

The Shrinkage of Collective Labour Relations

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My argument

- I. Multi-employer bargaining (MEB) as cornerstone of collective labour relations

- II. Political support for MEB in 1930s recession; stable until 1980; abandonment, replacement, erosion and hollowing out since; weakening of regulatory effect on wages (growth, equality)

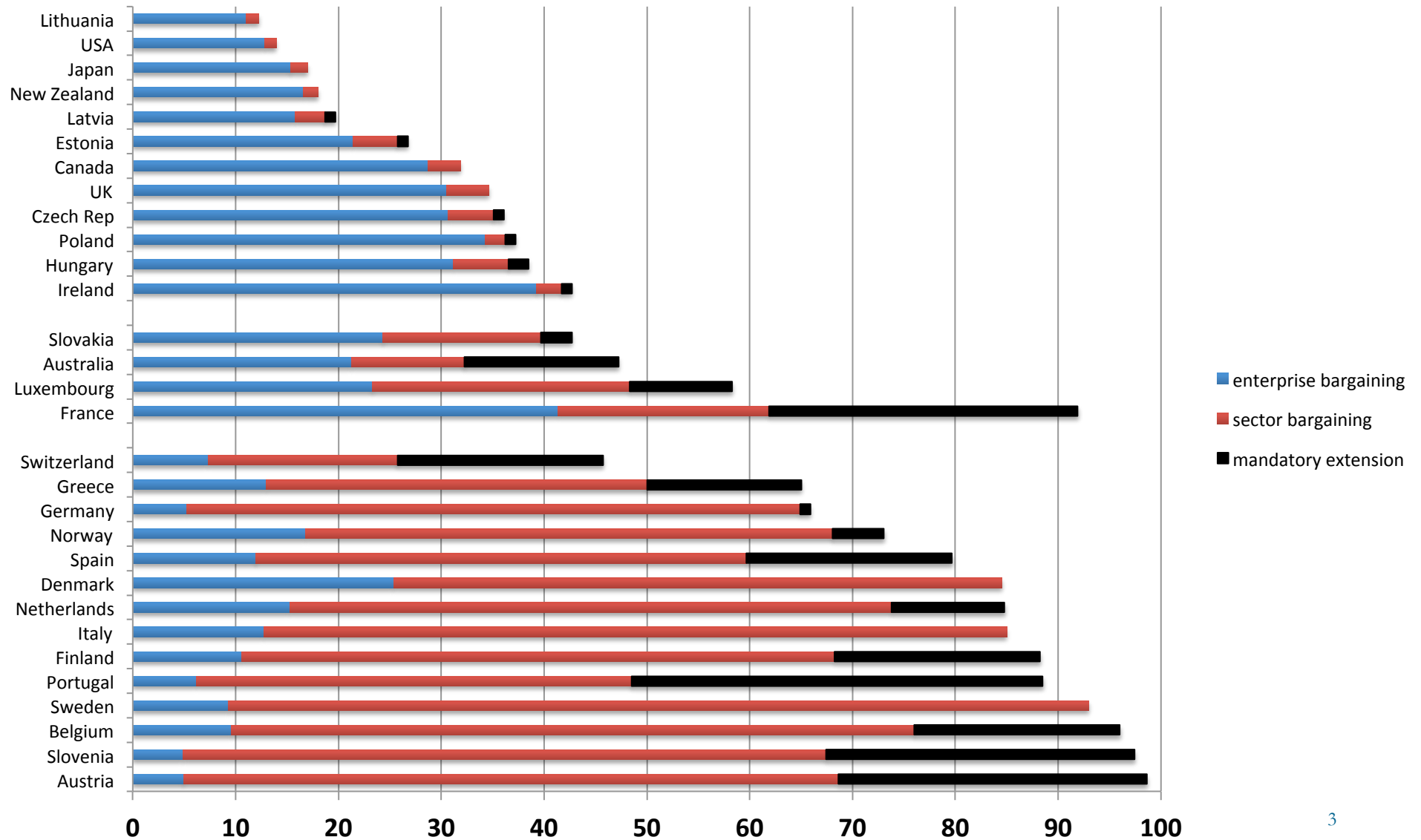
- III. Resulting in more exclusive, less collective representation of labour interests, and growing dualization.



