Int. Journal of Political Economy, vol. 27, no. 4, Winter 1997–98, pp. 62–79.

0891–1916 / $9.50 + 0.00.

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National Differences in Average Wages

The Case of Mexico and the United States

In *America: What Went Wrong*, which was on the *New York Times* best-seller list for several weeks, the second chapter, "Defeated by Mexico," stresses the danger posed by Mexico's low wages for U.S. workers. As a case in point, it tells how in 1986 the Universal Manufacturing Company of Paterson, New Jersey, laid off five hundred workers and moved to Matamoros. The U.S. workers earned $7.91 per hour while the Mexicans received $1.45.[1] The enormous wage differential between Mexico and the United States suggests the possibility that all new U.S. capital investment will find it advantageous to move to Mexico. This threat will be used time and again against U.S. and Mexican workers to wrest from them concessions to capital. In Mexico, employer organizations are pushing for a thorough revision of the Federal Labor Law to make working conditions more flexible, and is using the excuse of the increased competition imposed by the North America Free Trade Agreement (NAFTA) to pressure the Mexican workers. Thus, low Mexican wages serve to pressure workers of all three countries to accept lower wages.

This study undertakes an explanation of the wage differential be-

The author teaches in the Postgraduate Department of the Economics Faculty at the UNAM. This study was financed by DGAPA at UNAM, project no. IN306796. My thanks to all those who participated in the project for their assistance in this study and especially to Gloria Martínez and Florentino Salazar. The mistakes are my own.

tween the three NAFTA countries from the standpoint of Marxist economics, contending that low wages are not simply an advantage for capitalists who wish to move to Mexico. Wage differences are the result of differences in productivity, differences in the distribution of the product between wage earners and capitalists, and the difference between the existing exchange rate and the exchange rate that would equalize price levels, namely, purchasing power parity (PPP), between the countries involved. This conclusion can be derived directly from Marx's theory of labor value, which yields a very simple definition of productivity that in turn leads to the above conclusions. The most important implication of our analysis is that low Mexican wages are the expression of an absolute disadvantage, specifically a lag in productivity, that detracts from the possibilities of Canada and the United States using Mexico to compete internationally by moving to Mexico. The trade unions of these three countries will evidently have to live with this problem for a long time.

This article explores both theoretical and empirical aspects of the problem. First it defines the problem of wage differences in terms of postwar events in the North American economies and then summarizes some of the positions of critical economists on the question of wage differences. This is followed by our own explanation, followed by an examination of the empirical evidence.

Defining the problem

The wage differential between Mexico and the United States is very great

Figure 1 shows that remunerations[2] of U.S. workers are much higher than those of Mexican workers. Although the ratio between them has diminished, the difference in dollars is enormous. The ratio of average annual remunerations in the United States and Mexico was almost 3:1 in 1960, rising to slightly more than 8:1 in 1993. In that year, a Mexican received the same wages on the average for a working day as an American worker earned in an hour.

Figure 2 reveals another fact that must be explained: The proportion between Mexican remunerations and U.S. remunerations rose from approximately 4.7 in 1981 to 14.0 in 1983.

How can such a huge and abrupt change be explained? Two drastic

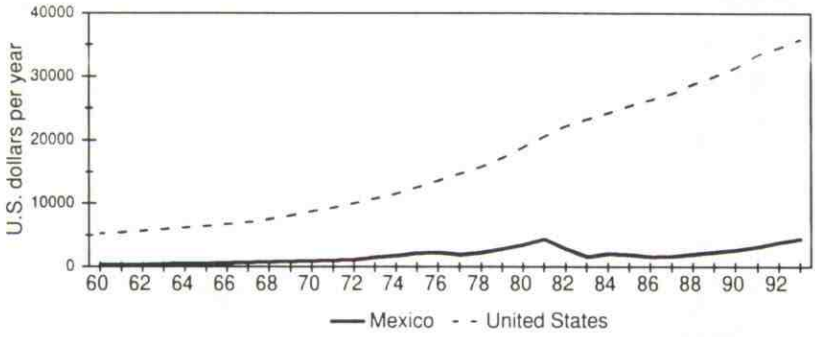

Figure 1 Mexico and the United States, Average Annual Remunerations

shifts occurred in this period: Mexican workers became poorer because *relative wages* were reduced, that is, the proportion of wages in the product, which they themselves had created, was reduced; moreover, the Mexican peso, once overvalued, suffered a devaluation in those two years. We do not mean by this that the wage difference attributable to the exchange rate is not "real." Capitalists engaged in the borderland industries, known as *maquila*, raked in huge real profits from this alteration in the average Mexican wage in current dollars. The *maquila* absorbed vast volumes of manpower in Mexico, and if the present situation were to become like the situation in 1981, there would be serious problems in this activity.

