

Table-T5 – Living-Wage Gap and Equalisation analysis (vis-à-vis the U.S.) for all employed in the manufacturing sector in PPP for private consumption terms 1996-2016 for twelve selected economies

Beginning with 2012 the purchasing power parities (PPPs) used in the living-wage gap assessments refer to private consumption (i.e., household final consumption expenditures), as opposed to the PPPs for Gross Domestic Product previously applied. The PPP for GDP includes prices for the entire economy and not just for the private consumption of consumer households. This change enables Jus Semper to deliver a more accurate metric of all the indicators that we used in our methodology to assess the wage gaps between actual and equalised wage rates. The PPPs for private consumption have been therefore revised for all years beginning in 1996.

Nominal wage rates in dollars continued to decrease in 2016 at the same rate as in 2014, averaging a drop of 12,5%, vis-à-vis 12,6% in 2014. This is due to a great extent to the devaluation of these currencies against the dollar. Furthermore, most wage rates in local currencies increased at a lower rate than the 5,4% increase of the U.S. hourly wage rate. As a result, most equalisation indices continued dropping. Only Italy and South Korea sustained their 2014 indices and Singapore was the only one of the twelve economies selected that was able to increase its index in 2016. Since 2012 only three economies did not increase their equalisation gaps. Germany kept the same index and Italy and Singapore improved their equalisation. Of the twelve selected economies, four are worse off than in 1996, Brazil did not change and seven are better off than in 1996. Overall, East Asia economies have fared far better than the rest.

- Among East Asian countries, Singapore has been improving steadily since 2010, increasing its living wage equalisation with the U.S. from 66 to 81 in 2016. South Korea has not been able to recover its highest index (71) in 2014, but at least remained at the same level as in 2014 (68). Japan has not been able to sustain the closing of its wage gap, since its equalisation index dropped two points to 69, from its highest index ever achieved in 2014. Singapore and South Korea are the best performers by far of the twelve economies, increasing their equalisation indices by 42% since 1996, followed by Japan's growth of 17% of its equalisation index.
- Outside of East Asia, only Italy, Spain, France and Australia recorded a higher equalisation index in 2016 than twenty years earlier. However, among these countries, only Italy managed to increase its index since 2012, albeit its index remained the same between 2014 and 2016. Canada, Brazil, Mexico, France, United Kingdom, Spain and Australia recorded lower equalisation indices both in 2014 and 2016 than in 2012. Australia is just one point above its equalisation index in 2016 versus 1996 (82 vs. 81). However, Australia dropped the most points in equalisation since 2014, from 90 to 82.
- Brazil has increased its wage gap since 2014 due to the devaluation of its currency since 2010 under a sustained recession. Brazil's government under Dilma Rousseff continued complying with its minimum wage appreciation law, which increased its nominal value 72,5% between 2010 and 2016 vis-à-vis a 49,7% increase of its consumer price index. However, after she was impeached, the new neoliberal government of Michele Temer has not fully complied with the law that pegged the minimum wage increase to the national consumer price index (NCPI) of the previous year plus the GDP growth rate of two years prior. In 2017 and 2018 the minimum wage was increased at a slightly lower rate than the NCPI. There was no increase added for the GDP, given that the GDP in 2015 and 2016 were negative (-3,8 and -3,6 respectively).
- Mexico's track record since 1996 (and since 1985 if we look back at production-line hourly wages) exposes a deliberate State policy of maintaining real wages at the level of modern-slave-work wages. The government's survey data was improved in 2016 to include all manufacturing units. This has caused indices to drop 25% on average. For instance 2014 was recalculated from a 27 index to a 20 index. Consequently the wage gap is actually much greater than what was being reported and it is now as low as in China, with the difference that China has been increasing real wages steadily. With Mexico there has been virtually no change in equalisation terms for the entire twenty-year period. This makes Mexico, barring the Philippines, the country with the worst living-wage equalisation position of the 34 countries in the three regions of our living-wage gap assessments.

