The Jus Semper Global Alliance

Living Wages North and South

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 (1975-2009)

(last report for production workers to be published – see definitions and sources at the end)

Wage gap charts for Spain vis-à-vis selected developed and "emerging" economies, with available wage and PPP data (1975-2009).

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- **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 2009

- Equivalent manufacturing workers in Spain and Brazil earn only 89% and 33%, respectively, of what they should be making in order to be compensated at par with their U.S. counterparts in terms of purchasing power,
- U.S. Workers earn $26,19/hour whilst Spanish and Brazilian workers earn only $23,70/hour and $6,81/hour, respectively,
- Since costs of living in PPPs terms in Spain and Brazil are $1,02 and 80¢, respectively, for each $1 U.S. dollar, equivalent Spanish and Brazilian manufacturing workers should be earning instead $26,64/hour and $20,90/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 real wage competitive advantage over its U.S. counterparts, since its nominal wage ($34,80) is 115% of the equivalent wage ($30,16) needed to be at par, with a PPP of $1,33 per each $1 U.S. dollar.

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

2009	Nominal Hourly Wage	PPP 2009	PPP Real Wage	Equalised Nominal Hourly Wage	Equalisation Index
United States	$ 26,19	100	$ 26,19	$ 26,19	100
Germany	$ 34,80	115	$ 30,22	$ 30,16	115
	133%		115%	115%	
Spain	$ 23,70	102	$ 23,30	$ 26,64	89
	90%		89%	102%	
Brazil	$ 6,81	80	$ 8,54	$ 20,90	33
	26%		33%	80%	

Sources:

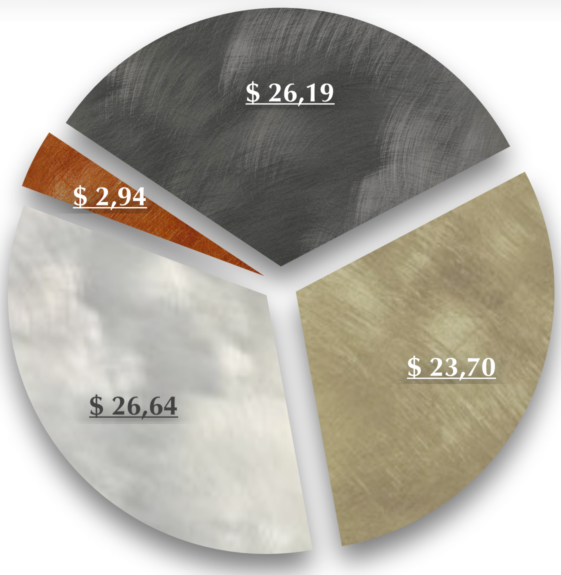
U.S. Department of Labour, Bureau of Labor Statistics, March 2011.

Data base of World Bank's World Development Indicators, 1975-2010, (GNI & GNI PPP, Atlas method)

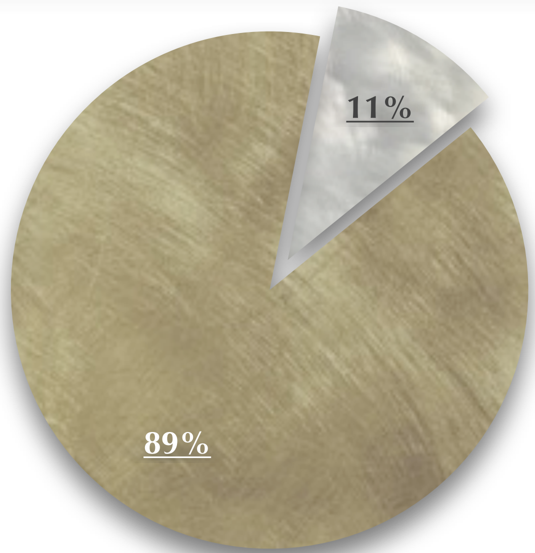
The Argument for Wage Equalisation
Using Purchasing Power Parities (PPPs)

- **A Classic Example in 2009**

  - 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 $26,64 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 $23,70 instead of $26,64 thus the employer deliberately retains $2,94, which constitutes about one-tenth of the surplus value 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, or labour share of income, 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

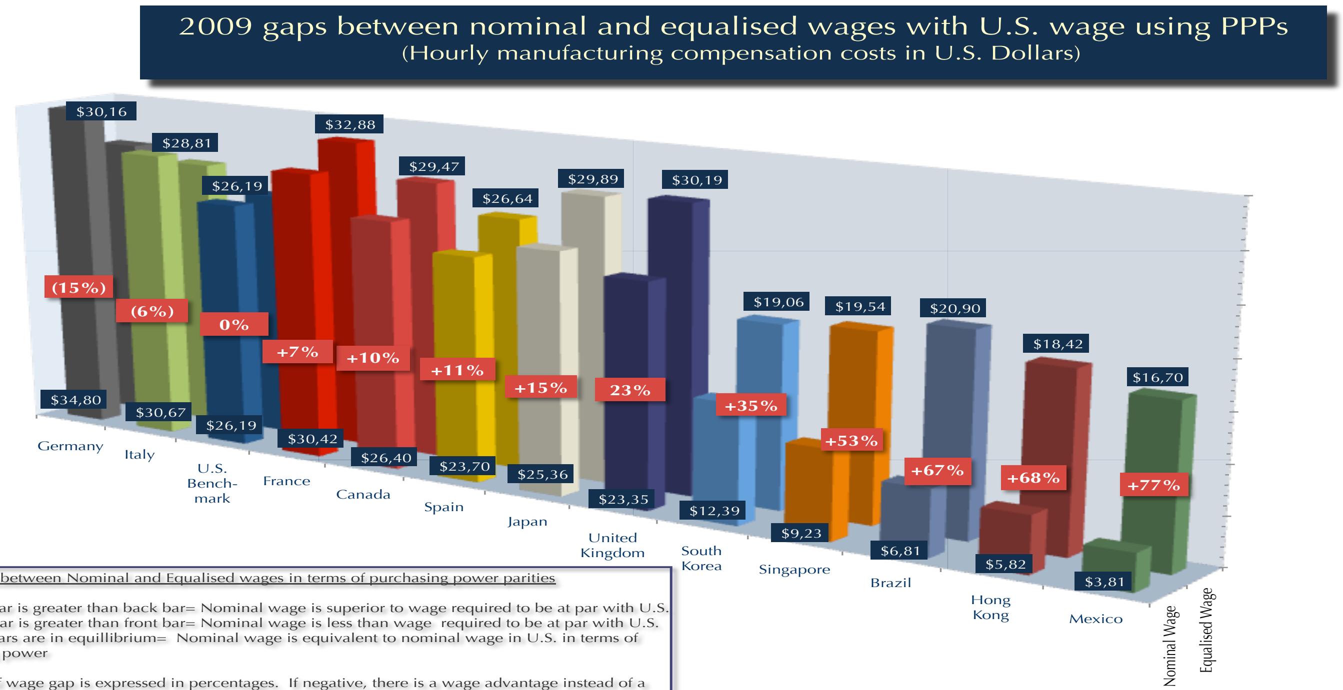
Wage gap comparisons for selected economies

- Since 2008 Japan began to experience a strong revaluation of the yen with little increase in the PPP cost of living. This enabled Japan to record in 2009 its best living wage equalisation level ever (15% living-wage gap). In contrast, since 2007, most countries experienced substantial currency devaluations, strong PPP growth or real wage increases below the growth of U.S. wages. Thus, except for Italy and Hong Kong, which managed to sustain their previous equalisation, all the other countries increased their hourly compensation costs gaps with the U.S. in 2009. For further detail see table T4 in page 21.

- Always relative to 2007, South Korea, the UK and Mexico experienced strong devaluations of their currencies in 2009 and meaningful decreases in their PPP costs of living, but devaluations were deep enough to offset all other factors and, consequently, increase their wage gaps. Canada performed worse for it was the only country in this assessment with a decrease in nominal wages in domestic currency. In this way, its equalisation index not only dropped substantially, but –after decades of equalisation surpluses– generated a gap with equivalent U.S. wages that had not existed since the late 1980s. The four countries recorded the worst performance of the twelve economies in this analysis, with Mexico getting close to its nadir (1995). For further detail see table T4 in page 21.

- In the Euro Area real wages have barely moved since 2007. Thus, Germany, France and Spain lose some ground in their equalisation trends. Only Italy managed to increase real wages enough to maintain its previous equalisation index. For further detail see table T4 in page 21.

- Brazil experienced a huge increase of 25%, since 2007, in its PPP cost of living. Consequently, real wages dropped and, thus, its living-wage gap increased four points from 63 to 67%. Singapore experienced a similar behaviour, which increased its gap from 50 to 53. Hong Kong barely managed to leave its living-wage gap at 32. For further detail see table T4 in page 21.