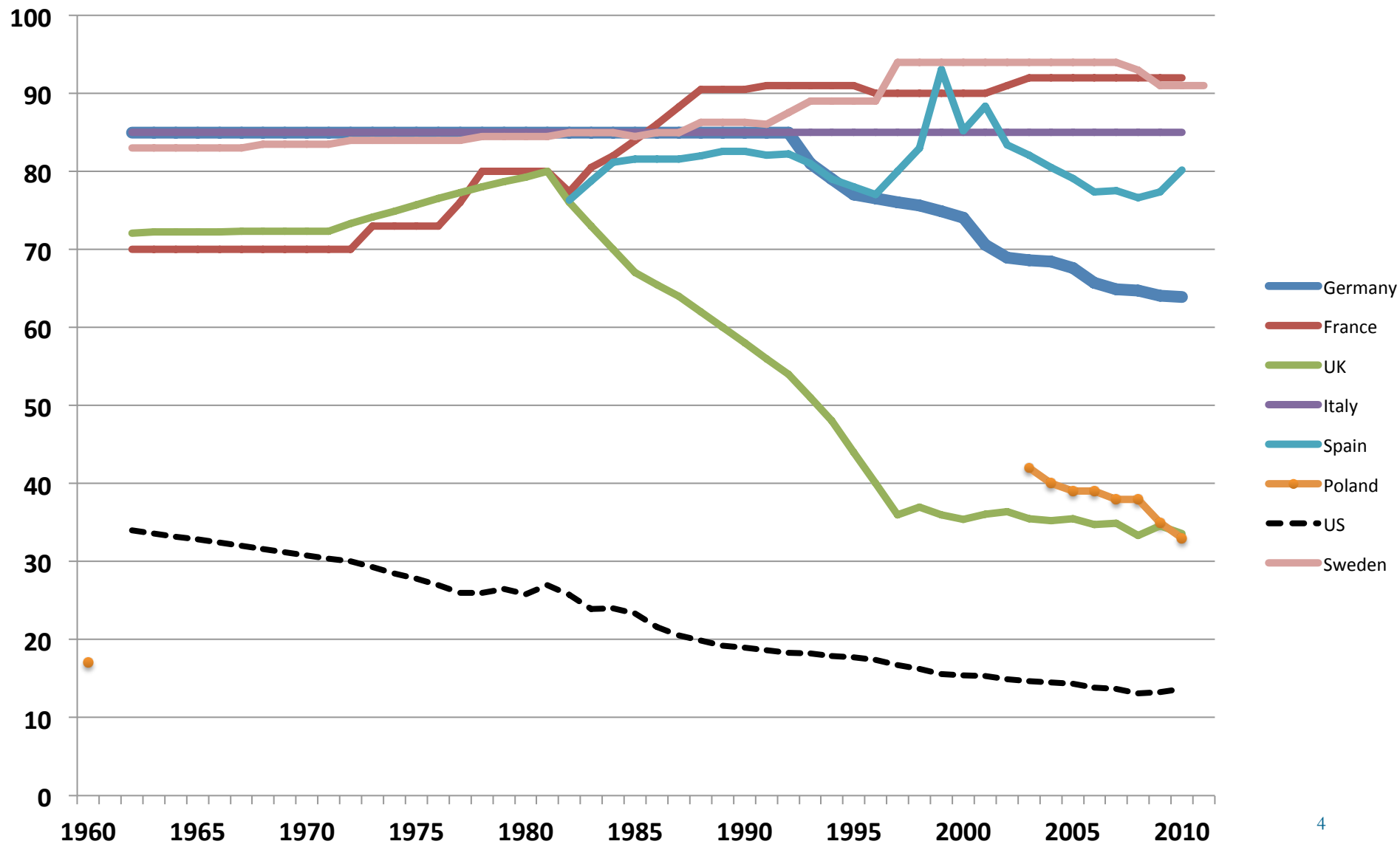
I. Importance of MEB

1. MEB key to high coverage rate ($r=.77$, $N=30$, 2000-2009).
2. Association also holds over time. Wherever MEB breaks down, the coverage rate decreases promptly and dramatically (UK, NZ, AS).
3. Under MEB both union and non-union coverage rates are much higher than under single employer (enterprise) bargaining.
4. Direct extension effect varies greatly, from $<1\%$ in Germany to $>30\%$ in France or Portugal (average around 15%). Different 'extension regimes' – from virtually automatic to very restrictive.
5. Union and employer organization are endogenous to extension (w/o extension employers' organisation rate probably lower, unionization higher).

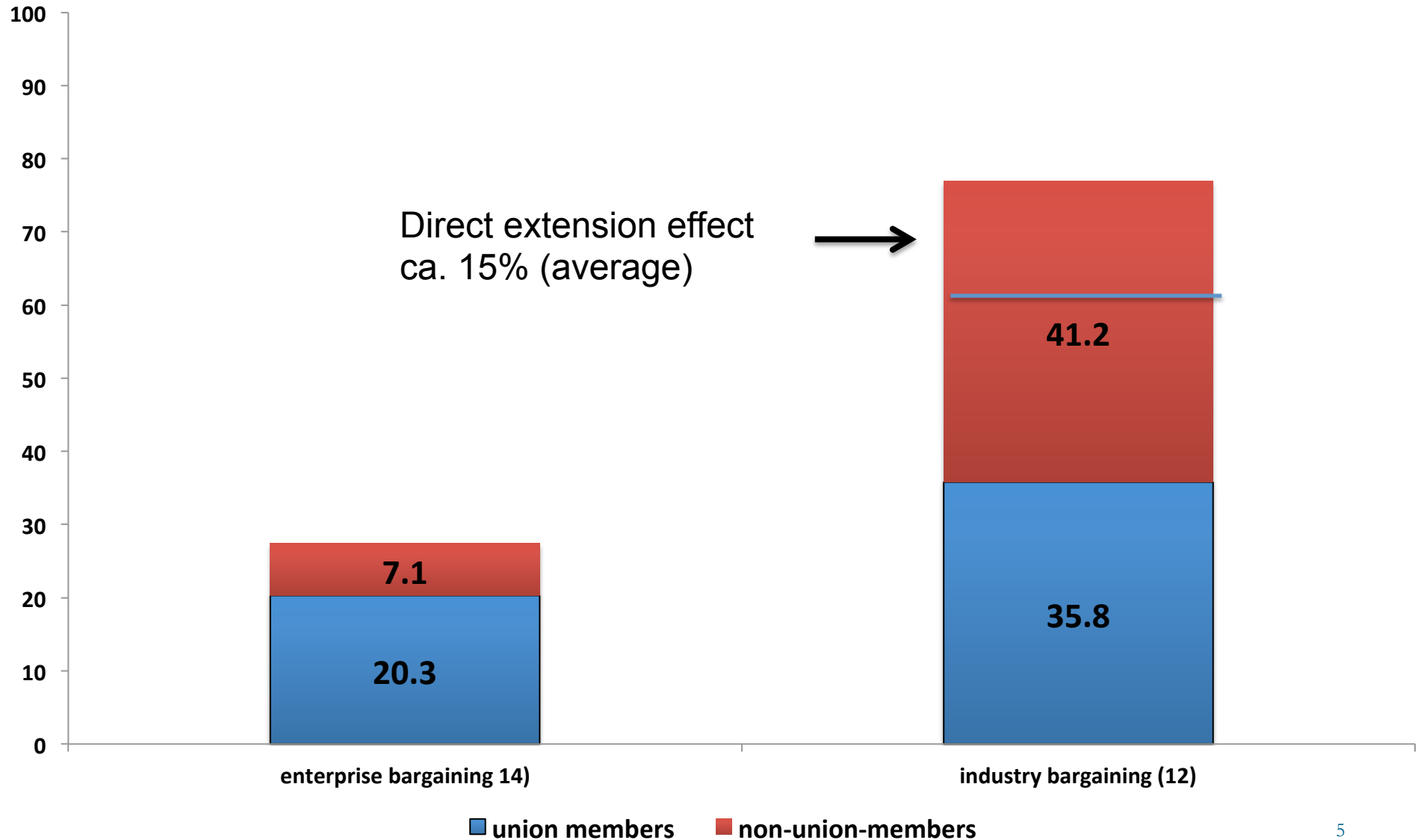
I. Coverage rates, by dominant bargaining level, averages 2000s



