Mexico's Wage Gap Charts

Manufacturing production-line wages

Wage gap charts for Mexico vis-à-vis selected developed and "emerging" economies, with available wage and PPP data (1975-2008)

Wage gap charts for Mexico vis-à-vis selected developed and “emerging” economies, with available wage and PPP data (1975-2008).

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Table of Contents

The Argument for Wage Equalisation

Using Purchasing Power Parities (PPPs)

▪ Classic Problem Scenario

- With market liberalisation, 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 legal electricity,
- In this way, the huge differential in labour costs is added to the profit margin, keeping the part (the surplus value) that should have provided the worker with an equivalent standard of living to that enjoyed by the same workers in the North. This surplus value from the labour factor is the part rightfully belonging to workers, and that they should have received from inception, as their fair share of the income resulting from the economic activity.

The Argument for Wage Equalisation

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 of all having 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 Equalisation

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 –rationally reducing consumption in the North and rationally increasing it to dignified levels in the South, thus reducing our ecological 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 Equalisation 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 equalised 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 Equalisation of wages, through small real-wage increases, needs to be reviewed annually.
- It must be pointed out that this rationale does not even take into consideration that the neoliberal paradigm of staunch support for supply-side economics has consistently depressed for three decades the purchasing power of real wages in the U.S., the benchmark country for wage equalisation. This has been attempted to be resolved by women joining the work force and, fictitiously, through over indebtedness, which eventually has brought us down to the great implosion of capitalism in 2008. In this way, this equalisation analysis is made in the context of a course set forth during three decades of global depression of real wages in favour of international financial capital.

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

- **A Classic Example in 2008**
  - Equivalent manufacturing workers in Mexico and Brazil earn only 17% and 37%, 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 $25,65/hour whilst Mexican and Brazilian workers earn only $3,12/hour and $6,93/hour, respectively,
  - Since costs of living in PPPs terms in Mexico and Brazil are 70¢ and 72¢, respectively, for each $1 U.S. dollar, equivalent Mexican and Brazilian manufacturing workers should be earning instead $17,86/hour and $18,59/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 has a surplus with its U.S. counterparts, since its nominal wage ($29,78) is 103% of the equivalent wage ($28,92) needed to be at par, with a PPP of $1,13 per each $1 U.S. dollar.

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

2008	Nominal Hourly Wage	PPP 2006	PPP Real Wage	Equalised Nominal Hourly Wage	Equalisation Index
United States	US$ 25,65	100	US$ 25,65	US$ 25,65	100
Canada	US$ 29,78	113	US$ 26,41	US$ 28,92	103
	116%		103%	113%	
Mexico	US$ 3,12	70	US$ 4,48	US$ 17,86	**17**
	12%		17%	70%	
Brazil	US$ 6,93	72	US$ 9,56	US$ 18,59	**37**
	27%		37%	72%	

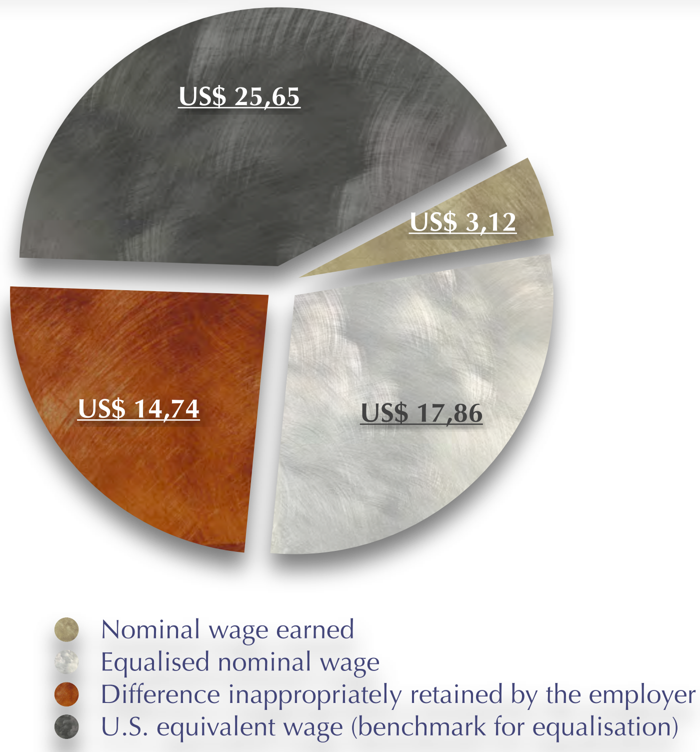
Sources:

U.S. Department of Labour, Bureau of Labor Statistics, August 2009..

Data base of World Bank's World Development Indicators, 1975-2008, (GNI & GNI PPP, Atlas method)

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

- **A Classic Example in 2008**
  - From a graphic perspective, the first pie chart shows the U.S. real wage for production-line workers in the manufacturing sector, which is always the benchmark. In the case of Mexico, the pie chart exhibits the nominal wage earned, the nominal wage equalised with the U.S. wage –always in purchasing power parity terms, and the difference retained inappropriately (deliberately).
  - The nominal equalised wage of $17,86 is what the Mexican production-line worker should earn to be equally remunerated (in purchasing power terms) for performing an equivalent task. Yet, the worker only earns $3,12 instead of $17,86, thus the employer deliberately retains $14,74, which constitutes the greater part of the surplus value that legitimately belongs to the Mexican worker, according to TLWNSI's concept.
  - In this way, the second pie chart shows how the employer retains inappropriately 83% of labour's surplus value by only allocating to the worker 17% of what he/she is entitled to.



Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

Wage gap comparisons for selected economies

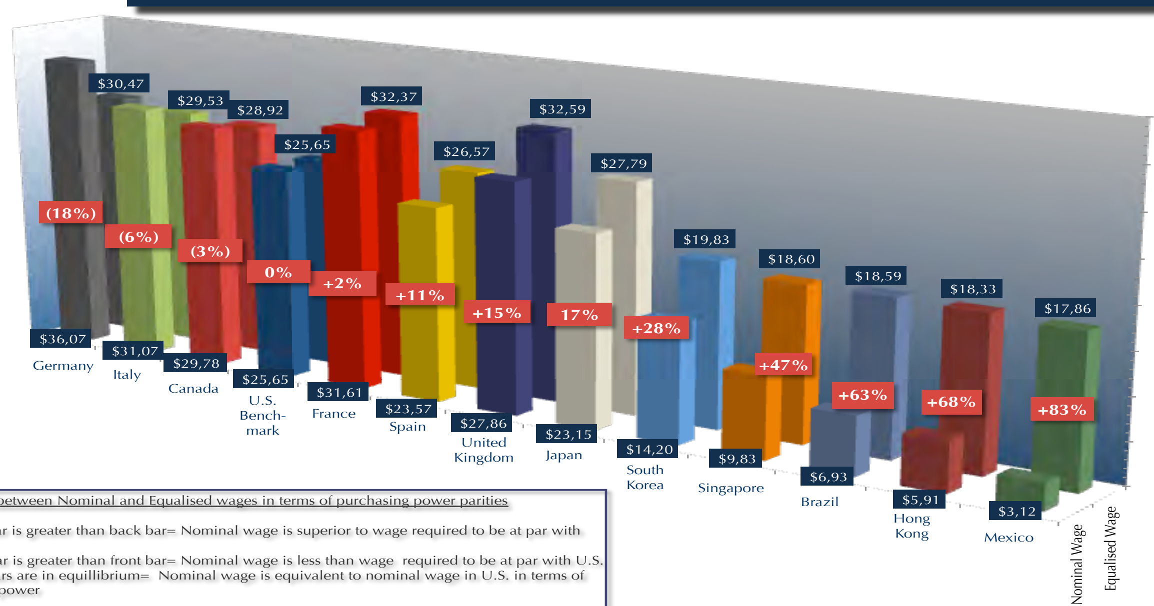
- In 2008, the shock of the greatest depression of global capitalism since 1929 is not reflected yet in the real wages of production line manufacturing workers relative to their equalisation with the real wages of their U.S. counterparts. Germany, Italy and Canada enjoy nominal wages that are superior in value to that required to be at par with those of their U.S. counterparts.

- Euro area real wages continue their ascending trend. This is reflected in the increase of indices above wage equalisation in Germany and Italy, the near equalisation of French wages and the continuity of Spain's equalisation trend, which now has surpassed the UK. In contrast, real wages in the latter endure a drastic drop of 10%.

- In Asia, Japan reverts a stagnation trend in its equalisation level, which had been dragging since 2001, now surpassing South Korea, which carried a consistent equalisation trend since 1975, and that now suffers a strong devaluation and a drop of real wages of 16%. Hong Kong does not report any significant change. Singapore experiences some improvement, albeit still below its best position of 2006.

- In the Americas, Brazil's wage recovery continued stagnated in 2008. In 2009, Brazil instituted an annual minimum wage increase –from 2010 forward– that results from the sum of the inflation index and GDP growth. This should reflect, beginning that year, a strong appreciation of manufacturing wages. Canada maintains almost invariable its small surplus. Mexico maintains its rigid and deliberate pauperisation policy that keeps wages stagnated since 2000. Worst of all, it is expected that, beginning in 2009, with an economy completely dependant on the U.S., real wages will deepen their pauperisation to the level recorded in 1995 or even worse. The subjection of Mexican wages to conditions of modern slave work, instead of bringing them closer to the U.S. benchmark, it is dangerously bringing them closer to the wages of China and India, which due to the sheer size of their labour forces, are representative of the worst misery wage indices.

2008 gaps between nominal and equalised wages with U.S. wage using PPPs
(Hourly manufacturing compensation costs in U.S. Dollars)



Wage Gap between Nominal and Equalised wages in terms of purchasing power parities

1) If front bar is greater than back bar= Nominal wage is superior to wage required to be at par with U.S.
2) If back bar is greater than front bar= Nominal wage is less than wage required to be at par with U.S.
3) If both bars are in equillibrium= Nominal wage is equivalent to nominal wage in U.S. in terms of purchasing power

(The size of wage gap is expressed in percentages. If negative, there is a wage advantage instead of a wage gap for nominal wage is superior to wage required to be at par with U.S.. Comparisons are in terms of hourly compensation costs as explained in T4.)

Sources:
– Data base of World Bank's World Development Indicators, 1975-2008, (GNI & GNI PPP, Atlas method)
X International Comparisons of Hourly Compensation Costs for Production Workers in Manufacturing November 2009. U.S. Department of Labour, Bureau of Labour Statistics

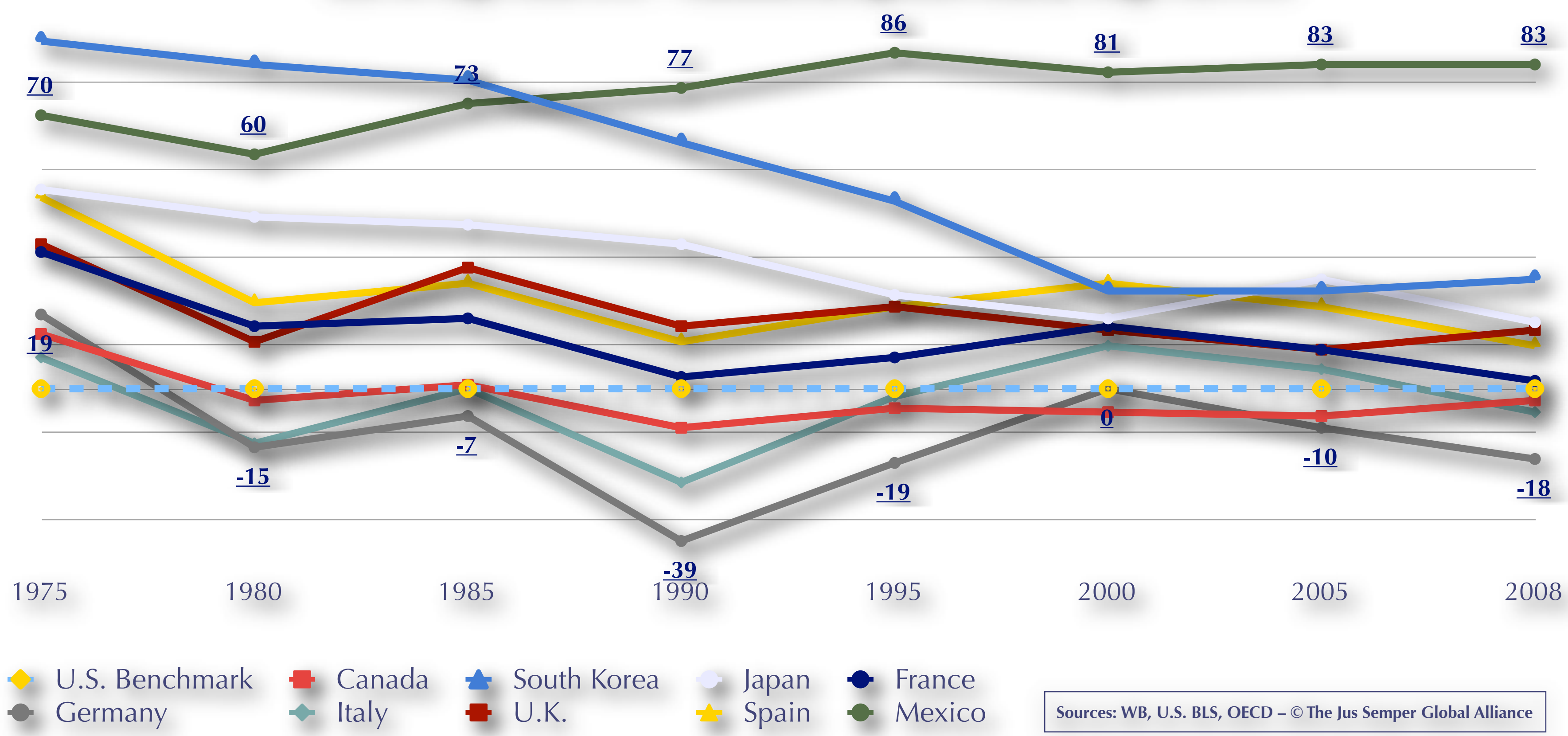
- In the last 33 years, whilst the major European Union economies, Canada, South Korea and Japan surpassed, eliminated or experienced a very significant reduction of their PPP wage gaps –equalised with equivalent manufacturing production-line U.S. jobs, Mexico moved in the opposite direction and year after year confirms the deliberate State policy of wage pauperisation of the Mexican worker.

- In the four €uro area economies, nominal wages have increased their true value above variation in equivalent U.S. wages. This is especially true beginning in 2001 with the adoption of the €uro, given that France, Germany, Italy and Spain recorded significant real wage increases between 2000 and 2008 relative to U.S. wages. Germany and Italy have wages with greater purchasing power than in the U.S., and France and Spain are increasingly close to equalisation. Only the UK has significantly increased its gap in 2008, with a clear wage drop even in nominal terms. Canada maintains the surplus that it has enjoyed for two decades.

- South Korea interrupts its strong gap reduction trend by enduring a deep drop in real wages, thus its gap has increased to 28 points, whilst Japan has stopped a stagnation dating back to 2001, and now is only 17 points behind equalisation, surpassing South Korea.

- Mexico remains stalled with a huge gap of 83 points, confirming once again the exploitative nature of the Mexican State. This makes it necessary to keep emphasising that Mexico is the only country where wage equalisation is dramatically below the level recorded more than a quarter century ago. Moreover, it must be stressed that Mexican manufacturing real wages continue to be by far the most undignified of all countries analysed, and they are light years away from equalisation.

