Brazil's Wage Gap Charts

Wage gap charts for Brazil vis-à-vis developed and "emerging" selected economies, with available wage and PPP data (1996-2005)

Wage gap charts for Brazil vis-à-vis developed and “emerging” selected economies, with available wage and PPP data (1996-2005)

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The Argument for Wage Equalization Using Purchasing Power Parities (PPPs)

- Classic Problem Scenario

  - With market liberalization, MNCs sell their products in both the host countries and in all other markets where they are active, including their home country, at the same or at a very similar sales price,

  - They achieve maximum profitability when the manufacturing process in their developing countries' operations is at par in quality and production efficiency with the standards used in their home operations but their cost of labour is dramatically lower,

  - The MNCs' markets and their manufacturing and marketing operations are *globalised* but their labour costs remain strategically very low in order to achieve maximum competitiveness and shareholder value at the expense of the South's workers,

  - The resulting situation is one where MNCs get all the benefit. Sometimes the salaries that they pay are higher than the legal minimum wage in the host country. Yet, these wages still keep workers in dire poverty. A minimum wage does not make a living wage even in the most developed economies,

  - What has occurred, with market globalisation, is the dramatic widening of the gap between wages in the North and in the South,

  - While the standard of living of a worker in the North provides the basic means to make a living and afford a basic standard of comfort, a worker working for the same company, doing the exact same job with the same level of quality and efficiency, lives in a shanty town in a cardboard house with no sewage, water and direct electricity,

  - In this way, the huge differential in labour costs is added to the profit margin, keeping the part that should have provided the worker with an equivalent standard of living to that enjoyed by the same workers in the North. This difference is the part that workers should have received in the first place, as their fair share of the income resulting from the economic activity.

The Argument for Wage Equalization Using Purchasing Power Parities (PPPs)

- The Argument
  - In true democracy the purpose of all governments is to procure the welfare of every rank of society, especially of the dispossessed, with the only end that we all have access to a dignified life, in an ethos where the end of democratic societies is the social good and not the market. The market is just one vehicle to generate material wellbeing,
  - In this ethos, and with markets globalised, workers performing the same or an equivalent job for the same business entity, in the generation of products and services that this entity markets at global prices in the global market, must enjoy an equivalent remuneration,
  - This equivalent remuneration is considered a living wage, which is a human right,
  - A living wage provides workers in the South with the same ability to fulfil their needs, in terms of food, housing, clothing, healthcare, education, transportation, savings and even leisure, as that enjoyed by equivalent workers in the North, which we define in terms of the purchasing power parities (PPP) as defined by the World Bank and the OECD,
  - The definition of a living wage of The Jus Semper Global Alliance is as follows: *A living wage is that which, using the same logic of ILO´s Convention 100, awards "equal pay for work of equal value" between North and South in PPPs terms,*
  - The premise is that workers must earn equal pay for equal work in terms of material quality of life for obvious reasons of social justice, but also, and equally important, for reasons of long-term global economic, environmental and social sustainability.

The Argument for Wage Equalization Using Purchasing Power Parities (PPPs)

- The Argument
  - The argument of an equivalent living wage is anchored on two criteria:
    - Article 23 of the UN Universal Declaration of Human Rights, on the following points:
      a. Everyone, without any discrimination, has the right to equal pay for equal work,
      b. Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.
    - ILO´s Convention 100 of "equal pay for work of equal value', which is applied for gender equality, but applied in this case to North-South equality, using PPPs as the mechanism,
  - The proposal is to make workers in the South earn living wages at par with those of the First World in terms of PPPs in the course of a generation (thirty years),
  - There will not be any real progress in the true sustainability of people and planet –reversing environmental degradation and significantly reducing poverty– if there is no sustained growth, in that period, in the South's quality of life, through the gradual closing of the North –South wage gap; attacking, in this way, one of the main causes of poverty, and pursuing concurrently sustainable development –reducing consumption in the North and increasing it to dignified levels in the South, thus reducing our total footprint on the planet,
  - Just as the International Labour Organisation's Decent Work Agenda states, the decent work concept has led to an international consensus that productive employment and decent work are key elements to achieving poverty reduction,
  - The material quality of life in Jus Semper's The Living Wages North and South Initiative (TLWNSI) is defined in terms of purchasing power, so that equal pay occurs when purchasing power is equal,
  - Purchasing power is determined using purchasing power parities (PPPs),
  - Purchasing power parities (PPPs) are the rates of currency conversion that eliminate the differences in price levels between countries.

The Argument for Wage Equalization Using Purchasing Power Parities (PPPs)

- Concept of Living Wage Using PPPs

  - The concept of a living wage using PPPs is straightforward. To determine real wages in terms of purchasing power of any country in question, the PPPs of this country are applied to nominal wages. These are the real wages for each country,

  - Purchasing power parities reflect the amount in dollars required in a given country to have the same purchasing power that $1 U.S. Dollar has in the United States; e.g.: if the PPP index in one country is 69, then $0,69 dollars are required in that country to buy the same that $1 dollar buys in the U.S.; thus, the cost of living is lower. If the PPP were to be higher than 100, say 120, then $1,20 is required in that country to buy the same that $1 dollar buys in the U.S.; the cost of living is, thus, higher,

  - To calculate a living wage, the real wage of a specific category of U.S. workers is used as the benchmark, and the PPPs of a country in question is then applied to the U.S. wage,

  - This provides the equivalent living wage that a worker in the country in question should be earning in order to be at par in terms of purchasing power to the material quality of life enjoyed by the equivalent U.S. worker. This is the equalized wage in terms of purchasing power,

  - In this way, the comparison between the actual real wage of the country in question exposes the gap, in real terms, between the current real wage of the worker of the country in question and the living wage it should be earning, in order to be equally compensated in terms of PPPs,

  - In practice, since the PPPs vary annually, due to the dynamics of economic forces, the pace of the gradual equalization of wages, through small real-wage increases, needs to be reviewed annually.

The Argument for Wage Equalization Using Purchasing Power Parities (PPPs)

- A Classic Example in 2005
  - Equivalent manufacturing workers in Mexico and Brazil earn only 15% and 40%, respectively, of what they should be making in order to be compensated at par with U.S. counterparts in terms of purchasing power,
  - U.S. Workers earn $23,65/hour whilst Mexican and Brazilian workers earn only $2,63/hour and $4,09/hour, respectively,
  - Since costs of living in PPPs terms in Mexico and Brazil are 73¢ and 43¢, respectively, for each $1 U.S. Dollar, equivalent Mexican and Brazilian manufacturing workers should be earning instead $17,24/hour and $10,20/hour, respectively, in order to enjoy equal purchasing power compensation,
  - The difference is the wage gap that employers perversely keep to increase profits,
  - Canada, in contrast, is is virtually at par with its U.S. Counterparts, since its nominal wage 99,6% of the equivalent wage needed to be at par, with a PPP of $1,01 per each $1 U.S. Dollar.