I. Coverage rates, 1960-2010



I. Industry agreements and coverage levels, union and non-union members





II. Post 1930s (1945) order changed in 1980s



A. MEB received political support in Great Depression (laws on extension and secondary picketing are from this period), and there was not much change until early 1980s.

Keynes (in a 1938 letter to Pres. Roosevelt): “I regard growth of wage bargaining as essential. I approve minimum wage and hours regulation”

B. Change is post-1980s:

1. Abandonment: UK, later: NZ and AS
2. Replacement: France
3. Erosion: Germany
4. Hollowing out: general trend in 2000s

II. Dominant bargaining level: change is post 1980



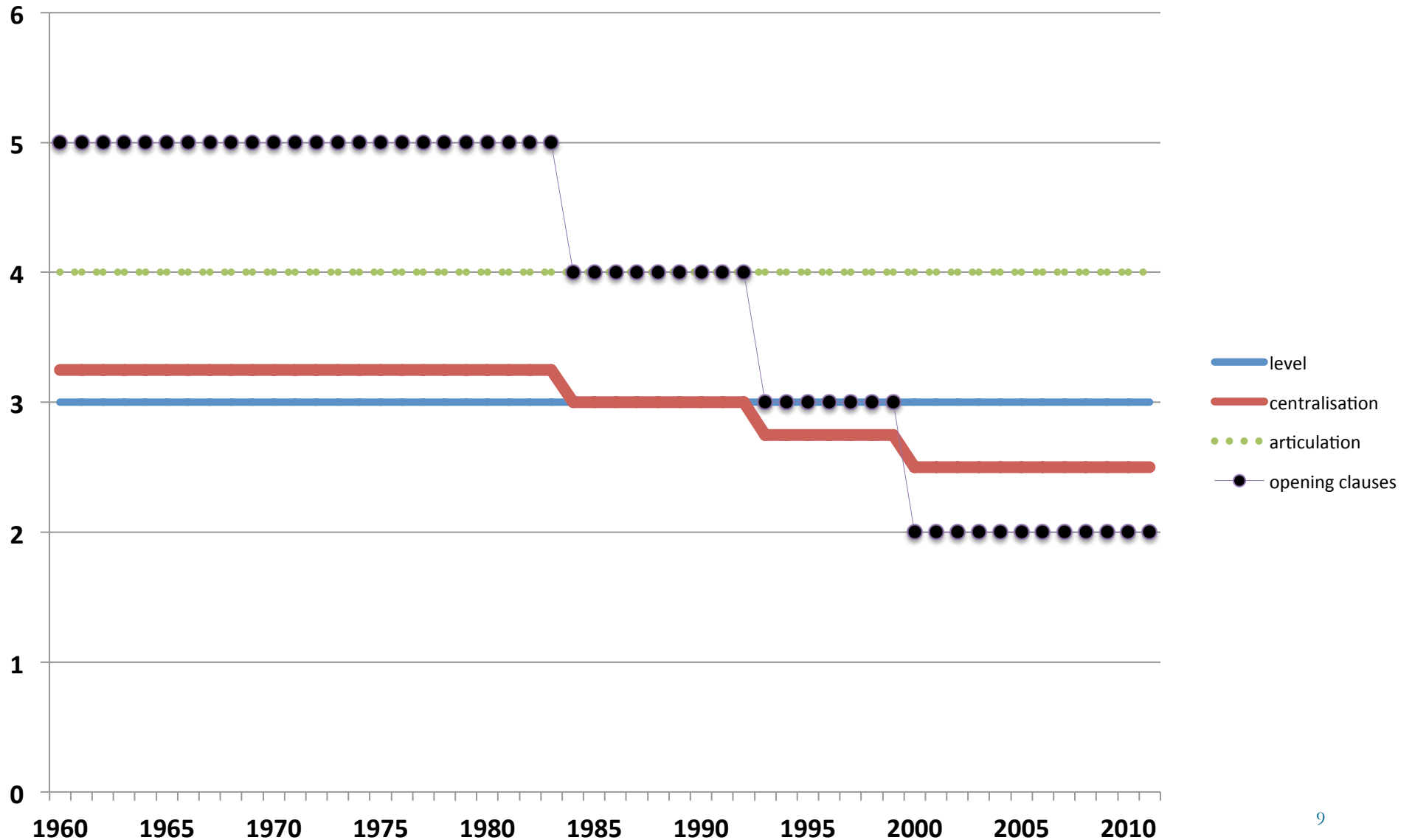
	ca. 1980	ca. 2010
sector and more	8 (Nordics, BE, NL, EL, ES)	4 (BE, FI, EL, ES)
sector	9	10 (plus Scand, NL, SI, minus UK, Fr, AS, NZ)
mixed	1 (LU)	4 (+FR, AS, SK)
enterprise	4 (IE, US, CA, JA)	12 (+UK, NZ, CEE)
total	22	30