Size of Gaps with U.S. - Manufacturing Real Hourly Wage via PPPs



Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

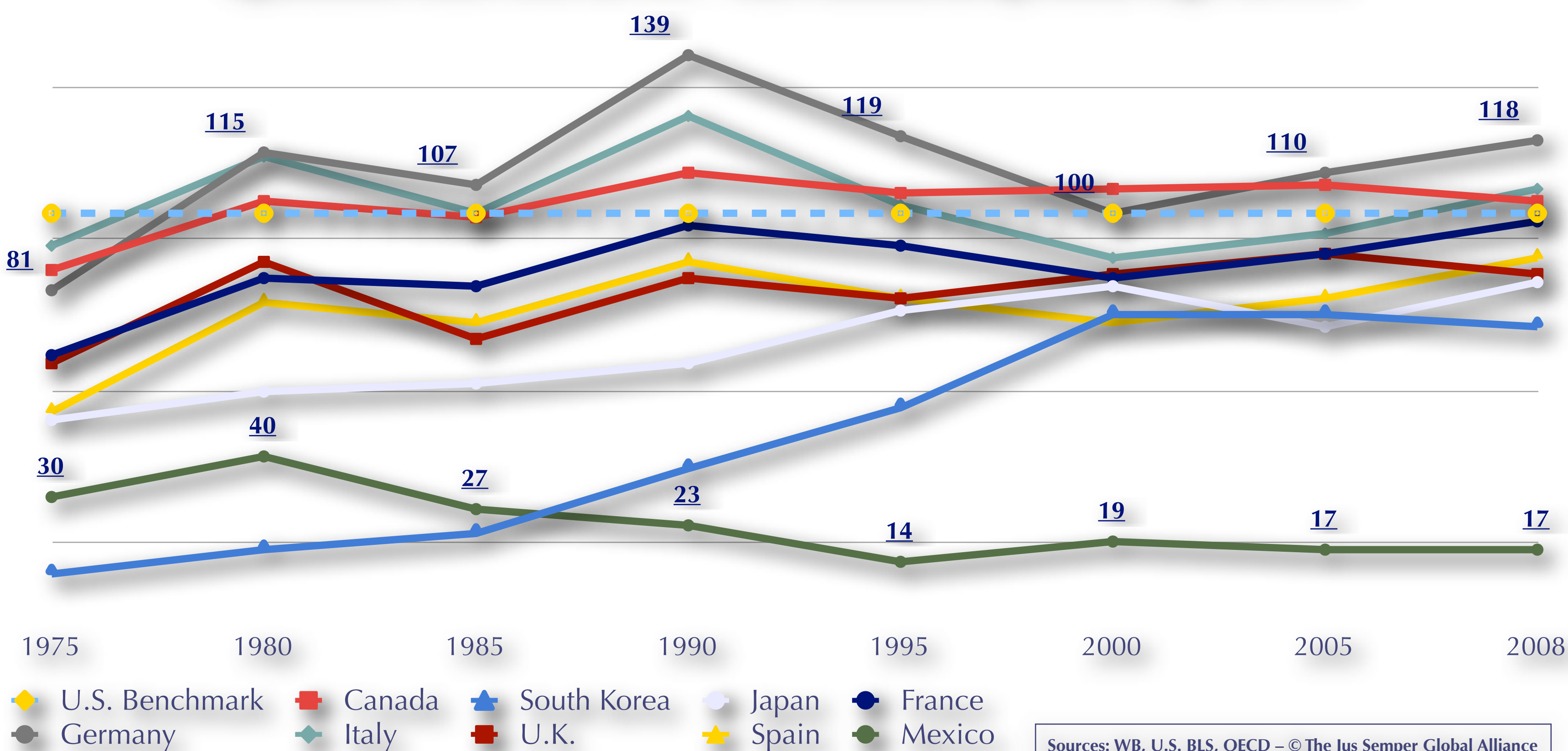
- From an equalisation perspective, whilst México consistently worsens its index by 58%, from 40 in 1980 to a meagre 17 in 2008, the trend shown by the other countries is of a clear progress in their equalisation indices, particularly of South Korea. This is the direct result of a deliberate and perverse policy of the government that wields power in Mexico, which blocks any possibility of real wage recovery. It is necessary to insist that the "modern slave work" system is the policy "par excellence" of the Mexican State in response to "market demands".

- Each year, it merits to contrast the enormous paradox of Mexico's with South Korea's performance. Whilst South Korea's wage index moves from 10 in 1975 to a respectable 72 in 2008 –in 2007 it scored an 85 index– Mexico does it in the opposite direction, moving from a 30 to a 17 index during the same period, and from a 40 index in 1980. This exposes the absolute submission of the Mexican State to the demands of marketocracy.

- On another account, Japan surpasses its best equalisation index recorded in 2000 (82) and reverts the stagnation that had been enduring, by now increasing it equalisation of 72 in 2007 to 83 in 2008.

- Germany, Italy and Canada sustain their surplus in wage competitiveness –in purchasing power terms– vis-à-vis their U.S. counterparts, with indices of 118, 106 and 103 respectively. France and Spain inch 2 and 11 points away from equalisation, respectively, whilst the United Kingdom back tracks from a 97 index in 2007 to an 85 in 2008.

Equalisation Index with the U.S. - Real Manufacturing hourly wage via PPPs



Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

Political context of the state of manufacturing wages in Mexico

The Mexican State, still challenged for the lack of legitimacy of its election, corroborates every year its vocation as a customary violator of the labour rights of its citizens

- The following assessment may seem redundant to those who have read our analyses of previous years. Yet the stubborn policy of the government in power –which deliberately pauperises the Mexican labour force– compels us to insist in the same assessment that exhibits the nefarious consequences of such policy. Moreover, it is necessary to depict once again the political context in which it is imposed. To start, by evaluating wage data of the manufacturing sector of thirty three years, the exploitative and repressive character of the group that has wielded real power for the last three decades, when it submitted itself to the Washington Consensus, with the goal of remaining in power, becomes rather blatant. This has engendered an environment that stands out on a global scale for the tremendous erosion of labour rights. The illegitimate and mafia like nature that accurately delineates the Mexican State, has imposed an ethos of labour bondage that takes the country back to conditions prevailing before the social revolution of 1910. These are its most conspicuous features:

- The worst wage levels in all economic sectors since 1980.

- Every year, public policy maintains real wages at their lowest level –when not at even more precarious levels– by blocking any increase above inflation, despite the fact that real wages have been pulverised consistently since 1980.

- To accomplish this, the State has unleashed a policy, increasingly more repressive, of labour rights violation.

- Repression has centred on the destruction of trade unions, the harassment of their leaders and the blatant violations of labour law, given the state of absolute impunity prevailing in Mexico. ILO's core conventions, ratified decades ago by the Mexican State, are violated customarily. Miners and electrical workers have endured one of the most systematic repressions.

- The most paradigmatic case of the State's labour policies is recorded in 2009, when the government made redundant –through an armed attack at midnight and the launching of a misinformation and libel campaign– 44 thousand jobs of the Mexican Electrical Worker's Union, from the State company Luz y Fuerza del Centro. The pretext: low productivity and high wages. The true reason: the privatisation of its fibre optic network of one thousand kilometres for its subsequent operation by private companies to market phone, internet and video services.

- The State's violation of labour rights has generated unusual condemnation internationally. The International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM), with more than 20 million members worldwide, announced the launching of a campaign in 134 countries, and before representatives of the U.S. and Canadian governments, condemning the "anti-workers policies" of the Mexican State. The ICEM equates the policies of labour repression in Mexico to those prevalent in Myanmar and Zimbabwe, two countries that stand out among the most repressive and labour rights violators worldwide (La Jornada, 9 January 2010).

Political context of the state of manufacturing wages in Mexico

- At the core of these repressive policies lies the true motives of a, by all means, mafia State. The Mexican State abandoned decades ago any responsibility before its citizenry and openly acts as an agent of domestic and foreign capital, from where it obtains the legitimacy that it did not achieve in the electoral process. To bring this about, its economic policies have been inflexible for decades, designed for the exclusive benefit of institutional investors. They demand high rates of return, well above those offered by the leading financial markets, low inflation and a stable exchange rate to protect their investments. In this way, whilst real wages were reduced by more than 50% since the last century and the economy recorded one of the worst recessions worldwide (estimated at -7,1% of GDP in 2009), the State proudly brags about record foreign reserves of more than U.S. $99,8 billion (2009), resulting, in a substantial portion, from foreign investments in variable income instruments.

- In this way, the country has suffered a terrible transformation in the components of job generation, for it is estimated that –at least since 2005– more than 50% of the EAP works in the informal sector according to the government's own data (Naciones Unidas y Gabinete de Desarrollo Humano y Social del gobierno de México, Resumen Ejecutivo. Los Objetivos de Desarrollo del Milenio en México: Informe de Avance 2005) and to the OECD (Policy Roundtables: Competition Policy and the Informal Economy, 2009, based on Gasparini y Tornarolli criteria, 2006). Therefore, wages and other labour endowments of those making a living in this sector occur in much worse conditions than those prevalent in the manufacturing sector addressed in this assessment.

- **Absence of the Rule of Law.** The desertion of Mexico's governments, for the last three decades, of the basic responsibilities of any government that praises itself for being democratic, has imposed a "no-rule-of-law State": the collection of events that are engendered by the lack of social norms or their degradation; a sine qua non condition to act with complete impunity, thus, demolishing the State's responsibility to maintain a "rule-of-law State". As its consequence, a supposed war against drug trafficking has been launched, which has officially engendered –as of October 2010– more than 28 thousand fatalities.

- **A deliberate predatory and plundering economic policy.** It must be clear that the dire results rendered in labour endowments are not due to a failure in economic management but due to a deliberate economic policy of plundering. This enables the mafia State to keep a great part of Mexican workers under modern slave work conditions. Thus, since 1980, real manufacturing PPP wages –vis-à-vis their equalisation with the purchasing power of U.S. wages– initiates a constant erosion, dropping 58% between 1980 and 2008, for employers adjust their prices but not so their wages accordingly. This is possible due to the full support of the State through its customary policy of pauperisation, to which it adds its new policy of social intimidation, for it is increasingly evident that the true goal of the war against drug trafficking is to inhibit social outcry –by intimidating the population– in order to enjoy a free reign to continue depredating the country. This has allowed the State to maintain the vast majority of workers under modern slave work conditions.

Main features of the state of manufacturing wages in Mexico

- **Wage equalisation track record since 1975**. Mexico achieves its least precarious wage equalisation in 1980, when production-line (PL) manufacturing wages reach an equalisation index of 40 over their 100 goal. Yet, starting in the 1980s the Mexican State surrenders to the guidelines of the World Bank and IMF, the institutions in charge of imposing the Washington Consensus to governments –evidently undemocratic– wishing to obtain legitimacy through their recognition by the metropolises of global capitalism. As a result, manufacturing real wages endure a systematic policy of erosion that gradually makes them lose more than half their value. In 1995, after the debacle of the economic policies of the mafia State, real wages drop to their worst level since 1975, with an equalisation index of barely 14 with their U.S. counterparts. Subsequently, PL wages recover slightly (19) to then drop again to 17 and 18 indices since 2005. In this way, from a 40 index in 1980 to the 17 of 2008, Mexican PL wages have lost 57% of their already meagre purchasing power equalisation with the wages of their U.S. counterparts.

- **Comparison with South Korea**. The case of South Korea, covered in pages 10, 11 and 12, dramatically exposes how a State committed to social wellbeing can make real wages reach the ranks of those of the major economies. Instead of the guidelines of the Washington consensus, South Korea chose endogenous development by strengthening its domestic market's aggregate demand and selectively opening its economic sectors. The outcome cannot be more divergent with the Mexican reality, for its equalisation index is more than four times greater than Mexico's (72 over 17), irrespective of the fact that 33 years ago it was barely a third of Mexico's (page 20). This dramatic contrast in the results becomes all the more evident when comparing the mutual proportion of real wages of both countries between 1975 and 2008 (page 22). Whilst in 1975 Mexico's real wage index –relative to South Korea's and vice versa– was 275 to 36, in 2008 the proportion had more than inverted, for the same comparison is now of 24 for Mexico vis-à-vis 410, despite the drop experienced by South Korea in 2008.

- **Comparison with Spain.** The world's eighth economy exhibits once again the decay of Mexican wages and the exploitative nature of Mexico's mafia State. In 1975 both countries had the exact same cost of living in PPP terms of $0,78 for U.S. $1. Equalisation indices then were 51 for Spain and 30 for Mexico. When Spain became a representative democracy and joined the European Union, it favoured domestic market development, equalising living standards through the generation of aggregate demand, via the progressive increase of real wages and not through an exporting strategy anchored on the bequest of Spanish workers under conditions of modern slave work. In this way, Spain leaves Mexico behind, reaching in 2008 an 89 index, a 75% increase since 1975 (page 21). By the same token, when comparing the mutual proportion for manufacturing real wages between 1975 and 2008 (page 23), we find that if in 1975 Mexico's real wage index –relative to Spain's and vice versa– was 58 to 172, in 2008 the proportions had dramatically transformed, for the same comparison is now of 20 for Mexico and 510 vis-à-vis Spain's wages.

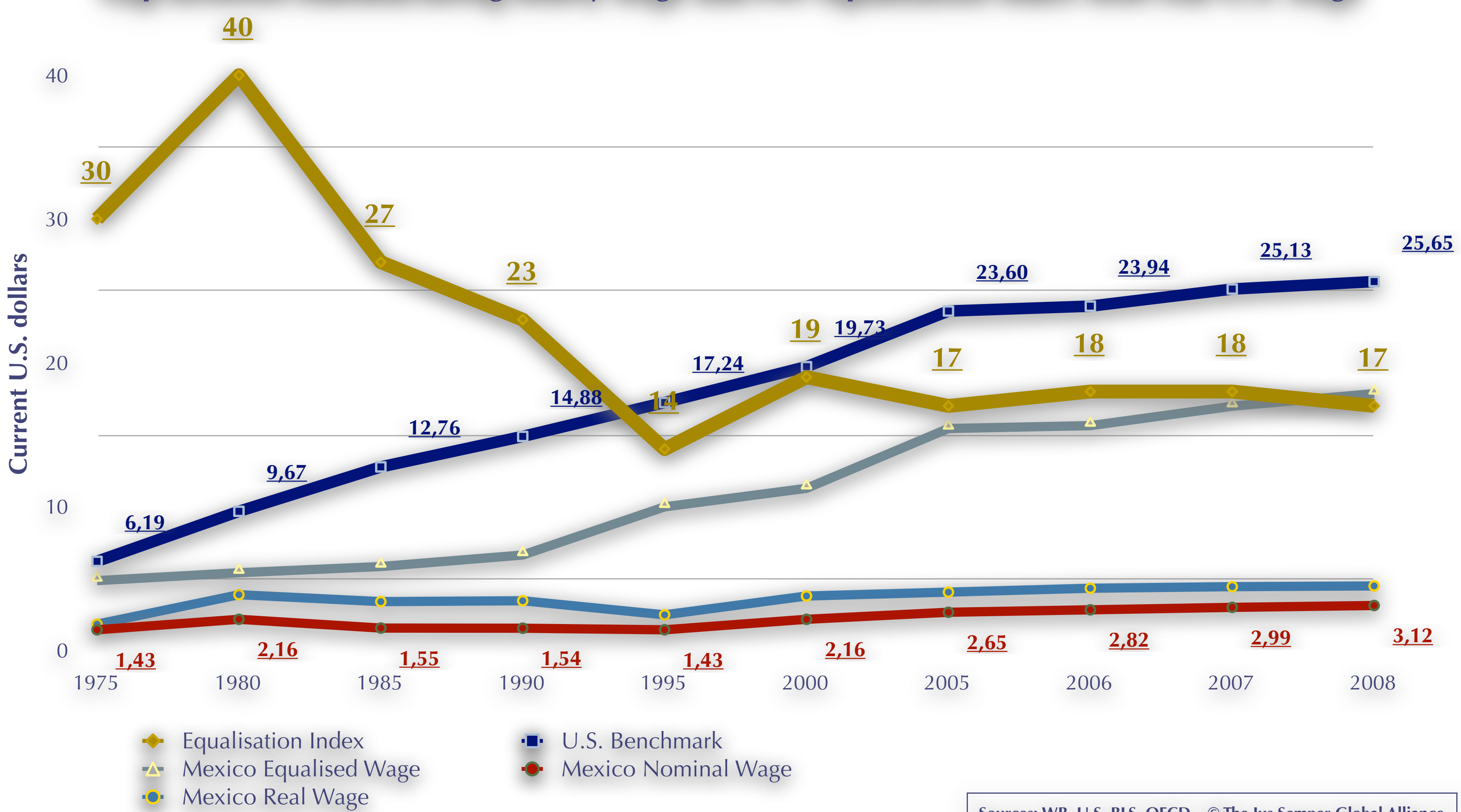
Main features of the state of manufacturing wages in Mexico

- **Behaviour of comparative indices of manufacturing hourly real wages of each country vis-à-vis the equivalent Mexican wage.** When performing the preceding comparison with the remaining economies selected for this assessment, there is a clearly consistent trend for each of the countries (Singapore, Brazil, Hong Kong and Argentina: page 24), (Japan, South Korea and Canada: page 25), (Spain, Italy and France: page: 26), (Germany, United Kingdom and United States: page 27) in which almost all countries increase their advantage in their comparative indices vis-à-vis the Mexican equivalent real wage. This is true even for countries with lower indices than Mexico in 1980, as is the case for Singapore and Hong Kong. Brazil is the only case with an index lower in 2008 (213) that in 1996 (332) –a result of the "tequila effect recession" at the end of the nineties and beginning of the current decade– but, irrespectively, it is still more than twice the real Mexican wage. In the case of Argentina –where data is only available for all manufacturing employees– the trend is once again consistent, and if in 1996 its index was 197, in 2008 it is 332, despite enduring one of the direst economic debacles in the world ever recorded (page 24).