There are three factors that explain low Mexican wages:

1. The differences in productivity between the two countries;
2. Differences in the distribution of wealth among the social classes;
3. Variations in the market exchange rate relative to the PPP.

Before we present the arguments on which the preceding views are based, let us see some of the ideas that informed this study.

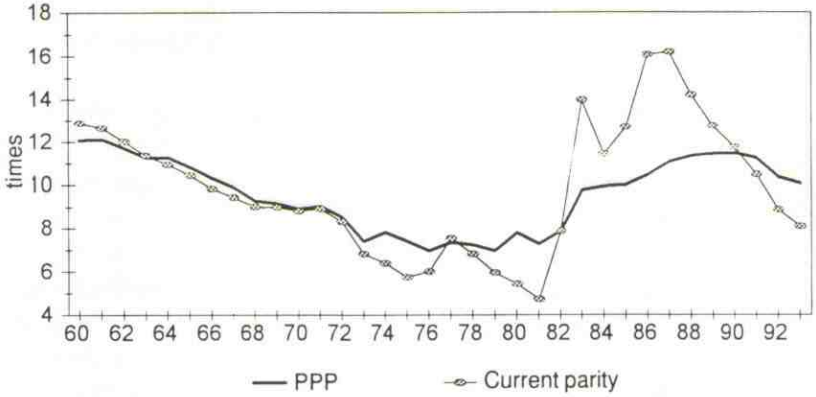

Figure 2 Ratio Between Average Remunerations in the United States and Mexico

Some views of critical economics on wage differences

Ernest Mandel claims that low wages are not a reflection of the low level of productivity of labor in the colonial countries. This argument cannot be sustained, according to Mandel, because there are branches of the economy in which labor productivity is roughly on the same level as in the United States yet wages are still around 10 percent of U.S. wages.[3]

> Productivity is above all a function of the equipment made available to the worker, of his technical and general cultural level, and of his capacity for physical efforts. Now, colonialism creates an abnormally low level of precisely these three fundamental factors of productivity. It can be claimed with very much justification *that the low level of productivity is not the cause but the result of the low level of wages, and all-round underdevelopment* which is characteristic of colonial and semi-colonial economy.

Alain de Janvry says something similar: In 1973 the wage difference between the manufacturing industries in Brazil and the United States was about 1:8, and between Morocco and the United States about 1:18. Since labor productivity in modern manufacturing in export-based enclaves is not markedly different from that at the center,[4] national differences in wages would have to be explained in terms of

differences in the rate of surplus value. De Janvry says, for example, that the rate of surplus value in the United States was 0.62 in 1972 and 1.66 in Brazil.[5] But how can differences less than 3:1 explain differences on the order of 8:1? De Janvry does not make his point with the precision necessary to discuss satisfactorily the links between national differences in wages, productivity, and the rate of surplus value.

Emanuel makes a similar claim in *Unequal Exchange*, saying that the "rate of labor—the productivity of labor with equivalent tools—of the average worker in underdeveloped zones is 50 percent or 60 percent of that of the average worker in industrialized zones, while wages are lower by a factor of thirty."[6]

A recent article by Shaikh contains the above quote from Emanuel and uses the term "direct productivity"[7] to denote the fact that, even with identical means of production, labor power in an underdeveloped country produces less than its counterpart in an industrial country.

In his polemic with Emanuel, Bettelheim finds the explanation of low wages in poor countries in the factors of low productivity and nature. He acidly criticizes Emanuel's inference that workers in the rich countries participate in the exploitation of workers in poor countries, and that this essentially explains the low wages of the latter.