	1996	2000	2002	2004	2006	2008	2010	2012	2014	2016
Benchmark										
(PPP conversion factor for private consumption)										
1. U.S. Hourly Manufacturing Wage Rate*	22,46	24,95	27,35	29,30	30,47	32,78	34,75	35,70	37,04	39,03
(Hourly compensation costs)										
Canada										
PPP conversion factor (in country currency)	1,259	1,271	1,287	1,272	1,288	1,302	1,296	1,294	1,293	1,355
Exchange rate	1,3638	1,4855	1,5704	1,3017	1,1340	1,0660	1,030	0,9995	1,106	1,325
PPP conversion factor (in U.S. dollars)	\$ 0,92	\$ 0,86	\$ 0,82	\$ 0,98	\$ 1,14	\$ 1,22	\$ 1,26	\$ 1,29	\$ 1,17	\$ 1,02
2. Equalised PPP nominal wage rate US \$	\$ 20,73	\$ 21,35	\$ 22,41	\$ 28,64	\$ 34,61	\$ 40,03	\$ 43,74	\$ 46,23	\$ 43,28	\$ 39,91
3. Actual PPP Real wage rate US \$	\$ 20,19	\$ 21,43	\$ 22,04	\$ 24,24	\$ 25,16	\$ 26,27	\$ 27,21	\$ 28,33	\$ 29,50	\$ 29,41
4. Actual Nominal wage rate US \$	\$ 18,63	\$ 18,34	\$ 18,06	\$ 23,69	\$ 28,58	\$ 32,08	\$ 34,25	\$ 36,69	\$ 34,47	\$ 30,08
Compensation Deficit in US \$ (2 minus 4)	\$ 2,10	\$ 3,01	\$ 4,35	\$ 4,95	\$ 6,03	\$ 7,95	\$ 9,49	\$ 9,54	\$ 8,81	\$ 9,83
Wage Equalisation index (4÷2 or 3÷1)	0,90	0,86	0,81	0,83	0,83	0,80	0,78	0,79	0,80	0,75
Brazil										
PPP conversion factor (in country currency)	0,946	1,068	1,184	1,379	1,439	1,475	1,605	1,713	1,876	2,194
Exchange rate	1,0051	1,830	2,9213	2,9262	2,1738	1,8326	1,760	1,953	2,353	3,491
PPP conversion factor (in U.S. dollars)	\$ 0,94	\$ 0,58	\$ 0,41	\$ 0,47	\$ 0,66	\$ 0,80	\$ 0,91	\$ 0,88	\$ 0,80	\$ 0,63
2. Equalised PPP nominal wage rate US \$	\$ 21,15	\$ 14,56	\$ 11,09	\$ 13,81	\$ 20,17	\$ 26,39	\$ 31,68	\$ 31,31	\$ 29,53	\$ 24,53
3. Actual PPP Real wage rate US \$	\$ 7,51	\$ 7,44	\$ 7,60	\$ 8,11	\$ 9,05	\$ 10,49	\$ 10,97	\$ 12,25	\$ 13,08	\$ 12,70
4. Actual Nominal wage rate US \$	\$ 7,07	\$ 4,34	\$ 3,08	\$ 3,82	\$ 5,99	\$ 8,44	\$ 10,00	\$ 10,74	\$ 10,43	\$ 7,98
Compensation Deficit in US \$ (2 minus 4)	\$ 14,08	\$ 10,22	\$ 8,01	\$ 9,99	\$ 14,18	\$ 17,95	\$ 21,68	\$ 20,57	\$ 19,10	\$ 16,55
Wage Equalisation index (4÷2 or 3÷1)	0,33	0,30	0,28	0,28	0,30	0,32	0,32	0,34	0,35	0,33

	1996	2000	2002	2004	2006	2008	2010	2012	2014	2016	
(PPP conversion factor for private consumption)											
Benchmark	1. U.S. Hourly Manufacturing Wage Rate*										
	(Hourly compensation costs)										
	22,46	24,95	27,35	29,30	30,47	32,78	34,75	35,70	37,04	39,03	
Mexico	PPP conversion factor (in country currency)	4,046	6,664	7,238	7,758	7,741	8,158	8,895	9,221	9,101	10,113