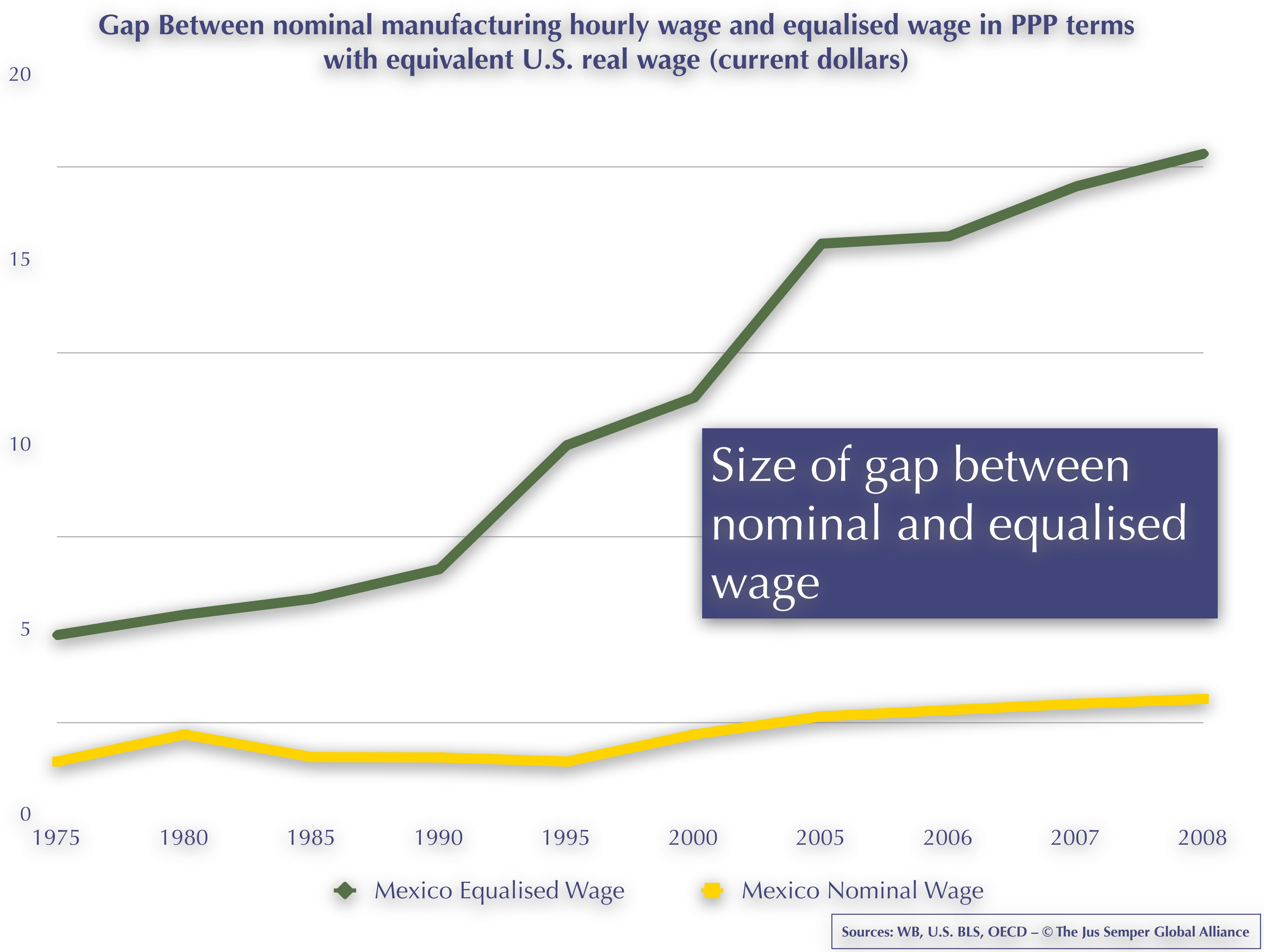
- Relative to the United States –which acts as the benchmark for purchasing power parities and, consequently, for wage equalisation– the trend is also highly consistent, for its wage indices with Mexico –between 1975 and 2008– increase from 336 to 573. This relationship has all the odds in favour of continuing to worsen, for, on top of the deliberate policy of pauperisation of the Mexican State, the United States has increased its federal minimum wage 13,6% in 2007, 12% in 2008 and 10,7% in 2009, according to the Department of Labour. Such increases guarantee that the equalisation gap for real wages between both countries will continue to widen dramatically.

Between 1975 and 2008, the Mexican hourly equalised manufacturing wage –the wage required to receive an equivalent remuneration to that of their U.S. counterparts– increased 272% –due to the PPP cost of living increase in Mexico– going from $4,80 in 1975 to $17,86 U.S. dollars in 2008. Nonetheless, the Mexican hourly manufacturing wage increased nominally only 118%, from 1,43 in 1975 to only 3,12 U.S. dollars in 2008. This explains the drop of 58% in the level of equalisation previously discussed –for equalisation levels increased 2,3 times more than nominal wages did– and that Mexican manufacturing wages provide only 17% of what they should be providing in purchasing power if they were to be equalised.

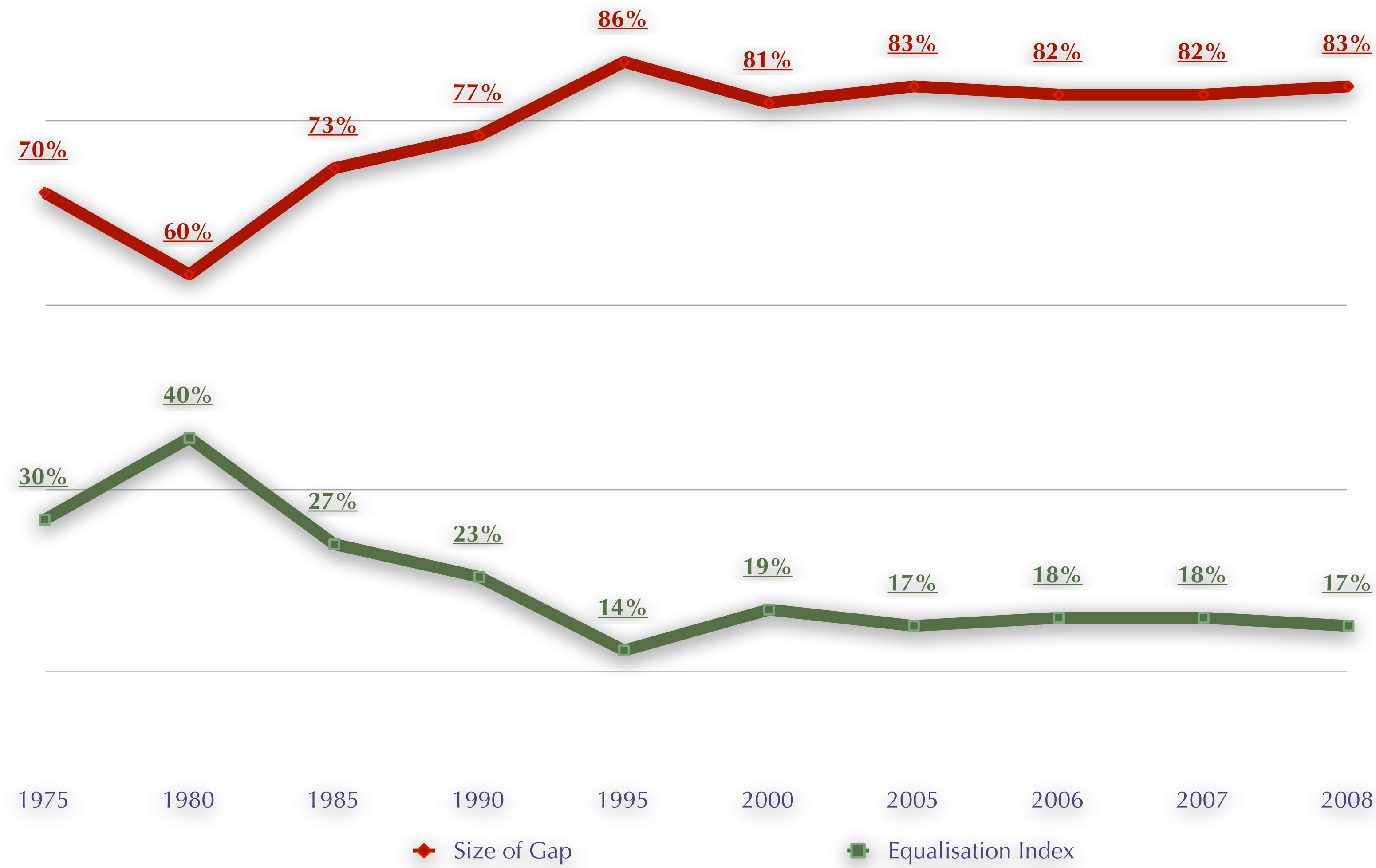
Gap between manufacturing hourly wage and PPP equalisation index with real U.S. wage



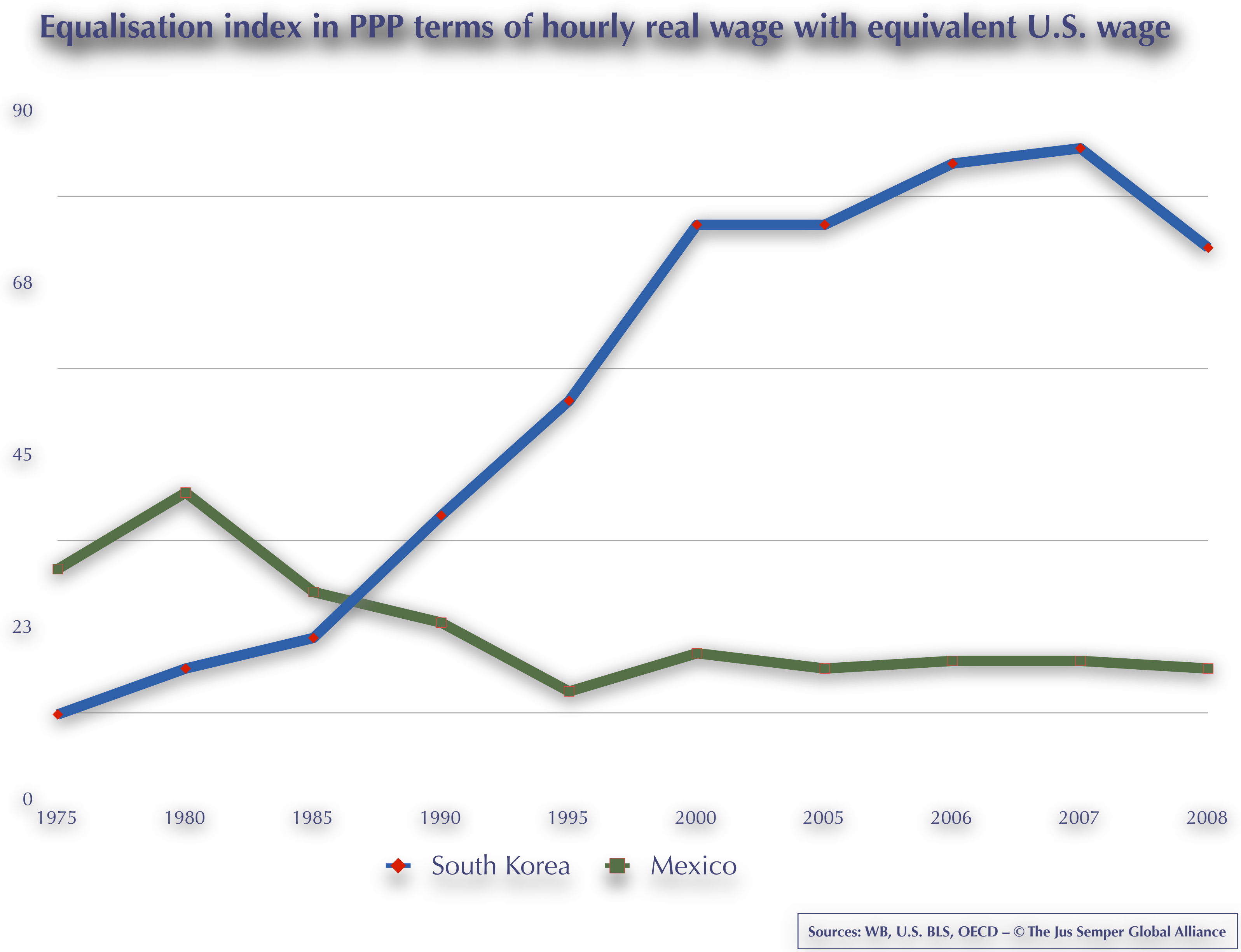
Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

