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EUROPEAN TRADE UNION

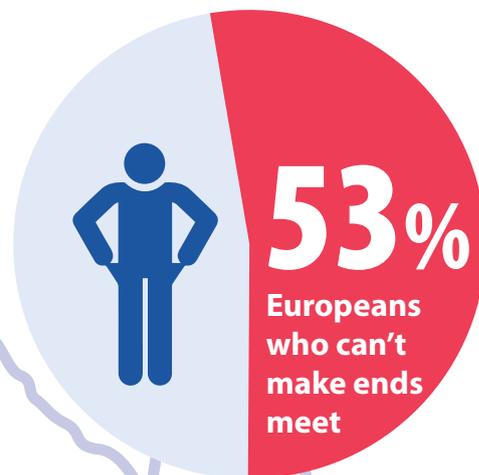
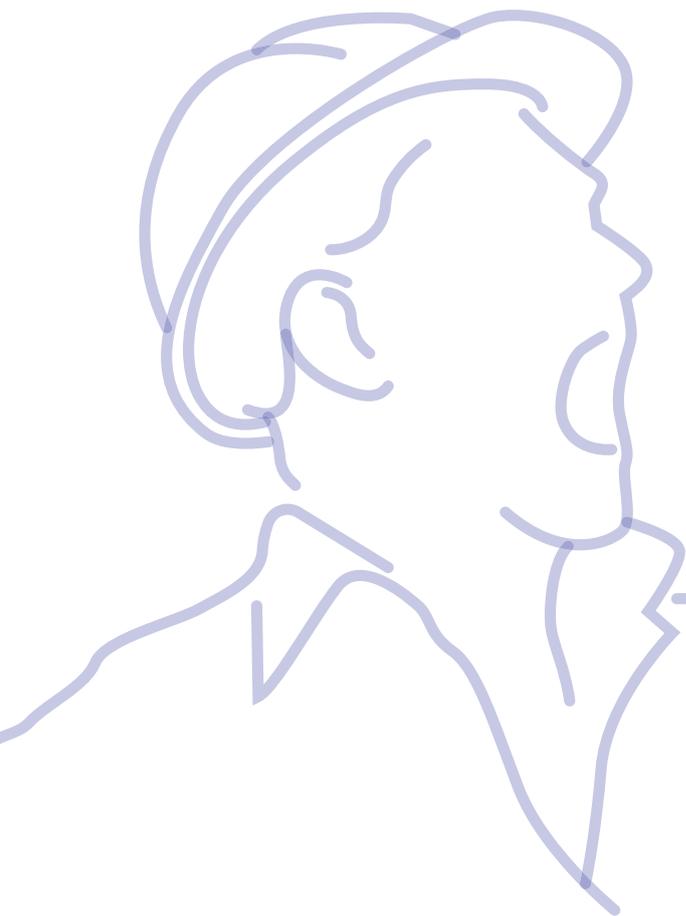
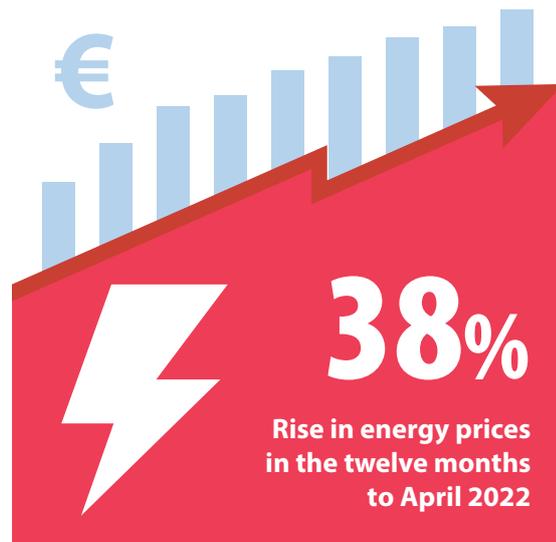
**Together.**  
**In Action.**  
**For Higher**  
**Wages.**



# IndustriAll Europe's Answer to the Cost-of-Living Crisis

The spiralling cost of living around Europe is creating an economic and social crisis the likes of which many Europeans have not experienced in their lifetime.

Inflation is skyrocketing across the continent, fuelled by huge increases in the price of fuel, food and essential goods. As a result, workers' purchasing power is being eroded. Over half of European households say they now struggle to make ends meet. Low-income workers and vulnerable groups are being hit the hardest, but middle-class living standards are quickly deteriorating, too.

