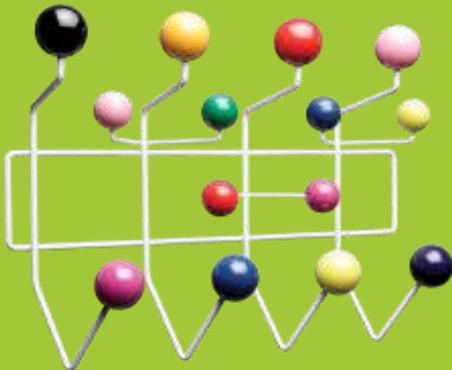


Opposites attract? Decentralisation tendencies in the most organized system of collective bargaining in Europe Belgium in recent times

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Overview

- Most organized?
 - Features and components
- Decentralisation tendencies
 - Multi-dimensional conceptualization
- Performance? Some recent work

MOST ORGANISED IN EUROPE?

Tradition of Belgian social dialogue

- Compromise on the 'social question' as policy theory
 - Productivity coalition x Distribution of welfare
 - Union recognition x Business capital/employer first power
- Organised industrial relations
 - High coverage of collective bargaining
 - Centralised, coordinating organisations both sides
 - Workplace social dialogue: union-dominated; no 'mitbestimmung'
 - State as 'coach' and 'supporting' actor
- Neo-corporatism
 - Wage bargaining coordination
 - Bi-annual social programming/Intersectoral agreement (IPA)
 - Automatic wage indexation and (legal) minimum wage
 - Developed system of policy concertation
 - Specific consultative bodies
 - Paritarism in social security governance
 - Linkages with political parties (part of pillarisation in society)

Pre-crisis trends

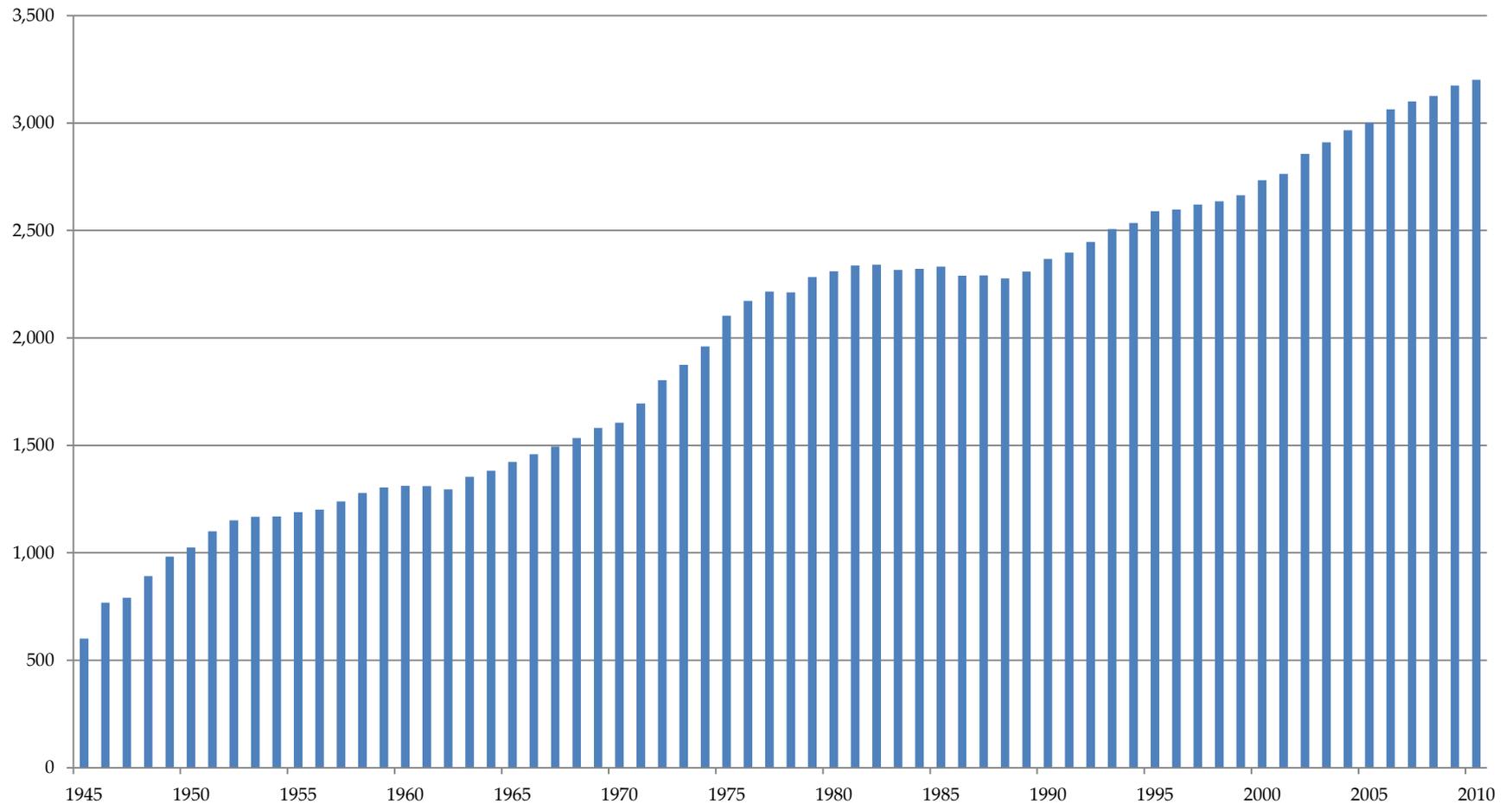
- Competitive corporatism
- Continued union strength/legitimacy (EU outlier)
- De-pillarisation and changing relationship with politics

