

The equalisation indices of hourly compensation costs for both all manufacturing sector workers (AMWs) (blue & white collar) and for production-line manufacturing workers (PLWs) for Canada recorded an erosion; remained stagnated for Mexico and Brazil; slightly improved for Spain whilst wages for Argentinian AMWs improved markedly.

Our analysis of the major economies in the Americas compares AMWs' hourly wages between countries as well as with the wages of PLWs –except Argentina, assessing, in this way, the size of living-wage gaps. Spain is included in the analysis for comparison purposes of Canada's and Iberian American economies with a large euro-area economy. PLWs are engaged in fabricating, assembly, and related activities. Comparisons are: 1) size of living-wage gaps; and 2) whether living-wage gaps for PLWs or AMWs are greater.

- Wages for both all manufacturing sector workers and for production-line workers in Canada vis-à-vis their U.S. counterparts eroded markedly in 2008. Thus, for PLWs the competitive advantage of their wages –in purchasing power terms– decreased from 109 to 103 whilst the wage gap for AMWs deepened from 96 to 90.
- Wages gaps for the manufacturing sector in Mexico are dismal and by far the largest among the selected countries and among OECD members. Moreover, although wage gaps for all workers were slightly less dramatic than for production workers, the tendency since 1996 has been towards the disappearance of such relationship. In this way, since 2004 the difference between the wages of AMWs and of PLWs has been zero or of only one point (18 vs. 19 in 2008), a position where both gaps have remained stagnant in the last few years.
- Brazilian wage gaps for both AMWs and for PLWs have stagnated in the same equalisation level since 2005, practically without variance (35 and 37 respectively). In contrast, in the case of Argentina, where data only for AMWs is available, the trend towards wage equalisation with their U.S. counterparts –since 2002– continued improving sensibly in 2008, reaching a 60 index.
- Wage equalisation indices for both Spanish AMWs and PLWs continued their gradual improving trend vis-à-vis their U.S. counterparts, reaching 83 and 89 indices, respectively, in 2008.
- As a whole, the trend of slightly better equalisation indices for PLWs than for AMWs persists for Canada, Brazil and Spain. In contrast, in Mexico, the once slightly better position of AMWs wages has disappeared thus merging both wage gaps at a dramatically dismal level.

		1996	1998	2000	2002	2004	2005	2006	2007	2008
Benchmark	U.S. Hourly Manufacturing Rate	22,11	23,12	24,63	27,01	28,94	29,74	29,98	31,51	32,26
Canada	GNI PPPs in country currency*	1,226	1,224	1,190	1,230	1,156	1,167	1,146	1,142	1,202
	Exchange rate	1,364	1,484	1,486	1,570	1,302	1,212	1,134	1,073	1,066
	GNI PPPs in US Dollars	\$ 0,90	\$ 0,82	\$ 0,80	\$ 0,78	\$ 0,89	\$ 0,96	\$ 1,01	\$ 1,06	\$ 1,13
	2. Equalised PPP nominal compensation US \$	\$ 19,87	\$ 19,06	\$ 19,72	\$ 21,16	\$ 25,68	\$ 28,64	\$ 30,29	\$ 33,55	\$ 36,37
	3. Actual Real compensation US \$	\$ 21,15	\$ 21,93	\$ 23,33	\$ 23,47	\$ 27,20	\$ 27,84	\$ 28,91	\$ 30,11	\$ 29,00
	4. Actual Nominal compensation US \$	\$ 19,01	\$ 18,08	\$ 18,68	\$ 18,39	\$ 24,14	\$ 26,81	\$ 29,21	\$ 32,06	\$ 32,69
	Compensation Deficit in US \$ (2 minus 4)	\$ 0,86	\$ 0,98	\$ 1,04	\$ 2,77	\$ 1,54	\$ 1,83	\$ 1,08	\$ 1,49	\$ 3,68
	Wage Equalisation index (4÷2 or 3÷1)	0,96	0,95	0,95	0,87	0,94	0,94	0,96	0,96	0,90
	Production line wage equalisation	1,08	1,06	1,06	0,99	1,08	1,07	1,08	1,09	1,03
Mexico	GNI PPPs in country currency*	3,996	4,671	5,402	6,184	7,285	7,122	7,195	7,344	7,759
	Exchange rate	7,600	9,152	9,459	9,663	11,29	10,89	10,91	10,93	11,14
	GNI PPPs in US Dollars	\$ 0,53	\$ 0,51	\$ 0,57	\$ 0,64	\$ 0,65	\$ 0,65	\$ 0,66	\$ 0,67	\$ 0,70
	2. Equalised PPP nominal compensation US \$	\$ 11,63	\$ 11,80	\$ 14,07	\$ 17,29	\$ 18,67	\$ 19,45	\$ 19,77	\$ 21,17	\$ 22,47
	3. Actual Real compensation US \$	\$ 3,92	\$ 4,64	\$ 5,32	\$ 5,58	\$ 5,16	\$ 5,44	\$ 5,63	\$ 5,80	\$ 5,80
	4. Actual Nominal compensation US \$	\$ 2,06	\$ 2,37	\$ 3,04	\$ 3,57	\$ 3,33	\$ 3,56	\$ 3,71	\$ 3,90	\$ 4,04
	Compensation Deficit in US \$ (2 minus 4)	\$ 9,57	\$ 9,43	\$ 11,03	\$ 13,72	\$ 15,34	\$ 15,89	\$ 16,06	\$ 17,27	\$ 18,43
	Wage Equalisation index (4÷2 or 3÷1)	0,18	0,20	0,22	0,21	0,18	0,18	0,19	0,18	0,18
	Production line wage equalisation	0,15	0,17	0,19	0,19	0,17	0,17	0,18	0,18	0,17

