Spain's Wage Gap Charts

Manufacturing production-line wages

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

Wage gap charts for Spain vis-à-vis selected developed and “emerging” economies, with available wage and PPP data (19785-2008).

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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 Spain and Mexico earn only 89% and 17%, 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 Spanish and Mexican workers earn only $23,67/hour and $3,12/hour, respectively,
- Since costs of living in PPPs terms in Spain and Mexico are $1,04 and 70¢, respectively, for each $1 U.S. dollar, equivalent Spanish and Mexican manufacturing workers should be earning instead $26,57/hour and $17,86/hour, respectively, in order to enjoy equal purchasing power compensation,
- The difference is the wage gap that employers perversely keep to increase profits,
- Germany, in contrast has a surplus with its U.S. counterparts, since its nominal wage ($36,07) is 118% of the equivalent wage ($30,47) needed to be at par, with a PPP of $1,19 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
Germany	US$ 36,07	119	US$ 30,36	US$ 30,47	118
	141%		118%	119%	
Spain	US$ 23,67	104	US$ 22,85	US$ 26,57	**89**
	92%		89%	104%	
Mexico	US$ 3,12	70	US$ 4,48	US$ 17,86	**17**
	12%		17%	70%	

Sources:

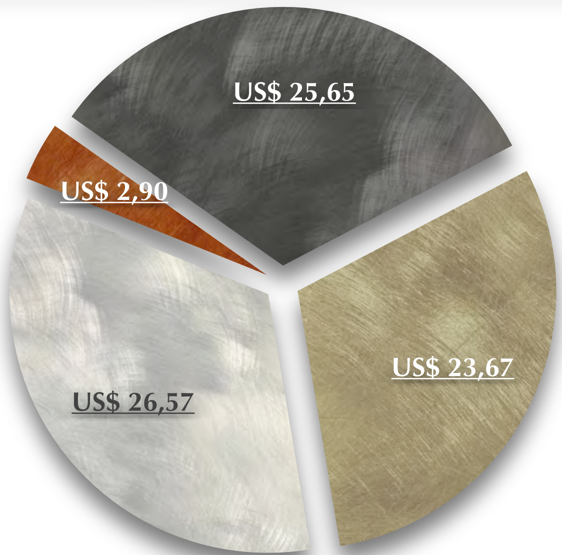
U.S. Department of Labour, Bureau of Labor Statistics, August 2009..

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

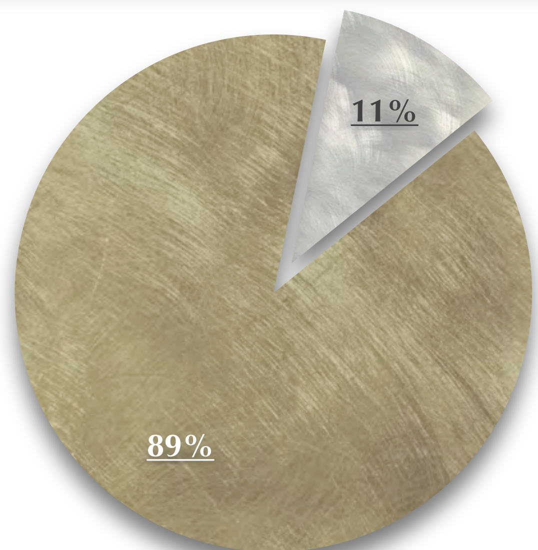
The Argument for Wage Equalisation
Using Purchasing Power Parities (PPPs)

- **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 Spain, 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 $26,57 is what the Spanish production-line worker should earn to be equally remunerated (in purchasing power terms) for performing an equivalent task. Yet, the worker only earns $23,67 instead of $26,57, thus the employer deliberately retains $2,90, which constitutes part of the surplus value portion that legitimately belongs to the Spanish worker, according to TLWNSI's concept.
  - In this way, the second pie chart shows how the employer retains inappropriately 11% of labour's surplus value by only allocating to the worker 89% of what he/she is entitled to.



Nominal wage earned
Equalised nominal wage
Difference inappropriately retained by the employer
U.S. equivalent wage (benchmark for equalisation)



Nominal wage earned
Difference inappropriately retained by the employer

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

Wage gap comparisons for selected economies

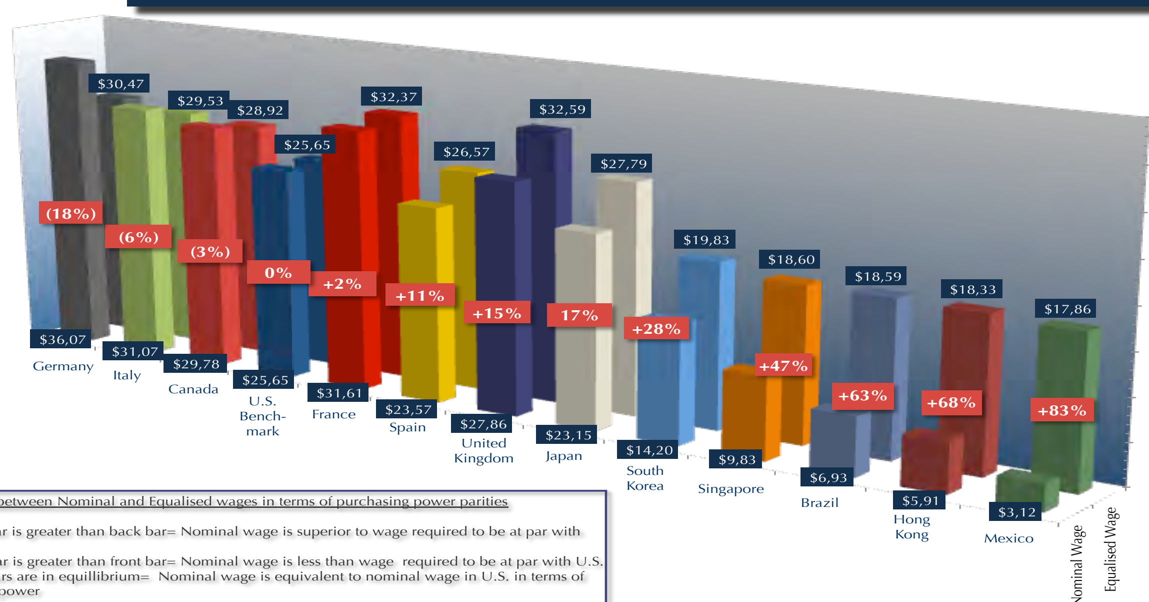
- In 2008, the shock of the greatest depression of global capitalism since 1929 is not reflected yet in the real wages of production line manufacturing workers relative to their equalisation with the real wages of their U.S. counterparts. Germany, Italy and Canada enjoy nominal wages that are superior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