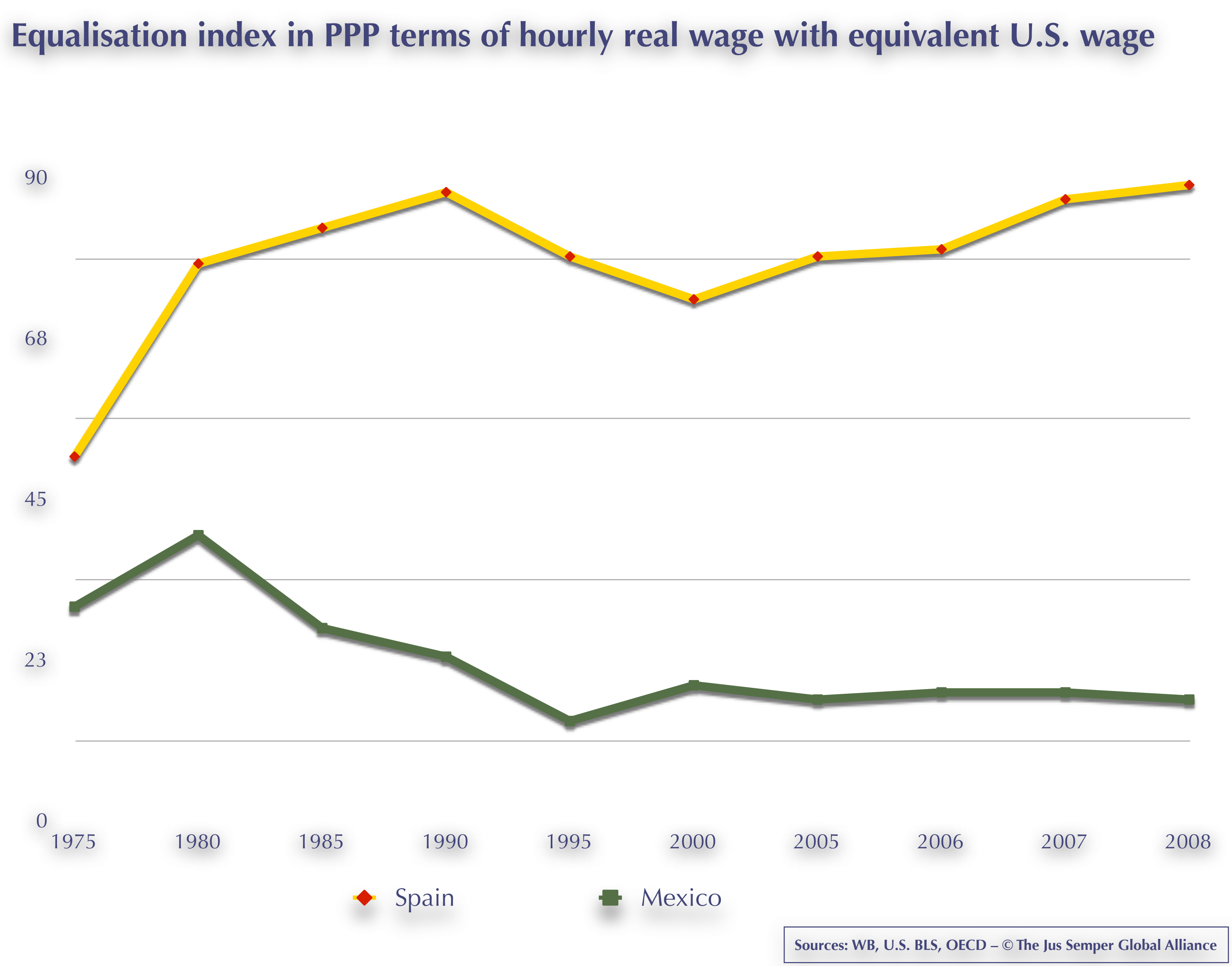

Gap Between nominal manufacturing hourly wage and equalised wage in PPP terms
with equivalent U.S. real wage (current dollars)
20
15
10
5
0
1975
1980
1985
1990
1995
2000
2005
2006
2007
2008
Size of gap between nominal and equalised wage
Mexico Equalised Wage
Mexico Nominal Wage
Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

Gap between equalisation index and size of manufacturing hourly real wage gap in Mexico vis-à-vis U.S. real wage

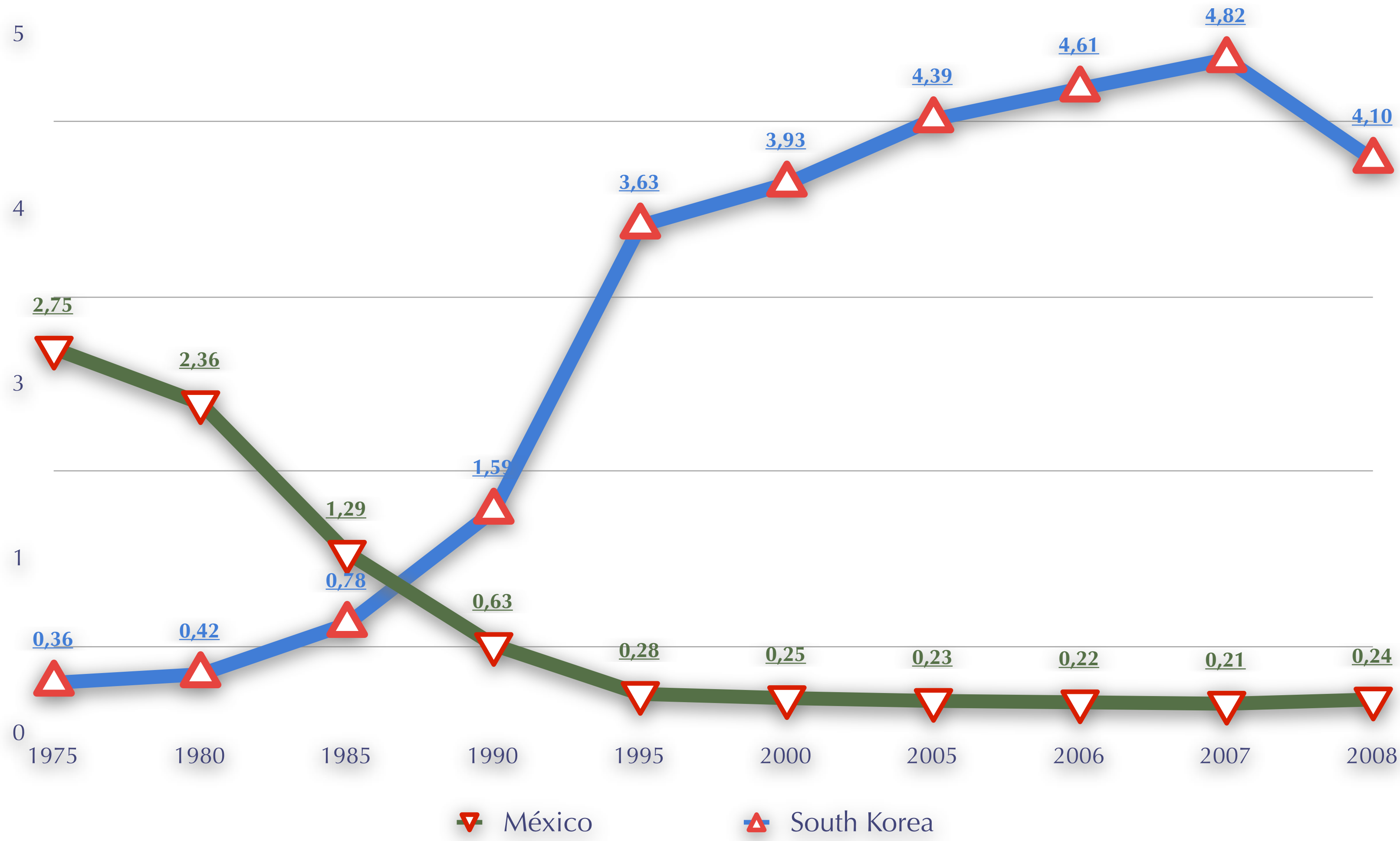


Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

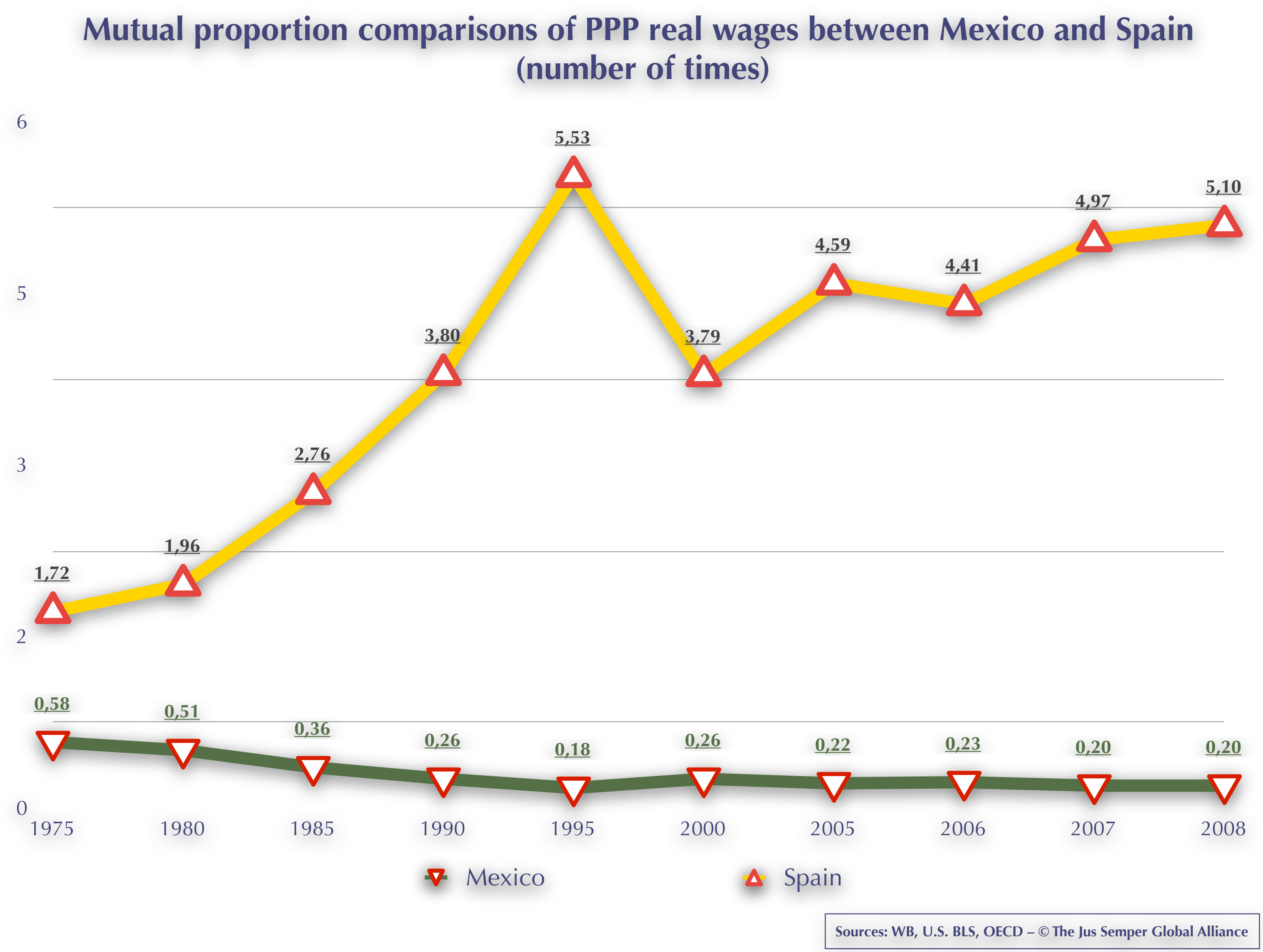

Equalisation index in PPP terms of hourly real wage with equivalent U.S. wage
90
68
45
23
0
1975
1980
1985
1990
1995
2000
2005
2006
2007
2008
South Korea
Mexico
Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance


Equalisation index in PPP terms of hourly real wage with equivalent U.S. wage
90
68
45
23
0
1975
1980
1985
1990
1995
2000
2005
2006
2007
2008
Spain
Mexico
Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

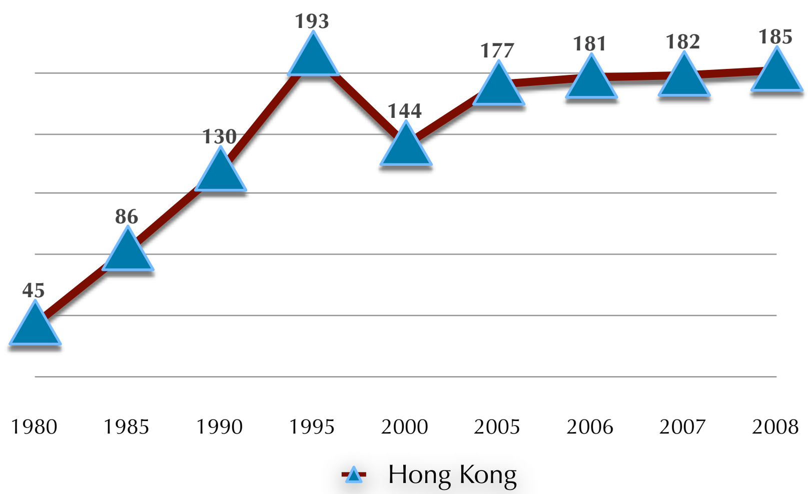
Mutual proportion comparisons of PPP real wage between Mexico and South Korea (number of times)

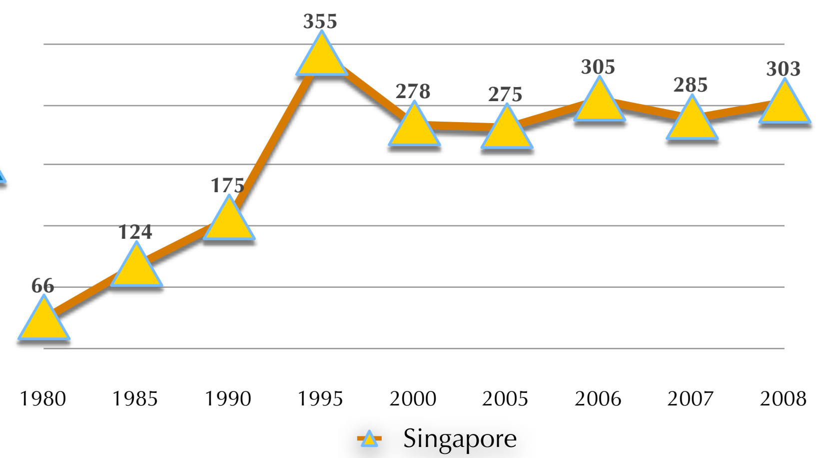


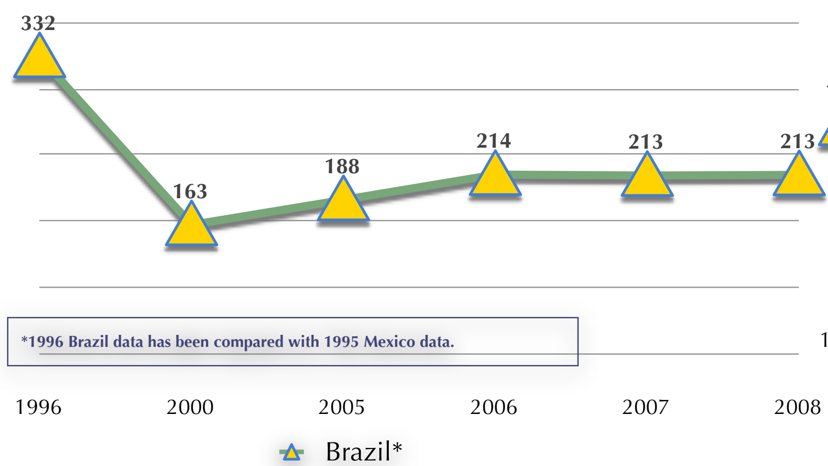
Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

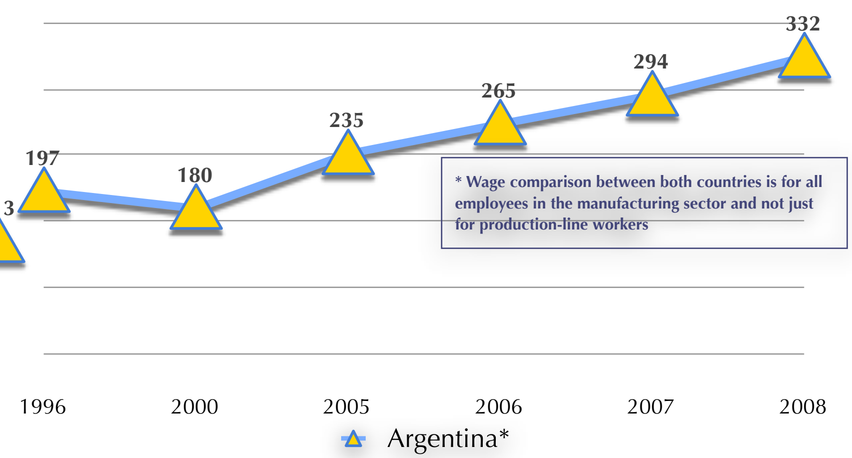

Mutual proportion comparisons of PPP real wages between Mexico and Spain
(number of times)
6
5
3
2
0
5,53
5,10
4,97
4,59
4,41
3,80
3,79
2,76
1,96
1,72
0,58
0,51
0,36
0,26
0,18
0,26
0,22
0,23
0,20
0,20
1975
1980
1985
1990
1995
2000
2005
2006
2007
2008
Mexico
Spain
Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