	1996	1998	2000	2002	2004	2005	2006	2007	2008
Benchmark U.S. Hourly Manufacturing Rate	22,11	23,12	24,63	27,01	28,94	29,74	29,98	31,51	32,26
Brazil									
GNI PPPs in country currency*	0,706	0,870	1,039	1,252	1,237	1,167	1,185	1,238	1,328
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	\$ 0,70	\$ 0,75	\$ 0,57	\$ 0,43	\$ 0,42	\$ 0,48	\$ 0,54	\$ 0,64	\$ 0,72
2. Equalised PPP nominal compensation US \$	\$ 15,54	\$ 17,33	\$ 13,98	\$ 11,58	\$ 12,24	\$ 14,25	\$ 16,34	\$ 20,05	\$ 23,37
3. Actual Real compensation US \$	\$ 10,13	\$ 8,92	\$ 7,57	\$ 7,16	\$ 8,99	\$ 10,46	\$ 10,97	\$ 11,16	\$ 11,43
4. Actual Nominal compensation US \$	\$ 7,12	\$ 6,69	\$ 4,30	\$ 3,07	\$ 3,80	\$ 5,01	\$ 5,98	\$ 7,10	\$ 8,28
Compensation Deficit in US \$ (2 minus 4)	\$ 8,42	\$ 10,64	\$ 9,68	\$ 8,51	\$ 8,44	\$ 9,24	\$ 10,36	\$ 12,95	\$ 15,09
Wage Equalisation index (4÷2 or 3÷1)	0,46	0,39	0,31	0,27	0,31	0,35	0,37	0,35	0,35
Production line wage equalisation	0,46	0,39	0,31	0,28	0,32	0,37	0,38	0,37	0,37
Argentina									
GNI PPPs in country currency*	0,947	0,874	0,838	1,688	1,147	1,242	1,346	1,448	1,624
Exchange rate	0,997	0,995	0,995	3,063	2,923	2,904	3,054	3,111	3,164
GNI PPPs in US Dollars	\$ 0,95	\$ 0,88	\$ 0,84	\$ 0,55	\$ 0,39	\$ 0,43	\$ 0,44	\$ 0,47	\$ 0,51
2. Equalised PPP nominal compensation US \$	\$ 21,00	\$ 20,30	\$ 20,75	\$ 14,89	\$ 11,35	\$ 12,72	\$ 13,22	\$ 14,67	\$ 16,56
3. Actual Real compensation US \$	\$ 7,71	\$ 8,96	\$ 9,56	\$ 5,41	\$ 11,39	\$ 12,77	\$ 14,90	\$ 17,04	\$ 19,27
4. Actual Nominal compensation US \$	\$ 7,32	\$ 7,87	\$ 8,05	\$ 2,98	\$ 4,47	\$ 5,46	\$ 6,57	\$ 7,93	\$ 9,89
Compensation Deficit in US \$ (2 minus 4)	\$ 13,68	\$ 12,43	\$ 12,70	\$ 11,91	\$ 6,88	\$ 7,26	\$ 6,65	\$ 6,74	\$ 6,67
Wage Equalisation index (4÷2 or 3÷1)	0,35	0,39	0,39	0,20	0,39	0,43	0,50	0,54	0,60
Spain									
GNI PPPs in country currency*	116,976	121,560	0,790	0,675	0,677	0,758	0,751	0,698	0,703
Exchange rate	126,7	149,4	1,083	1,058	0,804	0,8033	0,796	0,7293	0,6791
GNI PPPs in US Dollars	\$ 0,92	\$ 0,81	\$ 0,73	\$ 0,64	\$ 0,84	\$ 0,94	\$ 0,94	\$ 0,96	\$ 1,04
2. Equalised PPP nominal compensation US \$	\$ 20,41	\$ 18,81	\$ 17,97	\$ 17,23	\$ 24,38	\$ 28,05	\$ 28,30	\$ 30,16	\$ 33,42
3. Actual Real compensation US \$	\$ 16,57	\$ 17,13	\$ 16,78	\$ 21,59	\$ 23,54	\$ 21,78	\$ 22,91	\$ 25,60	\$ 26,75
4. Actual Nominal compensation US \$	\$ 15,30	\$ 13,94	\$ 12,24	\$ 13,77	\$ 19,83	\$ 20,55	\$ 21,63	\$ 24,51	\$ 27,71
Compensation Deficit in US \$ (2 minus 4)	\$ 5,11	\$ 4,87	\$ 5,73	\$ 3,46	\$ 4,55	\$ 7,50	\$ 6,67	\$ 5,65	\$ 5,71
Wage Equalisation index (4÷2 or 3÷1)	0,75	0,74	0,68	0,80	0,81	0,73	0,76	0,81	0,83
Production line wage equalisation	0,80	0,78	0,73	0,86	0,88	0,79	0,82	0,87	0,89

***Definitions:**

- PPPs stands for Purchasing-Power Parities, which reflect the currency units in a given country 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 manufacturing 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 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 March & November 2009. U.S. Dept. 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.