	Exchange rate	7,600	9,459	9,663	11,290	10,906	11,143	12,624	13,170	13,293	18,664
	PPP conversion factor (in U.S. dollars)	\$ 0,53	\$ 0,70	\$ 0,75	\$ 0,69	\$ 0,71	\$ 0,73	\$ 0,70	\$ 0,70	\$ 0,68	\$ 0,54
	2. Equalised PPP nominal wage rate US \$	\$ 11,96	\$ 17,58	\$ 20,49	\$ 20,13	\$ 21,63	\$ 24,00	\$ 24,49	\$ 25,00	\$ 25,36	\$ 21,15
	3. Actual PPP Real wage rate US \$	\$ 4,32	\$ 5,04	\$ 5,65	\$ 5,79	\$ 6,26	\$ 6,62	\$ 6,41	\$ 6,68	\$ 7,29	\$ 7,22
	4. Actual Nominal wage rate US \$	\$ 2,30	\$ 3,55	\$ 4,23	\$ 3,98	\$ 4,44	\$ 4,85	\$ 4,52	\$ 4,68	\$ 4,99	\$ 3,91
	Compensation Deficit in US \$ (2 minus 4)	\$ 9,66	\$ 14,03	\$ 16,26	\$ 16,15	\$ 17,19	\$ 19,15	\$ 19,97	\$ 20,32	\$ 20,37	\$ 17,24
	Wage Equalisation index (4÷2 or 3÷1)	0,19	0,20	0,21	0,20	0,21	0,20	0,18	0,19	0,20	0,18
France	PPP conversion factor (in country currency)	6,624	0,947	0,914	0,953	0,932	0,920	0,894	0,884	0,859	0,868
	Exchange rate	5,1158	1,0832	1,0578	0,8040	0,7960	0,6791	0,7541	0,7777	0,7537	0,9040
	PPP conversion factor (in U.S. dollars)	\$ 1,29	\$ 0,87	\$ 0,86	\$ 1,19	\$ 1,17	\$ 1,35	\$ 1,19	\$ 1,14	\$ 1,14	\$ 0,96
	2. Equalised PPP nominal wage rate US \$	\$ 29,08	\$ 21,81	\$ 23,64	\$ 34,73	\$ 35,66	\$ 44,41	\$ 41,21	\$ 40,56	\$ 42,24	\$ 37,48
	3. Actual PPP Real wage rate US \$	\$ 21,48	\$ 24,41	\$ 26,66	\$ 27,10	\$ 28,92	\$ 30,73	\$ 32,92	\$ 36,30	\$ 38,61	\$ 39,28
	4. Actual Nominal wage rate US \$	\$ 27,82	\$ 21,33	\$ 23,04	\$ 32,12	\$ 33,85	\$ 41,63	\$ 39,04	\$ 41,25	\$ 44,03	\$ 37,72
	Compensation Deficit in US \$ (2 minus 4)	\$ 1,26	\$ 0,48	\$ 0,60	\$ 2,61	\$ 1,81	\$ 2,78	\$ 2,17	\$ (0,69)	\$ (1,79)	\$ (0,24)
	Wage Equalisation index (4÷2 or 3÷1)	0,96	0,98	0,97	0,92	0,95	0,94	0,95	1,02	1,04	1,01
Germany	PPP conversion factor (in country currency)	1,722	0,841	0,822	0,907	0,882	0,860	0,850	0,826	0,820	0,831
	Exchange rate	1,5049	1,0832	1,0578	0,8040	0,7960	0,6791	0,7541	0,7777	0,7537	0,9040
	PPP conversion factor (in U.S. dollars)	\$ 1,14	\$ 0,78	\$ 0,78	\$ 1,13	\$ 1,11	\$ 1,27	\$ 1,13	\$ 1,06	\$ 1,09	\$ 0,92
	2. Equalised PPP nominal wage rate US \$	\$ 25,71	\$ 19,36	\$ 21,25	\$ 33,07	\$ 33,77	\$ 41,53	\$ 39,19	\$ 37,93	\$ 40,28	\$ 35,88
	3. Actual PPP Real wage rate US \$	\$ 28,71	\$ 32,33	\$ 34,87	\$ 33,01	\$ 35,05	\$ 36,90	\$ 38,86	\$ 42,73	\$ 45,52	\$ 46,97
	4. Actual Nominal wage rate US \$	\$ 32,86	\$ 25,09	\$ 27,09	\$ 37,25	\$ 38,85	\$ 46,75	\$ 43,82	\$ 45,40	\$ 49,50	\$ 43,18
