**World Legislative Act #22**

**Act for Promotion of Economic Equity within the Earth Federation with global standards for wages and salaries**

**Short title: Equity Act**

Whereas, the income distribution within most countries of the world and between the wealthy countries and the poor countries is vastly unequal and unjust;

Whereas, meaningful democracy is impossible when a few have millions or billions in wealth while the majority have little or nothing;

Whereas, a healthy economy cannot exist when the majority have little or no income to spend on goods, services, and satisfying their needs – for a healthy economy depends on the "multiplier factor" that occurs when cash is circulated and re-circulated by consumers and producers on a local and regional scale;

Whereas economists have shown that the wage disparity between workers from wealthy countries and workers from poor countries gives a geometrical advantage in purchasing power and retained wealth to the high paid workers;

For example, a worker from country A receives $10 dollars per hour for producing a widget and produces one widget per hour, and a worker from country B receives $1 per hour for producing a very similar widget every hour. The cost of the widget is essentially the labour to produce it so the widget from country A sells for $10 and the widget from country B sells for $1. For the worker from country B to buy the widget from country A would require working 10 hours. In that same ten hours the worker from country A could buy 100 of the widgets of the country B worker. The rate of advantage in this example is 100 to 1. (Source: J.W. Smith, Economic Democracy, p. 16)

It is clear that neither meaningful democracy, economic justice, nor a healthy global economy can exist under such conditions of disparity in wealth accumulation.

Whereas, in addition, the proper role of good government is to define the standards and guidelines that promote the common good, preserve the environment, and maximize freedom of all citizens insofar as this freedom does not impinge on the freedom of others;

Whereas, a major function of the Earth Federation is to obtain for all people on Earth the conditions required for equitable economic and social development and for diminishing social differences in economy;

Whereas a responsibility of the World Parliament is to define standards and promote the worldwide improvement in working conditions, and to regulate and supervise supra-national trade, professional services and labour supply;

Whereas many communities around the world have strengthened their economies by adopting legal codes for a living wage;

**Therefore, this eighth session of the provisional World Parliament, meeting in Lucknow, Uttar Pradesh, India, in August 2004, hereby adopts this Act for Promotion of Economic Equity through a Global Living Wage with global standards for wages and salaries.**

**1.** Each year the government of the Earth Federation shall calculate the gross economic product of the Federation. This differs from the gross domestic product now calculated by some nations that is a misleading economic indicator. The present gross domestic product includes the total price of goods and services exchanged within a given year, regardless of whether these goods and services destroyed existing capital goods, produced destructive military hardware, polluted the environment, or depleted essential resources needed by future generations. The gross economic product (GEP) of the Earth Federation is the sum total of productive and service activities that serve the actual production of wealth within the Federation, excluding the above factors that actually detract from increased wealth.

**2.** Each year the government of the Earth Federation shall also calculate the number of hours worked by all workers within the Federation (these statistics are now routinely done by many nation-states) and divide the GEP by the total work hours spent to produce that GEP to get the average wage per hour worked. This figure becomes the Federal Wage and Price Standard (see Bob Blain, The Most Wealth for the Least Work through Cooperation, Chapters 14-15)

The value of the Earth Currency ties to the Federal Wage and Price Standard so that Earth currency value does not fluctuate (as historically with national currencies) through speculation, inflation, or manipulation. The Earth Currency correlates directly with hours worked and the productivity (increased wealth) of the Earth Federation. Through this standard that correlates hours worked to wealth produced, earnings of each worker, whether CEOs or day labourers, are clear relative to one another. Profits from investment enterprises are clear relative to the wages and well-being of every person in the Federation. As the role of good government is to define clear standards, workers, owners, and investors are now free to negotiate with one another according to universally defined standards.

Federal inflation will all but disappear, incomes will rise for the poorest, and hidden unfair trade advantages and hidden wealth accumulation advantages will minimize.

**3.** Under Article 13 of the *Earth Constitution*, the government shall provide free and adequate education, health-care, water and sanitation, and social security to all citizens. Given these investments for which citizens do not have to pay (currently not provided by most national governments), the Earth Federation calculates a minimum wage sufficient for every full time worker to live a life that satisfies basic needs for housing, clothing, leisure time, and adequate disposable income. The provisional World Parliament shall recalculate the minimum and maximum wage, or basket of commodities, annually to ensure no unforeseen variables have interfered with the ability of workers living in the Earth Federation to live with decency and dignity.

**4.** The Earth Federation shall recalculate the definition of "full time work" annually. Full time work is the average hours worked per worker-week to produce the GEP minus the percentage rate of unemployment within the Earth Federation. Hence, if the unemployment rate is 5% and the average work week is 36 hours, the definition of "full time work" is 95% of 36 or 34.2 hours.

In this way more people will be hired to do the necessary work of the federation and the workforce will soon closely approximate full employment. The indirect costs to society from high unemployment rates such as alcoholism, drug use, broken families, poverty driven crime, lack of educational opportunities, etc., will be eliminated.