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 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, 1975-2010, (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

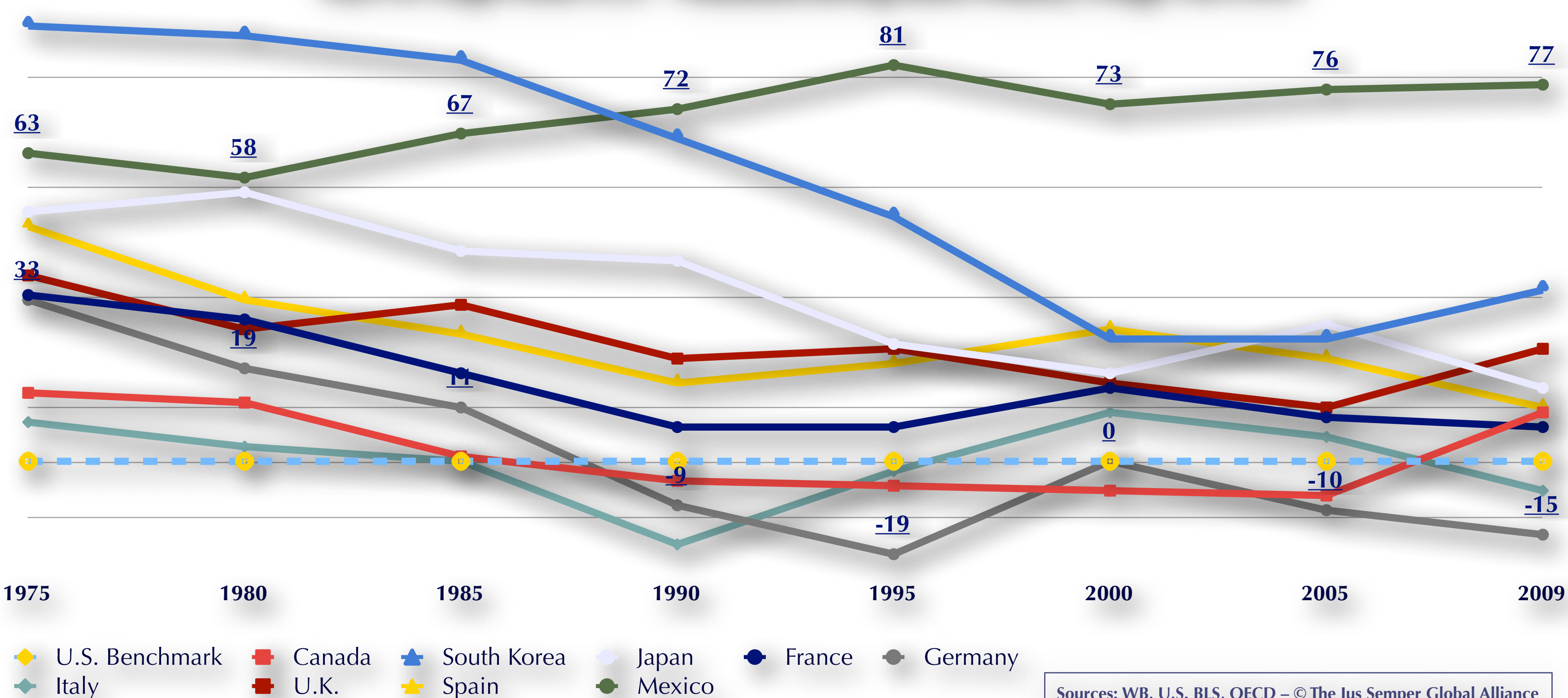
- In the last 34 years, whilst the major European Union economies, Canada, South Korea and Japan surpassed, eliminated or experienced a very significant reduction of their PPP wage gaps –equalised with the wages of equivalent production counterparts in the U.S. manufacturing sector, Mexico moved in the opposite direction and exhibits a remarkable consistency in the deliberate State policy of wage pauperisation of Mexican workers.

- In the four €uro area economies, real wages have increased their true value relative to equivalent U.S. wages. This is specially true since the adoption of the €uro in 2001 as a result of a planned process of convergence. While in the 1990s the four countries increased their gaps, they reduced them in the last decade. Germany and Italy, in particular, have now wages with greater purchasing power than U.S. wages. Overall, despite the current global economic crisis, their living-wage equalisation indices are still in a better position than in the 1990s, albeit they have begun to deteriorate. As for the UK, it recorded a steady decrease of its wage gap, but has now backtracked to the same equalisation level of 1995. Canada had consistently improved its equalisation level since 1975 and gained a competitive advantage vis-à-vis the U.S. since the late 1980s, but the global crisis has taken its toll, and now, as with the UK, it is back in the range prevalent in the early 1980s.

- After an impressive reduction of its living wage gaps since 1975, South Korea has been losing considerable ground since 2007, and while it remains close to the equalisation levels of European economies, it has returned to the levels recorded in the late 1990s. Its living-wage gap increased from 17% in 2007 to 35% in 2009.

- In the case of Mexico, despite the benefit of a change in the primary data source applied by the U.S. BLS –which eliminates manufacturing outlets with 15 employees or less, it remains stalled with a huge gap of 77 points, confirming once again the exploitative nature of the Mexican State. Thus, every year we need to point out 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 assessed and they are light years away from equalisation. For further detail see table T4 in page 23.

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



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

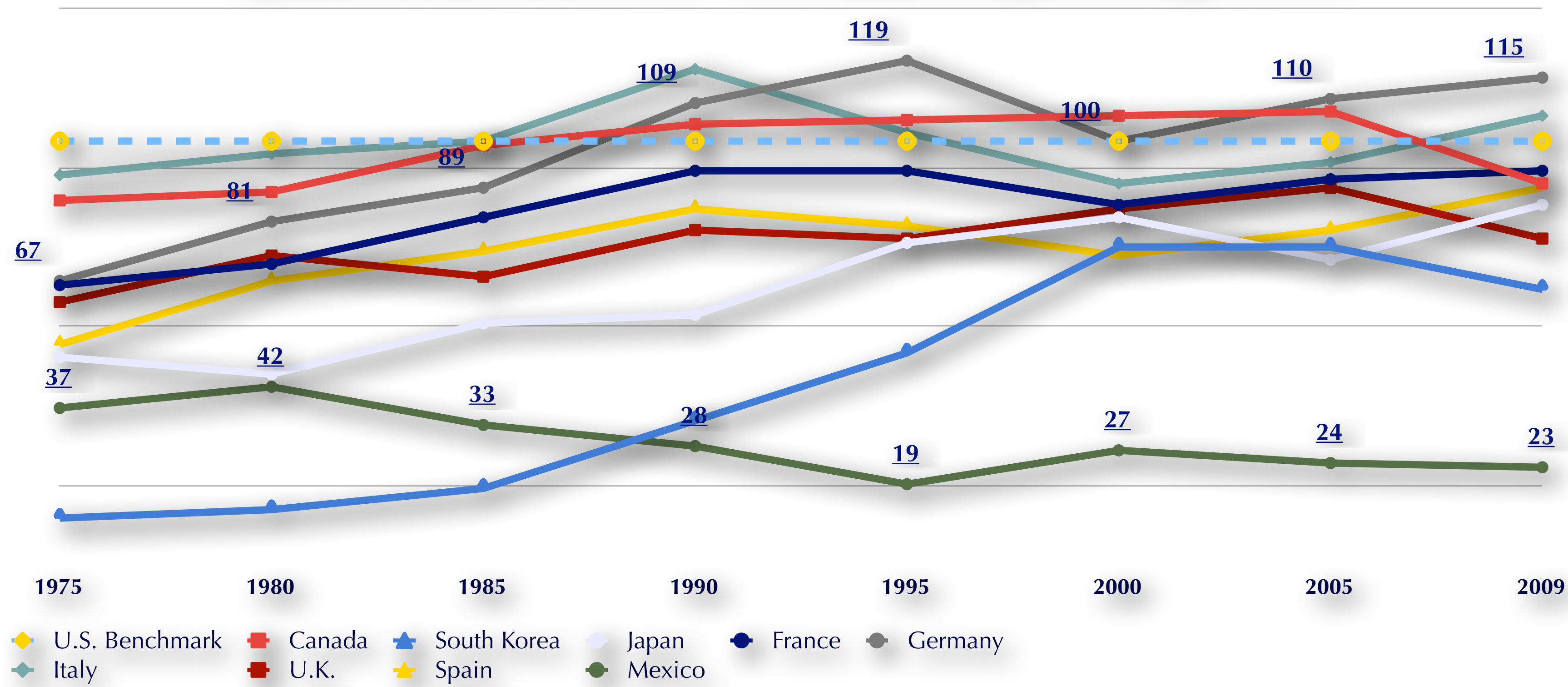
- From an equalisation perspective, since 1975, whilst México consistently worsens its best index by 50% –from 46 in 1981 to a meagre 23% in 2009– the trend shown by the other countries in the last 34 years is of a clear progress in their equalisation indices, particularly of South Korea, despite the losses of the last two years. It should be noted that Mexico's wage pauperisation trend is the direct result of a deliberate and perverse State policy, which blocks any possibility of real wage recovery. The "modern-slave-work" system remains the policy "par excellence" of the Mexican State in response to "market demands".