<u>Wage Gap between Nominal and Equalised wages in terms of purchasing power parities</u>

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

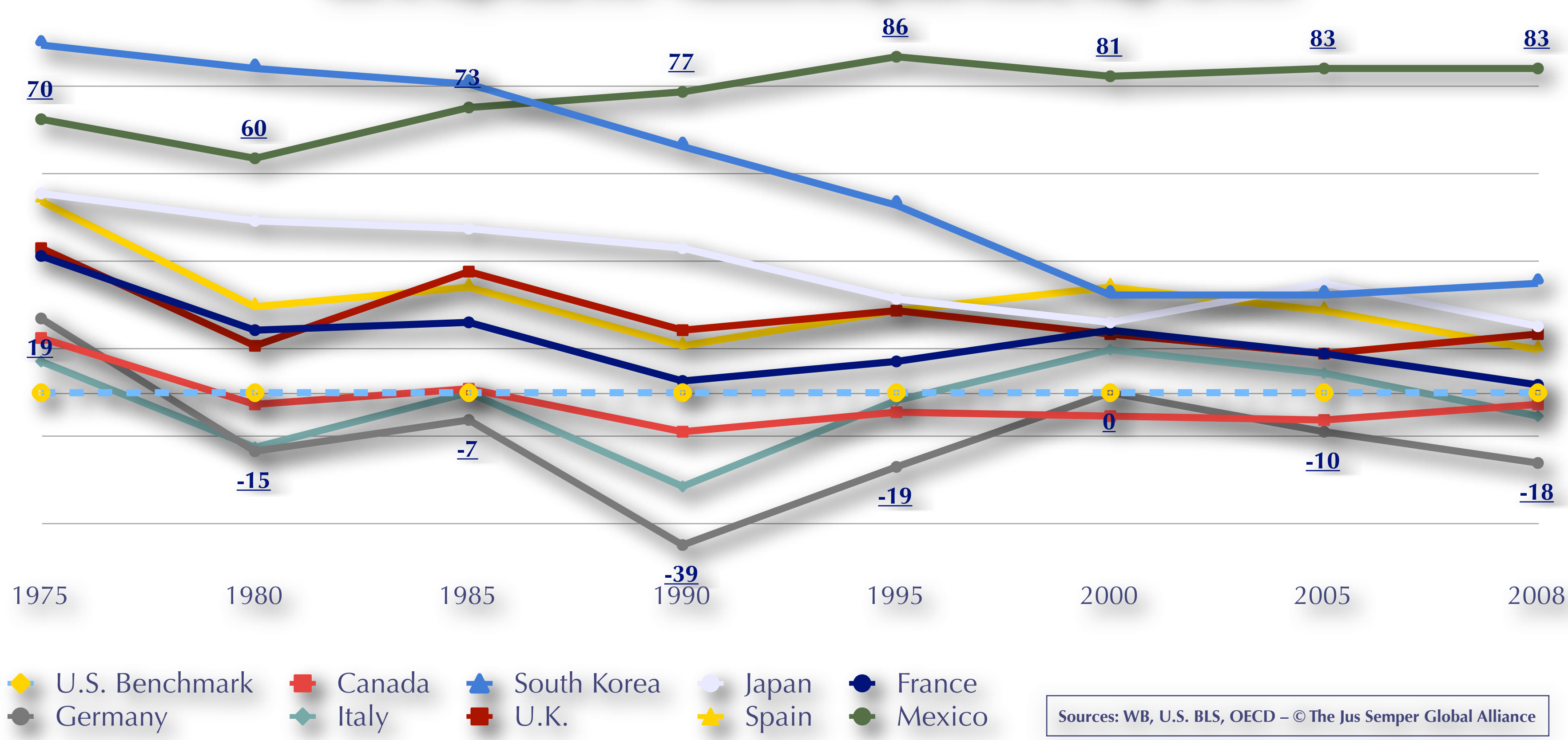
- In the last 33 years, whilst the major European Union economies, Canada, South Korea and Japan surpassed, eliminated or experienced a very significant reduction of their PPP wage gaps –equalised with equivalent manufacturing production-line U.S. jobs, Mexico moved in the opposite direction and year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

