



19 April 2018

Secretariat issues note

Wage dynamics in Europe

As part of its thematic discussions on resilience in the EMU, the Eurogroup of 27 April will discuss wage dynamics as a channel for macro-economic adjustment, as a signal that guides efficient resource allocation, and as a fundamental element of inclusive growth.

Analysis by the European Commission shows that wage growth remains sluggish in the euro area, despite the fact that economic growth has picked up and employment has now surpassed its pre-crisis levels.

The 2018 Council recommendation to the euro area stresses that wage growth contributes to the economic recovery by supporting aggregate demand, reduces inequalities and ensures high standards of living in the euro area. It also states that efficient wage setting mechanisms should ensure that wages are differentiated depending on country specific conditions and taking due account of changes in productivity.

Issues for discussion

- Considering the current features of European labour markets, how can structural reforms foster productivity and wage growth?
- How can wage-setting frameworks improve economic resilience at national level?
- To what extent could wages play a role in facilitating rebalancing within the euro area?
- Do Ministers see merit in strengthened wage coordination between euro area Member States?