- Institutional continuity: sector-level
- Growing role of the state/politics
 - 1996 Law to promote employment and the preventive saving of competitiveness

Competitive corporatism

Dominant economic strategy	Monetarism (combating inflation)
Economic problem focus	International competitiveness Public debt High unemployment
Monetary system	Non-accomodating
Wage bargaining	Supply-side wage moderation; anticipating Income policies; tax reductions (both sides) as integral part (carrot)
Bargaining mode	Voluntary negotiations, but framed by state regulations and stick- behind-the door wage norm law
Predominant interest	Employers' side
Social policies	Growing activation policies to increase employment (active welfare state)

Trade union membership



Instruments of centralised organisation

- Sector bargaining framed in bi-annual intersectoral programming (gentlemen's agreements)
 - Everybody assigned to a 'sector joint committee agreement and wage scheme'
 - Easy extension erga omnes
 - Ministry supports bargaining by mediators
- Central wage instruments
 - Bi-annual programming
 - Statutory minimum wage (CA)
 - Automatic wage indexation (sectoral patch work)
- Wage norm (since 80s and really since 1996)

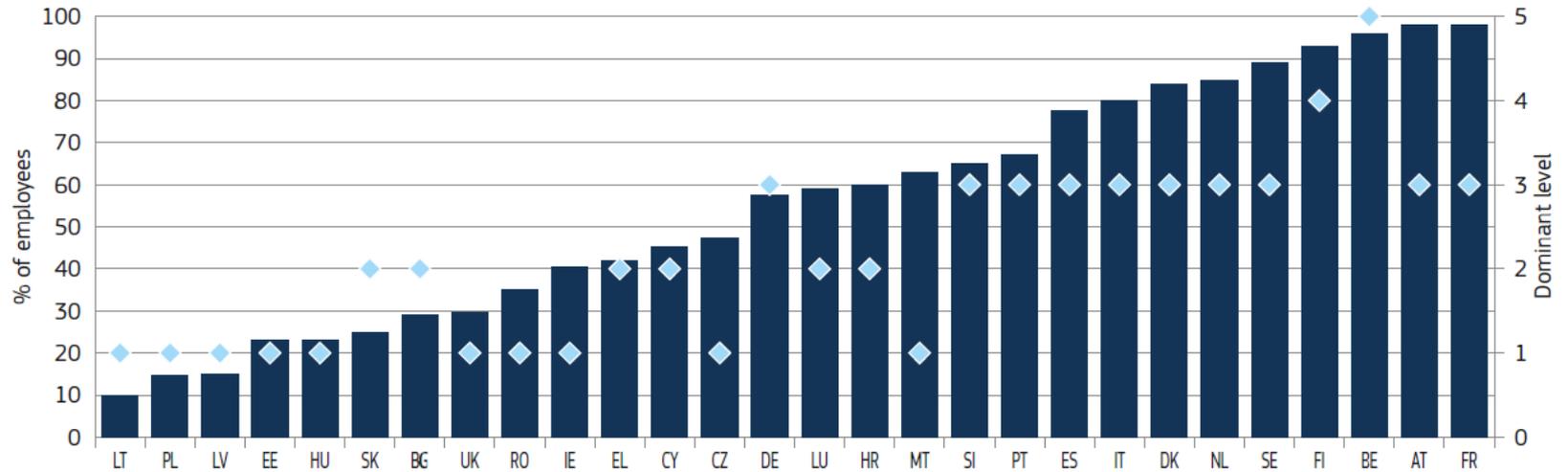
Wage norm

- The forecast weighted growth of foreign hourly labour costs in national currency (that is, a weighted average for France, Germany, and the Netherlands) an upper limit for wage negotiations at all levels (macro, sector, and company)
- Indicative (if agreed by the social partners); otherwise implemented/enforced by Law
- Correction of previous deviation optional
- Based on report of CEC that also tackles other issues (judge & judged)

Organised wage bargaining

- Pre-crisis: Centralised, coordinated with wage norm legislation as ‘stick-behind-the-door’
- Diminishing room for real wage developments: organised ‘internal devaluation’ => German wage leadership