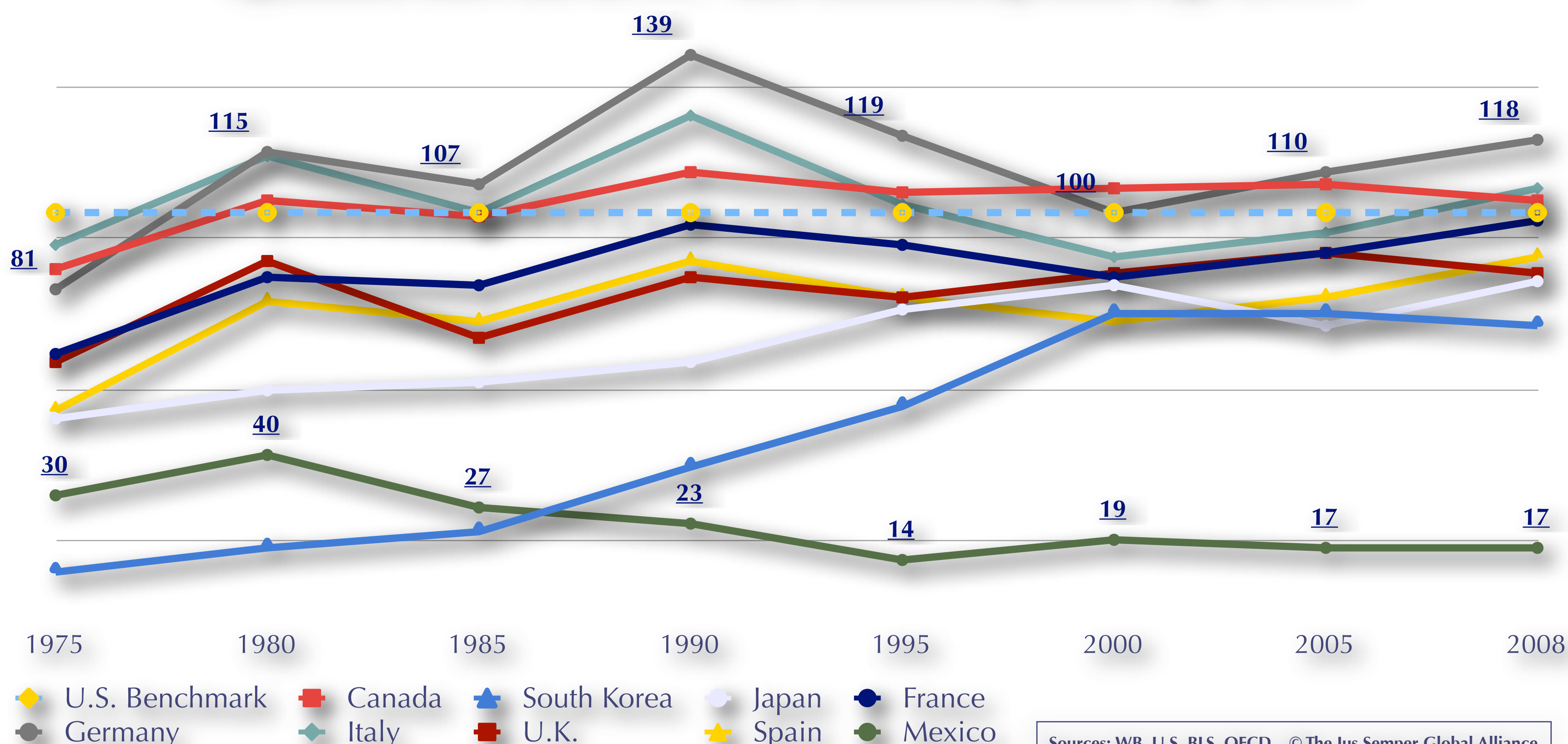
- From an equalisation perspective, whilst México consistently worsens its index by 58%, from 40 in 1980 to a meagre 17 in 2008, the trend shown by the other countries is of a clear progress in their equalisation indices, particularly of South Korea. This is the direct result of a deliberate and perverse 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

Main features of the manufacturing wage situation in Spain

- **Maintaining the European trend, once again Spain improves the equalisation of its production-line manufacturing workers' real wages with their U.S. counterparts**

- In symmetry with the trend of the major economies of the European Union, in 2008 Spain continued closing the gap dividing the competitiveness of its production-line manufacturing real wages –in purchasing power parity terms– with that of its U.S. counterparts. This makes these wages the sort that can generally be regarded as living wages –assuming U.S wages to be living wages. Since 1975 the equalisation index of Spanish wages (89) has increased 75%. In 2008 Spain surpasses the United Kingdom in this indicator due to the heavy drop of real wages in the latter.

- The strong climb of Spanish manufacturing wages into a living wage ethos is due, as in all successful cases, to the growth of real wages at a much faster pace than those of their U.S. counterparts. In the period of 33 years (1975-2008), Spanish nominal wages grew 858% (from $2,47 to $23,67 dollars) whilst the cost of living parity with the U.S. grew only one third (from $0,78 in 1975 to $1,04 dollars in 2008); a PPP cost of living still at some distance from the PPPs of France ($1,26); Germany ($1,19); Italy ($1,15); and the U.K. ($1,27) vis-à-vis the U.S. PPP.