- In this way, each year it merits to contrast the enormous paradox of Mexico's performance with South Korea's. Whilst South Korea's wage index moves from 11 in 1975 to 65 in 2009 –in 2007 it scored an 83 index– Mexico does it in the opposite direction, moving from a 46 in 1981 –its best index– to a 23 index in 2009. 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 it had been enduring, by now increasing its equalisation of 72 in 2007 to 85 in 2009.

- Germany and Italy maintain a surplus in wage competitiveness –in purchasing power terms– vis-à-vis their U.S. counterparts, with indices of 115, and 106 respectively. In contrast, Canada dropped from a surplus of 108 in 2007 to 90 in 2009, just above the 88 index recorded in 1980. France and Spain still show a positive trend since 2000, despite the ground lost since 2007, whilst the UK recorded a heavy drop since 2007, from a 95 index to a 77 in 2009. For further detail see table T4 in page 21.

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

- **In 2009 Spain stays in line with the general trend followed by euro-driven economies, slightly sliding in their equalisation indices –since 2007– relative to U.S. wages. To be sure, the slide in real wages will worsen in the entire euro area and even more so in Spain and other countries as the extreme austerity recession-side strategy that is being imposed ensues.**

- Broadly, as the result of the planned process of convergence with the major economies of the EU, Spain 's GDP income per capita is now not far from them and moves in symmetry. By the same token, assuming that equivalent wages in the U.S. are of the living wage sort, Spanish wages for production-line workers in the manufacturing sector, can generally be regarded as living wages, and in real terms are now also similar to those prevalent in some of the largest European economies. In fact, since 2008, Spain's production wages are clearly in a better equalisation position with U.S. wages than equivalent wages in the U.K., for the latter have lost value dearly with the ongoing global systemic crisis. Yet, also in symmetry with the EU, Spain has not improved its living-wage equalisation position since 2007 and slightly declined in 2009 (from a 90 index in 2007 to an 89 index in 2009), a prelude of much worse things to come.

- Indeed, unfortunately, the gradual transformation of Spanish wages into living wages is bound to experience a hard regression to the levels recorded many years ago. As could be expected, the ensuing effects of the systemic global capitalist crisis began to exert a toll on real wages in the entire Euro area in 2009, which continued in 2010 and 2011 and will be felt far more harshly from 2012 onward. Greece, Portugal, Italy, Ireland, Belgium and Spain have been forced to impose drastic economic policies that can no longer be considered supply sided or even recessionary but truly economically depressive. A euro-area policy centred on the harsh reduction of public-deficits to 3% of GDP by 2013, is drastically cutting budgets in all areas of government at both national and municipal levels. However, "coincidentally", the new European Union directives are imposing, and not just demanding, a sheer neoliberal systemic restructuring which will deepen the already supply-side ethos that was gradually put in place in the 1990s. In complete incongruence with a truly democratic ethos, the new directives are now focused on reducing wages to the minimum common denominator and on dismantling many labour rights. As it happens, given that euro-area countries no longer have a national currency that could be devalued to increase competitiveness, and that the European Central Bank's sole goal is to contain inflation, euro-area economic strategy to increase competitiveness is now exclusively anchored on wage pauperisation. Thus, euro-area workers are at a real disadvantage vis-à-vis the rest of the world.

- Furthermore, there is now clear evidence that there is an ongoing deliberate assault on labour rights in the EU. In the past, wages were not in the domain of EU directives. However, Germany's economic paradigm, which is excessively centred on the containment of inflation and the absence of deficits, has made its policy to reduce wages and labour rights as the sole means to achieve its objective. In this way, German wages –already downgraded in the 1990s– have barely kept up with inflation since 2000. Now, this policy has been effectively transferred to the euro area and it is being imposed even more profoundly as the new standard. In this, way, among other directives, lower pay (or more hours for the same wage) have become the required standard. The so-called "troika" of the European Commission (EC), European Central Bank (ECB) and the IMF began with Greece, by cutting wages in all public sectors by 25% in 2010. In 2011 the EC demanded from Belgium to reform its wage indexation system to put a cap on wages in line with the same controls that were being implemented by its neighbours. Then in January 2012, the troika demanded the reduction of the minimum wage in Greece's private sector. (Anne Dufresne: The war on salaries Less pay for the workers, Le Monde Diplomatique, February 2012). All across the European Union a strong push for the reduction of labour entitlements is being unleashed by the troika, with the argument of being instrumental in the reduction of public deficits, debt and unemployment. But, as it can easily be observed, the new standards go far beyond the argument and constitute, "coincidentally," a harsh deepening of the neoliberal ethos demanded by financial markets. Three instances are quite illustrative. First, the policies aimed at the reduction of real wages are intended to cover both private and public sectors and not just the latter, where public debt resides. Second, the troika is also getting involved in reducing concrete and previously thought untouchable labour rights enshrined in the ILO's core conventions, such as the troika's direct meddling in the collective bargaining processes and actually dismantling collective bargaining models. Indeed, in 2011 the members adopted the Euro-plus Pact, to speed up the dismantling of collective bargaining models as a legally-binding directive. Third, time and time again it has been shown that transforming labour prerogatives into criteria applied in a supply-side discretionary manner has never decreased unemployment significantly. Instead, it has contributed very meaningfully to reduce labour's share of income and, thus, increase shareholder value. This conspicuous concept, to be sure, is the only raison d'être of financial markets, and they are demanding it from governments by reducing labour rights and the public sector to their minimum expression. Yet, the entire system is full of incongruences and hidden agendas. Governments are getting in debt to rescue private banks. The ECB –financed by European taxpayers– is barred from lending to governments, but it lends to private banks at 1%, supposedly to support their recovery from their profligate lending practices. The ECB argues that it is also lending to banks so that they reestablish their credit lines with the general public. Yet, instead, the banks are using what they are borrowing at 1% to lend to governments at 4%, 5% or more. This way they clean their balance sheets and boost their shareholder value at the expense of the State and, ultimately, of taxpayers (Ana Flores: Las cinco grandes mentiras para salvar a la banca, Público, 02/01/2012). On top of that, they demand the reduction of the welfare state, of labour`s share of income and of labour's fundamental rights, or, otherwise, they will increase the interest they charge to buy public debt, which is used to support them. Who are governments working for?

Main features of the manufacturing wage situation in Spain

- The entire scheme is clearly a neoliberal approach designed to fulfil all the demands of international financial markets, now that governments, both left and right, no longer feel constrained to show their true face as market agents and consolidate the marketocratic ethos disguised as representative democracy. A façade which, apropos, can no longer be used in Italy and Greece since their current prime ministers were not elected but imposed by the market through the troika. As could be expected, the dismantling of European labour entitlements is not the only goal. Traditional neoliberal dogma is also being pursued, including prominently, the privatisation of state enterprises. The Washington Consensus, imposed in Iberian America in the 1980s and 1990s, is now being imposed across euro-centric economies.

- In line with the new neoliberal, undemocratic and regressive European Union assault on labour rights, Spain's "labour" government passed a new labour reform in 2010 designed to comply with the new directives of the EC. It should be noted that Spain had already passed demand-side labour reforms in 1984, 1992, 1994, 1997, 2001 and 2006, all aimed at increasing flexibility in hiring and firing practices, reducing benefits and employer contributions, theoretically aimed at reducing unemployment by increasing temporary employment and similar practices that increased job insecurity and reduced labour rights (F. Javier Murillo Arroyo: Impacto salarial del milagro económico español, 1994-2007, Análisis Económico, Núm. 59, vol. XXV, Segundo cuatrimestre de 2010).

