

Study of the independent recovery amount as a system for determining the minimum salary

Estudio del monto independiente de recuperación como sistema de determinación del salario mínimo

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Abstract

The objective of this article is to propose an idea that serves as support to build within our country, a system that allows to have an income, that even if it is the least, can cover the fundamental needs of an average family, for this, As a comparison, historical data on the evolution of minimum wages, the change since the imposition due to the government's setting and its evolution since the implementation of the MIR (independent amount of recovery). Will also be used, we will also equate the reasoning with which the amount of the MIR is established, and the methodology used in other countries with minimum wages that allow for better living conditions, a relationship between both methodologies will be established for its determination, in order to create a hypothesis of the operation of this system. With this information it is considered to have a support that allows theorizing in a new method for the provision of a new system on the subject of minimum wages.

Relation, System, Variation

Resumen

El objetivo de este artículo, es proponer una idea, que sirva de apoyo para erigir dentro de nuestro país, un sistema que permita tener un ingreso, que, aunque sea el menor, pueda cubrir con las necesidades fundamentales de una familia promedio, para esto, se utilizará a modo de cotejo, datos históricos de las variaciones de los salarios mínimos, el cambio desde la imposición por la fijación del gobierno y su evolución desde la implantación del MIR (monto independiente de recuperación). También equipararemos el razonamiento con el que se establece el importe del MIR, y la metodología usada en otros países con salarios mínimos que permiten tener mejores condiciones de vida, se establecerá una relación entre ambos métodos de trabajo para su determinación, para poder crear una hipótesis del funcionamiento de este sistema. Con esta información se considera tener un sostén que permite teorizar en un nuevo método para la disposición de un nuevo sistema en el tema de las remuneraciones mínimas.

Relación, Sistema, Variación

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Introduction

The minimum wage is defined by the Federal Labour Law in its article 90, stating that it is the lowest amount that a worker should receive in cash for services rendered in one (working) day. This should be sufficient to satisfy the normal material, social and cultural needs of a head of household, and to provide for the compulsory education of the children.

Based on the above, we can determine that it is the minimum or minimum remuneration of money to a co-worker for all the work done. Now, who is in charge of its surveillance, establishment and care (in Mexico), is the CONASIMI (National Commission of Minimum Wages).

It should be noted that, as of 2017, this wage in our country is established by two elements, which is by fixation and by the MIR.

FIXATION (by inflation)

The percentage of fixation for the increase of the minimum wage, is calculated by conducting a study, estimating the inflation of the immediate following year. According to this figure, the minimum wage is increased by one or two percentage points.

MIR (Independent Recovery Amount)

This is an amount of money that is added to the current (minimum) wage so that each year it grows and regains purchasing power. In addition, the MIR is established by tripartite agreement: government, employers and workers:

- On the government side there is a commission within CONASIMI.
- On the labour side, there are workers' representatives in the national commission for minimum wages and the confederation of Mexican workers (CTM).
- And finally, there is a part of the employers' sector, i.e. companies and employers.

The extra and almost exponential growth that the minimum wage has had in our country has been largely due to the MIR, which, as mentioned above, was established so that all sectors (government, companies and workers) involved obtain profitable benefits.

Methodology

The procedure used was applied statistically, covering minimum wages from 1934 to 2023, given that, with this data, it was possible to make a conversion to our current monetary value that, at the time, was in force in the country.

In addition, the INPC was considered in order to determine inflation year by year, and to have a better evaluation parameter between the income received (by the minimum wage) and the purchasing power with it. This stipulates the following: it does not matter if you earn a lot if your purchasing power is low. In other words, having more cash does not ensure that you have more goods, and this is reflected in a decrease in the number of items in the basic basket of goods. Therefore, the table below shows the changes in the minimum wage (over the years).

Year	Average Price Index (July 2018 = 100)	Real minimum wage	Percentage
1934	0.00130462	97.69	
1935	0.00129604	98.34	99.34%
1936	0.00138244	103.33	106.67%
1937	0.00164165	87.01	118.75%
1938	0.00172805	95.32	105.26%
1939	0.00172805	95.32	100.00%
1940	0.00172805	98.9	100.00%
1941	0.00185766	92	107.50%
1942	0.00203046	85.57	109.30%
1943	0.00250568	69.34	123.40%
1944	0.0031105	71.77	124.14%
1945	0.00336971	66.24	108.33%
1946	0.00388812	71.98	115.38%
1947	0.00410413	68.19	105.56%
1948	0.00432014	79.24	105.26%
1949	0.00457934	74.75	106.00%
1950	0.00522736	73.45	114.15%
1951	0.0064802	59.25	123.97%
1952	0.00673941	77.27	104.00%
1953	0.00660981	78.79	98.08%
1954	0.00712822	98.38	107.84%
1955	0.00816506	85.88	114.55%
1956	0.00859707	93.76	105.29%
1957	0.00911549	88.42	106.03%
1958	0.0094179	98.84	103.32%
1959	0.0094179	98.84	100.00%
1960	0.00993631	106.68	105.50%
1961	0.00993631	106.68	100.00%
1962	0.01006592	125.48	101.30%