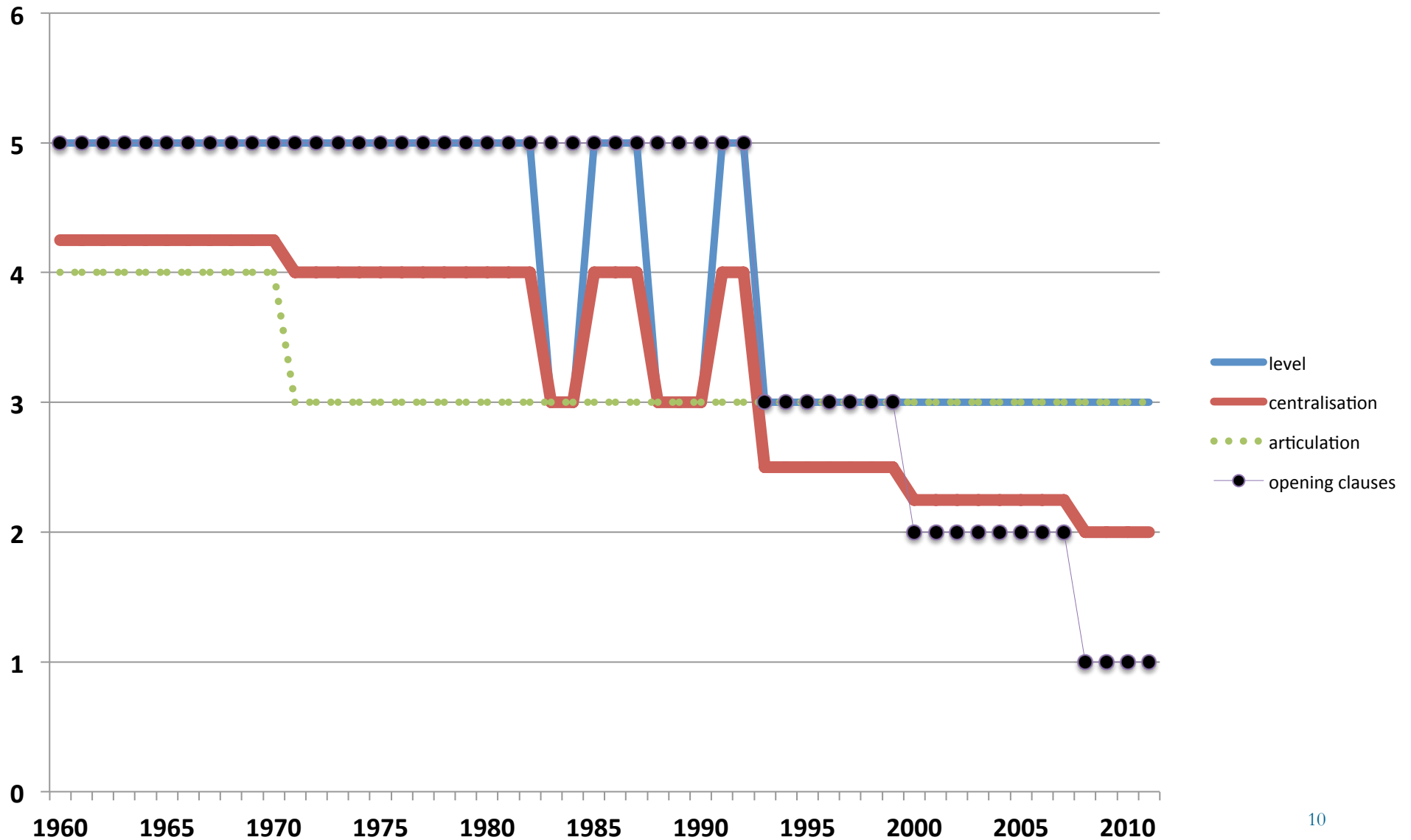
II. Decentralisation has three components

1. the dominant level at which collective bargaining takes place [national, sector, or company]
2. the articulation of lower and higher levels of bargaining in case of multi-level bargaining [from restrictions on local bargaining to two-way conditioning to unconstrained local bargaining]
3. the existence and use of 'opening clauses' or the degree to which deviations from (minimum) standards in a downward direction are possible and 'favourability' principle can be set aside [from impossible and rarely used, or used only on working time, to widespread and used also for wages, or individualised wage setting]

