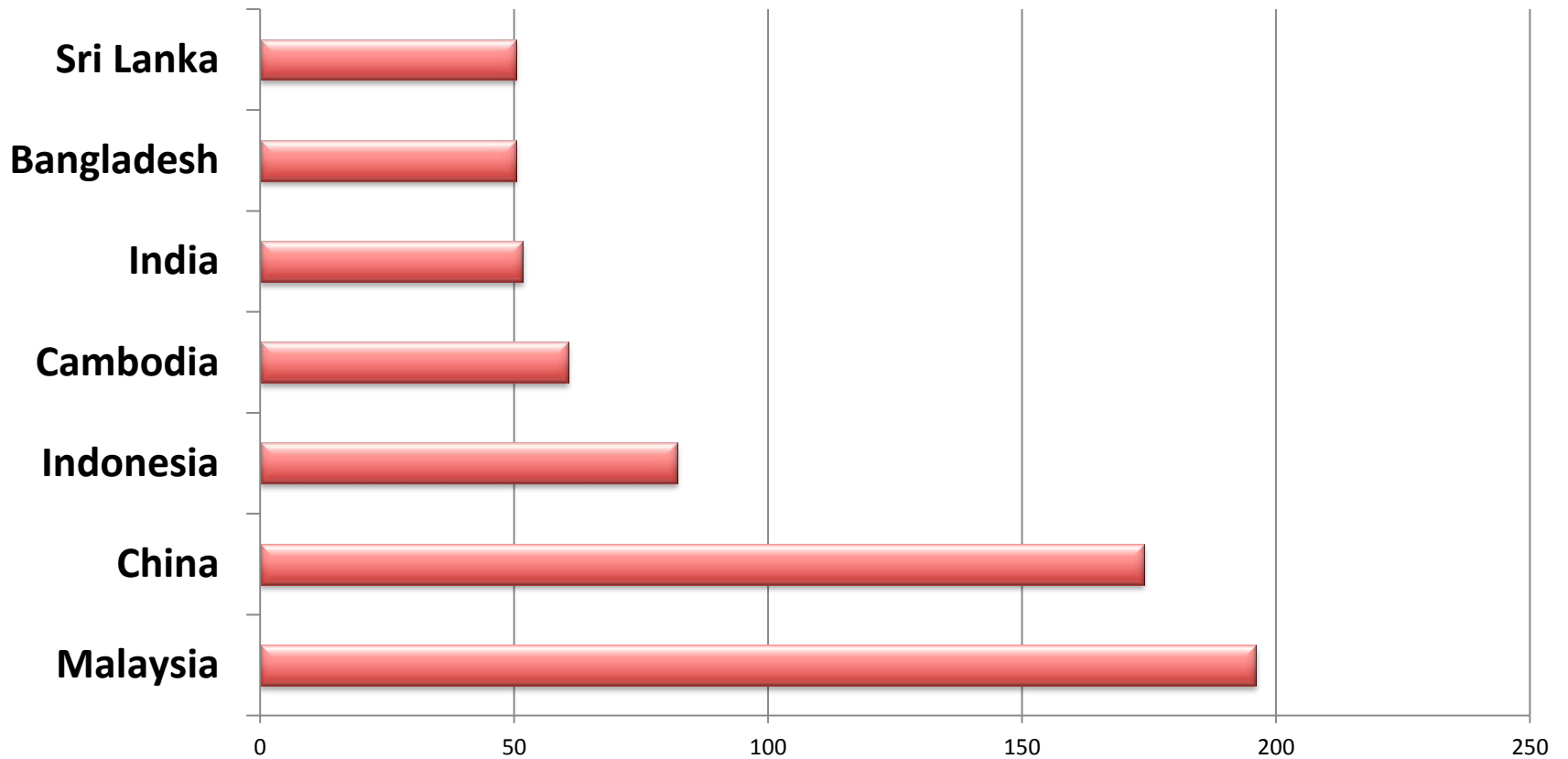
- 77%  
increase  
from  
previous  
wage

# WAGE HISTORY IN BANGLADESH GARMENTS INDUSTRY

Year of minimum wage revision	Years taken to revise minimum wage	Amount in Bangladeshi Currency	Amount in \$	US Dollar value taken in relative year	% Increase in \$	% Increase in BDT
1985		621	23.73	1\$= 26.17		
1994	9	930	23.25	1\$=40	-2%	50%
2006	12	1662	23.93	1\$=69.46	3%	79%
2010	4	3000	42.86	1\$=70	79%	80.5%
2013	3	5300	68.21	1\$=77.76	59%	77%

# MINIMUM WAGE IN ASIAN COUNTRIES

Minimum Wage in Euro



# LIVING WAGE PROBLEMETICS

- There is no single, agreed upon universal definition.
- High possibility to lose country's competitive edge in the market. Mainly in developing countries where the main bargaining chip is cheap labor.
- Consensus among government, the business owners and the workforce is often times found to be a challenging task.
- Conflicts with full employment, a rise in the wage almost certainly would mean a rise in cost of production, and thus decreases labor demand.

# AFTERMATH OF WAGE HIKE

- 10-15% Job loss
- Deduction of fringe benefits
  - Employment Halted
  - Harassment Increased
- Increased Wage Grade Manipulation
  - Decreased Order to Factories
- Closer (lay-off) of Smaller Factories

# WHAT MIGHT BE THE ROADWAY TO LIVING WAGE