	Compensation Deficit in US \$ (2 minus 4)	\$ (7,15)	\$ (5,73)	\$ (5,84)	\$ (4,18)	\$ (5,08)	\$ (5,22)	\$ (4,63)	\$ (7,47)	\$ (9,22)	\$ (7,30)
	Wage Equalisation index (4÷2 or 3÷1)	1,28	1,30	1,28	1,13	1,15	1,13	1,12	1,20	1,23	1,20
Italy	PPP conversion factor (in country currency)	1712,166	0,872	0,907	0,909	0,894	0,851	0,822	0,838	0,825	0,808
	Exchange rate	1542,760	1,0832	1,0578	0,8040	0,796	0,6791	0,7541	0,7777	0,7537	0,9040
	PPP conversion factor (in U.S. dollars)	\$ 1,11	\$ 0,80	\$ 0,86	\$ 1,13	\$ 1,12	\$ 1,25	\$ 1,09	\$ 1,08	\$ 1,10	\$ 0,89
	2. Equalised PPP nominal wage rate US \$	\$ 24,93	\$ 20,08	\$ 23,46	\$ 33,12	\$ 34,24	\$ 41,09	\$ 37,88	\$ 38,48	\$ 40,56	\$ 34,90
	3. Actual PPP Real wage rate US \$	\$ 18,92	\$ 20,63	\$ 21,60	\$ 23,94	\$ 25,36	\$ 27,86	\$ 31,02	\$ 32,20	\$ 34,51	\$ 36,33
	4. Actual Nominal wage rate US \$	\$ 21,00	\$ 16,61	\$ 18,53	\$ 27,06	\$ 28,49	\$ 34,93	\$ 33,81	\$ 34,71	\$ 37,79	\$ 32,49
	Compensation Deficit in US \$ (2 minus 4)	\$ 3,93	\$ 3,47	\$ 4,93	\$ 6,06	\$ 5,75	\$ 6,16	\$ 4,07	\$ 3,77	\$ 2,77	\$ 2,41
	Wage Equalisation index (4÷2 or 3÷1)	0,84	0,83	0,79	0,82	0,83	0,85	0,89	0,90	0,93	0,93
United Kingdom	PPP conversion factor (in country currency)	0,657	0,654	0,650	0,638	0,647	0,681	0,751	0,773	0,798	0,802
	Exchange rate	0,6407	0,6598	0,666	0,5456	0,5425	0,5392	0,6472	0,6308	0,6077	0,7406
	PPP conversion factor (in U.S. dollars)	\$ 1,03	\$ 0,99	\$ 0,98	\$ 1,17	\$ 1,19	\$ 1,26	\$ 1,16	\$ 1,23	\$ 1,31	\$ 1,08
	2. Equalised PPP nominal wage rate US \$	\$ 23,03	\$ 24,73	\$ 26,71	\$ 34,26	\$ 36,34	\$ 41,41	\$ 40,32	\$ 43,73	\$ 48,67	\$ 42,27
	3. Actual PPP Real wage rate US \$	\$ 17,33	\$ 20,81	\$ 22,56	\$ 24,36	\$ 26,12	\$ 26,79	\$ 24,98	\$ 25,23	\$ 25,10	\$ 26,23
	4. Actual Nominal wage rate US \$	\$ 17,77	\$ 20,63	\$ 22,03	\$ 28,49	\$ 31,15	\$ 33,84	\$ 28,98	\$ 30,91	\$ 32,98	\$ 28,41
	Compensation Deficit in US \$ (2 minus 4)	\$ 5,26	\$ 4,10	\$ 4,68	\$ 5,77	\$ 5,19	\$ 7,57	\$ 11,34	\$ 12,82	\$ 15,69	\$ 13,86
	Wage Equalisation index (4÷2 or 3÷1)	0,77	0,83	0,82	0,83	0,86	0,82	0,72	0,71	0,68	0,67

	1996	2000	2002	2004	2006	2008	2010	2012	2014	2016	
(PPP conversion factor for private consumption)											
Benchmark	1. U.S. Hourly Manufacturing Wage Rate*	22,46	24,95	27,35	29,30	30,47	32,78	34,75	35,70	37,04	39,03
	(Hourly compensation costs)										
Spain	PPP conversion factor (in country currency)	131,052	0,784	0,772	0,788	0,789	0,790	0,790	0,777	0,744	0,736