II. Decentralisation Germany

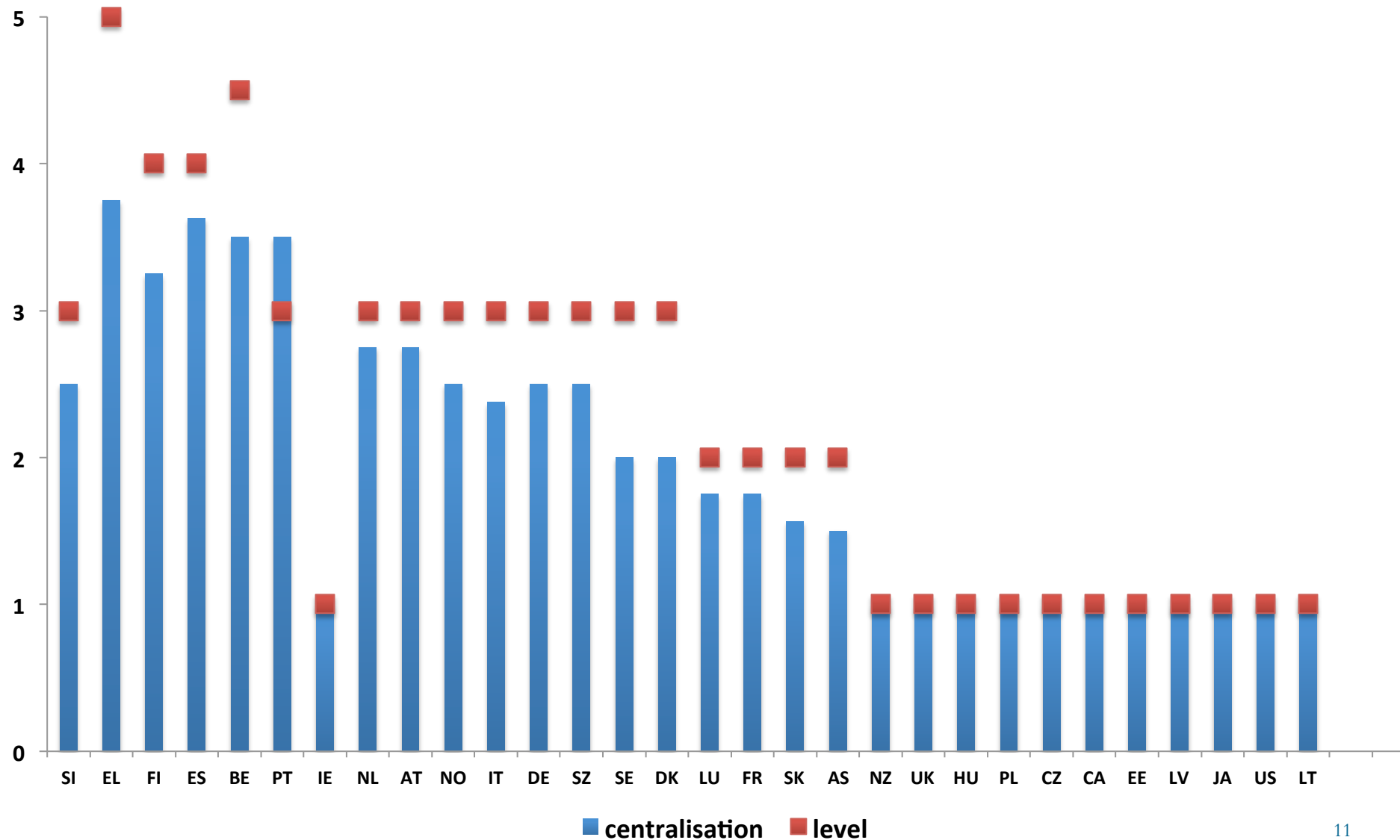


II. Decentralisation Sweden

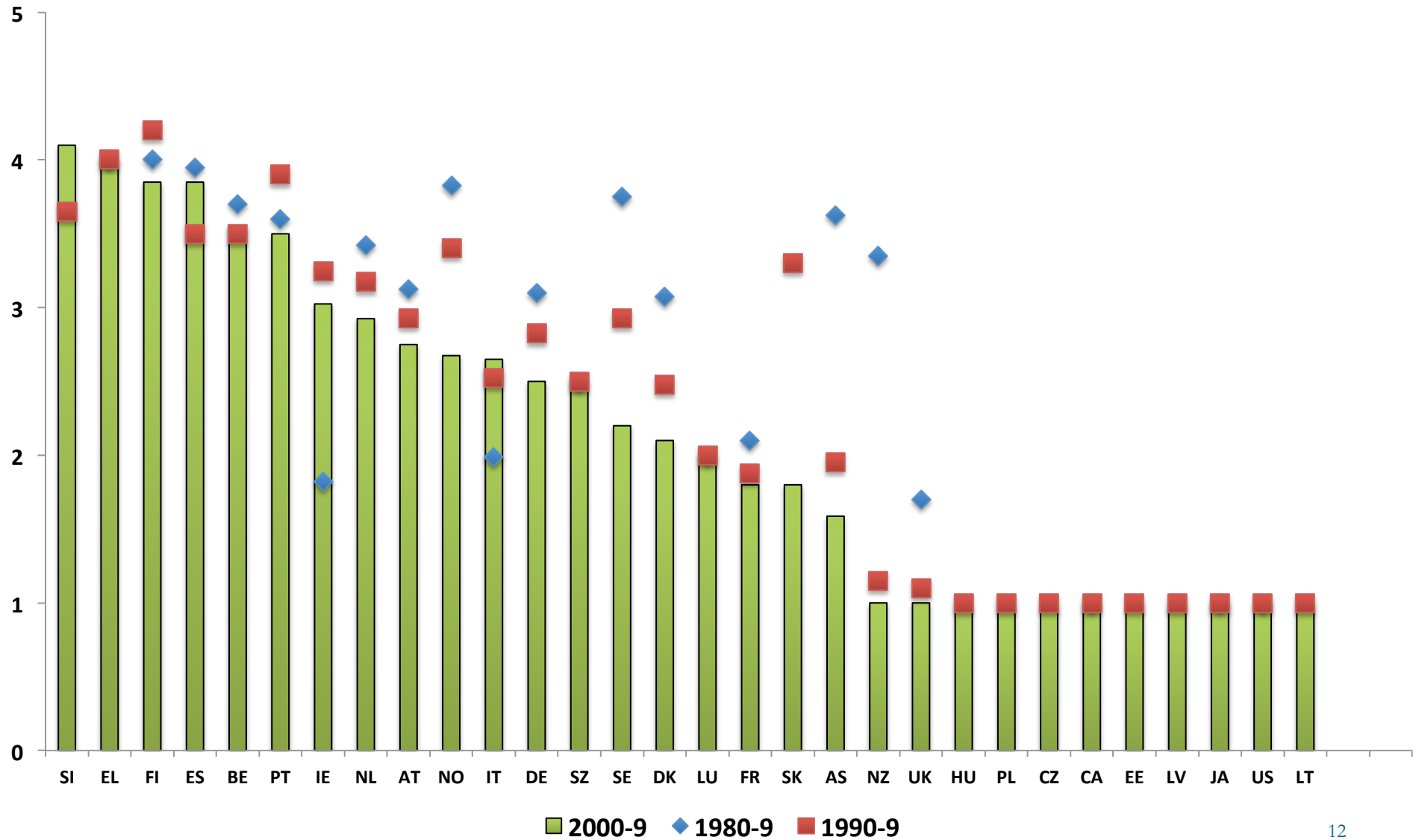


II. Centralisation and level

2010/11



II. Decentralisation, 1980s-2000s





II. Regulatory effects on wages have changed



1. Capacity to push wage levels up high enough to sustain growth is lost; second part of what was ‘the’ post-war Wage Question (Hall, 2007) is missing.
2. “Even if core idea of sector agreement remains unchanged, many certainties of wage policies of past fifty years no longer automatically apply. Most notably, this is the case with the ‘convoy principle’, which allowed weaker companies and sectors to achieve good wage results in the wake of the strongest” (Berthold Huber, IG Metall’s president)