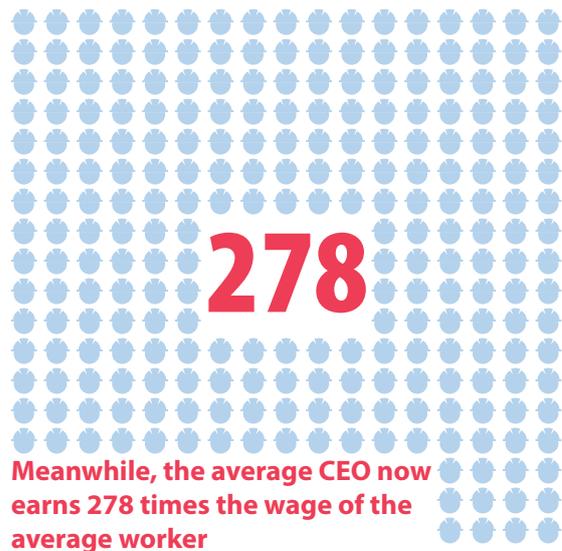
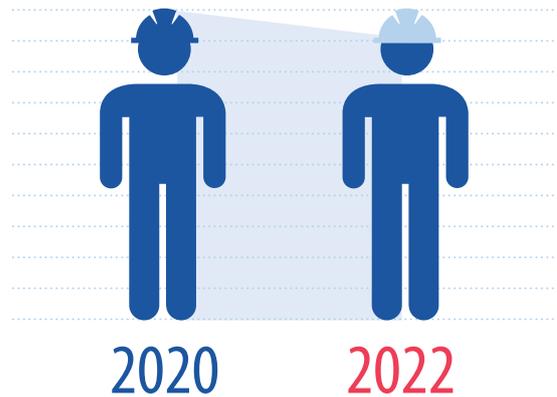


## Workers need a pay rise – and big business can afford it!

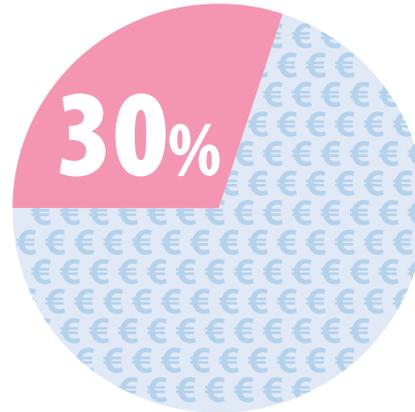
In most countries, wages are falling far behind inflation, meaning a real-terms pay cut for millions of workers. Meanwhile, many big companies are booking record profits. Despite this, employers keep warning about the dangers of wage increases pushing up inflation. They say that workers should “moderate” their pay demands (while making no such commitment on their own profits.) But, in reality, there are no signs of wages driving inflation, which is being fuelled by massive hikes in energy prices. Instead of compensating workers for the profits they produced during the pandemic, some companies are paying out record dividends and bonus packages to CEOs.

Top corporate executives have seen their pay grow by more than 1000% over the past 40 years, nearly 100 times the rate of average workers. Exorbitant CEO pay is a major contributor to rising inequality. CEOs are getting more because of their power to set pay, not because they are increasing productivity or possess specific, high-demand skills. This boom in CEO pay, and executive compensation more generally, has fueled the growth of top 1% and top 0.1% incomes, leaving ordinary workers with less and widening the gap between very high earners and the bottom 90%. The economy would suffer no harm if CEOs were paid less – or taxed more.

**A WORKER’S WAGE from 2020 now only buys 9/10s of what it did then**

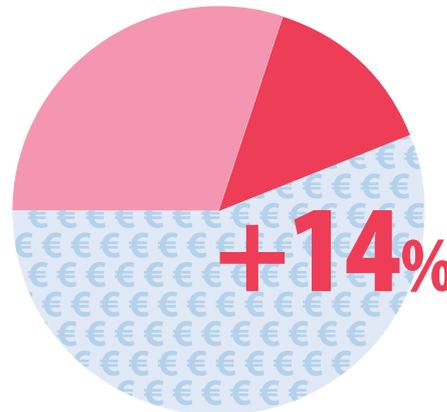


Company profits also reached record highs in the second quarter of 2022. Many companies across the economy (not only in energy) have benefited from the crisis, with strong order books, and higher-than-expected results and profits. Those who are making money from the crisis should pay for it. They have a responsibility to pay decent wages – and their fair share of taxes.