> It is nature and the specific combination of forces of production and relations of production in poor countries, under the aegis of world capitalist relations, that constitute the *objective basis* of the "poverty" of some countries, the dominated countries, and that also explain low wages as well as the "unequal exchange" that might come about as a consequence. To be permanently shielded against "unequal exchange," there is no other way than to *transform this objective basis* and thereby eliminate the relations of production that "impede the development of the forces of production."[8]

We would say that Bettelheim uses absolute advantages in labor value to explain low wages. The questions of the absolute advantages of trade have been clearly set out by Shaikh in his works on international trade.[9] Guerrero[10] emphasizes the tremendous differences between conventional economics, which speaks of relative advantages because it lacks a theory of labor value, and Marxist theory, which is able to develop this latter concept and draw conclusions inaccessible to orthodox theory. Guerrero points out:

> [In] practice, low costs and high wages generally go hand in hand because superior technology makes this combination perfectly possible, as a result of the normal process of mechanization and capitalization of production.[11]

So we see that authors who speak of productivity at the plant level neglect something essential: The efficiency of a process of production is inseparable from the efficiency of all the processes that go into producing the means of production used in that process. *Thus, even if the same plant is used in country A as in country B and the workers in both are equally industrious and have the same level of skill, the labor value of the product will on the whole be different in the two cases, because it depends on living labor and on the labor value of the means of production consumed.* Thus, some of the authors reviewed in the critical literature underestimate the importance of productivity to explain wage differences. There are some authors, on the contrary, who explain low wages by reference to productivity. The following discussion develops this idea and links it to the Marxist concept of relative wage.

Toward an explanation

Productivity

With many of the authors mentioned in the foregoing there is a problem in the inappropriate way they deal with the concept of productivity. They say that the same means of production may be used in countries with differing levels of development. However, this does not even out the efficiency of labor in the production of the goods considered, nor does it alter the fact that wages are established *socially.* Mandel, Shaikh, and Emanuel all recognize that a part of the wage differences between zones of different levels of development can be explained in terms of *different levels of productivity* and attempt to draw a distinction between *differences* attributable to the *technologies employed* and differences explainable in terms of the degree of "conditioning to capitalist production."[12] However, the productivity they analyze is a *local* productivity at the level of the enterprise or the industrial sector. This is the current concept of productivity: a relation between the quantity of use values produced in an enterprise and the quantity of labor directly employed. Aside from the fact that this definition as well is beset by innumerable difficulties that have to do with the uniformity of the

product and of labor, there is a more important problem.

Let us suppose that a steel company compares the quantity of steel produced by a worker with the same figure for his competitor and knows that this productivity is lower in his firm. Unless the means of production used in both firms are the same, the difference in the earnings per worker cannot be attributed to the characteristics of the worker's labor power, nor can one conclude that his or her unit costs of production are greater. Comparisons of this productivity are significant only if the technologies are relatively uniform. Within a national economy, the cost of production includes all the materials invested plus the cost of wages. It entails something easy to spell out and difficult to work with: The interrelations between the different processes of production are generally so extensive that all costs are *interdependent.* This shows up, for example, in the fact that the costs of agricultural products influence the costs of the iron and steel industry, the automotive industry, and others, and these costs in turn determine agricultural costs. This fact has been commented on by various schools of economic thought since the nineteenth century. However, this important characteristic of economic systems is not dealt with adequately, or at the level of generalization it requires. To understand wage differences, an acceptable definition of productivity must take into account all existing economic interrelations. This is precisely what the Marxist concept of "labor value" does. The interrelatedness of costs derives from the fact that every labor process is both individual and social at the same time—individual, as a property of a private capital oriented toward profits, and at the same time social because it requires a multitude of other labor processes to be performed. The efficiency of the result of each labor process depends on its particular conditions, but it also inescapably depends on the efficiency of *all* the processes that flow into it. This is precisely one of the points spelled out in the Marxist conception, to the effect that the value of a product is determined by the abstract labor time socially necessary for commodity production. Every labor process yields a product that is the result of the application of a portion of social labor and, moreover, not only the labor of the workers directly involved.