III. Exclusive representation, growing dualization

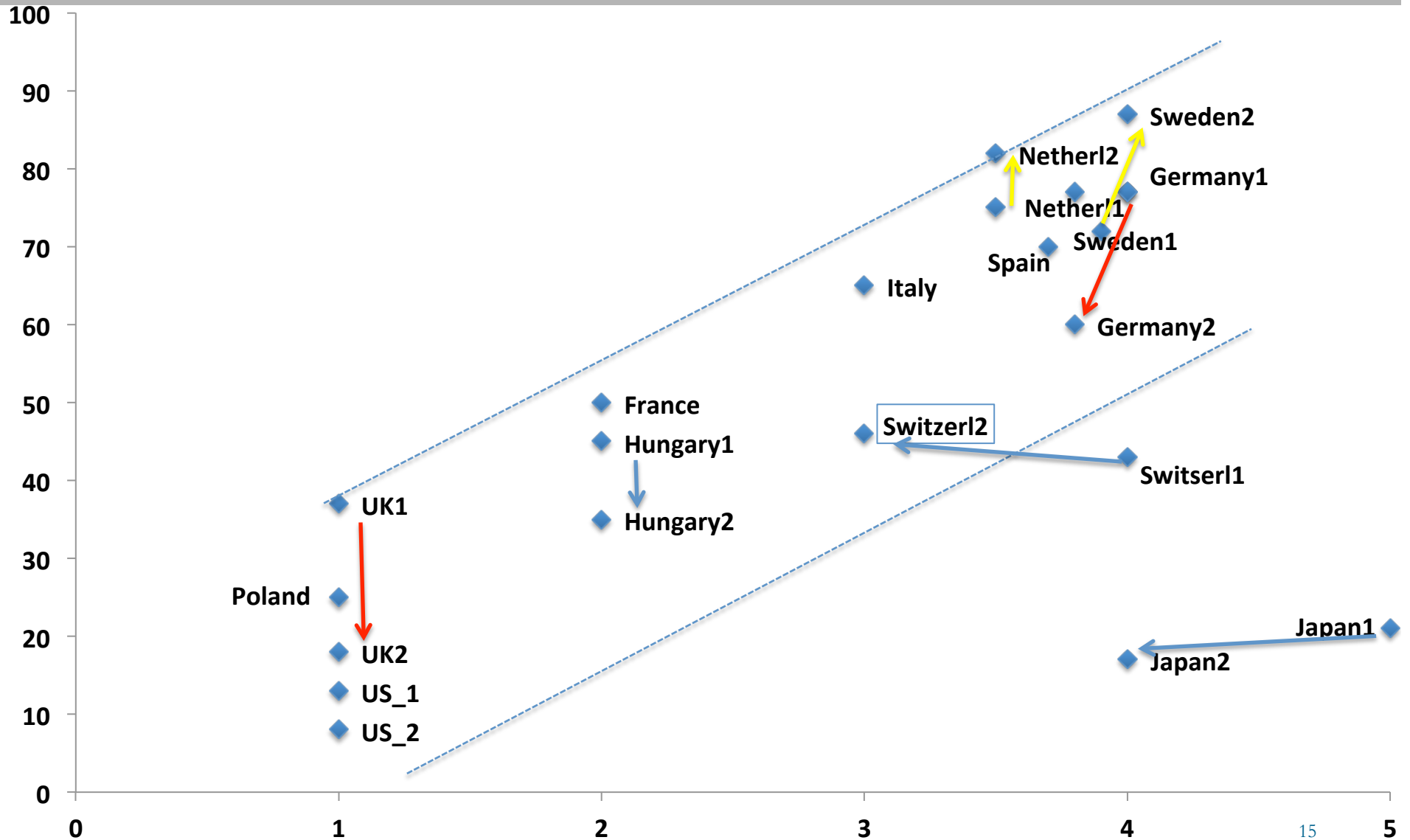


- ◆ Thelen 2009: coalition for coordinated labour relations in CMEs has become smaller