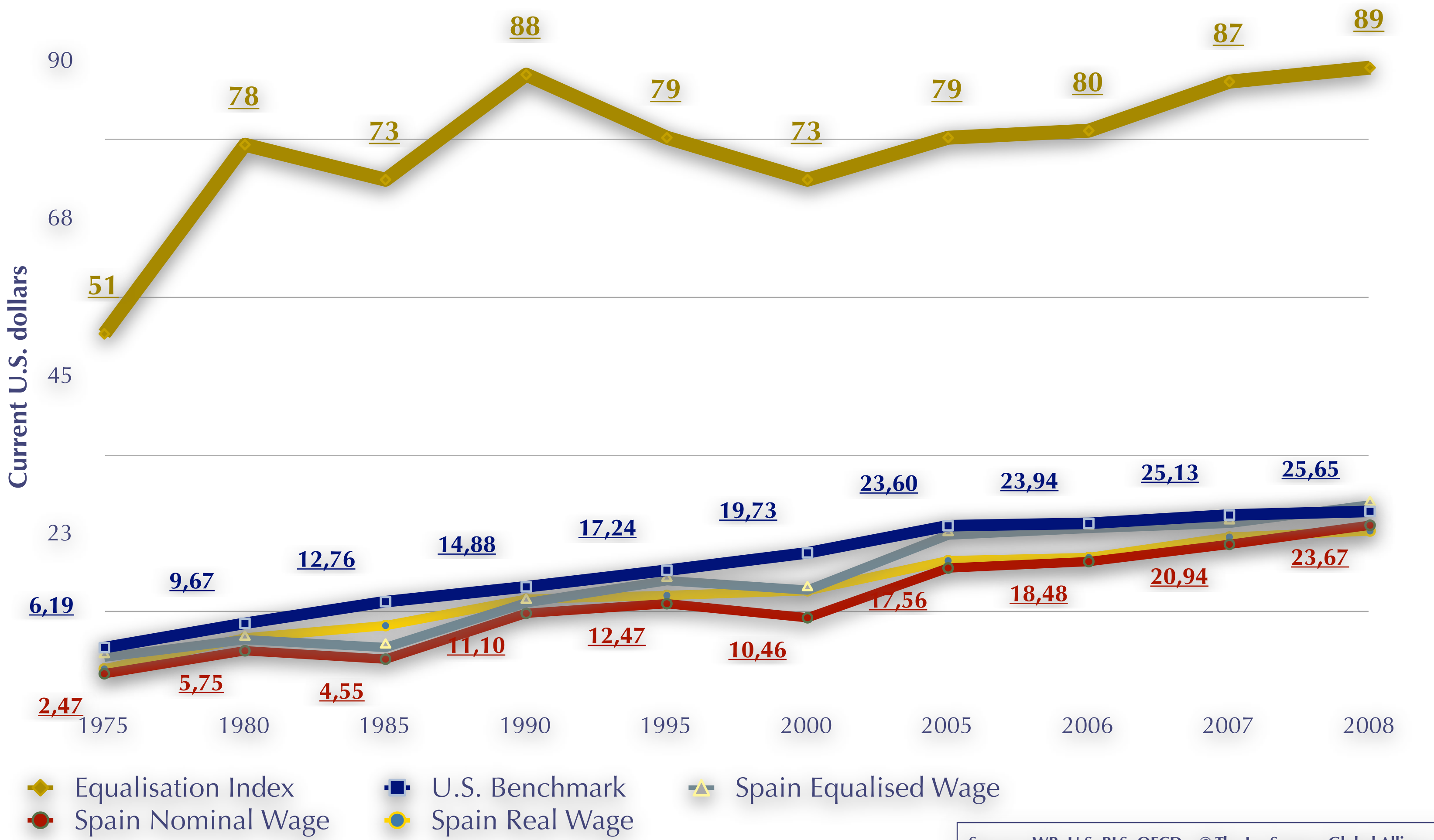
- Moreover, during the same period, U.S. equivalent wages grew 314% (from $6,19 to $25,65 dollars), barely 37% the Spanish growth. Thus, the strong growth of Spanish nominal wages (2,7 times the U.S. growth) and a moderate increase of the purchasing power parity, provoked an increase of Spanish real wages in the same interval of 625% (from $3,15 to $22,85), whereas the equalised wage grew only 449%, (from $4,84 to $26,57). The behaviour of these variables and their intimate correlation produces the climb of Spain's wage equalisation with the U.S. from 51 to 89 during the same period.

- Unfortunately, this will tend to change beginning in 2009, and even more so from 2010 on, when the high jump in unemployment, triggered by the implosion of the global capitalist system, makes its indelible mark on the drop of real wages worldwide, but particularly in Spain, where the unemployment index has reached one-fifth of the EAP. Yet, the drop will be all the more dramatic due to the corroboration, for the nth time, that European Union Governments –and practically all governments in the world– have become mere agents of the casino-like economy of the institutional investors of financial markets. In this way, in 2010, investors have ordered the dismantling of the welfare State and of labour rights by aiming at the "flexibilisation" of collective contracts, in Spain's case, and the two-year extension of the legal retirement age in France, despite ample social opposition in both instances. Greece is enduring predatory reforms ordered by the very culprits of the global debacle, exposing, thereby, who is really ordering public policy in the democratic mockery in which the world is engulfed. To be sure, unless society reacts appropriately, this is just the beginning of a new predatory assault by the owners of the market; a situation that will consolidate the true marketocracy ethos in which we are living.

- Nonetheless, the comparison of Spain and Mexico's living wage equalisation trends with the U.S. since 1975 substantiates, in regards to labour endowments, the diametrically opposing economic policy paths followed by each country. It exposes the Spanish trend in pursuit of a living-wage ethos, and Mexico's trend towards gradually imposing a labour bondage ethos. During the 1975-2008 period, Mexican nominal wages grew 118% or less than one-seventh of the Spanish growth. Mexico's parity with the U.S. cost of living dropped 10,3%; thus, real wages increased 143% or barely more than one-fifth the growth of Spanish real wages, whilst equalised real wages did so by 272%. In this way, Mexico's wage equalisation for the same period collapsed 43%, (from a 30 to a 17 index) or 58% if 1980 is used as the benchmark –when Mexico obtained its best wage equalisation index (40) with the U.S. Undoubtedly, the future stagnation of Mexican wages in the same level recorded for the last fifteen years is to be expected –in the best case scenario– whilst Spanish wages could lose some competitiveness vis-à-vis their U.S. counterparts for the reasons previously discussed. What is a sure guarantee is that all workers in the world, including U.S. workers, will lose millions of jobs as well as labour rights, the value and conditions of their pensions and, to be sure, real wages.