In light of the foregoing, we propose the following definition of productivity:

The productivity with which a good is manufactured is the re-

ciprocal of the value of this good. It is obvious that if we take a basket of commodities this will be a weighted mean of the values of these goods and the reasonable thing would be to weight with the quantities of the goods considered.

If m_i is the value of commodity i, productivity is then $\pi_i = 1/mi$, and it will be equal to the consumption per worker if this commodity is the only component of the final demand. Aggregate productivity may be defined as:

$$\pi = 1/\Sigma y_i m_i n_i$$

where $i = 1,2 \ldots n$. Such aggregate productivity is also equal to the consumption per worker of the basket y_i, $i = 1,2 \ldots n$.

It is argued here that the different wage levels are related to the efficiency of social labor, *independently* of whether this inequality in efficiency is explained by natural causes—say, differences in the fertility or the soil or differences in the grade of metallic ores—or by social causes, such as different levels of accumulation and conditioning of labor power to work in capitalist production.

A Mexican farm laborer will earn less than a U.S. farm laborer even when they work land that has the same fertility, work at the same rate, use the same means of production, and are equally exploited, because in other sectors in Mexico productivity is less than productivity in the United States.

Let us suppose that only maize is produced in the three countries of North America and that there are no capitalists in any of them. Let us say that maize is produced with a productivity of 50 annual tons per capita in the United States and Canada. If the price in dollars in each country is $2 a ton, the annual product per worker will be $100 and the income per worker will be equal to the product. Let us suppose that in Mexico productivity is 10 tons per year and that the price is 10 pesos. The annual product per worker will then be 100 pesos and the income that a worker could receive would also be 100 pesos per year.

If the three countries trade internationally, there will be an exchange rate that relates each of the currencies to each of the others. The function of the exchange rate is to attempt to bring uniformity into international prices. A ton of Mexican maize will then sell at the same price in U.S. dollars as a ton of maize produced in the United States. Accordingly, the exchange rate will have to be 5 pesos per dollar if maize at a

domestic price of 10 pesos is to be sold at the same price as U.S. maize on the international market. The exchange rates of the different countries would be:

1 Canadian dollar = 1 U.S. dollar = 5 Mexican pesos.

Hence, the income per worker would be 100 U.S. dollars in Canada and the United States, but only *20 dollars per year for a worker in Mexico*. Differences in productivity will wholly explain differences in income per worker. All of this is correct if the exchange rate brings equivalency to prices, since otherwise another variable appears. For example, if the exchange rate between Canada and the United States in our example is not one Canadian dollar per U.S. dollar, the ratio between the incomes per worker would reflect this fact: The discrepancy would be greater than that rooted in differences in productivity.

We can formalize the foregoing for the case of a single commodity in a very simple way. If we say that p_A and m_A are the price and the value of maize, respectively, in country A, and if we use α_A to designate the relation between the two concepts, or what Marx called the *money expression of value*, we have:

(1) $$p_A = \alpha m_A;$$

(2) $$p_B = \alpha m_B,$$

and if we say that c^* is the exchange rate that renders the two prices equivalent,

(3) $$p_A = c^* p_B.$$

Then, substituting equations (1) and (2) in (3), we get:

(4) $$\frac{\alpha_A}{c^* \alpha_B} = \frac{m_B}{m_A} = \frac{\pi_A}{\pi_B}.$$

We can see that the money GDP per worker will be equal to the money expression of value and hence the ratio of GDPs per worker in the two economies in terms of one of the two monies will be equal to the quotient of the productivities π_i. This condition is fulfilled if the exchange rate between the monies makes the domestic prices in the two countries equivalent. If this is not the case, if the exchange rate c

applies, we will have to modify equation (4) four as follows:

$$(5) \qquad \frac{\alpha_A}{zc\alpha_B} = \frac{m_B}{m_A} = \frac{\pi_A}{\pi_B},$$

where z is the ratio c^*/c. If $z < 1$, the currency of country B would be overvalued since the price of maize in country A would be lower than in country B. The contrary would be the case if $z > 1$.

Accordingly, the ratio between the GDPs per worker will express the gaps between productivities and the gap between the current rate and the exchange rate that would render prices equivalent, that is, the exchange rate of purchasing power parity (PPP).

Now let us add a dose of realism and say that there are capitalists in the three countries.