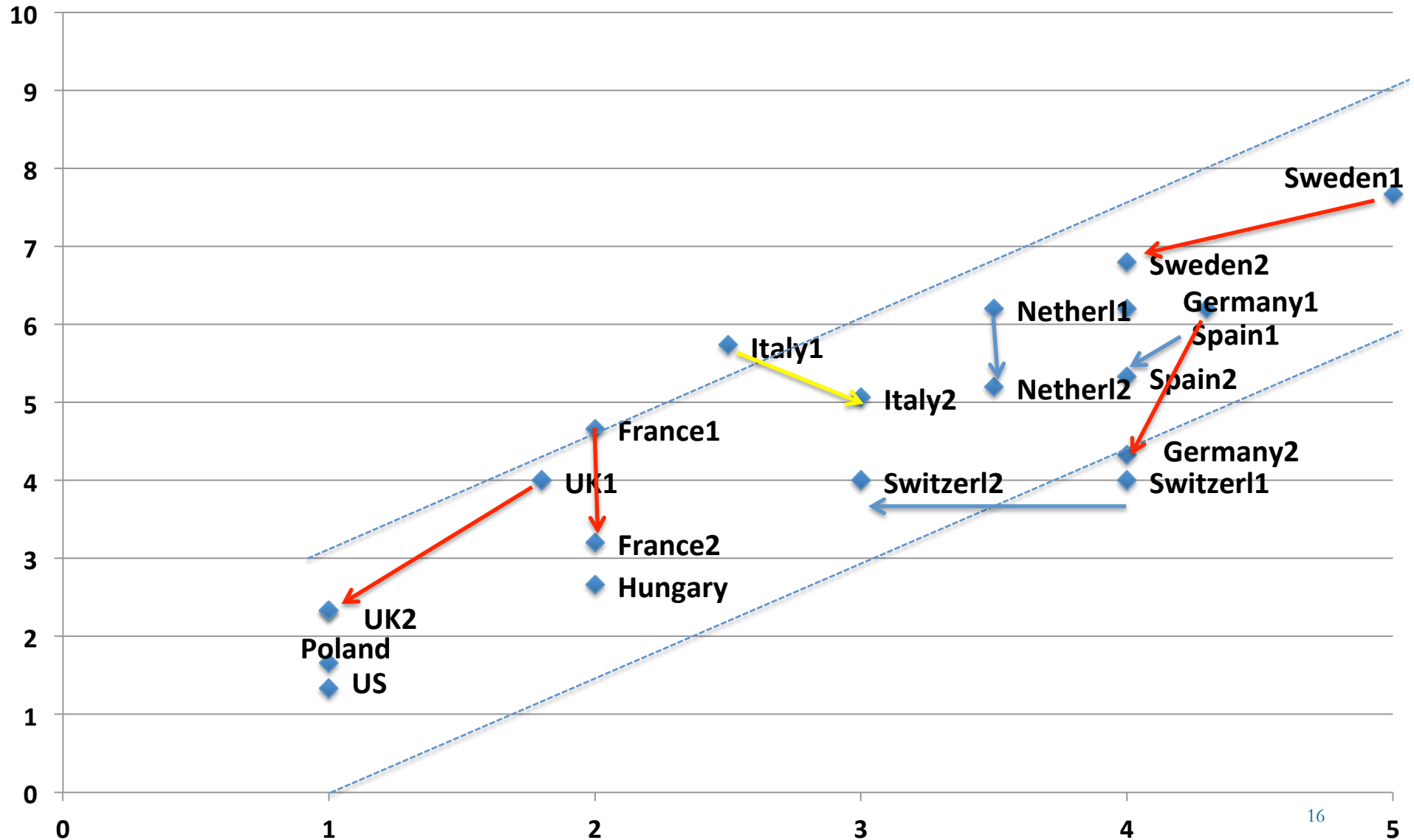
- ◆ Goldthorpe 1984: “market control is restored by making the basis for organised interests smaller and more exclusive”

- ◆ Indicators:
 1. Private sector coverage rates
 2. Coverage, union density, decentralisation
 3. Rise of non-standard jobs

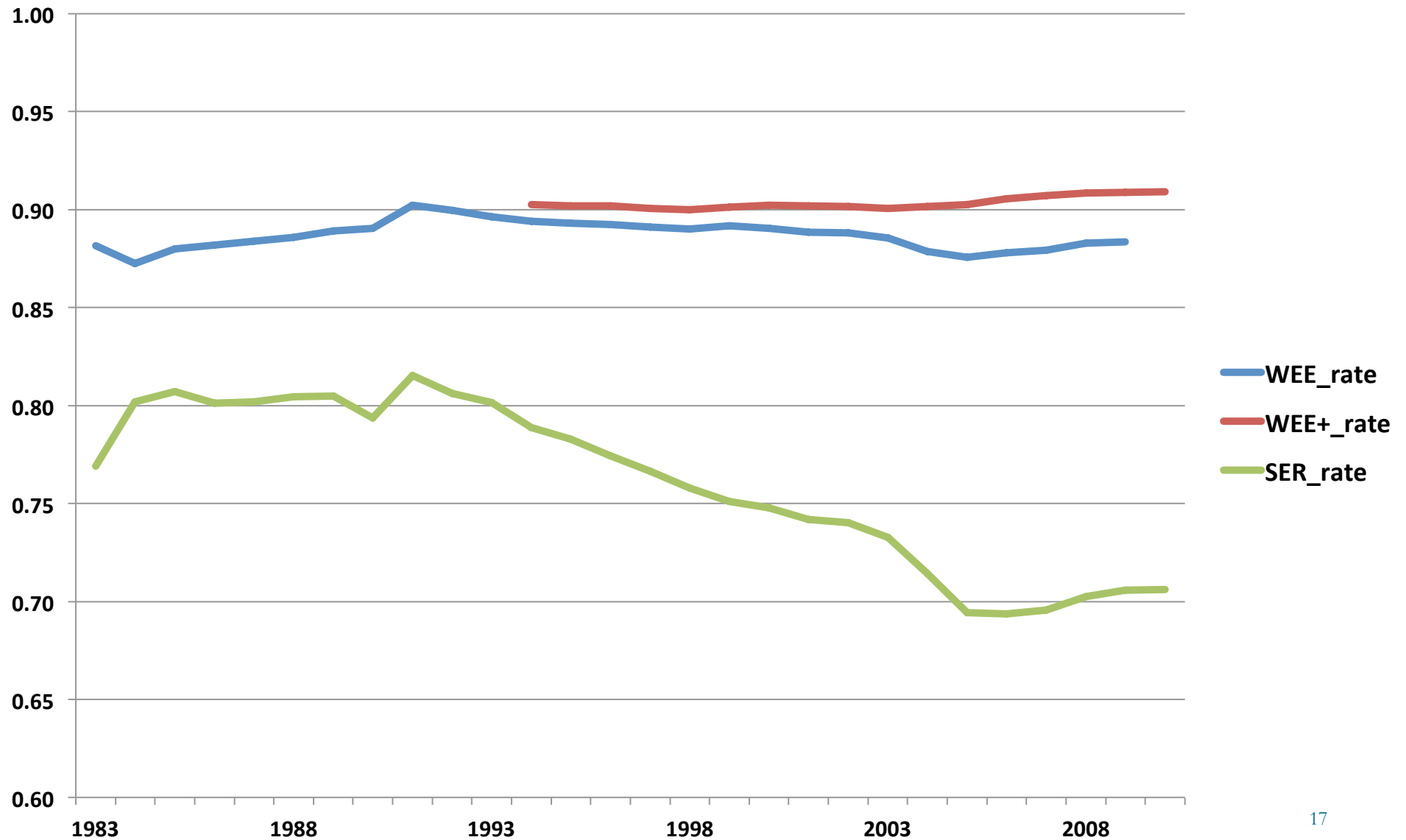
III. Coordination stable, but size of representation smaller (private sector coverage, 1990-2010)