Nominal Wage, Real Wage and Wage Equalization for Manufacturing Workers by Using Purchase Power Parities (PPPs) Benchmark

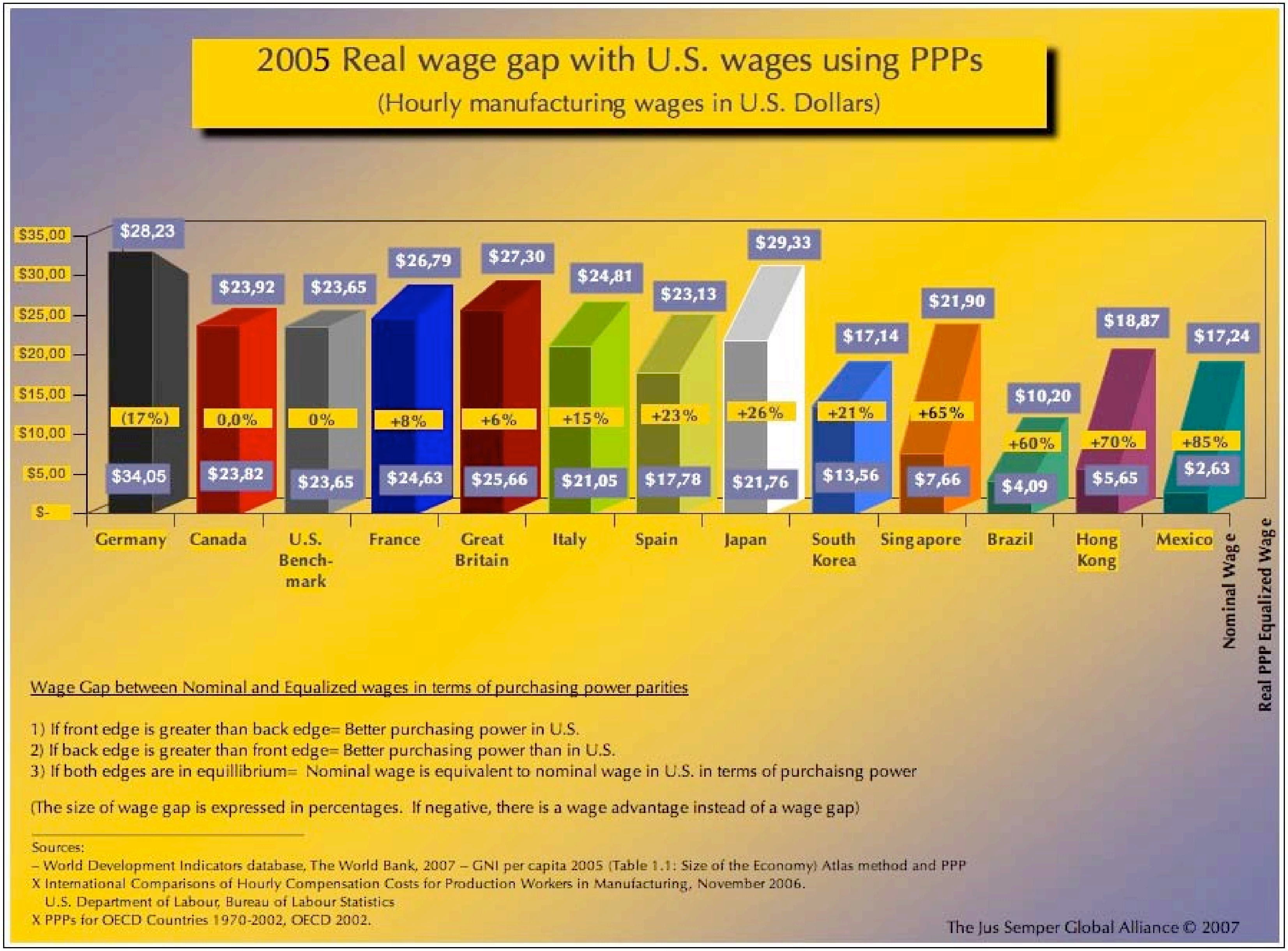
2005	Nominal Hourly Wage	PPP 2003	PPP Real Wage	Equalized Nominal Hourly Wage	Equalization Index
United States	$23,65	100	$23,65	$23,65	100
Canada	$23,82	101	$23,55	$23,92	100
	101%		99,6%	101%	
Mexico	$2,63	73	$3,61	$17,24	**15**
	11%		15%	73%	
Brazil	$4,09	43	$9,48	$10,20	**40**
	17%		40%	43%	

Sources:

U.S. Department of Labour, Bureau of Labor Statistics, November 2006.

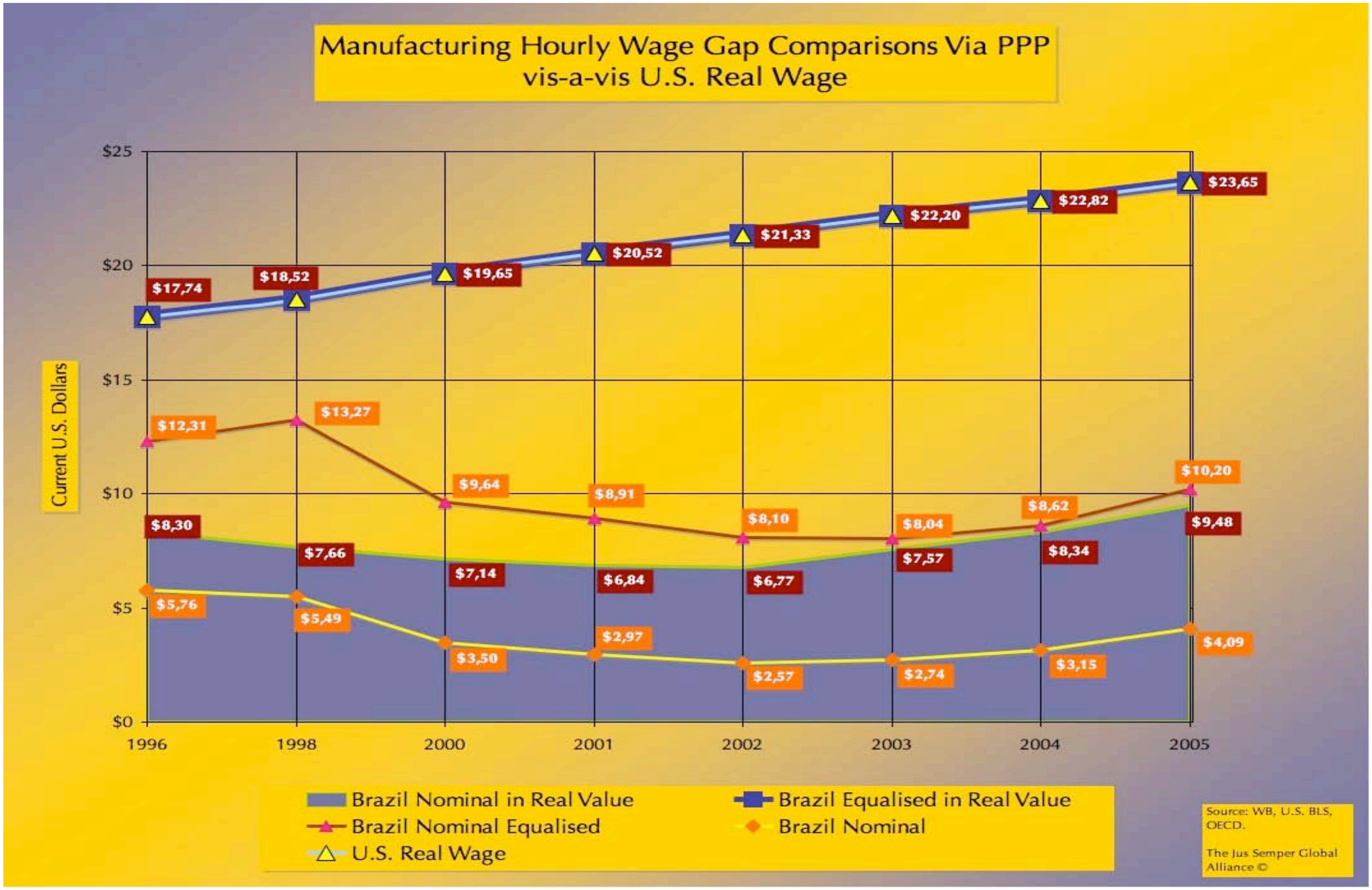
World Bank, World Development Indicators 2007, 1.1. Size of the Economy