- Between 1975 and 2008, the Spanish hourly equalised manufacturing wage –the wage required to receive an equivalent remuneration to that of their U.S. counterparts– increased 449%, due to the PPP cost of living increase in Spain, vis-à-vis the U.S. PPP cost of living, going from $4,84 in 1975 to $26,57 U.S. dollars in 2008. Given that the Spanish hourly manufacturing wage increased nominally 858%, from 2,47 in 1975 to $23,67 dollars in 2008, the level of equalisation with equivalent U.S. wages increases 75%, from a 51 to an 89 index.

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

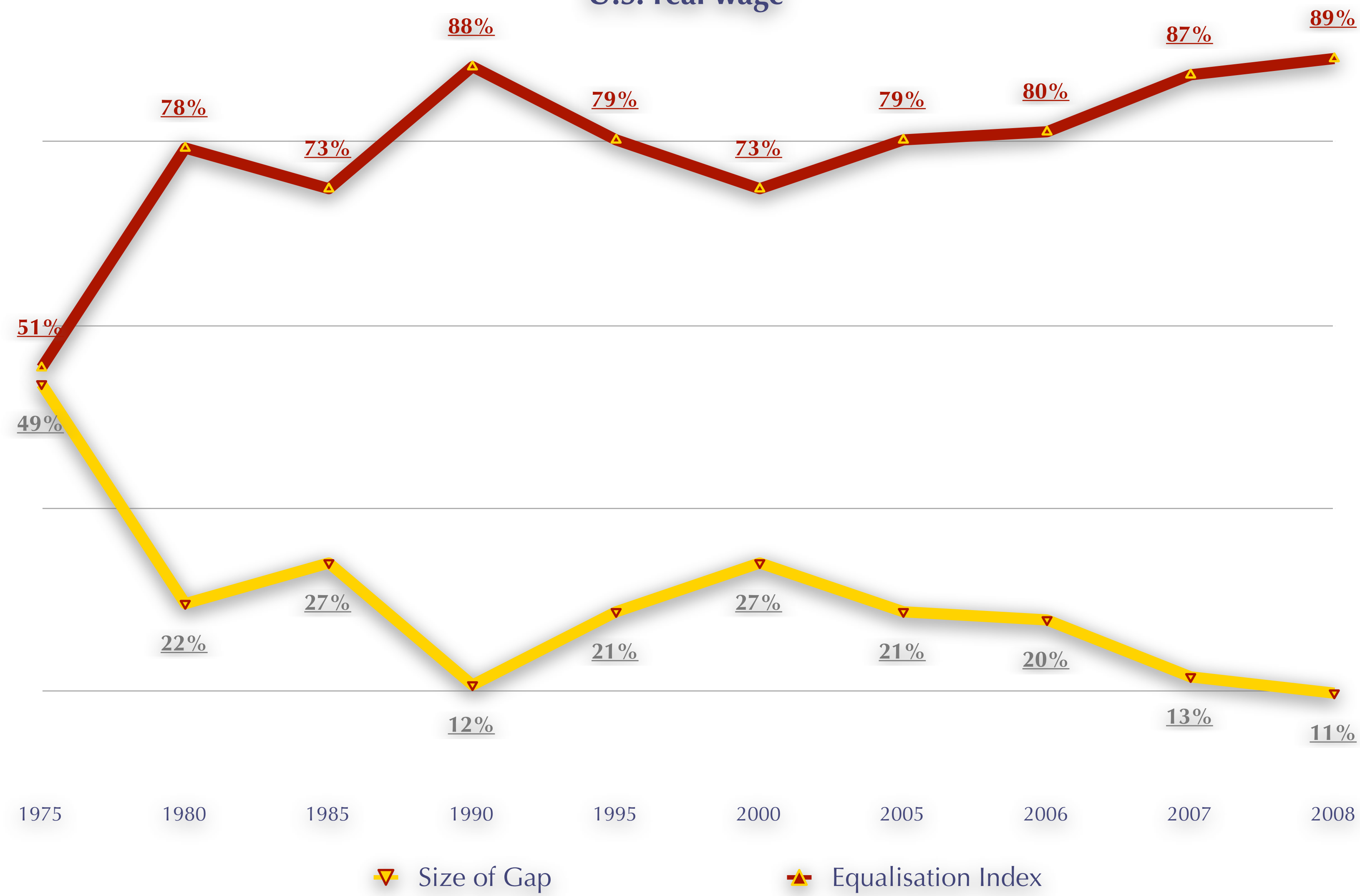


Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

Gap Between nominal manufacturing hourly wage and equalised wage in PPP terms with equivalent U.S. real wage (current dollars)