Behaviour of comparative indices of manufacturing hourly real wages of each country vis-à-vis the equivalent Mexican wage (Mexico = 100)



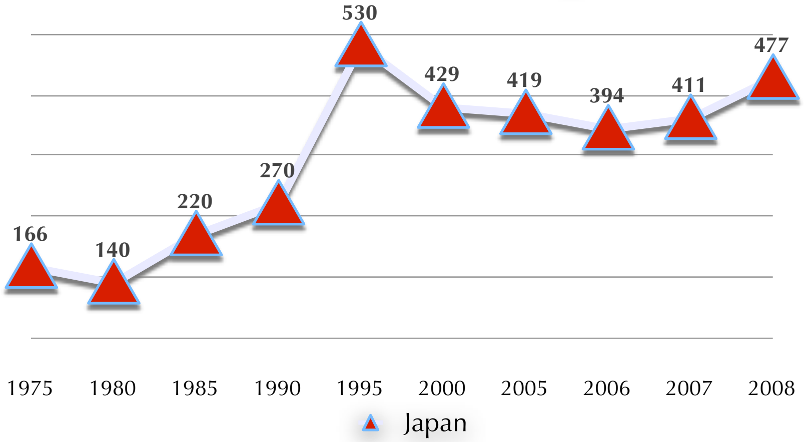


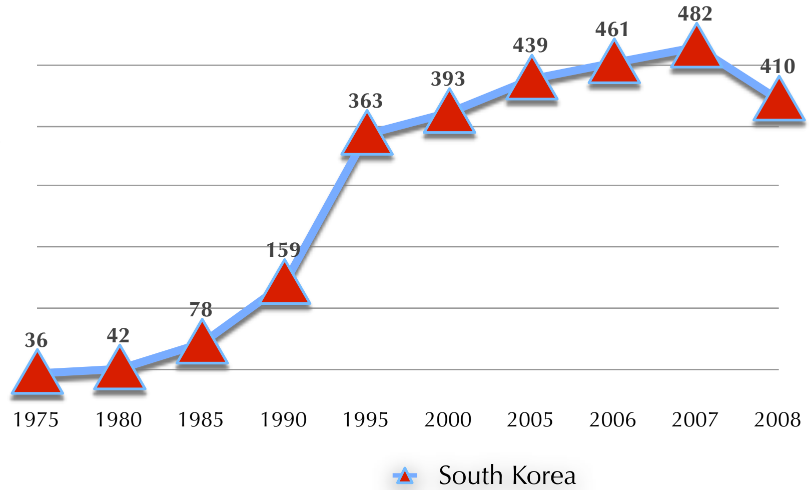


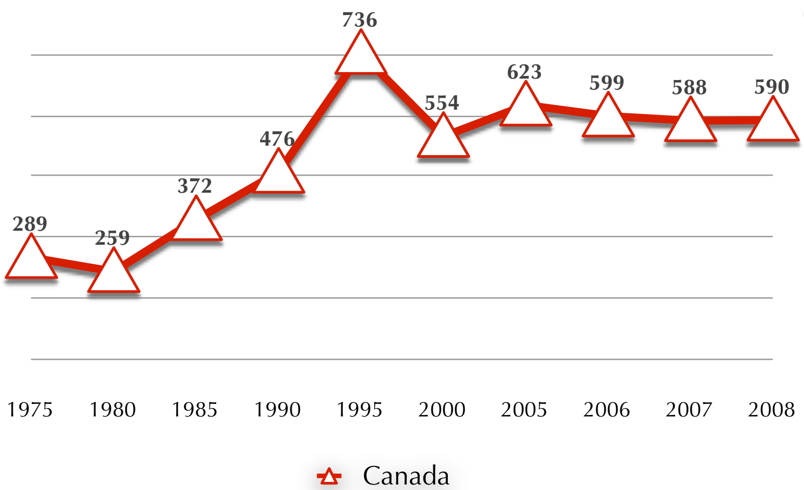


Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

Behaviour of comparative indices of manufacturing hourly real wages of each country vis-à-vis the equivalent Mexican wage (Mexico = 100)

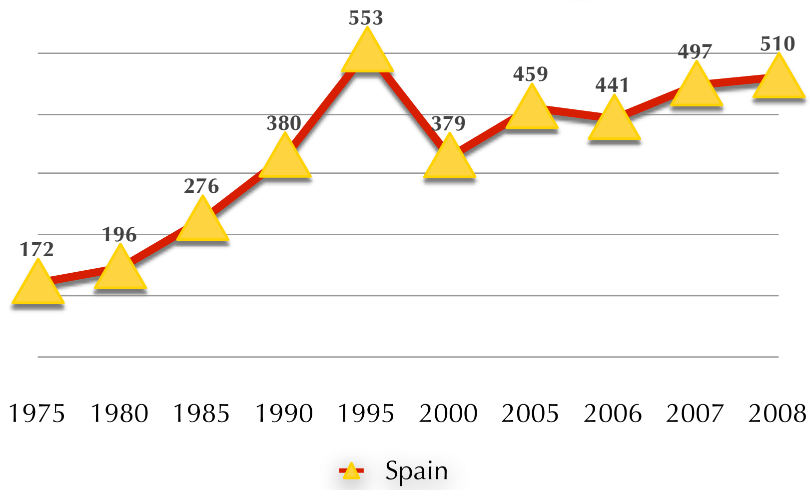


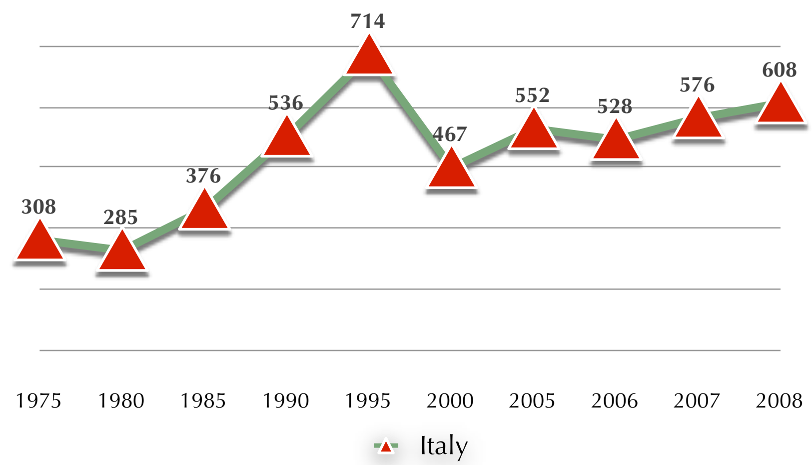


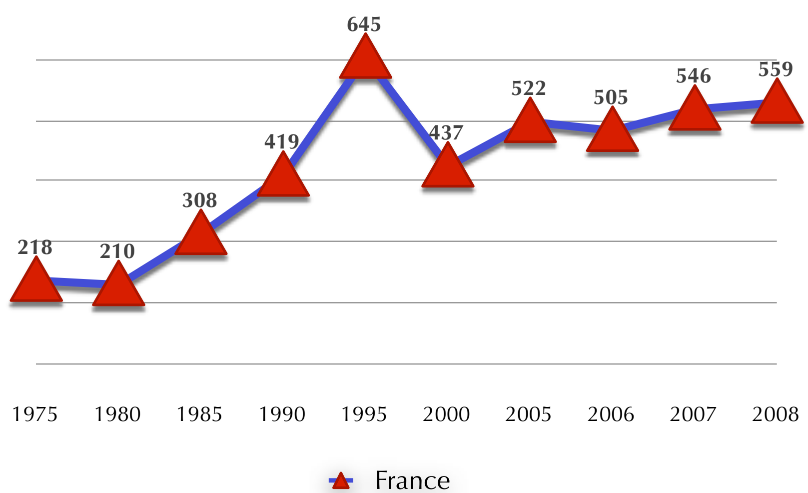


Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

Behaviour of comparative indices of manufacturing hourly real wages of each country vis-à-vis the equivalent Mexican wage (Mexico = 100)

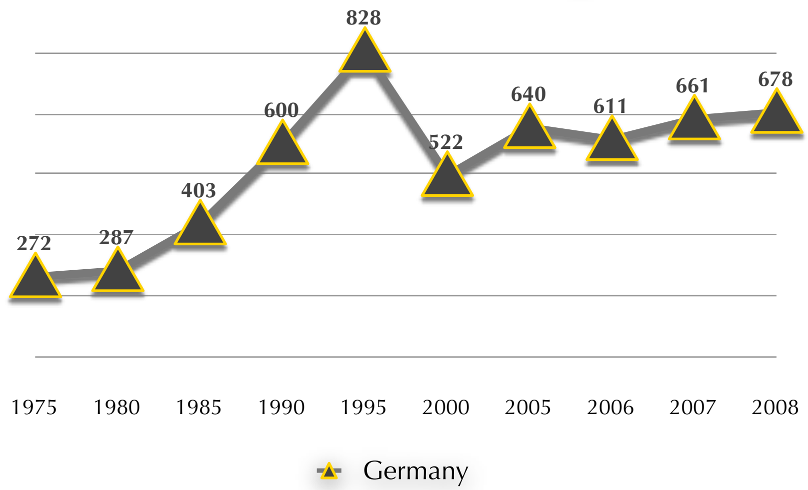


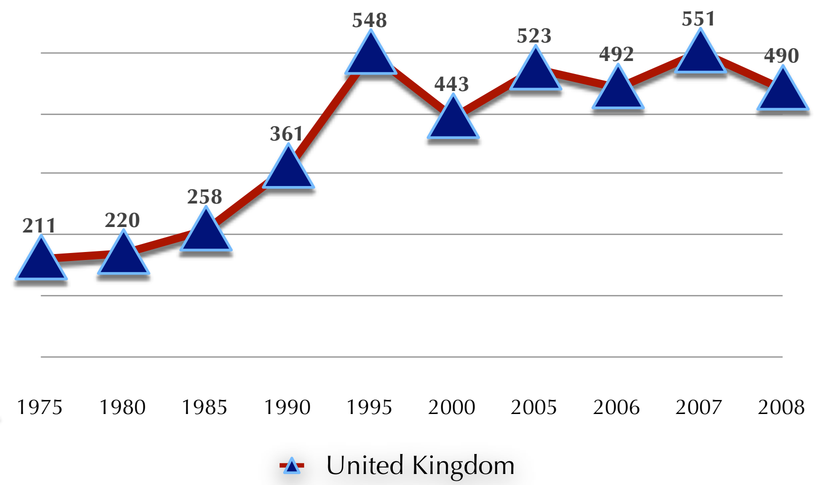


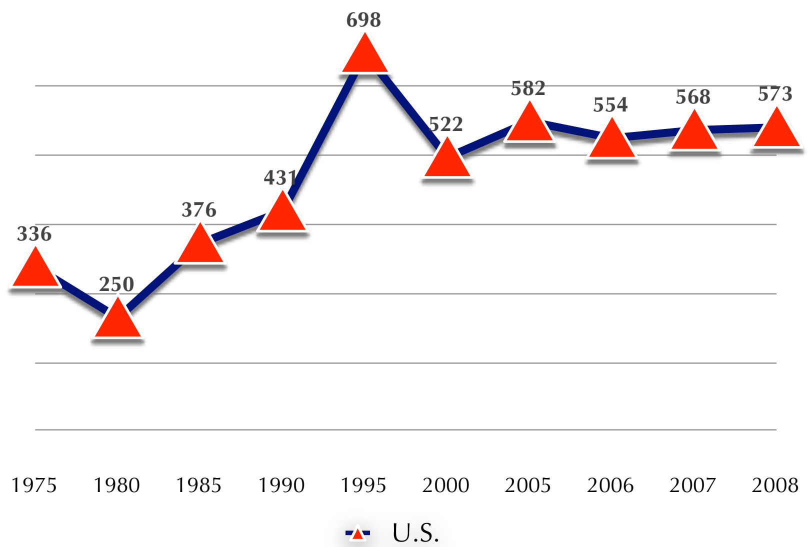


Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

Behaviour of comparative indices of manufacturing hourly real wages of each country vis-à-vis the equivalent Mexican wage (Mexico = 100)







Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

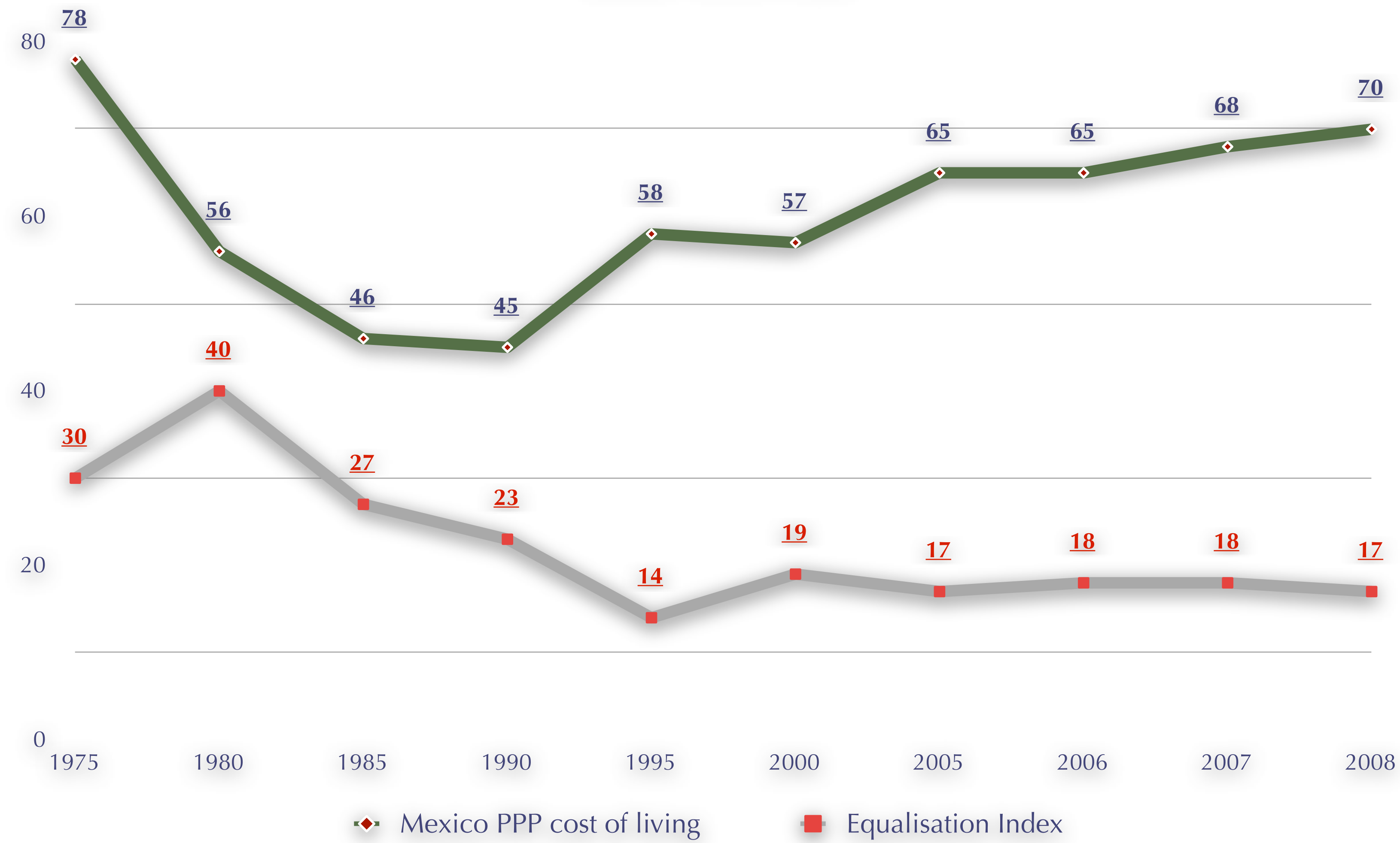
Performance of equalisation indices of manufacturing real wage and behaviour of PPP indices

- **Performance of equalisation indices of Mexico's PPP manufacturing hourly real wage vis-à-vis U.S. counterparts and behaviour of Mexico`s purchasing power parity indices.** In the following chart (page 29) it is clearly observed that in the case of Mexico –in great contrast with the other countries– there is no relationship between wage equalisation and PPP indices. If in 1975 the equalisation index was 30 and the PPP 78, and in 1980 –at the start of the "crisis"– the same relation became 40 and 56 respectively –and both indicators dropped during the eighties with the subsequent "crises", beginning in the nineties the PPP indices increased consistently whilst the equalisation indices continued dropping until they levelled off at a miserable plateau (at the nadir) at present.

