

11-7-1990

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Recommended Citation

Ranieri, Steven. "Real Minimum Wage Decline." (1990). <https://digitalrepository.unm.edu/sourcemex/28>

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Real Minimum Wage Decline

by Steven Ranieri

Category/Department: General

Published: Wednesday, November 7, 1990

According to the National Minimum Wage Commission and the Banco de Mexico, from December 1987 to August 1990, consumer prices have increased 116% while the minimum wage has risen only 66.3%. The real minimum wage has thus declined by 23%. At 10,000 pesos a day (about \$3.50), it covers only 13.2% of the consumption requirements for the minimum wage specified in the nation's constitution. A study by the Political, Social, and Economic Studies Institute indicates that during the two years of President Carlos Salinas de Gortari's tenure, the real minimum wage has dropped 38.5%. The study said that workers have been marginalized by the administration's Economic Growth and Stability Pact (PECE): in the first eight months of 1990, real wage deterioration was greater than at the height of hyperinflation, such as in 1983. Banco de Mexico statistics indicate that the purchasing power of the minimum wage declined 17.7% in the January-August period. According to a recent study by the Chamber of Deputies trade commission, more than 6.5 million Mexicans 30.1% of the labor force survive on incomes equal to or less than the minimum wage. Retirees and pensioners receive less than the minimum wage. (Sources: El Financiero, 10/22/90, 10/31/90; La Jornada, 10/30/90-11/01/90)

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