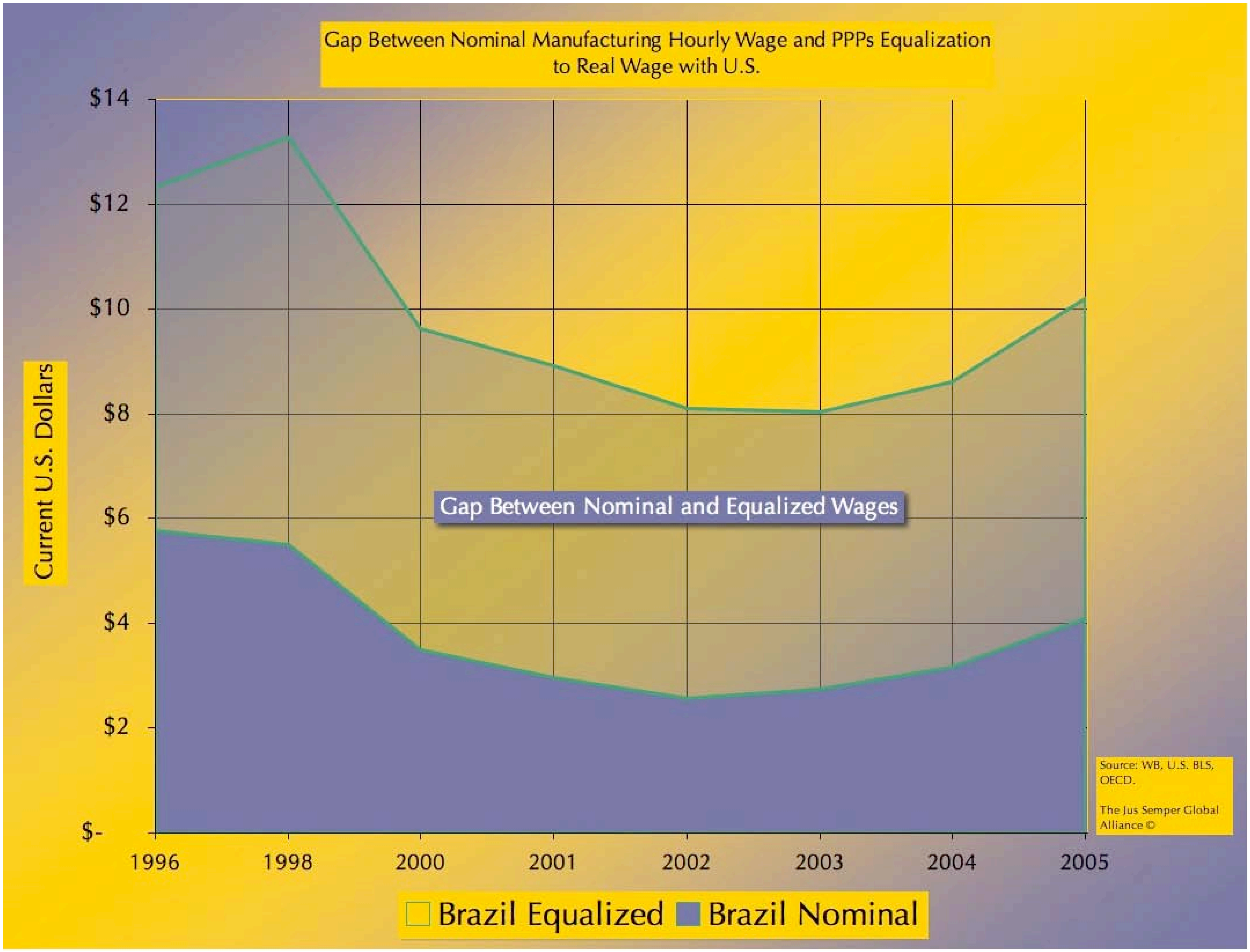
- In 2005, Brazil's manufacturing real wages continued enduring one the largest wage gaps with the U.S. (60%), only less wide than in Singapore, Hong Kong and Mexico; yet with a good improvement over 2004.