- This does not hold true in the relationship between the same indicators for the other countries. Irrespective of the size of the gaps, in all cases equalisation levels tend to increase and approach –or at least maintain the same ratio– with the PPP cost of living indices. In the case of Singapore and Hong Kong, the curves show an approaching trend, particularly after 2000 (page 30). In the case of Brazil, after wages recovered partially, following the crisis at the turn of this century, the relationship between equalisation and PPP has remained stable (page 30). In Argentina's case (page 31) there is a dramatic drop in the cost of living as a result of the deep devaluation of 68% in 2002, but not in the case of equalisation levels, which have even increased at a faster pace than the cost of living. Thus the curve of equalisation growth has now surpassed the PPP curve and moves along in parallel. In the case of all other countries, the equalisation curves tend to approach the PPP curve and maintain a close distance, often superior, particularly in the case of Canada, Italy and Germany, which enjoy wage equalisation indices with the United States above 100 (pages 31, 32 and 33).

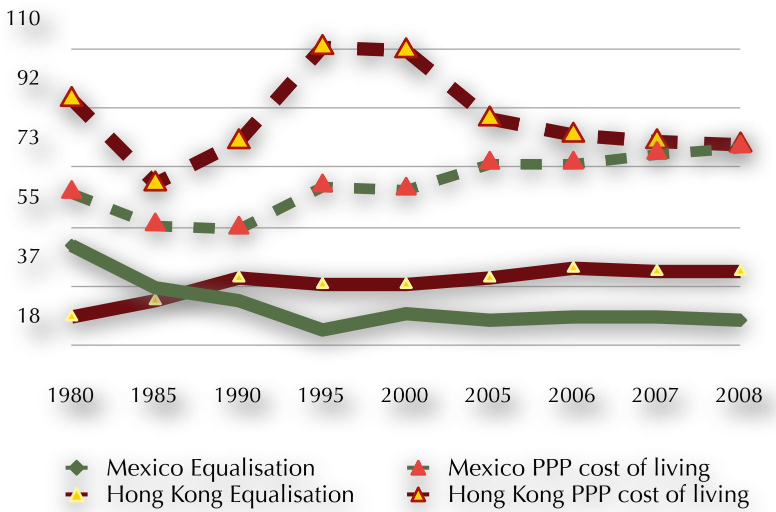
- In essence, whilst in all countries included in this assessment, the relationship between the wage equalisation and PPP cost of living curves tend to converge and, exceptionally, to maintain the same ratio, in the case of Mexico these curves exhibit an explosive divergence in pathways through time. This makes evident, once again, the absence of a policy that allows for increasing or at least maintaining the same ratio between the value of real wages and the cost of living.

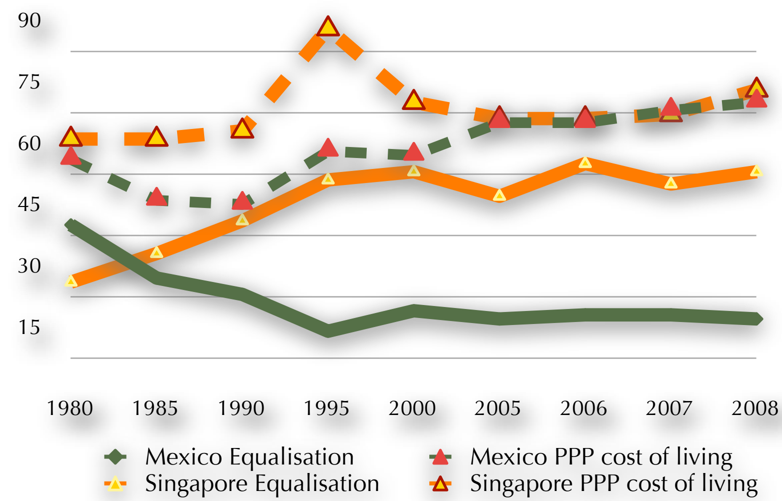
Performance of equalisation indices of Mexico's PPP manufacturing hourly real wage vis-à-vis U.S. counterparts and behaviour of Mexico's purchasing power parity indices (cost of living in PPP terms – U.S.= 100)

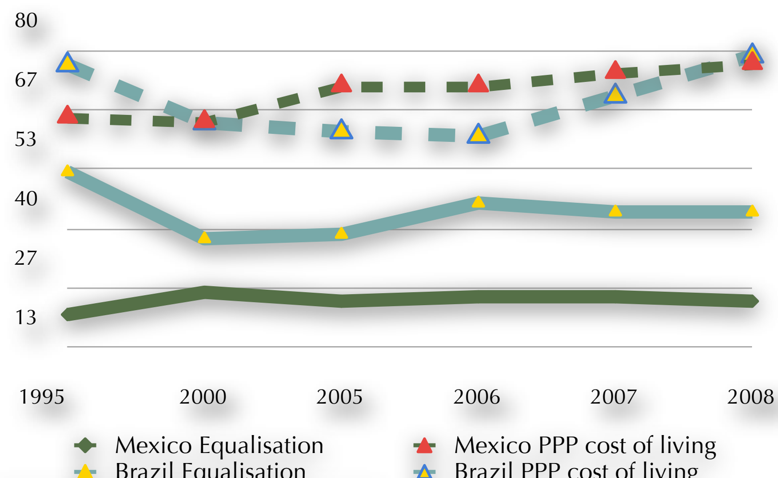


Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

Performance of Mexico's equalisation indices of PPP manufacturing hourly real wage and behaviour of purchasing power parity indices (cost of living in PPP terms) with selected countries relative to their U.S. counterparts



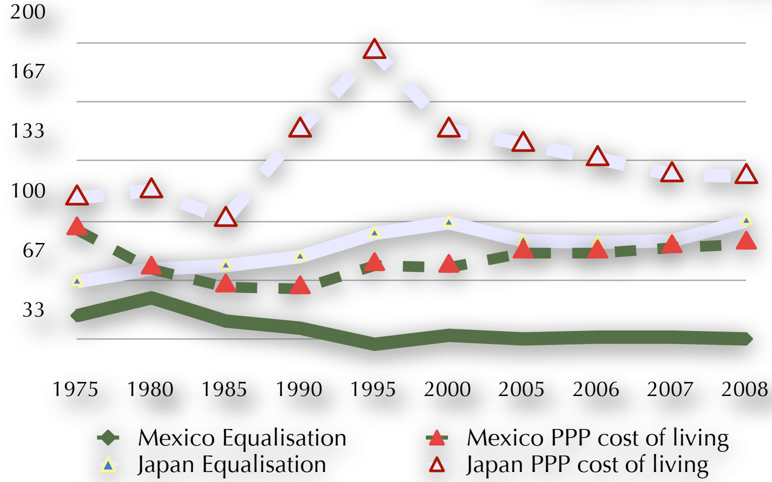


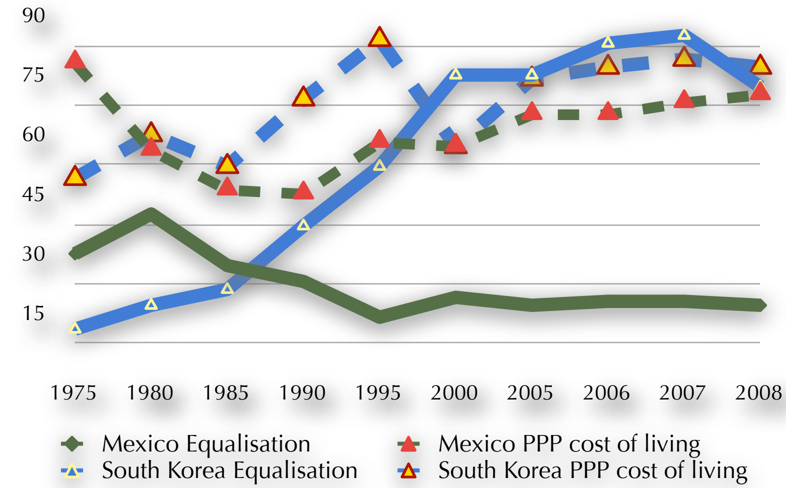


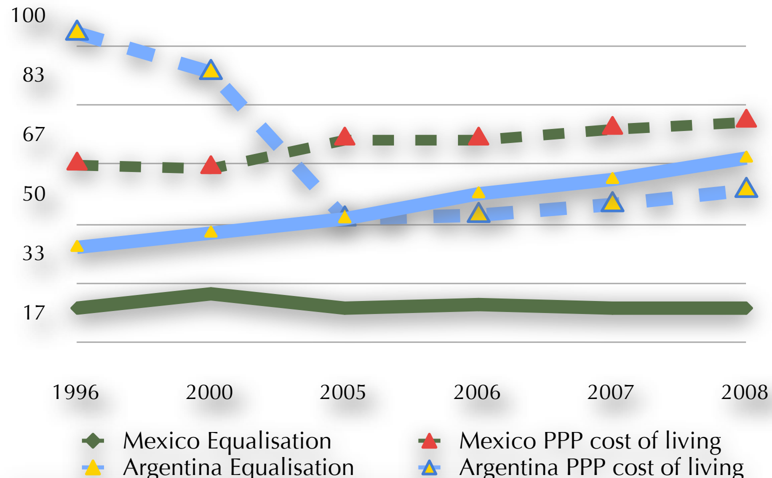
***1995 data for Brazil is actually for 1996**

Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

Performance of Mexico's equalisation indices of PPP manufacturing hourly real wage and behaviour of purchasing power parity indices (cost of living in PPP terms) with selected countries relative to their U.S. counterparts



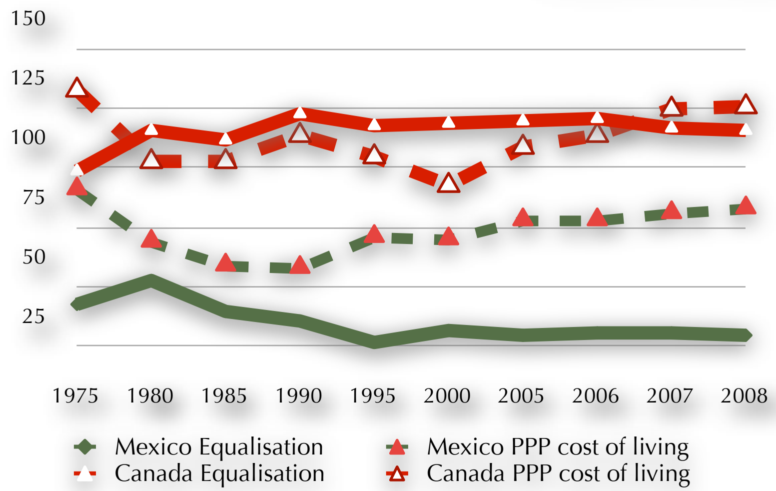


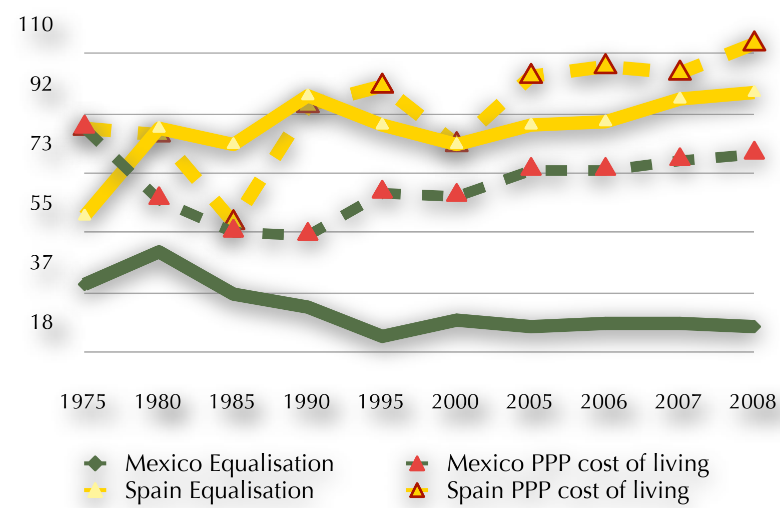


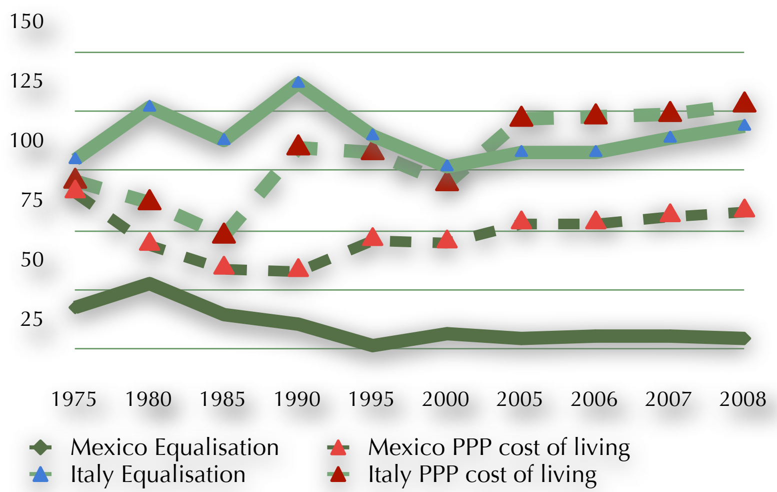
* Wage for both countries are for all manufacturing sector employees and not just for production-line workers

Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

Performance of Mexico's equalisation indices of PPP manufacturing hourly real wage and behaviour of purchasing power parity indices (cost of living in PPP terms) with selected countries relative to their U.S. counterparts