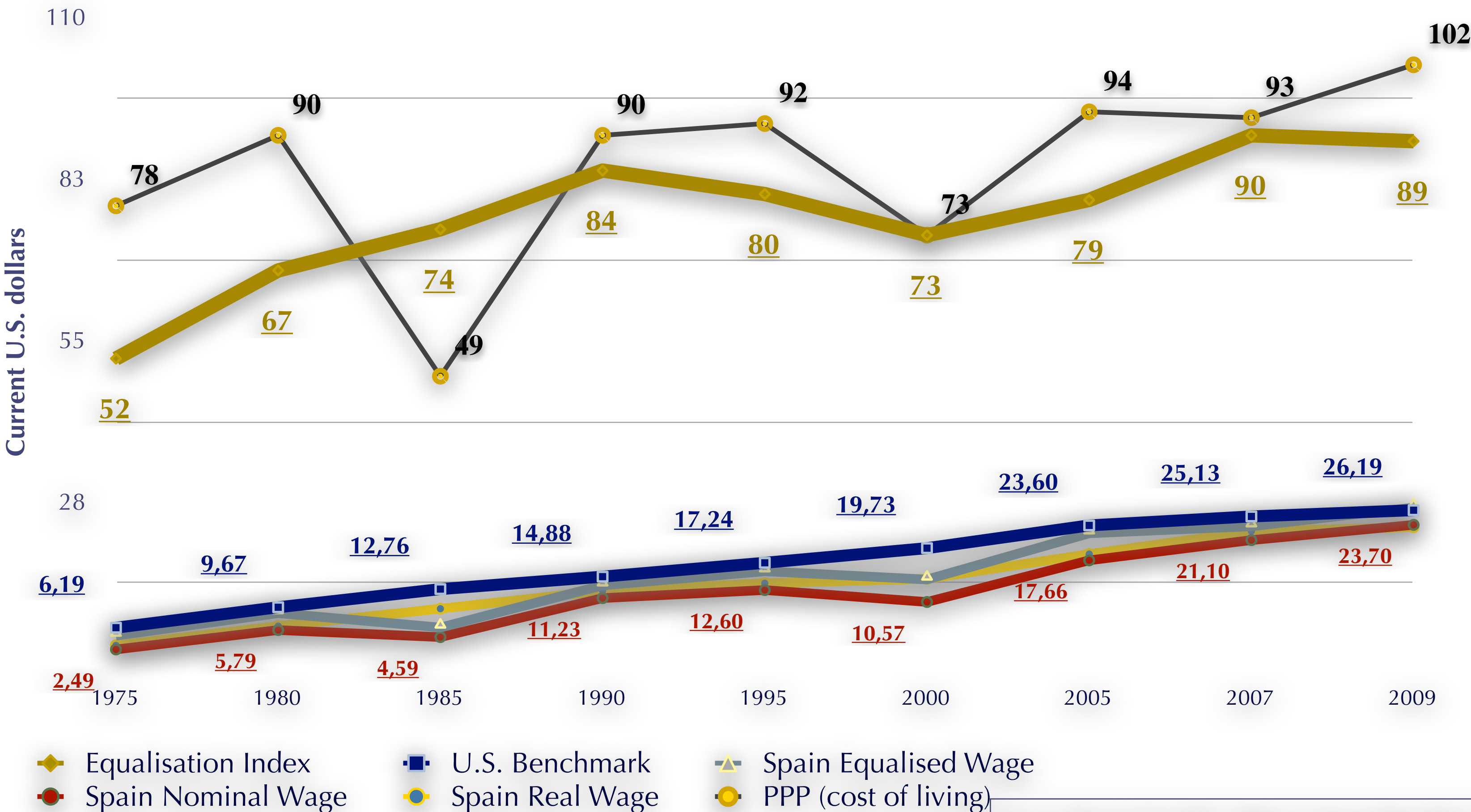
- Then, in 2012 the new ultra neoliberal government immediately passed a new labour reform that deepens the flexibility of employers, so that they can hire and fire almost at will. Employers can now unilaterally opt to ignore their collective bargaining agreement with the union every time they record any drop in sales/revenue (not profits) in two consecutive quarters, and, among other things, lay off workers individually (less than 10% of the work force) or collectively if sales/revenue (not profits) drop at any rate in three consecutive quarters. Yet, the staunchest neoliberal change of the new reform is the inclusion of the right of employers to cut wages every time they record any loss of revenue/sales (not profits) in two consecutive quarters (Boletín Oficial del Estado, Num. 36, Sábado 11 de febrero de 2012, Sec. I. págs. 12507-13). Again, the government's argument is that the reform is designed to encourage employers to hire by making it easier and cheaper to hire and fire. Such view is clearly unsustainable, given that employers have not endured any great difficulty in laying off people since the beginning of the crisis. As of January 2012, unemployment had already reached 4,7 million people without work, which amounts to a 22,9% rate, and 49% unemployment among those 16-24 years of age, the highest by far in the European Union in both cases. That the new reform clearly reduces labour rights has become axiomatic except to its imposers.

- In summary, the capitalist systemic crisis has served to ensue a new assault on labour rights and the Welfare State in Spain and across the entire European Union. This will in all certainty decrease the workers' share of income and increase the employers shareholder value in the coming years. Real wages in the U.S. are not getting any better either, but economic policy is not obsessively centred on reducing deficits and contains some degree of countercyclical measures that are at least, unlike in the EU, producing a slight recovery and preventing a deep recession. Consequently, living-wage equalisation indices of Spain and the rest of the EU with the U.S. will surely decrease in the coming years and will produce a real wage gap that will not improve as long as fiscal policy remains excessively centred on deficits and inflation. Even staunch apologists of neoliberalism such as the Wall Street Journal (Spain Versus the Budget Inquisition – The EU's legalistic focus on deficit numbers is to no one's benefit, 7 March, 2012) and the Financial Times (Tom Barber: Spain exposes flaws in EU crisis response, 5 March, 2012) consider the euro-area economic strategy a great mistake.

- Given that 2009 will be the last report on the equalisation of wages for production workers with U.S. equivalent wages, we will not be able to track their evolution. Our source, the U.S. Bureau of Labour Statistics, is no longer reporting wages for production workers. However, we will be able to track the evolution of wages for the entire manufacturing sector in 33 countries –which includes both employees and production workers– from 1996 onwards and observe how the current pauperisation of labour rights and compensations unfold.

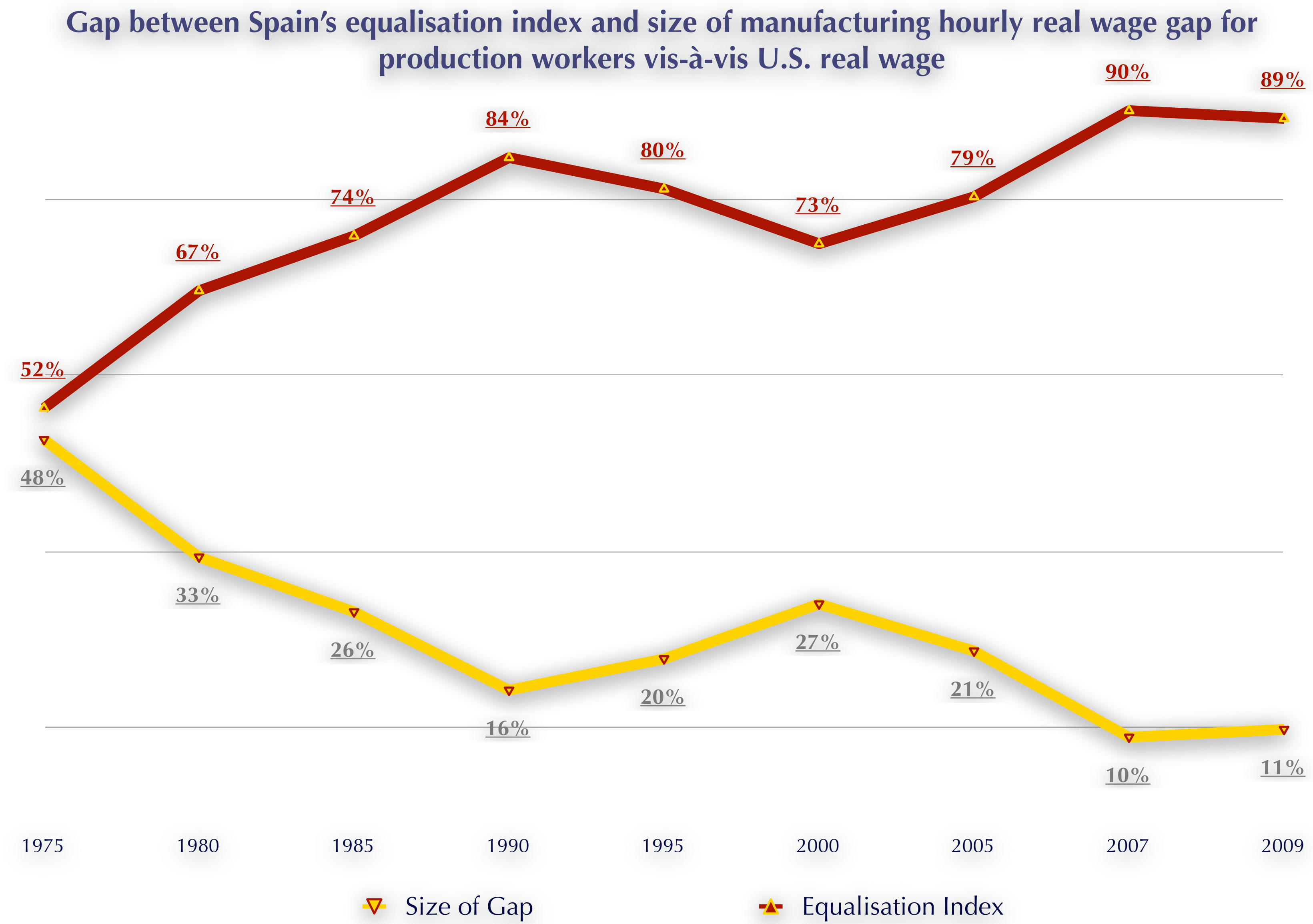
Between 1975 and 2009, Spain's real wages and, consequently, their equalisation with equivalent U.S. wages improved dramatically. Spain's hourly production-line manufacturing wages increased nominally 852%, whilst the PPP cost of living increased only 31% and U.S. wages 323%. Nonetheless, as previously noted, this trend will reverse meaningfully as long as the current depressive economic policy dominating the euro area is maintained.