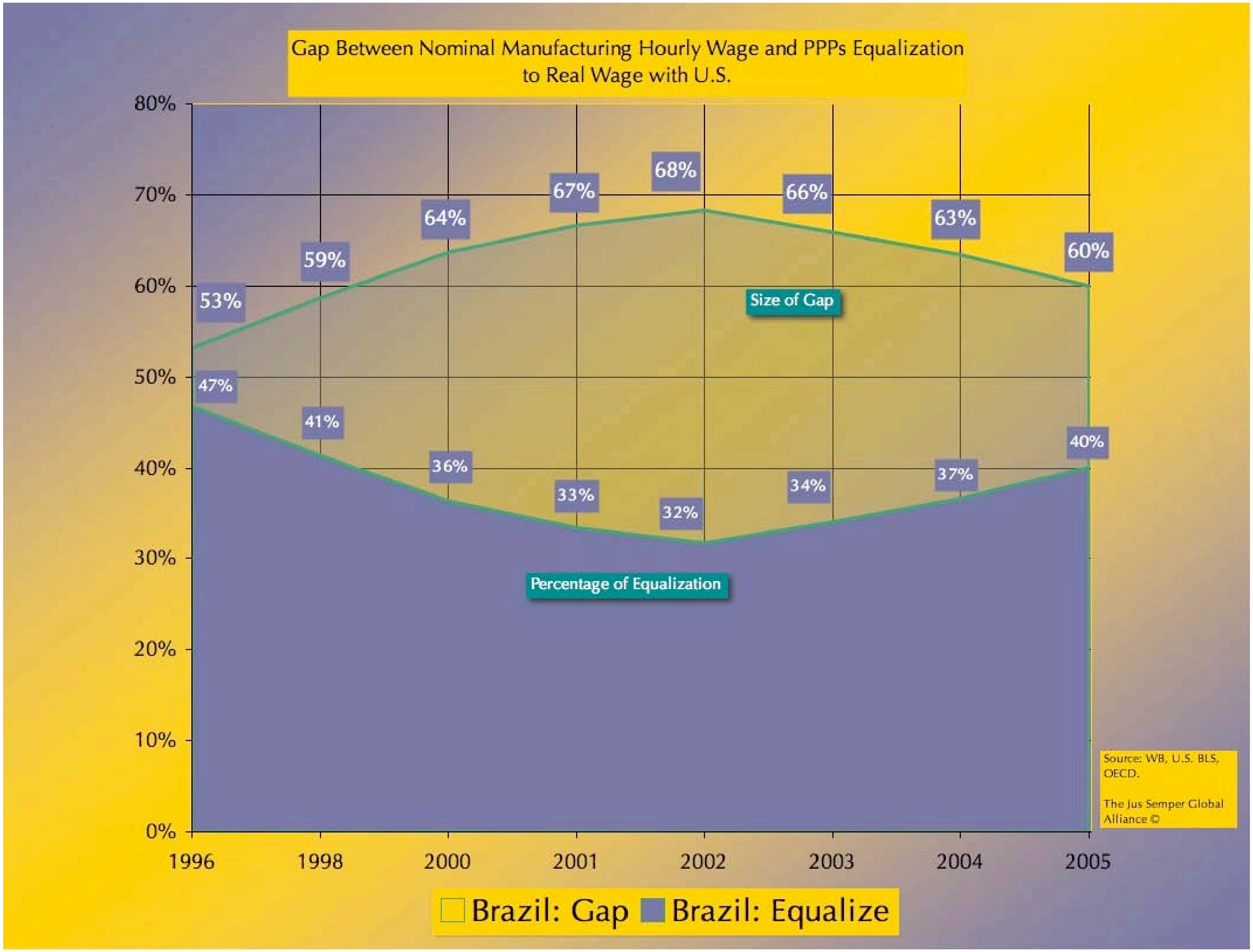


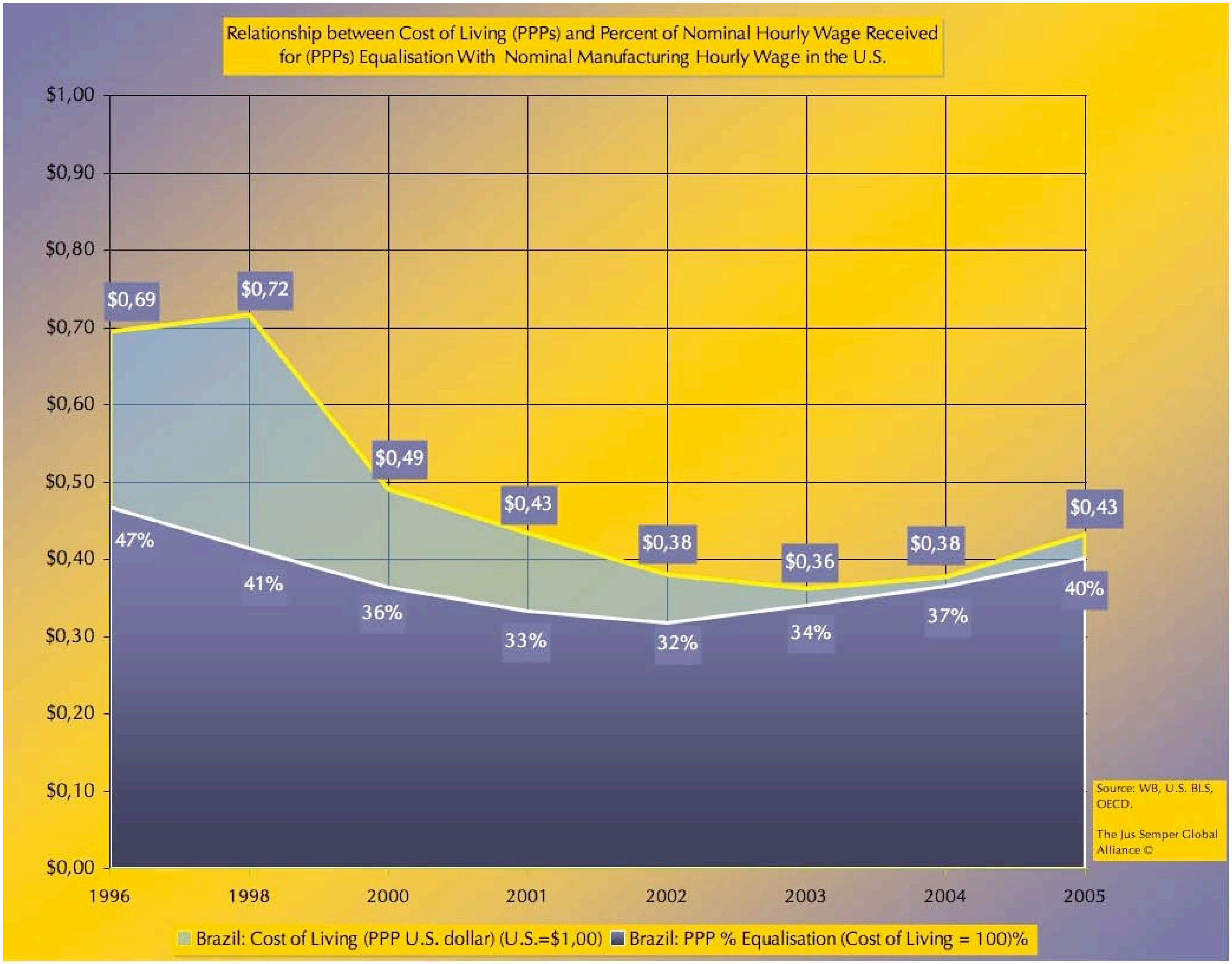
- **The state of Brazil's manufacturing wages is clearly negative, albeit it continued improving in 2005 relative to 2002.**
  - Since 1996, (first year with manufacturing wage comparable data available) real wages lost 31% up to 2002 –relative to their PPP equalization with the U.S. Prices drop with the 1999 crisis but wages do even more; thus, real wages collapse in the span of six years,
  - The gap between nominal and PPP equalized wage deepens, growing from 53% to 68% between 1996 and 2002. That is, although PPP cost of living drops from 69¢ to 38¢ against $1 in the U.S., between 1996 and 2002, Brazilian PPP purchasing power drops from a 47 to a 32 index. This is due to the fact that employers increase price levels over wage levels,
  - Nonetheless, in Brazil's case, since 2003 wage equalization shows a consistent improvement, averaging a 7,7% increase annually. Thus, by 2005, with an 8,1% growth in equalization, the cumulated growth since 2002 already reaches 25%. In this way, the equalization index increases from 32 to 40. That is, the real wages gap decreases from 68 to 60%,
  - In contrast with Mexico, a country with similar development, Brazil's gap has not increased as dramatically (PPP equalization of 40 vs. 15 in Mexico in 2005). Yet, the situation in Brazil, after more than two decades of supply-side economics, shows the same overwhelming features of pauperization of workers and their families in favour of employers as in Mexico. Although we are yet to see if the small recovery in the last three years continues or if it retreats, the ground recovered is meaningful and it exhibits even more dramatically the policy of wage pauperisation that has been imposed in Mexico.