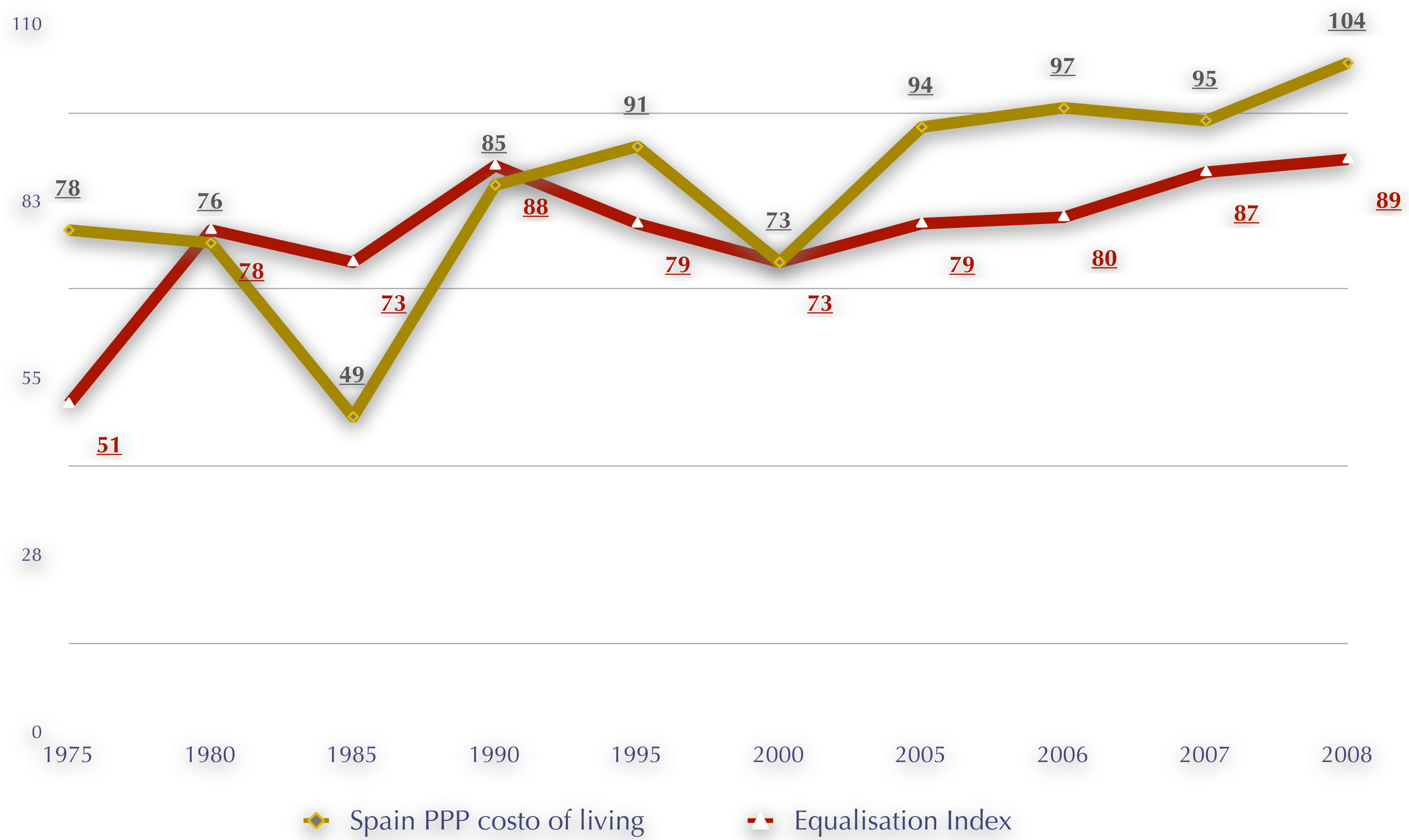
Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

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



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

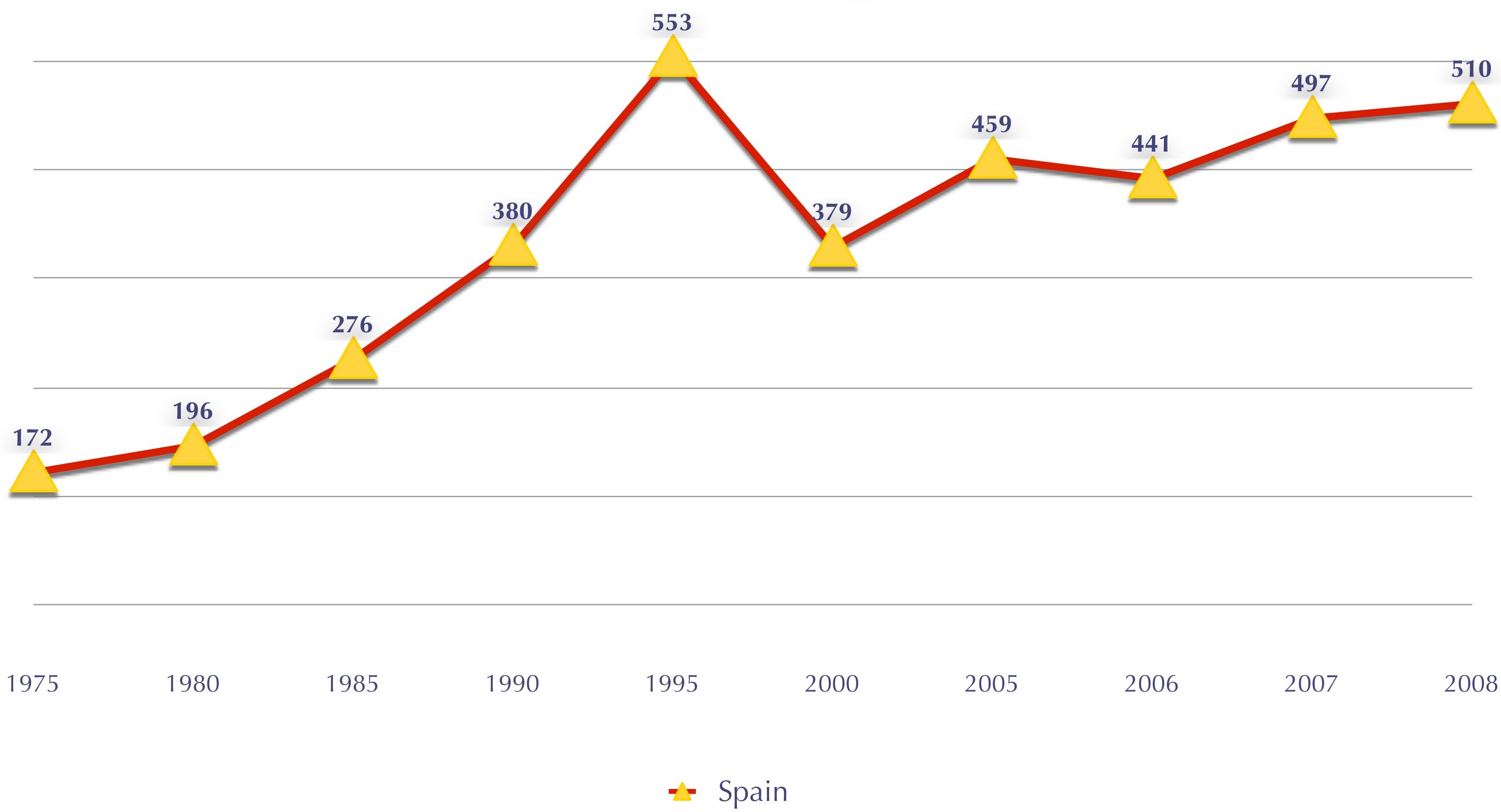
Performance of equalisation indices of Spain's PPP manufacturing hourly real wage vis-à-vis U.S. counterparts and behaviour of Spain's purchasing power parity indices (cost of living in PPP terms – U.S.= 100)