Behaviour of Spanish production-line manufacturing hourly wages, PPPs and equalisation index with equivalent U.S. wages



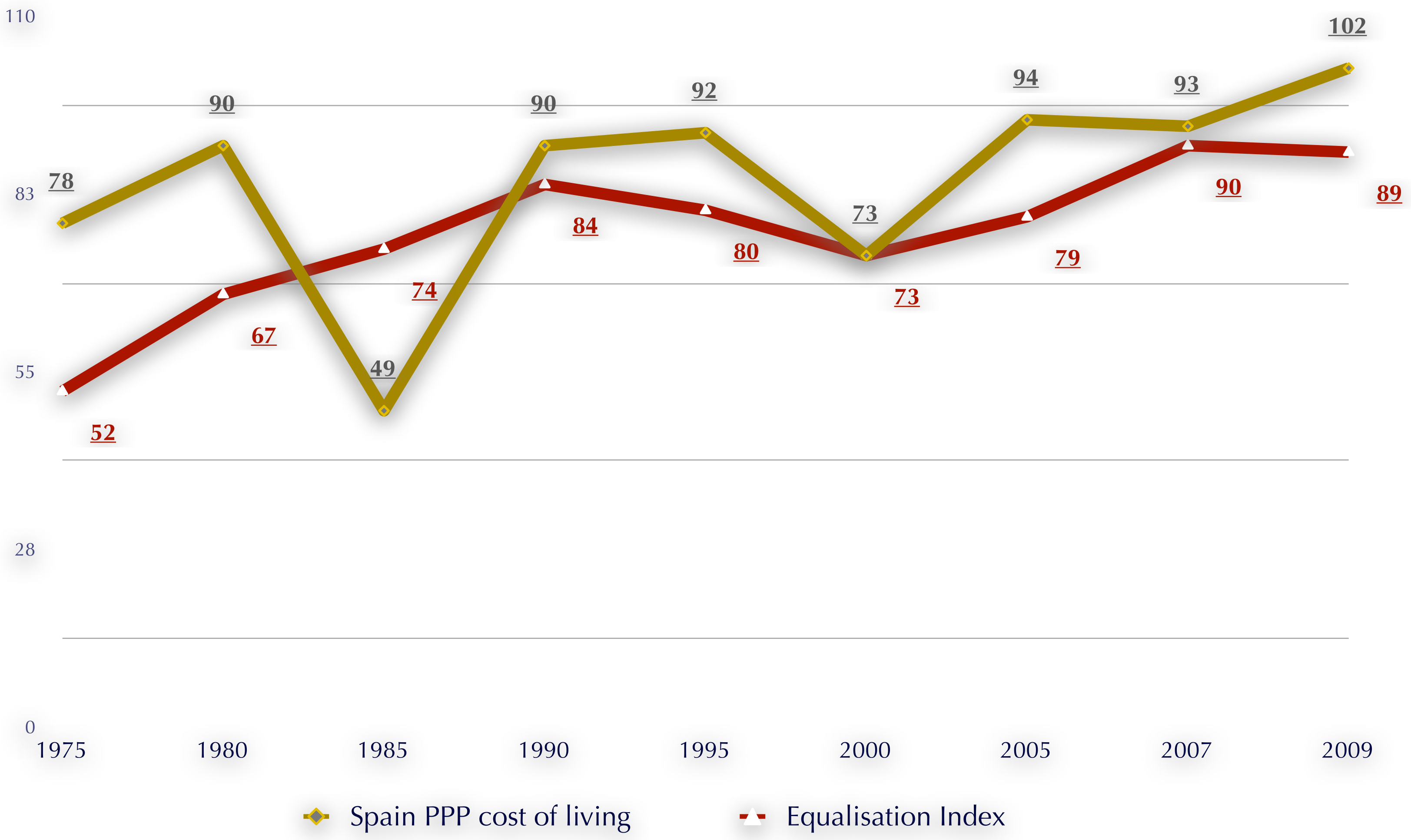
Sources: WB, U.S. BLS, OECD – © The Jus Semper Global Alliance

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



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

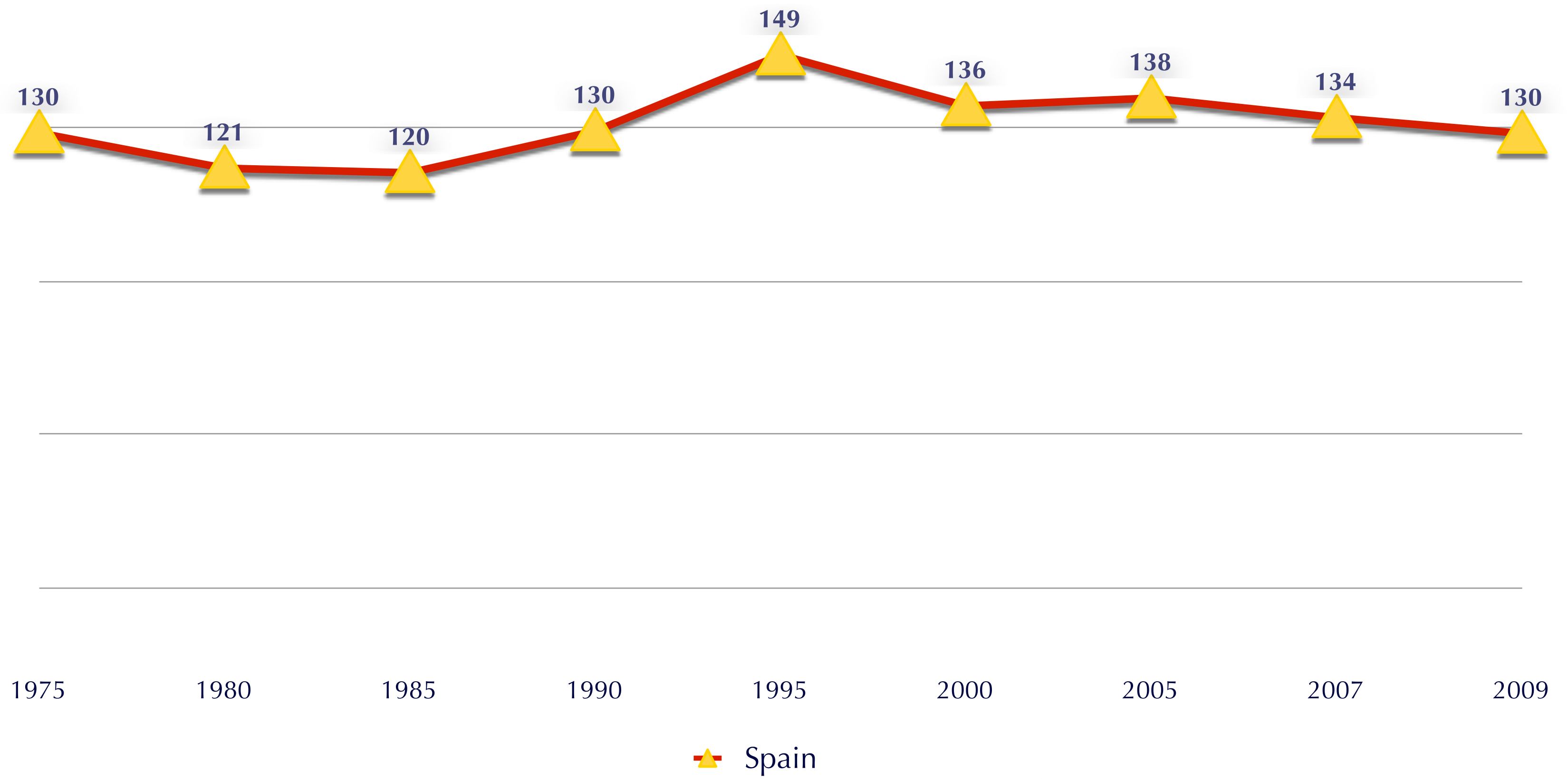
Performance of equalisation indices of Spain's PPP manufacturing hourly real wage for production workers vis-à-vis U.S. counterparts and behaviour of Spain's purchasing power parity indices (cost of living in PPP terms – U.S.= 100)



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

When comparing Spain's production-line real wages with those of their German counterparts, the latter average almost a third more value, albeit this advantage appears to be waning since 2005.