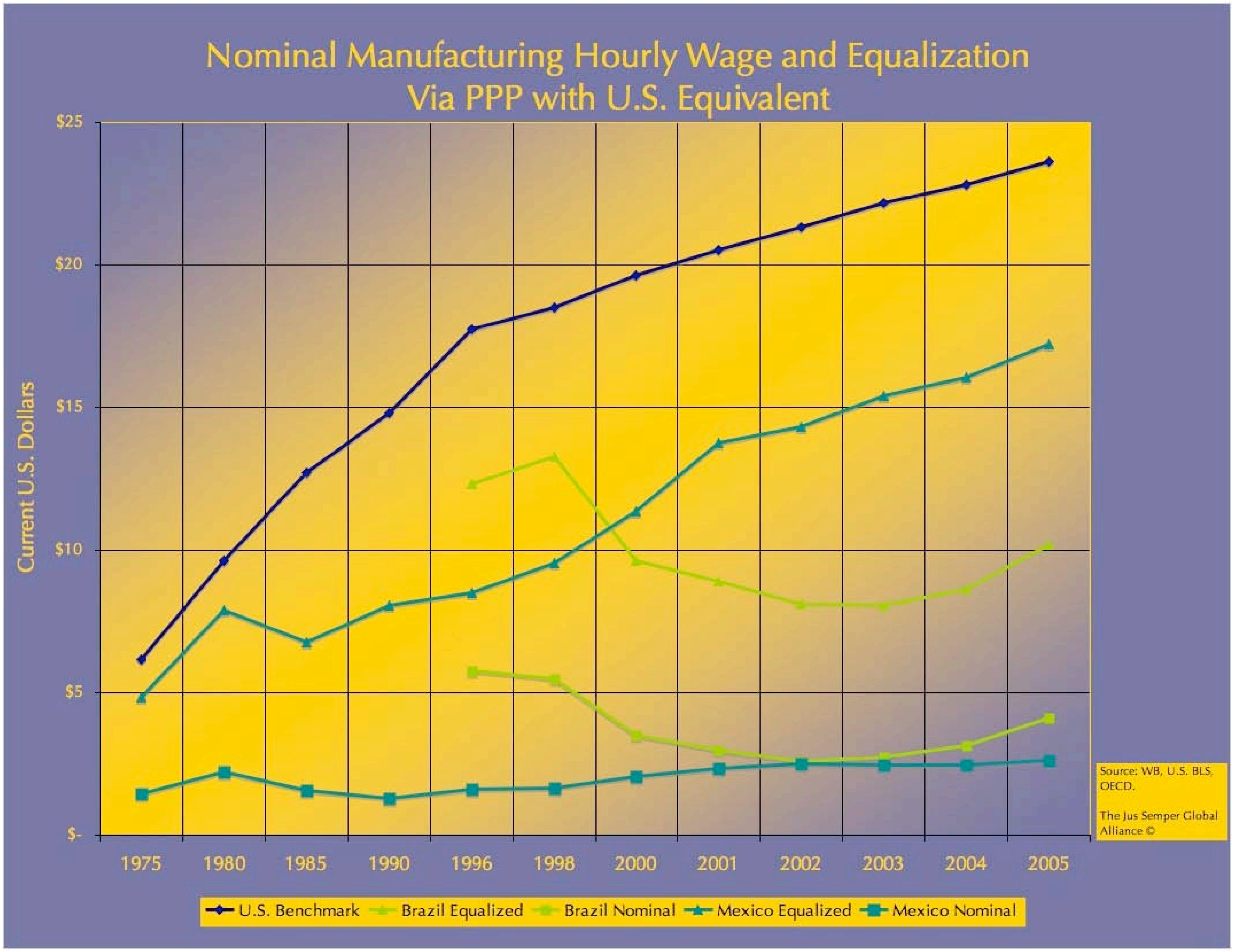
- Between 1996 and 2005, the hourly equalized manufacturing Brazilian wage –the wage required to receive an equivalent remuneration to that of their U.S. counterparts– decreased 17%, due to the drop of the Brazilian PPP cost of living, relative to the U.S. PPP cost of living, going from $12.31 in 1996 to $10.20 U.S. dollars in 2005. Yet, given that Brazil's hourly manufacturing wages decreased nominally 29%, from $5,76 in 1996 to $4,09 U.S. dollars in 2004, the equalization level of Brazil's manufacturing wage dropped 15% from a 47 index in 1996 to only 40 in 2005.