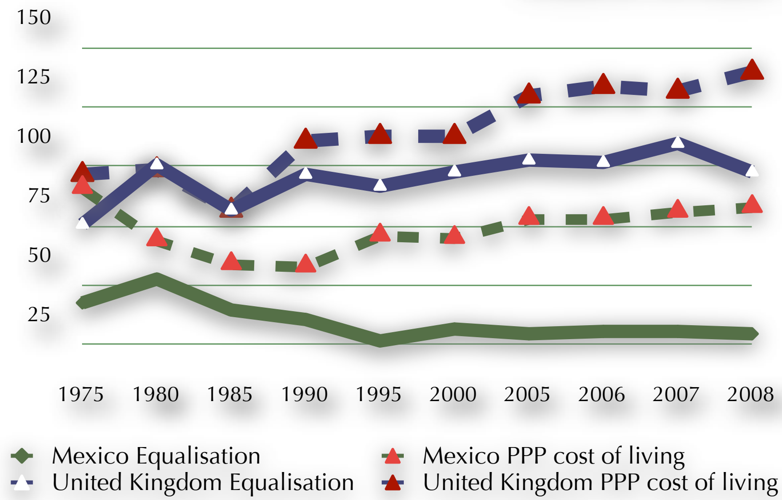


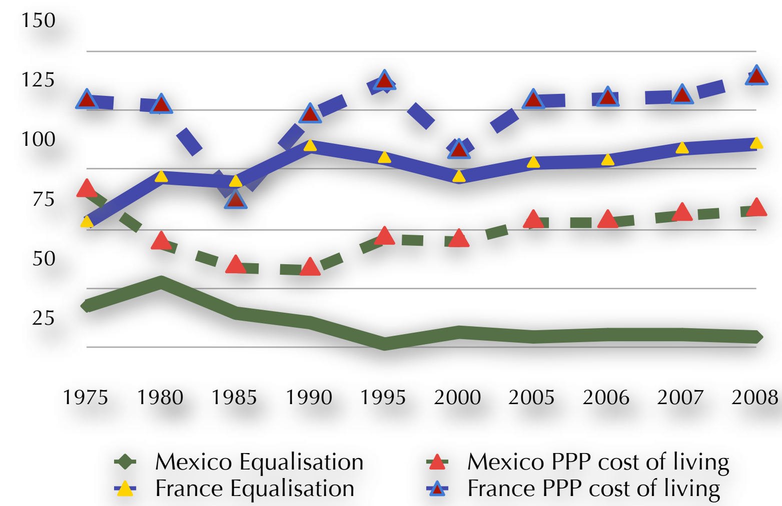


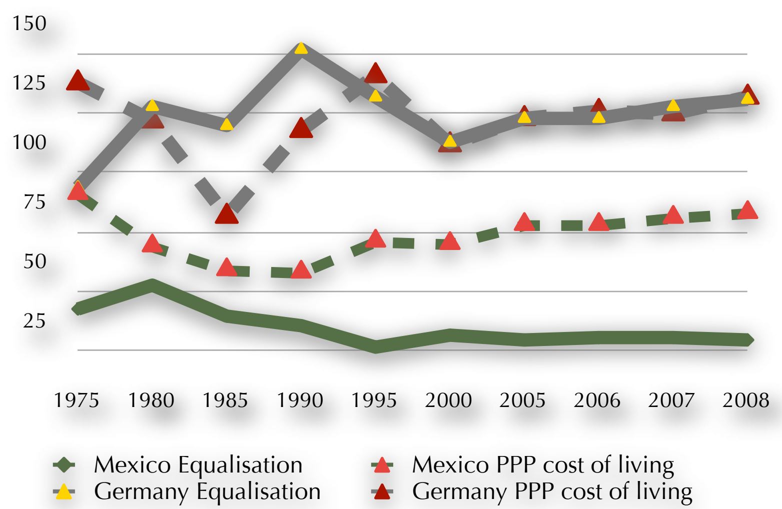


Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

Performance of Mexico's equalisation indices of PPP manufacturing hourly real wage and behaviour of purchasing power parity indices (cost of living in PPP terms) with selected countries relative to their U.S. counterparts







Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

Thirty-year projection of the closing of the real wage equalisation gap

Projection of real wage equalisation in the manufacturing sector for production-line workers between Mexico and the United States in the term of thirty years, based on TLWNSI's concept

- Using as the benchmark the manufacturing wages for production-line workers in the U.S. in 2008, the following chart (page 35) illustrates the average increase required to close the hourly real wage gap of Mexican workers with their U.S. counterparts, in PPP and dollar terms, in the term of thirty years, starting in 2009. The projection is made assuming a context of stable global economic conditions. This would be reflected in relatively low inflation rates not just for Mexico and the U.S. but also for the entire world. This would assume a sustained growth of Mexico's economy in line with the U.S. economy, averaging 3%, which is less than ideal for a middle-income country, due to its total dependency on the U.S. economy. This would place Mexico's average growth below the average for Iberian America. Even though the assumed average inflation rate of 5% is slightly above that experienced between 2001 and 2009, it is still an optimistic assumption, given the inherent instability of the global system as well as of the administration of the State proper. Thus, it is likely that inflation will tend to increase as long as governments refuse to regulate the market –with a very visible and resolute hand– and insist on ceding control of the real economy to the casino-like speculative culture of the institutional investors of the financial sector economy. In this way, despite the absolute certainty of the occurrence of boom and bust periods both in Mexico and globally, the projection assumes that Mexico's economy will continue to grow at the mediocre average of 3% recorded between 1990 and 2008, which we also considered relatively optimistic, for the reasons discussed above.
- **Criteria used in the projection:**
  - ➡ Average U.S. consumer price index (CPI) (inflation): 3,5% (currently at 2%).
  - ➡ Average Mexican CPI: 5% (5,3% in 2009 and average of 4,8% between 2001 and 2009).
  - ➡ Real value of wages in the U.S. remains constant, increasing nominally by 3,5%, annually, to neutralise inflation.
  - ➡ World Bank indicators recorded a PPP of $0,70 for Mexico, equivalent to 70% of the U.S. cost of living in 2008. The nominal hourly wages for the U.S. and Mexico were $25,65 and $3,12, respectively.
  - ➡ The benchmarks –and starting point– used in this projection are the PPP manufacturing hourly real wages for both economies for the year 2008 (United States: $25,65 and Mexico: $4,48).
  - ➡ Wage figures are shown at constant prices, reflecting future purchasing power after applying inflation rates.
- **Results of the thirty-year projection:**
  - ➡ Results, as shown in the chart, require an average dollar rate of increase, of nominal wages, of 11,29% (6,29% in real terms) to close in thirty years the wage gap of Mexico's production-line manufacturing workers with their U.S. counterparts, after applying the criteria previously described.
  - ➡ Chart shows the behaviour of real wages for both the U.S. and Mexico over the thirty-year period.
  - ➡ Not shown on the chart, the projection made Mexico's cost of living 7% higher than in the U.S. at the end of thirty years. This amounts to a PPP index for Mexico of 107 in year 30, or 107,2% the cost of living in the U.S. Consequently, while nominal Mexican wages would show such relation, real wages would reach equalisation.
  - ➡ This thirty-year projection covers the 2009 to 2038 span of time.

Thirty-year projection of Mexico's equalisation of production-line manufacturing hourly real wages with wages of its U.S. counterparts, at a nominal average annual increase of 11,29% (6,29% real)

Not a forecasting analysis. This projection at no time pretends to forecast what would be the inflationary indices or the rates of wage increases that will occur in Mexico in the future. For this projection, the average behaviour of these indicators has been established in a discretionary manner – based on the data recorded in the last few years– with the only purpose of projecting the level of nominal wage increase required under these assumptions, to illustrate the closing of the living wage gap in Mexico. Parting from the assessment of the wage policy, reflected in the behaviour of real wages in the Mexican manufacturing sector since 1975, the probability that this projection materialises, under current State policy, is zero.

Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

- **Prospectus.** The future of production-line manufacturing wages in Mexico is absolutely ominous unless society removes from power those who have imposed the mafia State and impose a citizen's government of real democracy. Every year the government's economic policies contain or further erode real wages. Additionally, the State has unleashed a policy of repression of the rights of freedom of association and to organise and collective bargaining. The deep impoverishment of Mexicans is a fact. Official data acknowledge that 81% of Mexicans are poor (Coneval 2009). By the same token, based on INEG's 2006 National Survey of Occupation and Employment, it is estimated that in 2006 the minimum wage could only afford 22,5% of the cost of the so-called basic basket of 40 goods (CBI) deemed essential for survival (Sánchez Juárez: 2006). Parting from these findings, it is estimated that 77% of the economically-active population does not earn the wage required to acquire a CBI. Moreover, the government began 2010 with strong price increases in the energy sector, which guarantee a greater pauperisation of real wages. This prospectus is the same conveyed in the 2007 report, for the deprivation, depredation and deliberate pauperisation – as a State policy– continue deepening.

- In summary, more than a quarter century of predatory capitalism in Mexico exposes, decisively, a government's policy –from the perspective of manufacturing wages– of perverse and premeditated pauperisation and exploitation of Mexican labour, for the only public policy of the mafia State is to govern for the benefit of domestic and foreign institutional investors and their corporations. In this way, as long as the "robber baron" elites currently in power remain in control, the deepening of the pauperisation of Mexico's population is more than guaranteed, in such a way that the odds in favour of making the closing of Mexico's living wage gap in the term of thirty years a reality is currently zero.

The Jus Semper Global Alliance – Living-Wage-Gap and Equalisation analysis (vis-à-vis the U.S.) for PL manufacturing workers in purchasing power parity terms 1975-2008

		1975	1980	1985	1990	1995	2000	2005	2006	2007	2008
Benchmark	**U.S. Hourly Production-line Rate**	**6,19**	**9,67**	**12,76**	**14,88**	**17,24**	**19,73**	**23,6**	**23,94**	**25,13**	**25,65**
Canada	GNI PPPs in country currency*	1,222	1,055	1,233	1,180	1,270	1,190	1,167	1,146	1,198	1,202
	Exchange rate	1,017	1,169	1,366	1,167	1,373	1,486	1,212	1,134	1,073	1,066
	GNI PPPs in US Dollars	US$ 1,20	US$ 0,902	US$ 0,90	US$ 1,01	US$ 0,92	US$ 0,80	US$ 0,96	US$ 1,01	US$ 1,12	US$ 1,13
	2. Equalised PPP nominal compensation US $	US$ 7,44	US$ 8,73	US$ 11,52	US$ 15,05	US$ 15,95	US$ 15,80	US$ 22,72	US$ 24,19	US$ 28,07	US$ 28,92
	3. Actual Real compensation US $	US$ 5,33	US$ 10,00	US$ 12,62	US$ 16,44	US$ 18,16	US$ 20,95	US$ 25,23	US$ 25,85	US$ 26,04	US$ 26,41
	4. Actual Nominal compensation US $	US$ 6,40	US$ 9,02	US$ 11,39	US$ 16,62	US$ 16,80	US$ 16,78	US$ 24,29	US$ 26,12	US$ 29,08	US$ 29,78
	Compensation Deficit in US $ (2 minus 4)	US$ 1,04	US$ (0,29)	US$ 0,13	US$ (1,57)	US$ (0,85)	US$ (0,98)	US$ (1,57)	US$ (1,93)	US$ (1,01)	US$ (0,86)
	Wage Equalisation index (4÷2 or 3÷1)	0,86	1,03	0,99	1,10	1,05	1,06	1,07	1,08	1,04	1,03
South Korea	GNI PPPs in country currency*	238,9	363,5	449,5	489,2	649,4	650,0	760,4	734,5	737,7	849,8
	Exchange rate	484	607,4	870	707,8	771,3	1131	1024	954,3	929,0	1099
	GNI PPPs in US Dollars	US$ 0,49	US$ 0,60	US$ 0,52	US$ 0,69	US$ 0,84	US$ 0,57	US$ 0,74	US$ 0,77	US$ 0,79	US$ 0,77
	2. Equalised PPP nominal compensation US $	US$ 3,06	US$ 5,79	US$ 6,59	US$ 10,28	US$ 14,52	US$ 11,34	US$ 17,52	US$ 18,42	US$ 19,96	US$ 19,83
	3. Actual Real compensation US $	US$ 0,67	US$ 1,64	US$ 2,63	US$ 5,50	US$ 8,97	US$ 14,86	US$ 17,78	US$ 19,91	US$ 21,34	US$ 18,37
	4. Actual Nominal compensation US $	US$ 0,33	US$ 0,98	US$ 1,36	US$ 3,80	US$ 7,55	US$ 8,54	US$ 13,20	US$ 15,32	US$ 16,95	US$ 14,20
	Compensation Deficit in US $ (2 minus 4)	US$ 2,73	US$ 4,81	US$ 5,23	US$ 6,48	US$ 6,97	US$ 2,80	US$ 4,32	US$ 3,10	US$ 3,01	US$ 5,63
	Wage Equalisation index (4÷2 or 3÷1)	0,11	0,17	0,21	0,37	0,52	0,75	0,75	0,83	0,85	0,72

The Jus Semper Global Alliance – Living-Wage-Gap and Equalisation analysis (vis-à-vis the U.S.) for PL manufacturing workers in purchasing power parity terms 1975-2008

		1975	1980	1985	1990	1995	2000	2005	2006	2007	2008
Benchmark	**U.S. Hourly Production-line Rate**	6,19	9,67	12,76	14,88	17,24	19,73	23,6	23,94	25,13	25,65
Japan	GNI PPPs in country currency*	286	225,9	199,7	194,4	167,4	144,0	138,2	136,8	128,1	112,0
	Exchange rate	296,7	225,7	238,5	145,0	94,0	107,8	110,1	116,3	117,8	103,4
	GNI PPPs in US Dollars	US$ 0,96	US$ 1,00	US$ 0,84	US$ 1,34	US$ 1,78	US$ 1,34	US$ 1,26	US$ 1,18	US$ 1,09	US$ 1,08
	2. Equalised PPP nominal compensation US $	US$ 5,97	US$ 9,68	US$ 10,69	US$ 19,95	US$ 30,72	US$ 26,36	US$ 29,62	US$ 28,16	US$ 27,33	US$ 27,79
	3. Actual Real compensation US $	US$ 3,06	US$ 5,43	US$ 7,45	US$ 9,34	US$ 13,10	US$ 16,24	US$ 16,98	US$ 17,00	US$ 18,18	US$ 21,37
	4. Actual Nominal compensation US $	US$ 2,95	US$ 5,43	US$ 6,24	US$ 12,52	US$ 23,34	US$ 21,69	US$ 21,31	US$ 19,99	US$ 19,77	US$ 23,15
	Compensation Deficit in US $ (2 minus 4)	US$ 3,02	US$ 4,25	US$ 4,45	US$ 7,43	US$ 7,38	US$ 4,67	US$ 8,31	US$ 8,17	US$ 7,56	US$ 4,64
	Wage Equalisation index (4÷2 or 3÷1)	0,49	0,56	0,58	0,63	0,76	0,82	0,72	0,71	0,72	0,83
France	GNI PPPs in country currency*	4,978	4,815	6,689	6,003	6,186	1,033	0,935	0,930	0,861	0,857
	Exchange rate	4,282	4,22	8,98	5,447	4,986	1,083	0,803	0,796	0,7293	0,679
	GNI PPPs in US Dollars	US$ 1,16	US$ 1,14	US$ 0,74	US$ 1,10	US$ 1,24	US$ 0,95	US$ 1,16	US$ 1,17	US$ 1,18	US$ 1,26
	2. Equalised PPP nominal compensation US $	US$ 7,20	US$ 11,03	US$ 9,50	US$ 16,40	US$ 21,39	US$ 18,81	US$ 27,48	US$ 27,96	US$ 29,68	US$ 32,37
	3. Actual Real compensation US $	US$ 4,02	US$ 8,11	US$ 10,43	US$ 14,49	US$ 15,93	US$ 16,53	US$ 21,16	US$ 21,81	US$ 24,16	US$ 25,05
	4. Actual Nominal compensation US $	US$ 4,67	US$ 9,25	US$ 7,77	US$ 15,97	US$ 19,77	US$ 15,76	US$ 24,64	US$ 25,48	US$ 28,53	US$ 31,61
	Compensation Deficit in US $ (2 minus 4)	US$ 2,53	US$ 1,78	US$ 1,73	US$ 0,43	US$ 1,62	US$ 3,05	US$ 2,84	US$ 2,48	US$ 1,15	US$ 0,76
	Wage Equalisation index (4÷2 or 3÷1)	0,65	0,84	0,82	0,97	0,92	0,84	0,90	0,91	0,96	0,98
Germany	GNI PPPs in country currency*	3,062	1,986	2,039	1,692	1,832	1,076	0,887	0,897	0,831	0,807
	Exchange rate	2,455	1,815	2,942	1,617	1,432	1,083	0,803	0,796	0,7293	0,679
	GNI PPPs in US Dollars	US$ 1,25	US$ 1,09	US$ 0,69	US$ 1,05	US$ 1,28	US$ 0,99	US$ 1,10	US$ 1,13	US$ 1,14	US$ 1,19
	2. Equalised PPP nominal compensation US $	US$ 7,72	US$ 10,58	US$ 8,84	US$ 15,57	US$ 22,06	US$ 19,60	US$ 26,06	US$ 26,97	US$ 28,64	US$ 30,47
	3. Actual Real compensation US $	US$ 5,02	US$ 11,11	US$ 13,65	US$ 20,74	US$ 20,45	US$ 19,75	US$ 25,93	US$ 26,37	US$ 28,82	US$ 30,36
	4. Actual Nominal compensation US $	US$ 6,26	US$ 12,16	US$ 9,46	US$ 21,71	US$ 26,17	US$ 19,62	US$ 28,64	US$ 29,70	US$ 32,85	US$ 36,07
	Compensation Deficit in US $ (2 minus 4)	US$ 1,46	US$ (1,58)	US$ (0,62)	US$ (6,14)	US$ (4,11)	US$ (0,02)	US$ (2,58)	US$ (2,73)	US$ (4,21)	US$ (5,60)
	Wage Equalisation index (4÷2 or 3÷1)	0,81	1,15	1,07	1,39	1,19	1,00	1,10	1,10	1,15	1,18
Italy	GNI PPPs in country currency*	539,5	636,1	1149,4	1166,2	1544,5	0,892	0,875	0,879	0,809	0,782
	Exchange rate	652,4	855,1	1909	1198	1629	1,083	0,803	0,796	0,7293	0,679
	GNI PPPs in US Dollars	US$ 0,83	US$ 0,74	US$ 0,60	US$ 0,97	US$ 0,95	US$ 0,82	US$ 1,09	US$ 1,10	US$ 1,11	US$ 1,15
	2. Equalised PPP nominal compensation US $	US$ 5,12	US$ 7,19	US$ 7,68	US$ 14,49	US$ 16,35	US$ 16,24	US$ 25,70	US$ 26,43	US$ 27,87	US$ 29,53
	3. Actual Real compensation US $	US$ 5,68	US$ 11,04	US$ 12,74	US$ 18,50	US$ 17,62	US$ 17,65	US$ 22,36	US$ 22,81	US$ 25,47	US$ 27,25
	4. Actual Nominal compensation US $	US$ 4,70	US$ 8,21	US$ 7,67	US$ 18,01	US$ 16,71	US$ 14,53	US$ 24,35	US$ 25,19	US$ 28,25	US$ 31,37
	Compensation Deficit in US $ (2 minus 4)	US$ 0,42	US$ (1,02)	US$ 0,01	US$ (3,52)	US$ (0,36)	US$ 1,71	US$ 1,35	US$ 1,24	US$ (0,38)	US$ (1,84)
	Wage Equalisation index (4÷2 or 3÷1)	0,92	1,14	1,00	1,24	1,02	0,89	0,95	0,95	1,01	1,06
United Kingdom	GNI PPPs in country currency*	0,3802	0,372	0,535	0,547	0,634	0,657	0,640	0,653	0,596	0,685
	Exchange rate	0,4501	0,43	0,7708	0,5605	0,6335	0,6598	0,549	0,5420	0,4995	0,5392
	GNI PPPs in US Dollars	US$ 0,84	US$ 0,86	US$ 0,69	US$ 0,98	US$ 1,00	US$ 1,00	US$ 1,17	US$ 1,21	US$ 1,19	US$ 1,27
	2. Equalised PPP nominal compensation US $	US$ 5,23	US$ 8,36	US$ 8,86	US$ 14,53	US$ 17,26	US$ 19,65	US$ 27,53	US$ 28,86	US$ 30,01	US$ 32,59
	3. Actual Real compensation US $	US$ 3,88	US$ 8,50	US$ 8,76	US$ 12,48	US$ 13,54	US$ 16,75	US$ 21,17	US$ 21,24	US$ 24,36	US$ 21,93
	4. Actual Nominal compensation US $	US$ 3,28	US$ 7,35	US$ 6,08	US$ 12,18	US$ 13,55	US$ 16,68	US$ 24,70	US$ 25,60	US$ 29,09	US$ 27,86
	Compensation Deficit in US $ (2 minus 4)	US$ 1,95	US$ 1,01	US$ 2,78	US$ 2,35	US$ 3,71	US$ 2,97	US$ 2,83	US$ 3,26	US$ 0,92	US$ 4,73
	Wage Equalisation index (4÷2 or 3÷1)	0,63	0,88	0,69	0,84	0,79	0,85	0,90	0,89	0,97	0,85