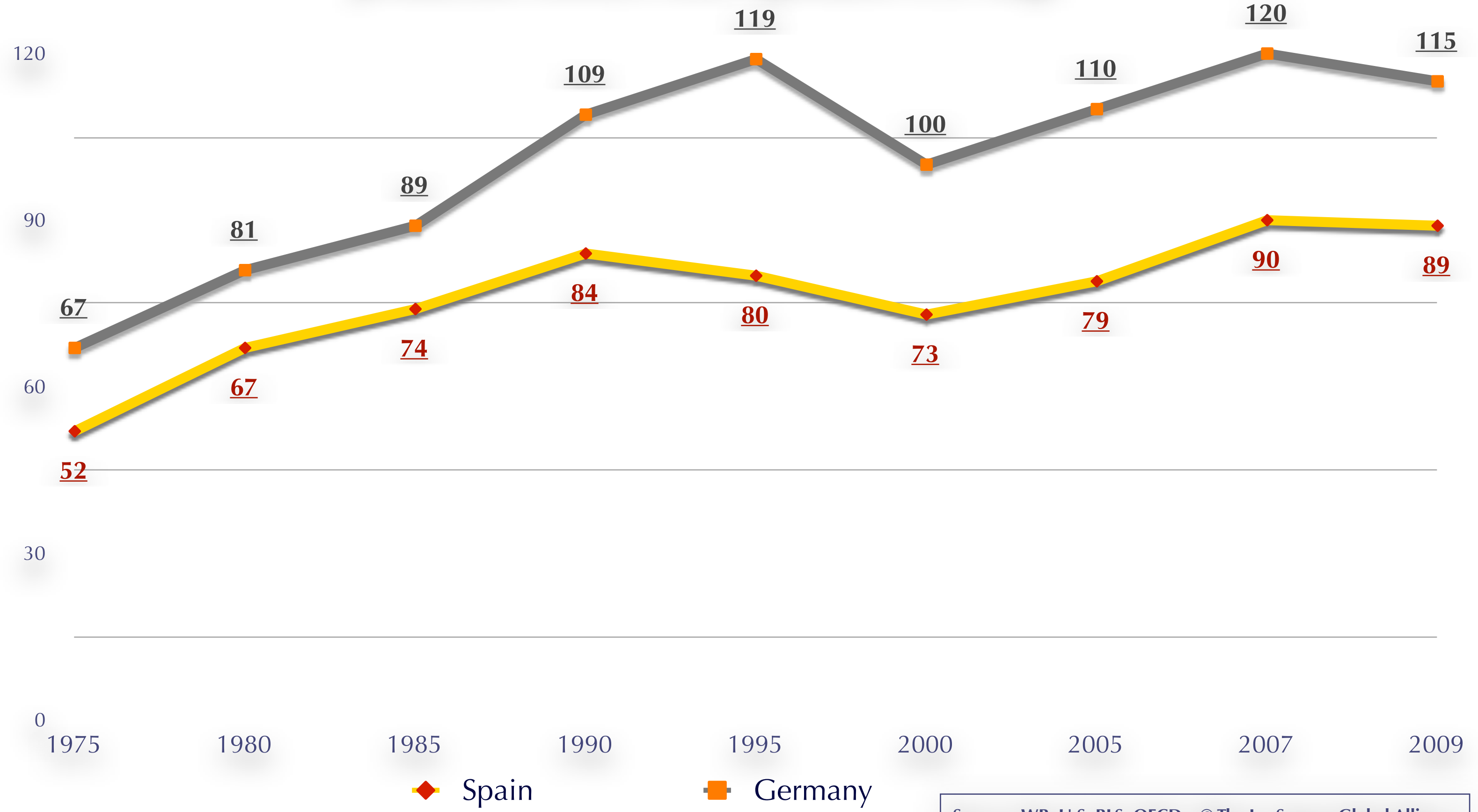
Behaviour of comparative indices of Spain's manufacturing hourly real wages for production workers vis-à-vis equivalent German wages (Spain = 100)



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

The comparison between Spain and Germany's living wage equalisation trends with U.S. equivalent wages indicates a strong competitive gain for Germany's wages between 1985 and the late 1990s, to then narrow its gap with Spain and maintain it stable after their economies transitioned into euro-based economies.

Spain and Germany's PPP equalisation indices of hourly real wage in manufacturing for production workers 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 1975-2009

		1975	1980	1985	1990	1995	2000	2005	2007	2009
Benchmark	**1. U.S. Hourly Manufacturing Rate**	**6,19**	**9,67**	**12,76**	**14,88**	**17,24**	**19,73**	**23,60**	**25,13**	**26,19**
Canada	GNI PPPs in country currency*	1,222	1,234	1,237	1,254	1,269	1,192	1,165	1,140	1,283
	Exchange rate	1,017	1,17	1,37	1,170	1,370	1,49	1,21	1,07	1,14
	GNI PPPs in US Dollars	$ 1,20	$ 1,05	$ 0,90	$ 1,07	$ 0,93	$ 0,80	$ 0,96	$ 1,07	$ 1,13
	2. Equalised PPP nominal compensation US $	**$ 7,44**	**$ 10,20**	**$ 11,52**	**$ 15,95**	**$ 15,96**	**$ 15,78**	**$ 22,73**	**$ 26,77**	**$ 29,47**
	3. Actual Real compensation US $	**$ 5,33**	**$ 8,55**	**$ 12,62**	**$ 15,51**	**$ 18,14**	**$ 20,98**	**$ 25,22**	**$ 27,17**	**$ 23,46**
	4. Actual Nominal compensation US $	**$ 6,40**	**$ 9,02**	**$ 11,40**	**$ 16,62**	**$ 16,80**	**$ 16,78**	**$ 24,29**	**$ 28,94**	**$ 26,40**
	Compensation Deficit in US $ (2 minus 4)	**$ 1,04**	**$ 1,18**	**$ 0,12**	**$ (0,67)**	**$ (0,84)**	**$ (1,00)**	**$ (1,56)**	**$ (2,17)**	**$ 3,07**
	Wage Equalisation index (4÷2 or 3÷1)	**0,86**	**0,88**	**0,99**	**1,04**	**1,05**	**1,06**	**1,07**	**1,08**	**0,90**
South Korea	GNI PPPs in country currency*	238,900	469,826	475,856	534,158	668,807	655,045	760,441	750,774	929,230
	Exchange rate	484	607,4	870,02	707,76	771,27	1130,96	1024,12	929,26	1276,93
	GNI PPPs in US Dollars	$ 0,49	$ 0,77	$ 0,55	$ 0,75	$ 0,87	$ 0,58	$ 0,74	$ 0,81	$ 0,73
	2. Equalised PPP nominal compensation US $	**$ 3,06**	**$ 7,48**	**$ 6,98**	**$ 11,23**	**$ 14,95**	**$ 11,43**	**$ 17,52**	**$ 20,30**	**$ 19,06**
	3. Actual Real compensation US $	**$ 0,67**	**$ 1,27**	**$ 2,34**	**$ 5,02**	**$ 8,70**	**$ 14,74**	**$ 17,78**	**$ 20,98**	**$ 17,03**
	4. Actual Nominal compensation US $	**$ 0,33**	**$ 0,98**	**$ 1,28**	**$ 3,79**	**$ 7,54**	**$ 8,54**	**$ 13,20**	**$ 16,95**	**$ 12,39**
	Compensation Deficit in US $ (2 minus 4)	**$ 2,73**	**$ 6,50**	**$ 5,70**	**$ 7,44**	**$ 7,41**	**$ 2,89**	**$ 4,32**	**$ 3,35**	**$ 6,67**
	Wage Equalisation index (4÷2 or 3÷1)	**0,11**	**0,13**	**0,18**	**0,34**	**0,50**	**0,75**	**0,75**	**0,83**	**0,65**