Gap Between Nominal Manufacturing Hourly Wage and PPPs Equalization to Real Wage with U.S.
Current U.S. Dollars
$14
$12
$10
$8
$6
$4
$2
$-
1996
1998
2000
2001
2002
2003
2004
2005
Gap Between Nominal and Equalized Wages
Source: WB, U.S. BLS, OECD.
The Jus Semper Global Alliance ©
Brazil Equalized
Brazil Nominal


Gap Between Nominal Manufacturing Hourly Wage and PPPs Equalization to Real Wage with U.S.
80%
70%
60%
50%
40%
30%
20%
10%
0%
53%
59%
64%
67%
68%
66%
63%
60%
47%
41%
36%
33%
32%
34%
37%
40%
Size of Gap
Percentage of Equalization
1996
1998
2000
2001
2002
2003
2004
2005
Brazil: Gap
Brazil: Equalize
Source: WB, U.S. BLS, OECD.
The Jus Semper Global Alliance ©


Relationship between Cost of Living (PPPs) and Percent of Nominal Hourly Wage Received
for (PPPs) Equalisation With Nominal Manufacturing Hourly Wage in the U.S.
$1,00
$0,90
$0,80
$0,70
$0,60
$0,50
$0,40
$0,30
$0,20
$0,10
$0,00
$0,69
$0,72
$0,49
$0,43
$0,38
$0,36
$0,38
$0,43
47%
41%
36%
33%
32%
34%
37%
40%
1996
1998
2000
2001
2002
2003
2004
2005
Source: WB, U.S. BLS, OECD.
The Jus Semper Global Alliance ©
Brazil: Cost of Living (PPP U.S. dollar) (U.S.=$1,00)
Brazil: PPP % Equalisation (Cost of Living = 100)%



Nominal Manufacturing Hourly Wage and Equalization
Via PPP with U.S. Equivalent
Current U.S. Dollars
$25
$20
$15
$10
$5
$-
1975
1980
1985
1990
1996
1998
2000
2001
2002
2003
2004
2005
U.S. Benchmark
Brazil Equalized
Brazil Nominal
Mexico Equalized
Mexico Nominal
Source: WB, U.S. BLS, OECD.
The Jus Semper Global Alliance ©

The Jus Semper Global Alliance – Manufacturing workers' Wage Gap Analysis in Purchasing Power Parities (PPPs) Comparison Terms 1975-05

		1975	1980	1985	1990	1995	2000	2004	2005
Benchmark	**U.S. Hourly rate**	6,16	9,63	12,71	14,81	17,17	19,65	22,82	23,65
Canada	GDP PPPs in country currency*	1,222	1,206	1,256	1,3	1,212	1,156	1,1983	1,2259
	Exchange rate	1,017	1,169	1,366	1,167	1,373	1,486	1,302	1,212
	GDP PPPs in US Dollars	$ 1,20	$ 1,03	$ 0,92	$ 1,11	$ 0,88	$ 0,78	$ 0,92	$ 1,01
	2. Equalized PPP compensation US $	$ 7,40	$ 9,93	$ 11,69	$ 16,50	$ 15,16	$ 15,28	$ 21,00	$ 23,92
	3. Actual Real compensation US $	$ 5,09	$ 8,60	$ 12,18	$ 14,66	$ 18,69	$ 21,19	$ 23,65	$ 23,55
	4. Actual Nominal compensation US $	$ 6,11	$ 8,87	$ 11,20	$ 16,33	$ 16,50	$ 16,48	$ 21,77	$ 23,82
	Compensation Deficit in US $ (2÷4)	$ 1,29	$ 1,06	$ 0,49	$ 0,17	$ (1,34)	$ (1,20)	$ (0,77)	$ 0,10
	Wage Equalisation index (4÷2 or 3÷1)	0,83	0,89	0,96	0,99	1,09	1,08	1,04	1,00
South Korea	GDP PPPs in country currency*	238,9	411,6	465	538	629	582,5	780,8	742,3
	Exchange rate	484	607,4	870	707,8	771,3	1131	1145	1024
	GDP PPPs in US Dollars	$ 0,49	$ 0,68	$ 0,53	$ 0,76	$ 0,82	$ 0,52	$ 0,68	$ 0,72
	2. Equalized PPP compensation US $	$ 3,04	$ 6,53	$ 6,79	$ 11,26	$ 14,00	$ 10,12	$ 15,56	$ 17,14
	3. Actual Real compensation US $	$ 0,65	$ 1,40	$ 2,30	$ 4,87	$ 8,93	$ 15,98	$ 16,32	$ 18,70
	4. Actual Nominal compensation US $	$ 0,32	$ 0,95	$ 1,23	$ 3,70	$ 7,28	$ 8,23	$ 11,13	$ 13,56
	Compensation Deficit in US $ (2÷4)	$ 2,72	$ 5,58	$ 5,56	$ 7,56	$ 6,72	$ 1,89	$ 4,43	$ 3,58
	Wage Equalisation index (4÷2 or 3÷1)	0,11	0,15	0,18	0,33	0,52	0,81	0,72	0,79
Japan	GDP PPPs in country currency*	286	243,9	213,6	195	172,9	141,8	134,5	136,5
	Exchange rate	296,7	225,7	238,5	145	94,0	107,8	108,2	110,1
	GDP PPPs in US Dollars	$ 0,96	$ 1,08	$ 0,90	$ 1,34	$ 1,84	$ 1,32	$ 1,24	$ 1,24
	2. Equalized PPP compensation US $	$ 5,94	$ 10,41	$ 11,38	$ 19,92	$ 31,60	$ 25,85	$ 28,36	$ 29,33
	3. Actual Real compensation US $	$ 3,08	$ 5,05	$ 7,00	$ 9,36	$ 12,75	$ 16,67	$ 17,57	$ 17,55
	4. Actual Nominal compensation US $	$ 2,97	$ 5,46	$ 6,27	$ 12,59	$ 23,47	$ 21,93	$ 21,84	$ 21,76
	Compensation Deficit in US $ (2÷4)	$ 2,97	$ 4,95	$ 5,11	$ 7,33	$ 8,13	$ 3,92	$ 6,52	$ 7,57
	Wage Equalisation index (4÷2 or 3÷1)	0,50	0,52	0,55	0,63	0,74	0,85	0,77	0,74

The Jus Semper Global Alliance – Manufacturing workers' Wage Gap Analysis in Purchasing Power Parities (PPPs) Comparison Terms 1975-05