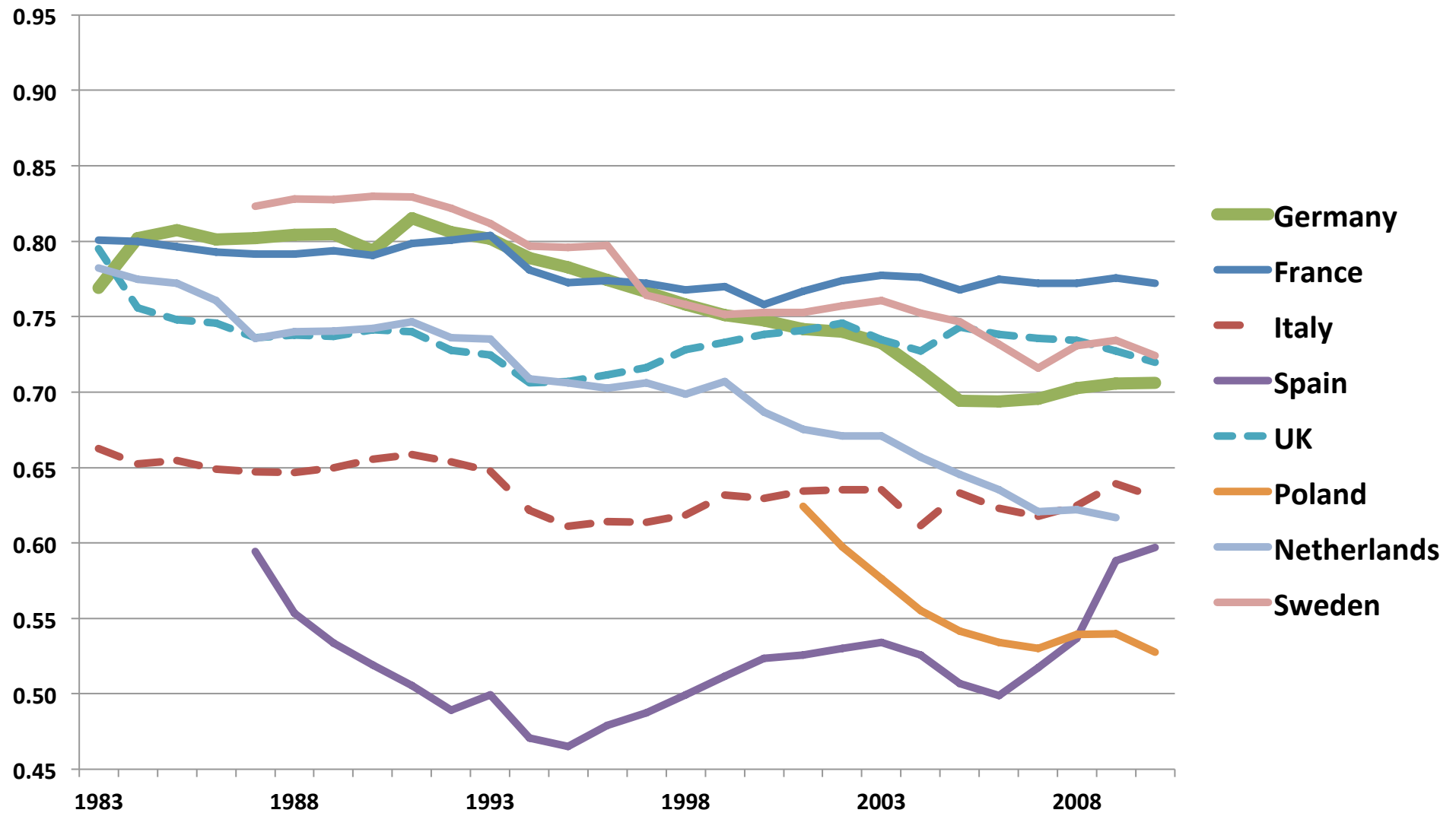
III. Less coordination, less collective representation (coverage, density and centralisation, early 1980s - 2008)



III. Rise of non-standard employment: Germany



III. Declining share of standard employment contracts, 1983-2010



III. Rise of non-standard employment



	Odds SEC job/ non-SEC job			Employment/ population ratio	
	<u>1991</u>	<u>2010</u>		<u>1991</u>	<u>2010</u>
Germany	9.4	4.0		67	72
France	10.9	5.5		61	63
Spain	2.1	2.6		50	59
Italy	11.8	5.5		55	57
UK	6.5	5.1		70	71
Poland* 2001-20	6.5	2.2		54	59
Sweden	10.5	4.4		80	74
Netherlands	5.3	2.5		62	77



What future?



- ❑ Can existing trends (decentralisation; union decline; rise non-standard jobs, rights gap between large and small firms) be turned or moderated?

- ❑ Are there 'collective representation' strategies possible comparable (surely not similar) to response in 1930s?

- ❑ Why is public policy response to the 2008-2012 recession so different; MEB is seen as problem rather than solution (see: **Pact for Euro** [March 2011], **Six Pack** [October 2011], policies of **Troika**). They seem to follow OECD advice of 1994:
 1. refocus collective bargaining at sectoral level on framework agreements in order to give firms more leeway to adjust wages to local conditions;
 2. introduce opening clauses for local bargaining parties to renegotiate sector agreements;
 3. phase out administrative extension.



Thank you for your attention!

- ◆ Data: ICTWSS Database, version 4.0. Amsterdam: AIAS, April 2013, <http://www.uva-aias.net>
- ◆ Analysis: ‘Wage Bargaining Institutions – from crisis to crisis.’, *European Economy Economic Papers*. **488**. April 2013. Brussels. 105pp.
http://ec.europa.eu/economy_finance/publications/economic_paper/2013/ecp488_en.htm