Wages and productivity

As we have seen, differences in productivity must be manifested as differences in income levels. However, productivity cannot be understood at the local level, but necessarily involves the economy as a whole. Something similar occurs with wages, because wages are established in accordance with the social conditions and productivity conditions in the *whole* of the economy and not in one particular sector. This is one of the "historico-moral" elements of which Marx wrote. It would be difficult for a firm or an economic sector that enjoyed higher conditions of productivity to translate that advantage into ostensibly higher wages. Competition between workers will be reflected in a tendency toward average wages to even out. The average wage would necessarily express the existing productivity in a country but would also necessarily express the distribution of the product between the social classes. If we make the usual simplification and only consider two social classes in our model, the annual wage rate would have to be lower than GDP per worker.

Let us suppose that in the United States all employers appropriated half of the product and in Mexico they appropriated three-quarters. The annual wage would be 50 dollars in the United States since the product per work is 100 dollars annually. In Mexico the wage would be 5 dollars per year, a fourth of the annual product of 20 dollars per worker. If the portion of the product received by the workers is less, wages will decrease. In Marxist terms, if exploitation increases, wages

decrease. However, if we make international comparisons also between productivities, the higher the productivity, the higher wages will be.

The foregoing may be formulated as follows:

$$\frac{s_A}{s_B} = \frac{\pi_A}{\pi_B} \frac{1 - e_A}{1 - e_B} z, \tag{6}$$

where s_A s_B are the wages of country A and country B respectively, and e_A and e_B are the rates of surplus value defined as the portion of labor appropriated by the capitalist class. Or we can interpret $(1–e_A)$ as the *relative wage in country A*, where z is the ratio between the exchange rate that would render prices in countries A and B equivalent and the actual exchange rate. When the two are equal, z is obviously equal to unity. Equation (6) tells us that the ratio of wages to the current exchange rate is equal to the ratio of productivities multiplied by the ratio of *relative wages*, and by the ratio of the exchange rate of PPP to the current exchange rate.

Let us suppose that the rate of surplus value in Mexico is double that in the United States, and that the current exchange rate is the rate that renders prices equivalent, and that differences in productivity remain the same ($\pi_A/\pi_B = 5$); then Mexican wages would be one-tenth of U.S. wages.

To sum up, we can deduce from the labor theory of value that the ratio of wages in different countries to the existing exchange rate depends on the ratio of productivities, relative wages (or on the rate of surplus value), and the discrepancy between the current exchange rate and the PPP rate. Let us now analyze the empirical information relevant to this model.

Preliminary analysis of the information

We must not forget that our model is quite simple; it is the kind of "pure corn model" that has been used since the time of David Ricardo. Reality is much more complex; one may ask if such a model is of any use for understanding reality. Do the empirical data support this model? The difficulties we encounter are unexpected. Let us look at an accounting model analogous to this model.

We can set the wage rate equal to the share of wages in GDP, σ_1, multiplied by the gross domestic product per worker, y_1. Of course, we

must take into account the exchange rate, so we get:

$$\frac{s_A}{cs_B} = \frac{\sigma_A y_A}{\sigma_B c y_B}. \tag{7}$$

Now we have two models: a Marxist model of wage differences (MMWD) and an accounting model of wage differences (AMWD), with obvious similarities and differences. MMWD is a model replete with meaning. That is not the case with the accounting model. For example, in the neoclassical literature on productivity, the gross domestic product per worker is called "productivity of labor." This designation is internally inconsistent, since neoclassical theory says that there are other factors of production that are distinct from labor. But in Marx's theory the GDP per worker may be defined appropriately as productivity. Another important difference between the two models is the exchange rate. In the MMWD, the exchange rate used may be deduced from the theory; in AMWD, the exchange rate is not defined; one may use the existing exchange rate or the PPP exchange rate. One could, with this model, use the wage ratio with different currencies. The advantage of the AMWD is that it allows us to make calculations that will support the MMWD. If we set equation (6) equal to equation (7), we get:

$$\frac{\pi_A}{\pi_B}\,\frac{1-e_A}{1-e_B} = \frac{\sigma_A y_A}{\sigma_B c^* y_B}.$$

This expression is not wholly correct, since the left side of the equation was obtained on the basis of a model for one single commodity, whereas the right-hand term comes from a model that uses multiple commodities. However, the equation clearly suggests that the GDP per worker can be analyzed as a proxy variable for productivity in that the wage participation may be a proxy variable of relative wage.