		1975	1980	1985	1990	1995	2000	2004	2005
Benchmark	**U.S. Hourly rate**	6,16	9,63	12,71	14,81	17,17	19,65	22,82	23,65
France	GDP PPPs in country currency*	4,978	5,559	6,559	6,61	6,49	1,068	0,829	0,910
	Exchange rate	4,282	4,22	8,98	5,447	4,986	1,083	0,804	0,8033
	GDP PPPs in US Dollars	$ 1,16	$ 1,32	$ 0,73	$ 1,21	$ 1,30	$ 0,99	$ 1,03	$ 1,13
	2. Equalized PPP compensation US $	$ 7,16	$ 12,69	$ 9,28	$ 17,97	$ 22,35	$ 19,38	$ 23,52	$ 26,79
	3. Actual Real compensation US $	$ 3,87	$ 6,76	$ 10,24	$ 12,66	$ 14,80	$ 15,67	$ 23,17	$ 21,74
	4. Actual Nominal compensation US $	$ 4,50	$ 8,90	$ 7,48	$ 15,36	$ 19,26	$ 15,46	$ 23,89	$ 24,63
	Compensation Deficit in US $ (2÷4)	$ 2,66	$ 3,79	$ 1,80	$ 2,61	$ 3,09	$ 3,92	$ (0,37)	$ 2,16
	Wage Equalisation index (4÷2 or 3÷1)	0,63	0,70	0,81	0,85	0,86	0,80	1,02	0,92
Germany	GDP PPPs in country currency*	3,062	2,397	2,173	2,09	2,02	1,092	0,876	0,959
	Exchange rate	2,455	1,815	2,942	1,617	1,432	1,083	0,804	0,8033
	GDP PPPs in US Dollars	$ 1,25	$ 1,32	$ 0,74	$ 1,29	$ 1,41	$ 1,01	$ 1,09	$ 1,19
	2. Equalized PPP compensation US $	$ 7,68	$ 12,72	$ 9,39	$ 19,14	$ 24,22	$ 19,81	$ 24,86	$ 28,23
	3. Actual Real compensation US $	$ 5,02	$ 9,21	$ 12,81	$ 16,80	$ 21,34	$ 22,49	$ 29,83	$ 27,64
	4. Actual Nominal compensation US $	$ 6,26	$ 12,16	$ 9,46	$ 21,71	$ 30,10	$ 22,67	$ 32,50	$ 33,00
	Compensation Deficit in US $ (2÷4)	$ 1,42	$ 0,56	$ (0,07)	$ (2,57)	$ (5,88)	$ (2,86)	$ (7,64)	$ (4,77)
	Wage Equalisation index (4÷2 or 3÷1)	0,81	0,96	1,01	1,13	1,24	1,14	1,31	1,17
Italy	GDP PPPs in country currency*	539,5	783	1184	1421	1556	1	0,754	0,843
	Exchange rate	652,4	855,1	1909	1198	1629	1,083	0,804	0,8033
	GDP PPPs in US Dollars	$ 0,83	$ 0,92	$ 0,62	$ 1,19	$ 0,96	$ 0,86	$ 0,94	$ 1,05
	2. Equalized PPP compensation US $	$ 5,09	$ 8,82	$ 7,88	$ 17,57	$ 16,40	$ 16,88	$ 21,40	$ 24,81
	3. Actual Real compensation US $	$ 5,61	$ 8,84	$ 12,19	$ 14,57	$ 16,43	$ 16,11	$ 21,84	$ 20,07
	4. Actual Nominal compensation US $	$ 4,64	$ 8,09	$ 7,56	$ 17,28	$ 15,69	$ 13,84	$ 20,48	$ 21,05
	Compensation Deficit in US $ (2÷4)	$ 0,45	$ 0,73	$ 0,32	$ 0,29	$ 0,71	$ 3,04	$ 0,92	$ 3,76
	Wage Equalisation index (4÷2 or 3÷1)	0,91	0,92	0,96	0,98	0,96	0,82	0,96	0,85
England	GDP PPPs in country currency*	0,3802	0,4928	0,5327	0,602	0,656	0,684	0,584	0,634
	Exchange rate	0,4501	0,43	0,7708	0,5605	0,6335	0,6598	0,546	0,549
	GDP PPPs in US Dollars	$ 0,84	$ 1,15	$ 0,69	$ 1,07	$ 1,04	$ 1,04	$ 1,07	$ 1,1545
	2. Equalized PPP compensation US $	$ 5,20	$ 11,04	$ 8,78	$ 15,91	$ 17,78	$ 20,38	$ 24,42	$ 27,30
	3. Actual Real compensation US $	$ 3,97	$ 6,56	$ 9,00	$ 11,74	$ 13,32	$ 16,23	$ 23,14	$ 22,23
	4. Actual Nominal compensation US $	$ 3,35	$ 7,52	$ 6,22	$ 12,61	$ 13,79	$ 16,84	$ 24,76	$ 25,66
	Compensation Deficit in US $ (2÷4)	$ 1,85	$ 3,52	$ 2,56	$ 3,30	$ 3,99	$ 3,54	$ (0,34)	$ 1,64
	Wage Equalisation index (4÷2 or 3÷1)	0,64	0,68	0,71	0,79	0,78	0,83	1,01	0,94
Spain	GDP PPPs in country currency*	44,83	70,54	91,83	109,50	122,08	0,848	0,699	0,786
	Exchange rate	57,39	71,64	170	102	124,6	1,083	0,804	0,8033
	GDP PPPs in US Dollars	$ 0,78	$ 0,98	$ 0,54	$ 1,07	$ 0,98	$ 0,78	$ 0,87	$ 0,98
	2. Equalized PPP compensation US $	$ 4,81	$ 9,48	$ 6,87	$ 15,90	$ 16,82	$ 15,39	$ 19,85	$ 23,13
	3. Actual Real compensation US $	$ 3,23	$ 5,95	$ 8,59	$ 10,53	$ 12,96	$ 13,60	$ 19,70	$ 18,18
	4. Actual Nominal compensation US $	$ 2,52	$ 5,86	$ 4,64	$ 11,30	$ 12,70	$ 10,65	$ 17,14	$ 17,78
	Compensation Deficit in US $ (2÷4)	$ 2,29	$ 3,62	$ 2,23	$ 4,60	$ 4,12	$ 4,74	$ 2,71	$ 5,35
	Wage Equalisation index (4÷2 or 3÷1)	0,52	0,62	0,68	0,71	0,75	0,69	0,86	0,77
Mexico	GDP PPPs in country currency*	9,80	18,80	136,4	1530	2,96	5,456	7,952	7,937
	Exchange rate	12,5	22,97	256,9	2813	6,419	9,459	11,29	10,89
	GDP PPPs in US Dollars	$ 0,78	$ 0,82	$ 0,53	$ 0,54	$ 0,46	$ 0,58	$ 0,70	$ 0,73
	2. Equalized PPP compensation US $	$ 4,83	$ 7,88	$ 6,75	$ 8,06	$ 7,92	$ 11,33	$ 16,07	$ 17,24
	3. Actual Real compensation US $	$ 1,86	$ 2,69	$ 2,99	$ 2,89	$ 3,69	$ 3,59	$ 3,46	$ 3,61
	4. Actual Nominal compensation US $	$ 1,46	$ 2,20	$ 1,59	$ 1,57	$ 1,70	$ 2,07	$ 2,44	$ 2,63
	Compensation Deficit in US $ (2÷4)	$ 3,37	$ 5,68	$ 5,16	$ 6,49	$ 6,22	$ 9,26	$ 13,63	$ 14,61
	Wage Equalisation index (4÷2 or 3÷1)	0,30	0,28	0,24	0,19	0,21	0,18	0,15	0,15

The Jus Semper Global Alliance – Manufacturing workers' Wage Gap Analysis in Purchasing Power Parities (PPPs) Comparison Terms 1975-05