The Jus Semper Global Alliance – Living-Wage-Gap and Equalisation analysis (vis-à-vis the U.S.) for PL manufacturing workers in purchasing power parity terms 1975-2008

		1975	1980	1985	1990	1995	2000	2005	2006	2007	2008
Benchmark	**U.S. Hourly Production-line Rate**	6,19	9,67	12,76	14,88	17,24	19,73	23,6	23,94	25,13	25,65
Spain	GNI PPPs in country currency*	44,83	54,308	82,781	86,358	113,841	0,791	0,758	0,772	0,695	0,703
	Exchange rate	57,39	71,64	170	102	124,6	1,083	0,803	0,796	0,7293	0,679
	GNI PPPs in US Dollars	US$ 0,78	US$ 0,76	US$ 0,49	US$ 0,85	US$ 0,91	US$ 0,73	US$ 0,94	US$ 0,97	US$ 0,95	US$ 1,04
	2. Equalised PPP nominal compensation US $	US$ 4,84	US$ 7,33	US$ 6,21	US$ 12,60	US$ 15,75	US$ 14,41	US$ 22,26	US$ 23,21	US$ 23,94	US$ 26,57
	3. Actual Real compensation US $	US$ 3,16	US$ 7,59	US$ 9,34	US$ 13,11	US$ 13,65	US$ 14,32	US$ 18,61	US$ 19,06	US$ 21,98	US$ 22,85
	4. Actual Nominal compensation US $	US$ 2,47	US$ 5,75	US$ 4,55	US$ 11,10	US$ 12,47	US$ 10,46	US$ 17,56	US$ 18,48	US$ 20,94	US$ 23,67
	Compensation Deficit in US $ (2 minus 4)	US$ 2,37	US$ 1,58	US$ 1,66	US$ 1,50	US$ 3,28	US$ 3,95	US$ 4,70	US$ 4,73	US$ 3,00	US$ 2,90
	Wage Equalisation index (4÷2 or 3÷1)	0,51	0,78	0,73	0,88	0,79	0,73	0,79	0,80	0,87	0,89
		9,80	12,83	117,4	1254,0	3,717	5,402	7,122	7,124	7,385	7,759
Mexico	GNI PPPs in country currency*	12,5	22,97	256,9	2813	6,419	9,459	10,89	10,91	10,93	11,14
	Exchange rate	US$ 0,78	US$ 0,56	US$ 0,46	US$ 0,45	US$ 0,58	US$ 0,57	US$ 0,65	US$ 0,65	US$ 0,68	US$ 0,70
	GNI PPPs in US Dollars	US$ 4,85	US$ 5,40	US$ 5,83	US$ 6,63	US$ 9,98	US$ 11,27	US$ 15,43	US$ 15,63	US$ 16,98	US$ 17,86
	2. Equalised PPP nominal compensation US $	US$ 1,82	US$ 3,87	US$ 3,39	US$ 3,45	US$ 2,47	US$ 3,78	US$ 4,05	US$ 4,32	US$ 4,43	US$ 4,48
	3. Actual Real compensation US $	US$ 1,43	US$ 2,16	US$ 1,55	US$ 1,54	US$ 1,43	US$ 2,16	US$ 2,65	US$ 2,82	US$ 2,99	US$ 3,12
	4. Actual Nominal compensation US $	US$ 3,42	US$ 3,24	US$ 4,28	US$ 5,09	US$ 8,55	US$ 9,11	US$ 12,78	US$ 12,81	US$ 13,99	US$ 14,74
	Compensation Deficit in US $ (2 minus 4)	0,29	0,40	0,27	0,23	0,14	0,19	0,17	0,18	0,18	0,17
	Wage Equalisation index (4÷2 or 3÷1)										

		1996	1998	2000	2002	2004	2005	2006	2007	2008
Benchmark	**U.S. Hourly Production-line Rate**	17,82	18,59	19,73	21,42	22,92	23,6	23,94	25,13	25,65
Brazil	GNI PPPs in country currency*	0,706	0,870	1,039	1,252	1,237	1,328	1,178	1,230	1,329
	Exchange rate	1,005	1,161	1,830	2,921	2,926	2,435	2,174	1,946	1,833
	GNI PPPs in US Dollars	US$ 0,70	US$ 0,75	US$ 0,57	US$ 0,43	US$ 0,42	US$ 0,55	US$ 0,54	US$ 0,63	US$ 0,72
	2. Equalised PPP nominal compensation US $	US$ 12,52	US$ 13,94	US$ 11,20	US$ 9,18	US$ 9,69	US$ 12,87	US$ 12,97	US$ 15,88	US$ 18,59
	3. Actual Real compensation US $	US$ 8,20	US$ 7,32	US$ 6,17	US$ 6,00	US$ 7,43	US$ 7,63	US$ 9,23	US$ 9,42	US$ 9,56
	4. Actual Nominal compensation US $	US$ 5,76	US$ 5,49	US$ 3,50	US$ 2,57	US$ 3,14	US$ 4,16	US$ 5,00	US$ 5,95	US$ 6,93
	Compensation Deficit in US $ (2 minus 4)	US$ 6,76	US$ 8,45	US$ 7,70	US$ 6,61	US$ 6,55	US$ 8,71	US$ 7,97	US$ 9,93	US$ 11,66
	Wage Equalisation index (4÷2 or 3÷1)	0,46	0,39	0,31	0,28	0,32	0,32	0,39	0,37	0,37

The Jus Semper Global Alliance – Living-Wage-Gap and Equalisation analysis (vis-à-vis the U.S.) for PL manufacturing workers in purchasing power parity terms 1975-2008

		1980	1985	1990	1995	2000	2005	2006	2007	2008
Benchmark	**U.S. Hourly Production-line Rate**	9,67	12,76	14,88	17,24	19,73	23,6	23,94	25,13	25,65
Hong Kong	GNI PPPs in country currency*	4,24	4,61	5,59	7,81	7,80	6,14	5,754	5,605	5,565
	Exchange rate	4,976	7,791	7,790	7,736	7,792	7,788	7,768	7,802	7,786
	GNI PPPs in US Dollars	US$ 0,85	US$ 0,59	US$ 0,72	US$ 1,01	US$ 1,00	US$ 0,79	US$ 0,74	US$ 0,72	US$ 0,71
	2. Equalised PPP nominal compensation US $	US$ 8,25	US$ 7,55	US$ 10,68	US$ 17,40	US$ 19,76	US$ 18,60	US$ 17,73	US$ 18,05	US$ 18,33
	3. Actual Real compensation US $	US$ 1,76	US$ 2,92	US$ 4,48	US$ 4,77	US$ 5,44	US$ 7,17	US$ 7,80	US$ 8,05	US$ 8,27
	4. Actual Nominal compensation US $	US$ 1,50	US$ 1,73	US$ 3,22	US$ 4,81	US$ 5,45	US$ 5,65	US$ 5,78	US$ 5,78	US$ 5,91
	Compensation Deficit in US $ (2 minus 4)	US$ 6,75	US$ 5,82	US$ 7,46	US$ 12,59	US$ 14,31	US$ 12,95	US$ 11,95	US$ 12,27	US$ 12,42
	Wage Equalisation index (4÷2 or 3÷1)	0,18	0,23	0,30	0,28	0,28	0,30	0,33	0,32	0,32
Singapore	GNI PPPs in country currency*	1,31	1,35	1,148	1,25	1,20	1,10	1,054	1,017	1,025
	Exchange rate	2,141	2,200	1,813	1,417	1,725	1,664	1,588	1,507	1,414
	GNI PPPs in US Dollars	US$ 0,61	US$ 0,61	US$ 0,63	US$ 0,88	US$ 0,70	US$ 0,66	US$ 0,66	US$ 0,67	US$ 0,73
	2. Equalised PPP nominal compensation US $	US$ 5,94	US$ 7,82	US$ 9,42	US$ 15,23	US$ 13,78	US$ 15,66	US$ 15,89	US$ 16,95	US$ 18,60
	3. Actual Real compensation US $	US$ 2,54	US$ 4,21	US$ 6,05	US$ 8,76	US$ 10,51	US$ 11,14	US$ 13,17	US$ 12,60	US$ 13,56
	4. Actual Nominal compensation US $	US$ 1,56	US$ 2,58	US$ 3,83	US$ 7,74	US$ 7,34	US$ 7,39	US$ 8,74	US$ 8,50	US$ 9,83
	Compensation Deficit in US $ (2 minus 4)	US$ 4,38	US$ 5,24	US$ 5,59	US$ 7,49	US$ 6,44	US$ 8,27	US$ 7,15	US$ 8,45	US$ 8,77
	Wage Equalisation index (4÷2 or 3÷1)	0,26	0,33	0,41	0,51	0,53	0,47	0,55	0,50	0,53

*Definitions::

- PPPs stands for Purchasing-Power Parities, which reflect the currency units in a given 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 and assumes that the U.S. wage is a living wage.
- The hourly production-line rate is the "hourly compensation cost" as defined by the U.S. Department of Labour, Bureau of Labour Statistics: This includes (1) hourly direct pay and (2) employer social insurance expenditures and other labour taxes. Hourly direct pay includes all payments made directly to the worker, before payroll deductions of any kind, consisting of pay for time worked and other direct pay. Social insurance expenditures and other labour taxes refers to the value of social contributions incurred by employers in order to secure entitlement to social benefits for their employees.
- GNI (Gross National Income) 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.
- GNI 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 GNI PPP, expressed in national currency, reflects the exchange rate in comparison with the market exchange rate, which does not reflect the ratio of prices.
- Equalised PPP nominal compensation is the hourly U.S. dollar nominal rate required to equally compensate a worker in a country, in purchasing power terms, for equal work rendered, as the equivalent U.S. worker is compensated. This analysis assumes the U.S. wage to be a living-wage. A living wage is a human right in accordance with Article 23 of the UN Universal Declaration of Human Rights. ILO's Convention 100 of "equal pay for equal work", for men and women is hereby 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 equalised PPP hourly rate that should be paid for equal work (2).
- Compensation equalisation 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: Variations in previous years are due to revisions made by the sources, including the World Bank's new 2005 PPP benchmarks, which replaced the previous 1993 benchmarks.
- According to the World Bank, the 2005 PPPs are the most comprehensive for developing countries since 1993, and reveal that the size of their economies were often overestimated.

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

– Data base of World Bank's World Development Indicators, 1975-2008, (GNI & GNI PPP, Atlas method)

X Hourly Compensation Costs for Production Workers in Manufacturing (34 Country Tables), updated on August 2010. U.S. Department. of Labour, Bureau of Labour Statistics.

– International Comparison of Manufacturing Productivity and Unit Labour Cost trends. U.S. Department of Labour, Bureau of Labour Statistics, October 2009.

X Comparative Real GDP per Capita and per Employed Person, Fourteen Countries 1960-2008, July 2009. U.S. Department of Labour, Bureau of Labour Statistics.

– Global Purchasing Power Parities and Real Expenditures. 2005 International Comparison Program. World Bank 2008.

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.

Note regarding the new 2005 PPC round:
Since 1970 the International Comparison Program (ICP) of the World Bank has conducted eight rounds of PPP estimates for the major components of countries' gross domestic product (GDP)—the most recent for 2005. According to the World Bank, the PPP process calls for the systematic collection of price data on hundreds of representative and carefully defined products and services consumed in each country. Purchasing power parities are needed because similar goods and services have widely varying prices across countries when converted to a common currency using market exchange rates.

The PPPs previously published in World Development Indicators and used to estimate international poverty rates were extrapolated from the benchmark results of the 1993 ICP or from the Eurostat 2002 and then extrapolated forward and backward. The extrapolation method assumes that an economy's PPP conversion factor adjusts according to the different rates of inflation for its economy and the base economy, the United States. A good approximation in the short run, but over a longer period changes in the relative prices of goods and services and in the structure of economies—what they produce and consume—distort this relationship, and new measurements must be made. New methods of data collection, differences in country participation, and changes in analytical methods all add to the differences between new PPPs and old.

The major finding, in the 2005 round of PPP estimates, is that, under the new PPPs, the aggregate GDP of developing economies in 2005 is 21 percent smaller than previously estimated, corresponding to a 7 percentage point reduction in their share of world GDP—from 47 percent to 40 percent. The United States—as the base country, unaffected by any revision—increased its share from 20,6 percent to 22,1 percent.