Let us recall from figure 2 that the ratio of remunerations between the United States and Mexico has varied roughly from 4 to 16. According to our model, a part of this variation is due to discrepancies between market parity and the PPP rate. Figure 3 shows that this variable has played a major role and moreover exhibits a behavior characteristic of certain "explosive" processes.

Let us see how our productivity indicator, the aggregate value per

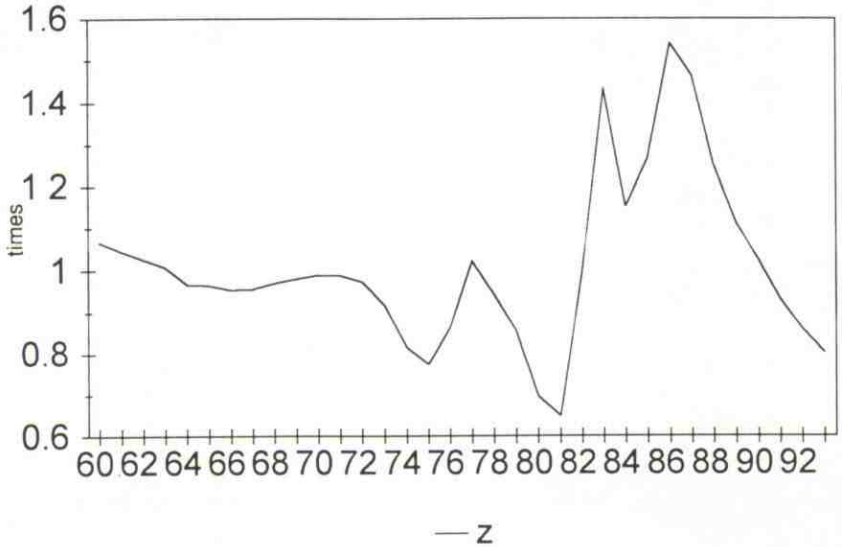

Figure 3 Ratio of PPP to Current Parity for the Mexican Peso, 1982 = 1

worker, behaves. The data show that the United States is much more productive than Mexico, as is easy to see. This enormous difference in productivities has been diminishing, and is very much influenced by discrepancies between the market exchange rate and the PPP exchange rate. Figure 4 shows the ratio between productivities at market exchange rates.

An important inference that may be drawn from the differences in aggregate productivity between Mexico and the United States is that the differences between Mexican wages and U.S. wages are in large measure determined by differences in productivity due to *the absolute advantages of the United States*, and moreover the latter will not rapidly diminish. If productivity in the United States were three times that of Mexican productivity, and if U.S. productivity increased at 1 percent annually, while Mexican productivity increased at 4 percent annually, the time required for the two levels to become equal would be 37.5 years. *The point is that North American trade unions must learn how to work with the great wage differences between Mexico and the other two countries.*