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

- When comparing Spain's manufacturing sector real wages with those of their Mexican counterparts, the former were tantamount to a value 72% above the latter in 1975, keeping thereafter an almost invariable incremental trend; thus by 2008 Spain's real wage amounts to five times the value of the wages of their Mexican counterparts.

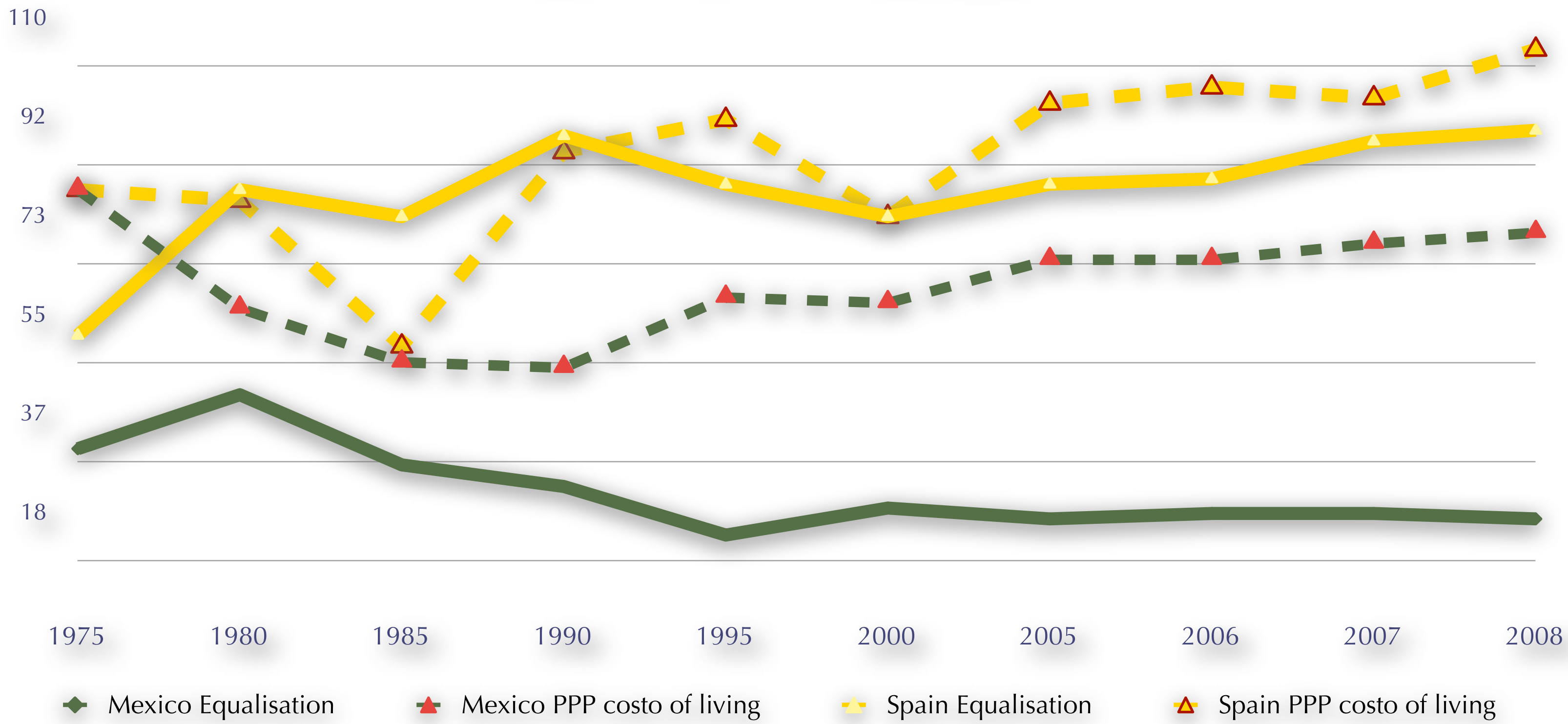
Behaviour of comparative indices of Spain's manufacturing hourly real wages vis-à-vis the equivalent Mexican wage (Mexico = 100)



