

The distribution of labor and wages embodied in European consumption

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The last two decades represented a substantial increase in the volume of products and services traded internationally. Production chains became spread all over the world, leading to a new division of labor, where management, production, and resource extraction can happen in substantially different places on Earth. In a third of a century, between 1980 and 2014, imports worldwide have increased over five-fold, mainly driven by imports to high income countries. Industrialized countries have gradually become net importers of environmental pressures, such as greenhouse gas emissions, energy, materials, and water, but also of labor. This occurs mainly because these countries' economies have gone through a shift towards a service-based and high-value-added economy, while increasing the imports of low-value-added and labor- and energy-intensive products. Consumption of goods and services per capita, at the same time, has increased substantially, generating the externalization of many environmental and social impacts to less developed countries.

The study of socioeconomic footprints from a global perspective is still a new subject. While input-output studies involving social and economic factors such as total labor, skilled labour or value added are a tradition in economic assessments (for example, early studies by Leontief have already examined total and skilled labour associated with exports in the U.S.), they have often focused on impacts in national economies. Social analysis of global production and consumption systems have just recently started gaining space in the footprinting field, with the incorporation of social extensions in environmentally-extended multiregional economic models and a growing interest in assessing social impacts embodied in international supply chains. In this study we quantify socioeconomic impacts happening throughout the globe generated by European household consumption of food products, clothes, and electronics. We present an analysis of the origins of workers and salaries embodied these products, as well as the location of workers in most vulnerable situation. We used a multiregional input-output (MRIO) model, EXIOBASE, and its socioeconomic extensions, to quantify labor and wages footprints for Europe (EU-28 plus Norway and Switzerland) throughout the period between 1995 and 2015. The region demands over one third of global imports.

The consumption of goods in Europe creates millions of jobs within and outside the EU, most of them in the supply chain of food products. Wages are concentrated in the European Union, with over three-quarters of wages paid to workers that live within the EU, whilst 68% of total employment and 82% of all workers in vulnerable conditions associated with EU consumption took place outside the region. Food products, for example, occupied 16% of the average EU household budget and accounted for about the same share in wages footprints but corresponded to over 40% of employment footprint and almost 50% of all workers in vulnerable condition. We have seen that over time, there has been a strong growth in outsourcing, particularly recently in clothes and electronics, noticeable by a decrease in EU wages footprint at the same time as the footprint for wages and workers outside the EU increased more intensively. For food production, most of this outsourcing appears to have taken place before 1995. The shock of the financial crisis, which saw a much bigger drop in employment impacts outside the EU, also shows the dependency problem that is created for poorer regions that specialize in exports to industrialized countries.