

## A LIVING WAGE

***Low pay is bad for our economy and society. It keeps people in poverty, deepens inequality and stifles growth. The only people who benefit are bad employers. The current recommended rate for the Living Wage is €11.50 per hour and this ensures people can reach an agreed minimum standard of living and meet all essential costs. Raising wages is the best antidote to national and global inequality.***

### ***Ireland's Low Pay Problem***

Research from the Nevin Institute (NERI) reveals that some 345,000 workers (equal to 25% of the workforce) earn an hourly rate that is below the Living Wage, of **€11.50 per hour**.

A full 30% of workers in Ireland (or 400,000 employees) earn below the low pay threshold of €12.20 per hour, as set by EU agency, Eurostat. This means one in four people working in Ireland is affected by Low Pay.

The NERI research shows that the problem is most common among women workers and is concentrated in certain sectors of the economy, chiefly: wholesale and retail, accommodation and food, administration and support services, in the agricultural, forestry and fishing sector.

Low Pay is not confined to a particular age category, with some attempting to minimise its incidence by insisting it is chiefly associated with young, inexperienced workers new to the jobs market.

Not surprisingly, a high proportion of low paid employees are in households that struggle to meet daily needs, with single parents the most at risk.

The research also highlights the link between Low Pay and temporary work contracts, again underlining the necessity to tackle precarious work and create secure and sustainable jobs.

**The Minimum Wage plays a critical role as it provides a floor below which pay rates cannot legally fall. Congress believes that Minimum Wage should therefore be raised to the same rate as the Living Wage rate - €11.50 per hour – over the lifetime of the current Low Pay Commission.**

You can read the full NERI paper here:

[http://www.neriinstitute.net/download/pdf/earnings\\_and\\_lowpay\\_in\\_roi\\_neri\\_wp29.pdf](http://www.neriinstitute.net/download/pdf/earnings_and_lowpay_in_roi_neri_wp29.pdf)

### ***Impact of the Crisis on Wages***

Wage rates and pay in the Irish economy suffered greatly during the years of crisis. While there was no direct 'causal link' between the internal devaluation policy pursued by the Troika, the fall in wages resulted from "a weak Irish economy and a collapsed construction sector, and in large part to the policies of 'austerity' which served to increase unemployment and push down wages, a study by NERI shows.

Equally, it is undeniable that the logical outcome of the decision of the European authorities to embark on a policy of 'internal devaluation' would be a fall in living standards. This was the essential thrust of Troika policy, in the belief this would restore competitiveness and spark growth across the EU. It did not happen.

"Experiences with internal devaluation in the euro area have not been happy ones. Those countries deemed to have undergone 'successful' internal devaluations have also undergone severe recessions," the NERI study explains.

For the duration of the crisis – and well in advance of the arrival of the Troika in 2010 – the trade union movement advocated an entirely different approach to the crisis. This would have required investment to boost demand and growth, especially in key economies at the heart of the EU, such as Germany.

"The alternative way to restore lost competitiveness in the euro area periphery, while simultaneously supporting demand, would have been for the more competitive 'core' to engage in a process of internal revaluation (increasing domestic wages and prices)."

This was essentially endorsed by the German union federation DGB, which proposed a major programme of investment entitled [a New Marshall Plan for Europe](#), in 2012. A similar approach was adopted by the European Trade Union Confederation (ETUC) with its plan, a [New Path for Europe](#).

But according to NERI the decision of EU authorities to engineer a fall in living standards has contributed hugely to the slump that Europe currently finds itself immersed in. They state that this:

".....has created a deflationary bias for the euro area and for the world economy. The Irish experience offers little succour for proponents of internal devaluation. A policy rethink is required at the European level."

**That is why Congress and affiliate unions are currently seeking pay restoration and wage increases across all sectors of the economy.**

**ENDS**