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

- Comparing the performance of wage equalisation indices and their relationship with the increase in cost of living between Spain and Mexico, clearly exhibits how the Mexican wage gap is far greater and, in contrast with Spain's, it does not keep a close relationship with the cost of living –in PPP terms. In this way, whilst the Spanish curves gradually tend to behave in a similar fashion and to reduce their gap, in the Mexican case exactly the opposite takes place, thus producing a growing gap between both variables.

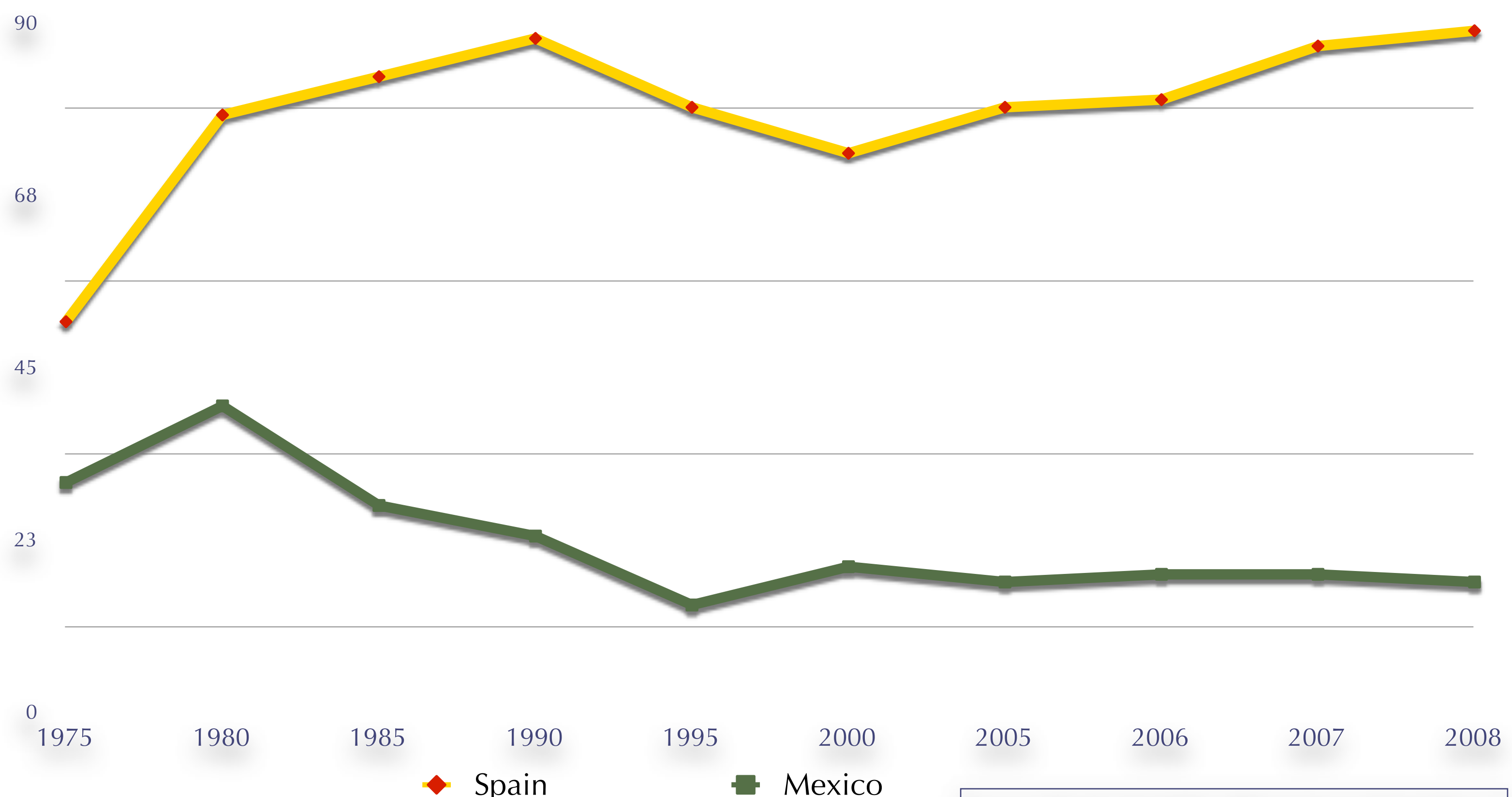
Performance of Mexico's equalisation indices of PPP manufacturing hourly real wage and behaviour of purchasing power parity indices (cost of living in PPP terms) with selected countries relative to their U.S. counterparts



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

- The comparison between Spain and Mexico's living wage equalisation trends with the United States trends, confirms the diametrically opposing paths followed by each government's economic policies concerning labour endowments, indicating the pursuit of a living-wage ethos, in Spain's case, and towards the gradual imposition of a labour bondage ethos in the case of Mexico. For this reason, both curves consistently tend to dramatically widen their living-wage equalisation gap, which was relatively small in 1975.

Spain and Mexico's PPP equalisation indices of hourly real wage with equivalent U.S. wage



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

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

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		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

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		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.