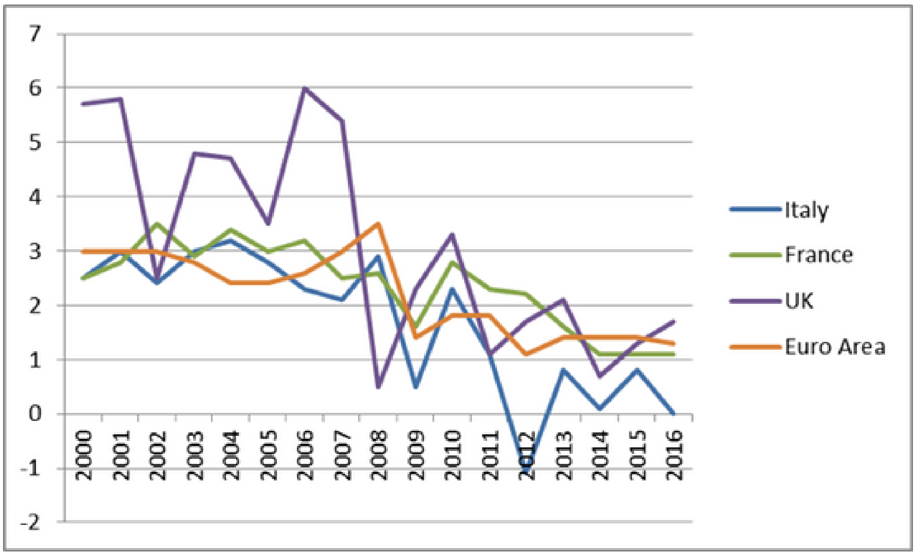
EUROPE NEEDS A PAY RISE
It's time for **OUR** recovery!

After the world's economic system crashed in 2008-09, Europeans were hit hard. Jobs were lost, savings depleted, and economic growth dropped almost 10%. Politicians, bankers and business became obsessed with restoring Europe's 'competitiveness.'

Their 'fix' was to cut public services and brutally squeeze workers' wages - causing them to plunge.

Nominal change per employee, annual income



Unemployment weakened the bargaining position of trade unions and workers. But policy is a key factor.

Politicians and bankers decided to devalue wages since they couldn't devalue the currency - countries like Greece, Portugal, Spain and Latvia were hit the hardest and the aggressive measures contaminated others such as France, Italy and Belgium.

To the delight of employers, this has become the 'new normal.' The mantra that wage squeezes are good for the economy is so ingrained in policy-makers' minds and public discourse that they don't see how things can change.

Eight years onwards and the result is that wage growth has stagnated - still only 1.6% in 2016. There is a need for a change of course and now even the OECD and ECB are recommending pay rises as essential for the recovery of Europe's economy.

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CONFEDERATION SYNDICAT EUROPEEN TRADE UNION

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Wage cuts end up in (more) job cuts

Wages are often talked about as if they are a cost for employers, but that is misleading when it comes to the economy as a whole. Workers' spending provides businesses with the demand for their products and services. Wages are an engine for economic activity, growth and jobs.

Leaner pay cheques do not result in more jobs - the opposite is the case, less wages means fewer jobs because the demand for goods and services drops. Coordinated pay increases, for example through coordinated collective bargaining by trade unions, increases demand which in turn motivates companies to increase production and hire more people.

United we stand

So why is it important that we coordinate pay increases across Europe? The European economies mainly import and export to each other. Demand crosses borders - increased demand in Germany for example can support economic activity and jobs in Netherlands and other countries that export to Germany.

It's time for OUR recovery

Growing inequality is one of the biggest social, economic and political challenges of our time. Productivity is increasing, but workers do not have their fair share of the wealth they are helping to create. In the last 20 years, productivity has shot up 30% but real wages only 20%. That means that somewhere along the way, workers lost 10% of profit to capital owners.
Instead, companies are putting the profits into financial markets, increasing risks from speculation and reducing the amount of money for investment, for wages and for the real economy. The pay of top executives is racing ahead while low-wage jobs are on the rise. It's time that workers' get their fair share. It's time for a European pay rise.

How to achieve a pay rise for European workers

There are several paths towards a pay rise for European workers. The EU can and should do a lot more. Actions are needed to create an environment that supports workers to bargain for a pay rise. This means promoting strong collective bargaining systems, extending collective agreements, ensuring that sectoral bargaining is properly supported, stricter protection for temporary and mobile workers and higher minimum wages.

Rather than costing jobs, pay rises across Europe would increase confidence, increase economic demand and lead to job creation. Policymakers, business and the public need to embrace this truth, that is why we launched the campaign, 'Europe needs a pay rise - It's time for OUR recovery.

To read the full paper, go to payrise.eu contact media@etuc.org.