As the Earth Federation produces more durable goods, converts to sustainable forms of energy (wind, solar, water, hydrogen, and geothermal) and consumption (using durable and recycled goods), and develops a healthy economy that favours the circulation and recirculation of money on the local and regional level, the GEP will begin to shrink even while the quality of life increases and the length of the average work-week decreases. This is the desirable result of conversion to a sustainable economic system.

**5.** The highest legal limit of personal income is no more than four times that of the minimum wage. Thus, if a quality life can be lived at minimum wage that amounts to an annual income in Earth currency of &500 per year, the highest income for CEOs, top scientists, movie stars, athletes, or investment bankers can be no more than &2,000 per year. This figure is to include investment income. (Separate legislation regarding inherited wealth and investment income not related to hours worked will be introduced later.) Correlating the value of money to hours worked as per Article 2 above makes possible a sane and equitable economic system that

takes into account differences in education, productivity, creativity, risk, and enterprise.

**6.** Any additional income that is accrued above the maximum annual income set at four times the minimum must be either paid to the Earth Federation in the form of taxes, turned over to a business or corporation as investment capital for the business, or donated to a non-profit organization. Investment capital may be accrued in quantities sufficient for capital investment projects of sustainable development and are to be distinguished from the limit in personal income (from all sources) to which all citizens of the Earth Federation are subject.

The Earth Federation itself will be extending vast lines of credit to individuals and enterprises of all sorts for sustainable development projects (for example, for environmental restoration, clean water and sanitation systems, medical delivery systems, production of durable goods, clean energy, etc. – see Glen T. Martin, Century Twenty-One: Manifesto of the Earth Federation, approved at the Seventh Session of the provisional World Parliament, Chennai, India, December 2003). The goal is universal prosperity within a sustainable economy.

**7.** The living wage schedule generally provides for equal pay for equal work, with no discrimination on grounds of race, colour, caste, nationality, sex, sexual orientation, gender, religion, political affiliation, property or social status. Wage and salary differentials may accrue, for some positions, based on experience, competency and merit, but these salary differences may not exceed the living wage parameters.

**8.** The aim of the living wage is to not only increase salaries for workers, but also to generally increase the quality of life, and to generally decrease surplus value production, for which the Earth Federation has no need, except in the form of the ever-present granary, reservoirs of clean water and healthy top-soil. Though there is still process of wages and salaries, the direction of the Earth Federation is for improvement in working conditions worldwide and an end to exploitation of labor worldwide. This is not a work ethic, but rather a human ethic.

The principle of modest work schedule is not to intensify labor during the shorter hours, but instead to reduce surplus production while improving working conditions and benefits. This is applicable at a global level, to reduce the tendency of peripheral exploitation by capital centers.

The shorter hours do not to convert into underemployment (shorter hours at an inadequate wage), provided there is overall dissipation of the capital within the global system, based on adequate government regulation of economy and enforcement on the mundialization and cost accounting of resources.

**9. Define Salary Scales.** A World Civil Service Administration shall formulate and define salary scales for the personnel of all organs, departments, bureaus, offices, commissions and agencies of the World Government.

To begin, the minimum wage is set at ɵ 0.25 per hour and the maximum wage is set at ɵ 1.00 per hour. The minimum wage is set at &0.50 Earth Hours per hour. The maximum wage is set at &2.00 Earth Hours per hour. [Amendment adopted at the 10th session of provisional World Parliament, Kara, Togo, West Africa, June 2007.]

**10. Requirement of compliance in acceptance of bids.** Any agency of the Earth Federation that offers to accept bids for work to be privately contracted shall require private contractors to provide salaries or wages in accordance with the terms of this Act.

**11. Promotion.** Agencies of the provisional world government World Economic Development Organization (WEDO), Earth Financial Credit Corporation (EFCC) and Earth Federation Funding Corporation (EFFC) shall communicate with persons and groups that are seeking global standards and a world currency, for the purpose of building a network for launching the new currency system.

**12. Salary schedules for members of the World Parliament.** Salary schedules for members of the World Parliament and for Members of the Presidium and of the Executive Cabinet are under popular control, with salary reviews, conducted by plebiscite during general elections under the direction of the World Boundaries and Elections Administration. Salaries for all Members of the World Parliament are equal, except that Members of the Executive Cabinet may receive additional pay, as determined by the plebiscite, commensurate with the additional duties of the positions. The maximum wage must not be more than four times the base living wage. In no case shall salaries to Members of the World Parliament be less than the base living wage, nor above the maximum living wage. The plebiscite shall determine the parliamentary and executive salaries as ratios between the base and maximum salary based on a Borda count (universal ballot). Pending the establishment of a measured election process, the provisional World Parliament may establish provisional salary structures, within the limits of the minimum and maximum wage established by this Act.

We conclude that, under these measures, innovation and creativity will flourish and quality of life for the vast majority will increase, while at the same time the present wealth inequalities destructive of democracy, human potential, the environment, and human life itself will sharply decrease.

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The World Equity Act was adopted 11 August 2004 at the eighth session of the provisional World Parliament, meeting at City Montessori School, Lucknow, convened in conformance with Article 19 of the *Earth Constitution*. Amendments were adopted June 2007, in Kara, Togo, West Africa, at tenth session of the provisional World Parliament.

Attested:

Eugenia Almand, JD, Secretary

Provisional World Parliament