**Global dividends paid by European and UK companies in the second quarter of 2020**

The [global dividend index](#) shows a sharp rise in dividends – the money paid to shareholders when a company makes a profit. European and UK firms were key drivers of global dividend growth in the second quarter of 2022. European firms have increased their pay-outs to shareholders by 28.7% in euro terms compared to last year, just as those who work for a living are experiencing declines in their real income.

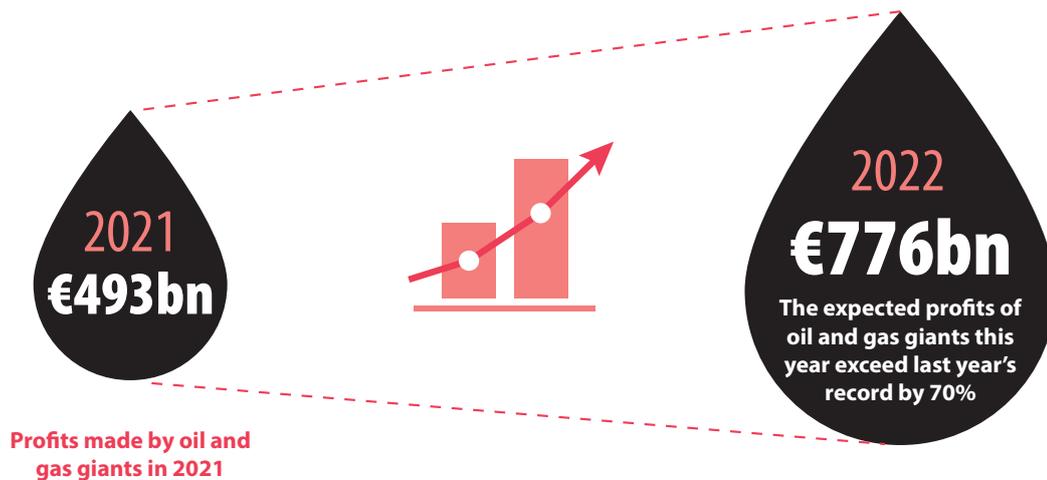


**The share of global dividends paid by European and UK companies grew by 14% from 2020 to 2022**

Taxes on corporate megaprofits can provide the money for government help with the high cost of living. More redistribution also creates demand in the economy, bolstering economic growth, as ordinary people have more money to spend.

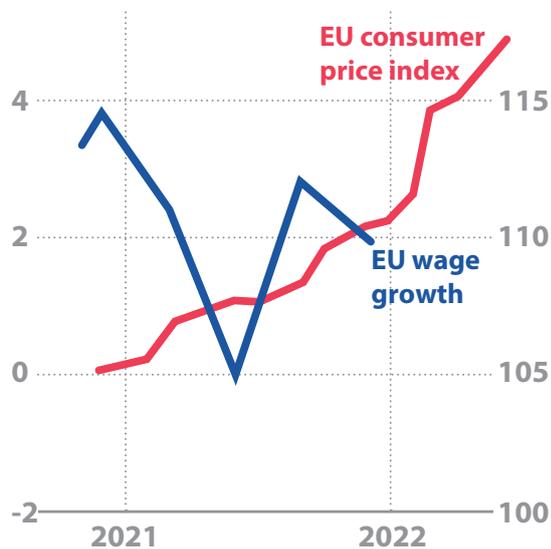


[Reports](#) from the energy sector show that companies like BP, Shell and ExxonMobil are booking massive windfall profits. A recent [study](#) shows the sudden increase of extra revenues registered by oil companies profiteering from the crisis. This allowed BP and Shell to spend together \$7.7 billion buying back shares last year, and the windfall for investors looks set to continue. Projections made by analysts Rystad Energy [show](#) oil and gas-extracting companies — including ExxonMobil, BP and Shell — are set to make €776bn profits this year, a new high exceeding last year's record of €493bn by 70 percent. The largest share is returned to investors, Rystad figures show. Investments in new oil and gas fields remain relatively low.



## Wages aren't driving inflation!

Despite all the evidence that the current inflation is mainly driven by energy prices, employers warn against a “wage-price spiral”, arguing for aggressive wage-moderation to control inflation. However, the data shows that there has never been a wage-inflation spiral during this crisis. On the contrary, wages have actually fallen, while prices have gone up.



