

Mexico's Congress Guarantees Minimum Wage Rises Above Inflation

(Bloomberg) — Mexico's Congress approved a constitutional reform proposed by former President Andres Manuel Lopez Obrador that would require annual minimum wage increases be higher than the previous year's annual inflation rate.

The Senate unanimously approved the proposal submitted to guarantee that Mexicans' purchasing power is not eroded by annual price increases.

The change would not have an immediate impact on the lowest salaries, since Sheinbaum said that they would increase roughly 12% in 2025 and by a similar amount in future years. But analysts say the law could have a greater impact if inflation rises beyond current levels of about 5%.

"The main concern is how do we start to wind down the increases so that they become sustainable in the long-run," said Luis Monroy-Gomez-Franco, assistant professor of economics at the University of Massachusetts-Amherst.

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