		1996	1998	2000	2001	2002	2003	2004	2005
Benchmark	U.S. Hourly rate	17,74	18,52	19,65	20,52	21,33	22,20	22,82	23,65
Brazil	GDP PPPs in country currency*	0,697	0,832	0,897	1,022	1,110	1,114	1,106	1,050
	Exchange rate	1,005	1,161	1,83	2,353	2,921	3,075	2,926	2,435
	GDP PPPs in US Dollars	$ 0,69	$ 0,72	$ 0,49	$ 0,43	$ 0,38	$ 0,36	$ 0,38	$ 0,43
	2. Equalized PPP compensation US $	$ 12,31	$ 13,27	$ 9,64	$ 8,91	$ 8,10	$ 8,04	$ 8,62	$ 10,20
	3. Actual Real compensation US $	$ 8,30	$ 7,66	$ 7,14	$ 6,84	$ 6,77	$ 7,57	$ 8,34	$ 9,48
	4. Actual Nominal compensation US $	$ 5,76	$ 5,49	$ 3,50	$ 2,97	$ 2,57	$ 2,74	$ 3,15	$ 4,09
	Compensation Deficit in US $ (2÷4)	$ 6,55	$ 7,78	$ 6,14	$ 5,94	$ 5,53	$ 5,30	$ 5,47	$ 6,11
	Wage Equalisation index (4÷2 or 3÷1)	0,47	0,41	0,36	0,33	0,32	0,34	0,37	0,40

		1996	1998	2000	2001	2002	2003	2004	2005
Benchmark	U.S. Hourly rate	17,74	18,52	19,65	20,52	21,33	22,20	22,82	23,65
Hong Kong	GDP PPPs in country currency*	7,74	8,83	7,89	7,73	7,01	7,02	6,58	6,21
	Exchange rate	7,735	7,75	7,79	7,80	7,80	7,79	7,79	7,78
	GDP PPPs in US Dollars	$ 1,00	$ 1,14	$ 1,01	$ 0,99	$ 0,90	$ 0,90	$ 0,84	$ 0,80
	2. Equalized PPP compensation US $	$ 17,76	$ 21,10	$ 19,90	$ 20,34	$ 19,16	$ 20,02	$ 19,28	$ 18,87
	3. Actual Real compensation US $	$ 5,11	$ 4,74	$ 5,38	$ 5,79	$ 6,30	$ 6,14	$ 6,52	$ 7,08
	4. Actual Nominal compensation US $	$ 5,12	$ 5,40	$ 5,45	$ 5,74	$ 5,66	$ 5,54	$ 5,51	$ 5,65
	Compensation Deficit in US $ (2÷4)	$ 12,64	$ 15,70	$ 14,45	$ 14,60	$ 13,50	$ 14,48	$ 13,77	$ 13,22
	Wage Equalisation index (4÷2 or 3÷1)	0,29	0,26	0,27	0,28	0,30	0,28	0,29	0,30
Singapore	GDP PPPs in country currency*	1,601	1,99	1,71	1,69	1,56	1,53	1,53	1,54
	Exchange rate	1,41	1,67	1,73	1,79	1,79	1,74	1,69	1,66
	GDP PPPs in US Dollars	$ 1,14	$ 1,19	$ 0,99	$ 0,94	$ 0,87	$ 0,88	$ 0,90	$ 0,93
	2. Equalized PPP compensation US $	$ 20,14	$ 22,09	$ 19,52	$ 19,31	$ 17,89	$ 19,49	$ 20,64	$ 21,90
	3. Actual Real compensation US $	$ 7,19	$ 6,17	$ 7,23	$ 7,41	$ 7,70	$ 8,18	$ 8,16	$ 8,27
	4. Actual Nominal compensation US $	$ 8,16	$ 7,36	$ 7,18	$ 6,97	$ 6,71	$ 7,18	$ 7,38	$ 7,66
	Compensation Deficit in US $ (2÷4)	$ 11,98	$ 14,73	$ 12,34	$ 12,34	$ 11,18	$ 12,31	$ 13,26	$ 14,24
	Wage Equalisation index (4÷2 or 3÷1)	0,41	0,33	0,37	0,36	0,38	0,37	0,36	0,35

***Definitions:**

– PPPs stands for Purchasing Power Parities, which reflect the currency units in a giving currency that are required to buy the same goods and services that can be purchased in the base country with one currency unit. This analysis uses the U.S. and the U.S. dollar as the benchmark.
– GDPs PPPs in country currency express the number of country currency units required to buy the same goods and services a U.S. dollar can buy in the U.S.
– Exchange rate is nominal exchange rate.
– GDP PPPs in U.S. Dollars expresses the U.S. dollar units required in a given country to buy the same goods and services a U.S. dollar can buy in the U.S. If the PPP is less than 1, a U.S. dollar can buy more in the country in question because the cost of living is lower, and viceversa.
– The PPP, expressed in national currency, reflects the exchange rate in comparison with the market exchange rate, which does not reflect the ratio of prices.
– Equal PPP compensation expresses the hourly U.S. dollar nominal rate required in a given country to equally compensate a local worker, in terms of purchasing power, for equal work rendered, as the equivalent U.S. worker is compensated, in accordance with Article 23 of the UN Universal Declaration of Human Rights and ILO's Convention 100 of of "equal pay for equal work", applied in a global context.
– Actual Real Compensation is the hourly wage paid in a given country in purchasing power terms.
– Actual Nominal Compensation is the nominal hourly wage paid in a given country.
– Compensation deficit expresses the wage gap between the hourly nominal rate paid (4) and the equalized PPP hourly rate that should be paid for equal work (2).
– Compensation equalization index expresses the ratio of actual nominal pay to equivalent PPP hourly pay (4 between 2): or the ratio of actual real pay (3) to the hourly nominal pay benchmark (1) (3 between 1).
– Note: Slight variations in data in years previously reported are due to adjustments made in the data reported by the U.S. Bureau of Labour Statistics after our reports were issued.

Sources: The Jus Semper Global Alliance analysis using the sources below.
(Sources with X indicate that some of their data is directly incorporated in the table:)

– World Development Indicators 1998, 2000, 2002 and 2004, 2006, 2007 The World Bank, table 1.1
– World Development Indicators database, The World Bank, April 2007 – GNI per capita 2005, Atlas method and PPP
X International Comparisons of Hourly Compensation Costs for Production Workers in Manufacturing, November 2006. U.S. Department of Labour, Bureau of Labour Statistics
X Comparative Real Gross Domestic Product per Capita and per Employed Person, Fourteen Countries 1960-2005 U.S. Department of Labour, Bureau of Labour Statistics, Office of Productivity and Technology.
X PPPs for OECD Countries 1970-2002, OECD 2002 and GDP PPPs historical series 1970-1999.
– Purchasing Power parities – Measurement and Uses by Paul Schreyer and Francette Koechlin, OECD Statistical briefs, March 2002.