Real wages are shrinking, while dividend payouts are growing faster than inflation. Dividend pay-outs were 15.5% higher in the second quarter of this year than in the same quarter of the pre-pandemic year of 2019.

At the same time, the real purchasing power of minimum wages [have dropped by nearly 5% across Europe](#) in only a year. This means that those on the lowest wages can afford to buy 5% less than last year. And this is only an average. In some countries the fall is truly dramatic: 29.2% in Latvia, 10% in the Czech Republic and Estonia, 8.9% in Slovakia.

As long as workers have falling wages, they will spend less in the real economy and growth will suffer. Higher wages mean more money in people's pockets, which bolsters the overall economic outlook and improves social stability, as fewer people fall into the despair of poverty.



**15.5%**  
RISE in shareholder payouts since the start of the pandemic



**-5%**  
Average FALL across Europe in the real value of minimum wages in the past year

# No More Austerity, Workers Need Support Now!

It's clear that workers' wages need to rise in line with inflation, price increases, and productivity gains. However, in addition to wage-policy, Europe needs government action to tackle the cost-of-living crisis. As energy prices skyrocket, some companies are starting to shut down production, putting jobs in peril.

We need urgent action to shield jobs and workers from rising prices. But we also need longer-term measures to prevent this from ever happening again. Europe must control its own energy system, based on green power that is generated here in Europe. Reaching this objective will require massive investment, an ambitious long-term energy and industrial strategy and deep reform of the EU energy policy framework, which is too short-term and relies too heavily on the market.

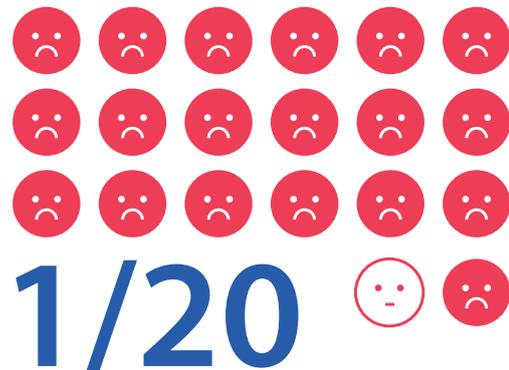
Austerity should be avoided at all costs, especially in an environment where social unrest and the far-right are on the rise. A recent poll by YouGov published on 2 September [found](#) that majorities across major European countries were worried about social unrest caused by the cost-of-living crisis, ranging from 57% in the UK to 75% in Poland. In France and Poland, only one in twenty say they are coping with rising prices. One in five people in the UK, France and Poland say they are using their savings to help pay their bills and one in ten are skipping meals.

Workers need relief from inflation, eye-watering energy bills and the soaring cost of basic necessities. Austerity policies will only lead to disaster and greater misery, like they did following the 2008 crisis. No fundamental reform of the European economy has taken place since, and the problems that existed then, still exist today. Past mistakes should be avoided at all costs.



Percentage of people who are worried about social unrest

Source: More in Common



In France and Poland, only one in 20 say they are coping fine with rising prices

Source: More in Common

# Industrial Workers Are Taking Action Together for Higher Wages!

Workers need a pay rise. All Europeans need lower bills and help to make ends meet. Workers cannot again be expected to foot the bill for a crisis they did not cause.

Politicians need to pass measures to help workers and their families with the cost-of-living crisis. But employers must also shoulder their responsibility, especially when they have the means to do it.

The money is there, it's just going to dividends and executive pay, not wages. Instead of arguing for wage moderation, employers should ensure that workers get compensated for the erosion of their purchasing power by

giving them their fair share of the wealth they have created. By increasing wages, employers would reinforce stable internal demand and thereby contribute to a fast recovery.

IndustriAll Europe represents industrial unions across the continent. The European labour movement is united in our demand for a fair path out of this crisis, based on higher wages and better living conditions.

IndustriAll Europe and its affiliates are joining forces to send out common demands in a European-wide joint campaign: **Together. In Action. For Higher Wages.**



## Europe's industrial workers demand:

- 1. A pay rise that guarantees decent living standards**
- 2. Fair taxes on companies and the wealthy**
- 3. Support for workers affected by the cost-of-living crisis**
- 4. Financial support for companies struggling with energy costs, with guarantees to save jobs and raise wages**
- 5. Sectoral bargaining so workers can win better pay**





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