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 1975-2009

		1975	1980	1985	1990	1995	2000	2005	2007	2009
Benchmark	**1. U.S. Hourly Manufacturing Rate**	**6,19**	**9,67**	**12,76**	**14,88**	**17,24**	**19,73**	**23,60**	**25,13**	**26,19**
Japan	GNI PPPs in country currency*	286,000	283,358	205,644	206,539	168,142	143,776	138,352	128,134	106,775
	Exchange rate	296,79	226,74	238,54	144,79	94,06	107,77	110,22	117,75	93,57
	GNI PPPs in US Dollars	$ 0,96	$ 1,25	$ 0,86	$ 1,43	$ 1,79	$ 1,33	$ 1,26	$ 1,09	$ 1,14
	2. Equalised PPP nominal compensation US $	**$ 5,96**	**$ 12,08**	**$ 11,00**	**$ 21,23**	**$ 30,82**	**$ 26,32**	**$ 29,62**	**$ 27,35**	**$ 29,89**
	3. Actual Real compensation US $	**$ 3,06**	**$ 4,33**	**$ 7,24**	**$ 8,78**	**$ 13,06**	**$ 16,26**	**$ 16,98**	**$ 18,17**	**$ 22,22**
	4. Actual Nominal compensation US $	**$ 2,95**	**$ 5,41**	**$ 6,24**	**$ 12,52**	**$ 23,34**	**$ 21,69**	**$ 21,31**	**$ 19,77**	**$ 25,36**
	Compensation Deficit in US $ (2 minus 4)	**$ 3,01**	**$ 6,67**	**$ 4,76**	**$ 8,71**	**$ 7,48**	**$ 4,63**	**$ 8,31**	**$ 7,58**	**$ 4,53**
	Wage Equalisation index (4÷2 or 3÷1)	**0,49**	**0,45**	**0,57**	**0,59**	**0,76**	**0,82**	**0,72**	**0,72**	**0,85**
France	GNI PPPs in country currency*	4,978	5,714	6,716	6,366	6,212	1,030	0,936	0,874	0,901
	Exchange rate	4,29	4,23	8,99	5,450	4,990	1,0832	0,8033	0,7293	0,7176
	GNI PPPs in US Dollars	$ 1,16	$ 1,35	$ 0,75	$ 1,17	$ 1,24	$ 0,95	$ 1,17	$ 1,20	$ 1,26
	2. Equalised PPP nominal compensation US $	**$ 7,18**	**$ 13,06**	**$ 9,53**	**$ 17,38**	**$ 21,46**	**$ 18,77**	**$ 27,50**	**$ 30,10**	**$ 32,88**
	3. Actual Real compensation US $	**$ 4,07**	**$ 6,91**	**$ 10,51**	**$ 13,84**	**$ 16,08**	**$ 16,78**	**$ 21,42**	**$ 24,16**	**$ 24,23**
	4. Actual Nominal compensation US $	**$ 4,72**	**$ 9,33**	**$ 7,85**	**$ 16,17**	**$ 20,02**	**$ 15,96**	**$ 24,96**	**$ 28,94**	**$ 30,42**
	Compensation Deficit in US $ (2 minus 4)	**$ 2,46**	**$ 3,73**	**$ 1,68**	**$ 1,21**	**$ 1,44**	**$ 2,81**	**$ 2,54**	**$ 1,16**	**$ 2,46**
	Wage Equalisation index (4÷2 or 3÷1)	**0,66**	**0,71**	**0,82**	**0,93**	**0,93**	**0,85**	**0,91**	**0,96**	**0,93**
Germany	GNI PPPs in country currency*	3,062	2,330	2,042	1,795	1,831	1,075	0,888	0,794	0,826
	Exchange rate	2,4553	1,8175	2,9419	1,6166	1,4321	1,0832	0,8033	0,7293	0,7176
	GNI PPPs in US Dollars	$ 1,25	$ 1,28	$ 0,69	$ 1,11	$ 1,28	$ 0,99	$ 1,11	$ 1,09	$ 1,15
	2. Equalised PPP nominal compensation US $	**$ 7,72**	**$ 12,39**	**$ 8,86**	**$ 16,52**	**$ 22,04**	**$ 19,58**	**$ 26,08**	**$ 27,35**	**$ 30,16**
	3. Actual Real compensation US $	**$ 4,14**	**$ 7,84**	**$ 11,31**	**$ 16,26**	**$ 20,47**	**$ 19,77**	**$ 25,91**	**$ 30,19**	**$ 30,22**
	4. Actual Nominal compensation US $	**$ 5,16**	**$ 10,05**	**$ 7,85**	**$ 18,05**	**$ 26,17**	**$ 19,62**	**$ 28,64**	**$ 32,85**	**$ 34,80**
	Compensation Deficit in US $ (2 minus 4)	**$ 2,56**	**$ 2,34**	**$ 1,01**	**$ (1,53)**	**$ (4,13)**	**$ (0,04)**	**$ (2,56)**	**$ (5,50)**	**$ (4,64)**
	Wage Equalisation index (4÷2 or 3÷1)	**0,67**	**0,81**	**0,89**	**1,09**	**1,19**	**1,00**	**1,10**	**1,20**	**1,15**
Italy	GNI PPPs in country currency*	539,500	751,484	1151,038	1238,936	1548,189	0,891	0,875	0,773	0,790
	Exchange rate	652,85	856,45	1909,440	1198,1	1628,930	1,0832	0,8033	0,7293	0,7176
	GNI PPPs in US Dollars	$ 0,83	$ 0,88	$ 0,60	$ 1,03	$ 0,95	$ 0,82	$ 1,09	$ 1,06	$ 1,10
	2. Equalised PPP nominal compensation US $	**$ 5,12**	**$ 8,48**	**$ 7,69**	**$ 15,39**	**$ 16,39**	**$ 16,23**	**$ 25,69**	**$ 26,64**	**$ 28,81**
	3. Actual Real compensation US $	**$ 5,69**	**$ 9,35**	**$ 12,72**	**$ 17,42**	**$ 17,58**	**$ 17,67**	**$ 22,37**	**$ 26,65**	**$ 27,88**
	4. Actual Nominal compensation US $	**$ 4,70**	**$ 8,20**	**$ 7,67**	**$ 18,01**	**$ 16,71**	**$ 14,53**	**$ 24,35**	**$ 28,25**	**$ 30,67**
	Compensation Deficit in US $ (2 minus 4)	**$ 0,42**	**$ 0,28**	**$ 0,02**	**$ (2,62)**	**$ (0,32)**	**$ 1,70**	**$ 1,34**	**$ (1,61)**	**$ (1,86)**
	Wage Equalisation index (4÷2 or 3÷1)	**0,92**	**0,97**	**1,00**	**1,17**	**1,02**	**0,90**	**0,95**	**1,06**	**1,06**
United Kingdom	GNI PPPs in country currency*	0,380	0,444	0,541	0,583	0,636	0,658	0,643	0,609	0,740
	Exchange rate	0,452	0,43	0,779	0,563	0,634	0,661	0,55	0,50	0,642
	GNI PPPs in US Dollars	$ 0,84	$ 1,03	$ 0,69	$ 1,04	$ 1,00	$ 1,00	$ 1,17	$ 1,22	$ 1,15
	2. Equalised PPP nominal compensation US $	**$ 5,21**	**$ 9,97**	**$ 8,86**	**$ 15,41**	**$ 17,29**	**$ 19,65**	**$ 27,57**	**$ 30,60**	**$ 30,19**
	3. Actual Real compensation US $	**$ 3,86**	**$ 7,07**	**$ 8,71**	**$ 11,69**	**$ 13,35**	**$ 16,67**	**$ 21,03**	**$ 23,83**	**$ 20,26**
	4. Actual Nominal compensation US $	**$ 3,25**	**$ 7,29**	**$ 6,05**	**$ 12,11**	**$ 13,39**	**$ 16,60**	**$ 24,57**	**$ 29,01**	**$ 23,35**
	Compensation Deficit in US $ (2 minus 4)	**$ 1,96**	**$ 2,68**	**$ 2,81**	**$ 3,30**	**$ 3,90**	**$ 3,05**	**$ 3,00**	**$ 1,59**	**$ 6,84**
	Wage Equalisation index (4÷2 or 3÷1)	**0,62**	**0,73**	**0,68**	**0,79**	**0,77**	**0,84**	**0,89**	**0,95**	**0,77**