A second inference from the low level of aggregate productivity in

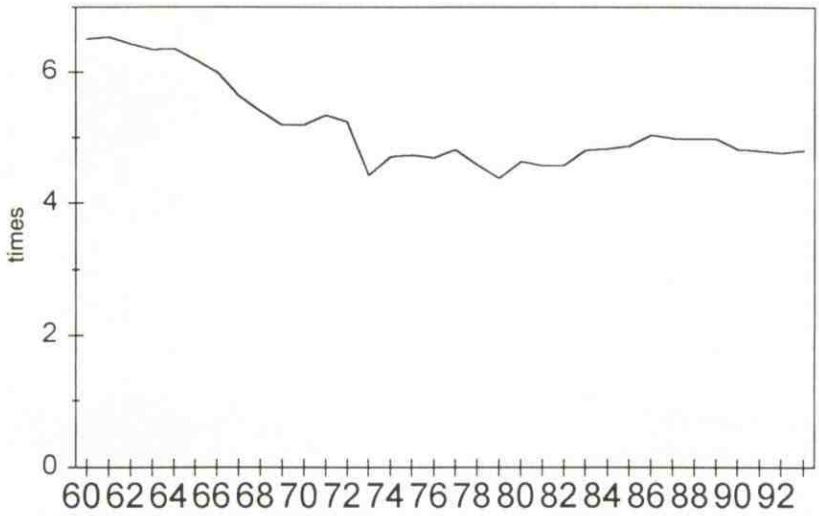

Figure 4 Ratio of Productivities Between the United States and Mexico

Mexico is that in many cases it would be more expensive to produce in Mexico than in the United States, despite the low Mexican wages. According to the Marxist theory of value, a low level of productivity means that on the average Mexican products cost more labor than do other North American products. It should also be remembered that the exchange rate can only render some prices equivalent since differences in productivity are not uniform. From our perspective, this could explain why borderland industries, the *maquila*, are an easy way to get the best of two worlds: the *maquila* import semiprocessed materials from the United States, the more productive country, and add a significant part of the wage cost in Mexico, the country of low wages. For many industries, the higher labor values in Mexico than in the United States or Canada mean greater nonlabor costs. Similarly, there are products that are cheaper in Mexico than in the United States despite lower Mexican productivity. This could be an important for predicting which industries or processes are candidates for emigration in the search for low wages.

Finally, relative wages also explain a major part of wage differences. Roughly speaking, the relative U.S. wage is double the Mexican, as is evident from figure 5.

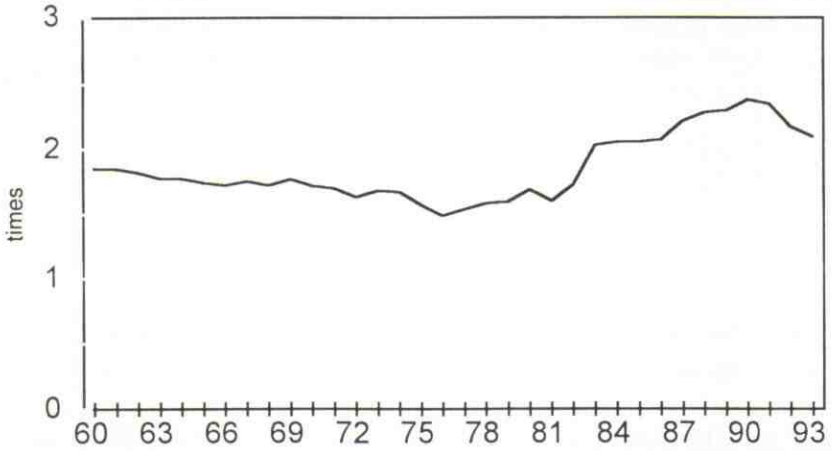

Figure 5 Ratio of Average Wages in the United States and Mexico

Similarly, the ratio between U.S. remunerations and Mexican remunerations is double the ratio between productivities owing to the effect of relative wages.

Wage differences between Mexico and the United States depend on differences in productivities, on the ratio between the market exchange rate and the exchange rate of buying power parity, on the share of remunerations in the GDP, and on relative wages.

The results from the foregoing seem to correspond to an error-free model. Is expression (7) an empty tautology? Actually, the problem of error shows up very subtly because both productivity and the rate of surplus value or the relative wage are well-defined concepts in the sphere of labor value. What we observe directly are monetary expressions of these variables, and it is here where the errors lie. Let us take, for example, relative wages: To analyze them, should we consider the Marxist distinction between productive labor and unproductive labor, and if so, how?[13] Similarly, the share of wages in the GDP is not the relative wage. The same is the case with productivities. The MMWD defines productivity as the reciprocal of the value of a commodity; when it is generalized, it must be defined as the reciprocal of the value of a basket of commodities. If we measure this variable and others in equation (6),

there will be a discrepancy already between the left side and the right side of the equation. Similarly, strictly speaking, equation (7) is tautological only if one makes the absurd assumption that the variables most easily observable are those that the theory requires.