	Exchange rate	126,68	1,0832	1,0578	0,8040	0,7960	0,6791	0,7541	0,7770	0,7537	0,9040
	PPP conversion factor (in U.S. dollars)	\$ 1,03	\$ 0,72	\$ 0,73	\$ 0,98	\$ 0,99	\$ 1,16	\$ 1,05	\$ 1,00	\$ 0,99	\$ 0,81
	2. Equalised PPP nominal wage rate US \$	\$ 23,24	\$ 18,06	\$ 19,96	\$ 28,71	\$ 30,20	\$ 38,12	\$ 36,39	\$ 35,69	\$ 36,57	\$ 31,79
	3. Actual PPP Real wage rate US \$	\$ 14,96	\$ 17,10	\$ 18,90	\$ 20,19	\$ 21,96	\$ 23,73	\$ 25,41	\$ 26,86	\$ 28,55	\$ 28,78
	4. Actual Nominal wage rate US \$	\$ 15,48	\$ 12,38	\$ 13,79	\$ 19,79	\$ 21,77	\$ 27,60	\$ 26,61	\$ 26,85	\$ 28,19	\$ 23,44
	Compensation Deficit in US \$ (2 minus 4)	\$ 7,76	\$ 5,68	\$ 6,17	\$ 8,92	\$ 8,43	\$ 10,52	\$ 9,78	\$ 8,84	\$ 8,38	\$ 8,35
	Wage Equalisation index (4÷2 or 3÷1)	0,67	0,69	0,69	0,69	0,72	0,72	0,73	0,75	0,77	0,74
Japan	PPP conversion factor (in country currency)	193,386	176,749	163,075	150,624	137,868	129,061	120,841	113,216	109,182	107,146
	Exchange rate	108,78	107,80	125,22	108,15	116,31	103,39	87,78	79,79	105,94	108,79
	PPP conversion factor (in U.S. dollars)	\$ 1,78	\$ 1,64	\$ 1,30	\$ 1,39	\$ 1,19	\$ 1,25	\$ 1,38	\$ 1,42	\$ 1,03	\$ 0,98
	2. Equalised PPP nominal wage rate US \$	\$ 39,93	\$ 40,91	\$ 35,62	\$ 40,81	\$ 36,12	\$ 40,92	\$ 47,84	\$ 50,66	\$ 38,17	\$ 38,44
	3. Actual PPP Real wage rate US \$	\$ 13,31	\$ 15,27	\$ 16,47	\$ 18,14	\$ 20,27	\$ 22,01	\$ 23,06	\$ 24,84	\$ 26,14	\$ 26,87
	4. Actual Nominal wage rate US \$	\$ 23,67	\$ 25,03	\$ 21,45	\$ 25,26	\$ 24,03	\$ 27,48	\$ 31,75	\$ 35,25	\$ 26,94	\$ 26,46
	Compensation Deficit in US \$ (2 minus 4)	\$ 16,26	\$ 15,88	\$ 14,17	\$ 15,55	\$ 12,09	\$ 13,44	\$ 16,09	\$ 15,41	\$ 11,23	\$ 11,98
	Wage Equalisation index (4÷2 or 3÷1)	0,59	0,61	0,60	0,62	0,67	0,67	0,66	0,70	0,71	0,69
South Korea	PPP conversion factor (in country currency)	714,594	824,323	871,607	886,638	871,769	882,087	906,972	913,804	994,758	1003,749
	Exchange rate	805,00	1130,90	1250,31	1145,24	954,32	1098,71	1155,74	1126,47	1052,96	1160,43
	PPP conversion factor (in U.S. dollars)	\$ 0,89	\$ 0,73	\$ 0,70	\$ 0,77	\$ 0,91	\$ 0,80	\$ 0,78	\$ 0,81	\$ 0,94	\$ 0,86
	2. Equalised PPP nominal wage rate US \$	\$ 19,94	\$ 18,19	\$ 19,07	\$ 22,68	\$ 27,83	\$ 26,32	\$ 27,27	\$ 28,96	\$ 34,99	\$ 33,76
	3. Actual Real wage rate US \$	\$ 10,76	\$ 13,20	\$ 14,69	\$ 16,31	\$ 19,00	\$ 20,93	\$ 22,78	\$ 25,20	\$ 25,01	\$ 26,57