1963	0.01028192	122.84	102.15%
1964	0.01080034	164.72	105.04%
1965	0.01088674	163.41	100.80%
1966	0.01110275	188.24	101.98%
1967	0.01118915	186.79	100.78%
1968	0.01140516	211.75	101.93%
1969	0.01179397	204.77	103.41%
1970	0.01238407	225.53	105.00%
1971	0.01238407	225.53	100.00%
1972	0.01306136	254.41	105.47%
1973	0.01370707	285.98	104.94%
1974	0.01536315	359.56	112.08%
1975	0.01901713	290.48	123.78%
1976	0.02185915	378.51	114.94%
1977	0.02531829	360.21	115.82%
1978	0.03267684	316.71	129.06%
1979	0.03838133	312.08	117.46%
1980	0.057317	245.46	149.34%
1981	0.073328	249.63	127.93%
1982	0.116528	273.14	158.91%
1983	0.235242	195.12	201.88%
1984	0.389205	184.74	165.45%
1985	0.613964	180.41	157.75%
1986	1.14341	196.23	186.23%
1987	2.65073	221.34	231.83%
1988	5.67686	127.76	214.16%
1989	6.81268	121.92	120.01%
1990	8.62837	125.01	126.65%
1991	10.5838	114.17	122.66%
1992	12.2251	98.85	115.51%
1993	13.4172	97.34	109.75%
1994	14.3518	97.34	106.97%
1995	19.3749	95.12	135.00%
1996	26.0356	93.33	134.38%
1997	31.4056	77.37	120.63%
1998	36.408	87.65	115.93%
1999	42.4465	75.18	116.59%
2000	46.4754	75.57	109.49%
2001	49.4348	76	106.37%
2002	51.9217	76.54	105.03%
2003	54.2826	76.51	104.55%
2004	56.8276	76.18	104.69%
2005	59.0939	76.56	103.99%
2006	61.2387	76.83	103.63%
2007	63.6679	76.77	103.97%
2008	66.9309	75.96	105.13%
2009	70.4765	75.47	105.30%
2010	73.406	78.28	104.16%
2011	75.9072	78.81	103.41%
2012	79.0281	78.87	104.11%
2013	82.0362	78.94	103.81%
2014	85.333	78.86	104.02%
2015	87.6546	79.97	102.72%
2016	90.1279	81.04	102.82%
2017	95.573	92.45	106.04%
2018	100.255	88.14	104.90%
2019	103.476	99.23	103.21%

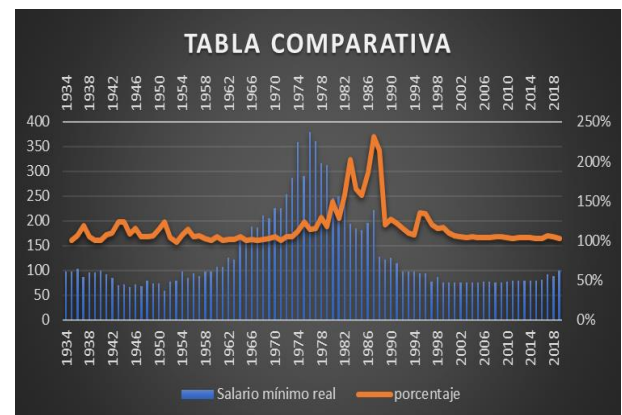
Table 1 Salary per year

Results

With the research carried out in which historical data were taken from 1934 (the year in which the minimum wage was established as such in Mexico), until the direct intervention of the government, the results show an upward trend based on the minimum wage (as shown in graph 1: "comparative table"). However, in the decade of the 40's there is a decrease and, from the 50's to the 70's, the highest point is reached, to then fall in an accelerated manner.

On the other hand, it is observed that inflation in Mexico from 1934 to the 70's (graph 1), remained stable with small rises and falls; since at the beginning of the 70's, there is a notorious rise in this item, a period in which the minimum wage reached its maximum peak.

With a new analysis carried out from 2016 to March 2023, it can be deduced that the growth of the minimum wage has been on a sustainable upward trend (graph 2), while inflation follows a stationary standard.



Graphic 1



Graphic 2

Likewise, to show the change in the minimum wage when the Independent Recovery Amount is added, a calculation was made, considering the NCPI.

It is worth noting that the highest percentages of inflation obtained in this comparative period were in times of the full COVID-19 pandemic, highlighting moderate inflation and, even so, an increase (in the minimum wage).

Year	minimum wage	INPC	PERCENTAGE
2016	\$ 73.04	92.03904	
2017	\$ 80.04	98.27288	106.77%
2018	\$ 88.36	103.02	104.83%
2019	\$ 102.68	105.934	102.83%
2020	\$ 123.22	109.271	103.15%
2021	\$ 141.70	117.308	107.36%
2022	\$ 172.87	126.478	107.82%
2023	\$ 207.44	128.389	101.51%

Table 2 Minimum wage comparison incorporating the MIR

Conclusion

In view of the above, we believe that a standardisation of our minimum wage system can be carried out in order to manage it in a more appropriate way. That is to say, more by understanding than by arbitrariness. Taking the MIR as the main and essential part for change.

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