Some conclusions

A preliminary analysis of the data allows us to conclude that there are major differences between the average levels of productivity in Mexico and in the United States. These differences explain the enormous wage differential between the two countries. There is apparently no way for these differences to diminish rapidly; the trade unions in the two countries will have to live with low Mexican wages. A second source of the wage difference between the countries is relative wages. Setting aside differences in productivity, Mexican workers receive half of what the U.S. workers earn. This replicates, roughly speaking, the wage differences between the two countries. This source of the wage differential must be explained, and then we will be able to estimate the possibilities workers have for closing the gap between the relative wages in the two countries.

A third source of the wage differential is the variation in the current peso–dollar exchange rates relative to the PPP exchange rate, especially if we consider a period where the exchange rate moved from overvaluation to undervaluation, as was the case from 1981 to 1989; the discrepancy in current parity relative to the PPP explains a significant part of the wage differential. An overvalued Mexican peso relative to the U.S. dollar brings Mexican wages closer to United States wages. The opposite occurs when the peso is undervalued.

The wage difference between the two countries is so great that it makes it difficult to explain why not all new capital investment in Canada and the United States attempts to emigrate to Mexico. Our model proposes that low Mexican wages are the expression of a lower average productivity. Hence, low wages are not a "comparative advantage," as neoclassical theory would have it, but the result of an "absolute disadvantage." Foreign trade is made possible via prices, despite this absolute disadvantage of Mexican production. The model suggests that prices could be relatively similar between two countries with different productivities. The latter would be reflected in different wages and not in prices. Open trade, currently being tried throughout the

world, seems to be a clear trend in contemporary capitalist economies. The motivation is to preserve or expand capitalism: It is not the elimination of intercapitalist conflicts but the establishment of new rules of the game. Blocs are in the process of being formed in the new trade relations and their chances of success depend on a variable factor: productivity. The new blocs attempt to take advantage of the fact that differences in productivity are reflected in wage differences. The *maquila* is a way of doing this that tries to buy labor cheap in terms of the living standard, yet not so cheap, because the social productivity of labor is too low to produce with international efficiency, which is only possible if an extremely high percentage of the product is imported. Thus, the *maquila* is the capitalist solution for taking advantage of low productivity. Mexican wages can only become equivalent to wages in Canada and the United States when the average productivities are similar and relative differences in wages are eliminated.

Finally, it is necessary to explain why this empirical analysis was based on an accounting model and that both the GDP per worker as well as the share of wages in the GDP are approximations of the variables required by theory: namely, productivity and relative wages. These variables wholly explain wage differences, and there is no error, as is usual in an empirical study. This fact is a contingent one since, when we measure the required variables, error will surely appear. We do not believe that any improvements in measurement that the future might bring will change the following conclusion: Marxist theories of value and surplus value provide us with a clear and sufficient explanation of wage differences between countries.

Notes

1. Quoted in *El Financiero* (June 11, 1992), p. 23.
2. The difference between wages and remunerations is that remunerations include, in addition to wages, the money received directly by the worker, and payments, among which the most notable is the employer's contribution to social security.
3. E. Mandel, *Marxist Economic Theory* (New York: Modern Reader/Monthly Review Press, 1970), p. 458.
4. De Janvry, Alan, *The Agrarian Question and Reformism in Latin America* (Baltimore, MD: Johns Hopkins University Press, 1985), p. 38.
5. Ibid.
6. A. Emanuel, *El intercambio desigual* (Mexico: Siglo XXI, 1972), p. 89.
7. A. Shaikh, *Valor acumulacion y crisis* (Colombia: Tercer Mundo, 1991), p. 202.

8. C. Bettelheim, "Observaciones teoricas," in A. Emanuel, *El intercambio desigual* (Mexico: Siglo XXI, 1972), p. 325.

9. See, for example, A. Shaikh, "Competition and Exchange Rates: Theory and Evidence" (Working Paper no. 25, Department of Economics, New School for Social Research, New York, 1991).

10. Guerrero, D. *Competitividad: teoria y politica* (Barcelona: Ariel, 1995).

11. Guerrero, D. "La tecnica, los costos la ventaje absoluta y la competitividad," *Comercio exterior* (May 1996), p. 404.

12. Shaikh, "Competition and Exchange Rates: Theory and Evidence."

13. For Mexico this point is developed in the study by B.G. Martinez González, "The Relative Industrial Wage in Mexico, 1960–90," in this issue.