	4. Actual Nominal wage rate US \$	\$ 9,55	\$ 9,62	\$ 10,24	\$ 12,63	\$ 17,36	\$ 16,80	\$ 17,88	\$ 20,44	\$ 23,63	\$ 22,98
	Compensation Deficit in US \$ (2 minus 4)	\$ 10,39	\$ 8,57	\$ 8,83	\$ 10,05	\$ 10,47	\$ 9,52	\$ 9,39	\$ 8,52	\$ 11,36	\$ 10,78
	Wage Equalisation index (4÷2 or 3÷1)	0,48	0,53	0,54	0,56	0,62	0,64	0,66	0,71	0,68	0,68
Singapore	PPP conversion factor (in country currency)	1,319	1,239	1,193	1,161	1,104	1,124	1,148	1,199	1,203	1,174
	Exchange rate	1,410	1,725	1,791	1,690	1,588	1,414	1,363	1,249	1,267	1,382
	PPP conversion factor (in U.S. dollars)	\$ 0,94	\$ 0,72	\$ 0,67	\$ 0,69	\$ 0,70	\$ 0,79	\$ 0,84	\$ 0,96	\$ 0,95	\$ 0,85
	2. Equalised PPP nominal wage rate US \$	\$ 21,01	\$ 17,92	\$ 18,22	\$ 20,13	\$ 21,18	\$ 26,05	\$ 29,26	\$ 34,28	\$ 35,16	\$ 33,18
	3. Actual PPP Real wage rate US \$	\$ 12,75	\$ 16,32	\$ 18,22	\$ 19,21	\$ 19,80	\$ 23,73	\$ 22,91	\$ 25,43	\$ 28,26	\$ 31,47
	4. Actual Nominal wage rate US \$	\$ 11,93	\$ 11,72	\$ 12,14	\$ 13,20	\$ 13,76	\$ 18,86	\$ 19,29	\$ 24,42	\$ 26,82	\$ 26,75
	Compensation Deficit in US \$ (2 minus 4)	\$ 9,08	\$ 6,20	\$ 6,08	\$ 6,93	\$ 7,42	\$ 7,19	\$ 9,97	\$ 9,86	\$ 8,34	\$ 6,43
	Wage Equalisation index (4÷2 or 3÷1)	0,57	0,65	0,67	0,66	0,65	0,72	0,66	0,71	0,76	0,81
Australia	PPP conversion factor (in country currency)	1,376	1,384	1,423	1,444	1,498	1,531	1,552	1,535	1,530	1,604
	Exchange rate	1,2775	1,7197	1,84	1,3578	1,3271	1,1714	1,087	0,9653	1,1094	1,3452
	PPP conversion factor (in U.S. dollars)	\$ 1,08	\$ 0,80	\$ 0,77	\$ 1,06	\$ 1,13	\$ 1,31	\$ 1,43	\$ 1,59	\$ 1,38	\$ 1,19
	2. Equalised PPP nominal wage rate US \$	\$ 24,19	\$ 20,08	\$ 21,16	\$ 31,16	\$ 34,39	\$ 42,83	\$ 49,62	\$ 56,76	\$ 51,09	\$ 46,53
	3. Actual PPP Real wage rate US \$	\$ 18,18	\$ 20,81	\$ 22,50	\$ 25,12	\$ 25,83	\$ 27,00	\$ 27,70	\$ 30,03	\$ 33,36	\$ 32,04
	4. Actual Nominal wage rate US \$	\$ 19,58	\$ 16,75	\$ 17,41	\$ 26,72	\$ 29,15	\$ 35,28	\$ 39,55	\$ 47,74	\$ 46,01	\$ 38,19
	Compensation Deficit in US \$ (2 minus 4)	\$ 4,61	\$ 3,33	\$ 3,75	\$ 4,44	\$ 5,24	\$ 7,55	\$ 10,07	\$ 9,02	\$ 5,08	\$ 8,34
	Wage Equalisation index (4÷2 or 3÷1)	0,81	0,83	0,82	0,86	0,85	0,82	0,80	0,84	0,90	0,82

*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 manufacturing wage 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.
- PPP conversion factor, (private consumption) 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.
