

WHY WAGE INCREASES ARE NEEDED



So, there's a recession on and those of us with jobs are damned lucky just to be working – that means no more pay rises for a while, right?

WRONG!

There are plenty of good reasons why wages must continue to rise. Here are nine of them:

- 1. This recession was not caused by wages being too high.**
- 2. Freezing wages will not stimulate the economy – wage increases are more likely to stimulate the economy than tax cuts (especially if, like the recent cuts, those are just for the well-off).**
- 3. Even this government agreed to a 4.2% increase in the minimum wage in February, and this can be used as an argument for workers in general. The CTU supports a minimum wage of at least \$15 an hour and working to bring that up towards two-thirds of the average wage.**
- 4. Just as prices matter to exporters, retailers, and farmers, so the price of labour matters to workers. Jobs matter to households, but so do hours, wage levels and the social wage that we receive via public services.**
- 5. Inflation may be falling, but the prices of key items (e.g. food, housing) are still high.**
- 6. Recent research confirms that there are still skill shortages (38% of employers questioned in a Business NZ survey stated that they are experiencing skills shortages).**
- 7. We should not abandon the vision of the high wage, high skill, high productivity economy just because of the recession.**
- 8. The Government has set a target of wage parity with Australia by 2025. Closing the 30% wage gap between the two countries over the next 15 years, assuming wages in Australia rise by 3% per year, will require annual wage increases of 4.82% in New Zealand.**
- 9. Harder times may mean lower wage increases (to those we have been experiencing over the last few years), but that doesn't mean no wage increase (or a very low increase) is justified.**



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