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	2007	2009
Benchmark	**1. U.S. Hourly Manufacturing Rate**	**6,19**	**9,67**	**12,76**	**14,88**	**17,24**	**19,73**	**23,60**	**25,13**	**26,19**
Spain	GNI PPPs in country currency*	44,830	64,181	82,874	91,745	114,175	0,790	0,757	0,681	0,730
	Exchange rate	57,41	71,70	170,04	101,930	124,69	1,0832	0,8033	0,7293	0,7176
	GNI PPPs in US Dollars	$ 0,78	$ 0,90	$ 0,49	$ 0,90	$ 0,92	$ 0,73	$ 0,94	$ 0,93	$ 1,02
	2. Equalised PPP nominal compensation US $	**$ 4,83**	**$ 8,66**	**$ 6,22**	**$ 13,39**	**$ 15,79**	**$ 14,39**	**$ 22,25**	**$ 23,45**	**$ 26,64**
	3. Actual Real compensation US $	**$ 3,19**	**$ 6,47**	**$ 9,42**	**$ 12,48**	**$ 13,76**	**$ 14,49**	**$ 18,73**	**$ 22,61**	**$ 23,30**
	4. Actual Nominal compensation US $	**$ 2,49**	**$ 5,79**	**$ 4,59**	**$ 11,23**	**$ 12,60**	**$ 10,57**	**$ 17,66**	**$ 21,10**	**$ 23,70**
	Compensation Deficit in US $ (2 minus 4)	**$ 2,34**	**$ 2,87**	**$ 1,63**	**$ 2,16**	**$ 3,19**	**$ 3,82**	**$ 4,59**	**$ 2,35**	**$ 2,94**
	Wage Equalisation index (4÷2 or 3÷1)	**0,52**	**0,67**	**0,74**	**0,84**	**0,80**	**0,73**	**0,79**	**0,90**	**0,89**
Mexico	GNI PPPs in country currency*	9,700	15,213	117,389	1332,653	3,723	5,396	7,113	7,152	8,613
	Exchange rate	12,50	22,97	256,9	2813,0	6,42	9,46	10,89	10,93	13,51
	GNI PPPs in US Dollars	$ 0,78	$ 0,66	$ 0,46	$ 0,47	$ 0,58	$ 0,57	$ 0,65	$ 0,65	$ 0,64
	2. Equalised PPP nominal compensation US $	**$ 4,80**	**$ 6,40**	**$ 5,83**	**$ 7,05**	**$ 10,00**	**$ 11,25**	**$ 15,41**	**$ 16,44**	**$ 16,70**
	3. Actual Real compensation US $	**$ 2,32**	**$ 4,09**	**$ 4,27**	**$ 4,10**	**$ 3,19**	**$ 5,29**	**$ 5,63**	**$ 6,34**	**$ 5,98**
	4. Actual Nominal compensation US $	**$ 1,80**	**$ 2,71**	**$ 1,95**	**$ 1,94**	**$ 1,85**	**$ 3,02**	**$ 3,68**	**$ 4,15**	**$ 3,81**
	Compensation Deficit in US $ (2 minus 4)	**$ 3,00**	**$ 3,69**	**$ 3,88**	**$ 5,11**	**$ 8,15**	**$ 8,23**	**$ 11,73**	**$ 12,29**	**$ 12,89**
	Wage Equalisation index (4÷2 or 3÷1)	**0,37**	**0,42**	**0,33**	**0,28**	**0,19**	**0,27**	**0,24**	**0,25**	**0,23**

		1996	1998	2000	2002	2004	2005	2006	2007	2009
Benchmark	**U.S. Hourly Production-line Rate**	**17,82**	**18,59**	**19,73**	**21,42**	**22,92**	**23,60**	**23,94**	**25,13**	**26,19**
Brazil	GNI PPPs in country currency*	0,676	0,869	1,036	1,253	1,237	1,166	1,184	1,242	1,596
	Exchange rate	1,005	1,161	1,830	2,921	2,926	2,435	2,174	1,946	2,00
	GNI PPPs in US Dollars	$ 0,67	$ 0,75	$ 0,57	$ 0,43	$ 0,42	$ 0,48	$ 0,54	$ 0,64	$ 0,80
	2. Equalised PPP nominal compensation US $	**$ 11,99**	**$ 13,91**	**$ 11,17**	**$ 9,19**	**$ 9,69**	**$ 11,30**	**$ 13,04**	**$ 16,04**	**$ 20,90**
	3. Actual Real compensation US $	**$ 8,64**	**$ 7,43**	**$ 6,29**	**$ 6,04**	**$ 7,50**	**$ 8,75**	**$ 9,23**	**$ 9,38**	**$ 8,54**
	4. Actual Nominal compensation US $	**$ 5,81**	**$ 5,56**	**$ 3,56**	**$ 2,59**	**$ 3,17**	**$ 4,19**	**$ 5,03**	**$ 5,99**	**$ 6,81**
	Compensation Deficit in US $ (2 minus 4)	**$ 6,18**	**$ 8,35**	**$ 7,61**	**$ 6,60**	**$ 6,52**	**$ 7,11**	**$ 8,01**	**$ 10,05**	**$ 14,09**
	Wage Equalisation index (4÷2 or 3÷1)	**0,48**	**0,40**	**0,32**	**0,28**	**0,33**	**0,37**	**0,39**	**0,37**	**0,33**

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 1975-2009

		1980	1985	1990	1995	2000	2005	2007	2009
Benchmark	**U.S. Hourly Production-line Rate**	**9,67**	**12,76**	**14,88**	**17,24**	**19,73**	**23,60**	**25,13**	**26,19**
Hong Kong	GNI PPPs in country currency*	3,83	4,60	5,92	7,82	7,79	6,13	5,581	5,451
	Exchange rate	4,976	7,791	7,790	7,736	7,792	7,777	7,801	7,752
	GNI PPPs in US Dollars	$ 0,77	$ 0,59	$ 0,76	$ 1,01	$ 1,00	$ 0,79	$ 0,72	$ 0,70
	2. Equalised PPP nominal compensation US $	**$ 7,45**	**$ 7,53**	**$ 11,31**	**$ 17,43**	**$ 19,72**	**$ 18,60**	**$ 17,98**	**$ 18,42**
	3. Actual Real compensation US $	**$ 2,00**	**$ 3,00**	**$ 4,34**	**$ 4,84**	**$ 5,50**	**$ 7,09**	**$ 8,04**	**$ 8,28**
	4. Actual Nominal compensation US $	**$ 1,54**	**$ 1,77**	**$ 3,30**	**$ 4,89**	**$ 5,50**	**$ 5,59**	**$ 5,75**	**$ 5,82**
	Compensation Deficit in US $ (2 minus 4)	**$ 5,91**	**$ 5,76**	**$ 8,01**	**$ 12,54**	**$ 14,22**	**$ 13,01**	**$ 12,23**	**$ 12,60**
	Wage Equalisation index (4÷2 or 3÷1)	**0,21**	**0,24**	**0,29**	**0,28**	**0,28**	**0,30**	**0,32**	**0,32**
Singapore	GNI PPPs in country currency*	1,564	1,372	1,238	1,278	1,224	1,117	1,016	1,085
	Exchange rate	2,141	2,200	1,813	1,417	1,725	1,664	1,507	1,454
	GNI PPPs in US Dollars	$ 0,73	$ 0,62	$ 0,68	$ 0,90	$ 0,71	$ 0,67	$ 0,67	$ 0,75
	2. Equalised PPP nominal compensation US $	**$ 7,07**	**$ 7,96**	**$ 10,16**	**$ 15,55**	**$ 14,00**	**$ 15,84**	**$ 16,93**	**$ 19,54**
	3. Actual Real compensation US $	**$ 2,12**	**$ 4,12**	**$ 5,58**	**$ 8,55**	**$ 10,41**	**$ 10,96**	**$ 12,61**	**$ 12,37**
	4. Actual Nominal compensation US $	**$ 1,55**	**$ 2,57**	**$ 3,81**	**$ 7,71**	**$ 7,39**	**$ 7,36**	**$ 8,50**	**$ 9,23**
	Compensation Deficit in US $ (2 minus 4)	**$ 5,52**	**$ 5,39**	**$ 6,35**	**$ 7,84**	**$ 6,61**	**$ 8,48**	**$ 8,43**	**$ 10,31**
	Wage Equalisation index (4÷2 or 3÷1)	**0,22**	**0,32**	**0,37**	**0,50**	**0,53**	**0,46**	**0,50**	**0,47**

*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:)

– Database of World Bank's World Development Indicators, 1975-2010, (GNI & GNI PPP, Atlas method)
X Hourly Compensation Costs for Production Workers in Manufacturing (34 Country Tables), updated on March 2011. U.S. Dept. 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.

This will be the last report for production workers, for the U.S. Department of Labour has stopped disseminating data for production workers only. Beginning with 2010, the data will report labour costs for all manufacturing employees, including production workers.

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.