- PPP conversion factor, private consumption in U.S. dollars expresses the U.S. dollar units required in a given country to buy the same goods and services a U.S. dollar can buy in the U.S. If the PPP is less than 1, a U.S. dollar can buy more in the country in question because the cost of living is lower, and viceversa.
- The PPP for private consumption, 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 wage rate 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 PPP Real wage rate is the hourly wage paid in a given country in purchasing power terms.
- Actual Nominal wage rate is the nominal hourly wage paid in a given country.
- Compensation deficit expresses the wage gap between the hourly nominal wage 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 equalised PPP hourly pay (4 between 2); or the ratio of actual real pay (3) to the hourly nominal pay benchmark (1) (3 between 1).
- *India and China data gathered by the BLS and TCB are not fully comparable to the rest of countries due to some inconsistencies in methodology. However, given that in both cases the BLS argues that this work does not substantially affect the hourly compensation estimates, rough comparisons can still be made. For further reference on the description of each country see TCB's [Country Notes](#)
- Note: Variations in previous years are due to revisions made by the sources, including the World Bank's new 2011 PPP benchmarks, which replaced the previous 2005 benchmarks.
- Since 2010 the international comparison of hourly compensation costs (hourly wage rates) between the U.S. and selected developed and "emerging" markets refers to all employed in the manufacturing sector and no longer will be available for production workers only. Production-line wage rates are on average 20% below wage rates for all employed in manufacturing, including production workers, for the 1996-2009 period, for all countries included in the assessment. For further reference see wage-gap assessment of trends and differences between production-line and all employed in manufacturing in compensation cost terms here: [<Wage Gap Analysis of PLW versus All employed 1996-2009>](#)

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):

- Database of World Bank's World Development Indicators, 1975-2016.
- X U.S. Bureau of Labor Statistics, August 2013 and The Conference Board, International Labor Comparisons program, February 2018.
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