- (Almost) wage freeze since 2011
- New IPA 2017-2018: max 1.1% increase (above indexation, estimated 2.9%)
- Sector collective bargaining stays intact, but less important and broadening topics
 - Occupational pension schemes
 - Innovation agreements

Chart 4: Collective bargaining coverage rate and dominant level of bargaining



Source: ICTWSS database (Visser, 2015).

Notes: Collective bargaining coverage represents the share of employees covered by collective (wage) bargaining agreements (excluding sectors or occupations that do not have the right to bargain).

Dominant level of bargaining: 5 = bargaining predominantly takes place at central or cross-industry level and there are centrally determined binding norms or ceilings to be respected by agreements negotiated at lower levels; 4 = intermediate or alternating between central and industry bargaining; 3 = bargaining predominantly takes place at the sector or industry level; 2 = intermediate or alternating between sector and company bargaining; 1 = bargaining predominantly takes place at the local or company level.

Data years: dominant level: 2014 for all Member States; collective bargaining coverage: 2014 for FI and PT; 2013 for AT, BE, CY, CZ, DE, DK, EL, ES, HU, LV, NL, RO, SE, SI, SK and UK; 2012 for BG, EE, FR, LT, LU, MT and PL; 2010 for IT; 2009 for HR and IE.

	1 Fragmented	2	3	4	5 Coordinated
5 Cross-industry					Belgium
4 Cross-industry / sector					Finland
3 Sector		France, Portugal	Italy, Slovenia, Spain	Austria, Denmark, Germany, Netherlands, Sweden	
2 Sector/ company		Bulgaria, Croatia, Cyprus, Greece, Luxembourg	Slovakia		
1 Company	Estonia, Hungary, Ireland, Latvia, Lithuania, Poland, UK	Czech Republic, Malta, Romania			

Source: ICTWSS database (Visser, 2015).

Conceptual framework

	Single company	Multi-company:sector	Intersector
Local	Company		
Regional			
National		National sector agreement	National pact/agreement
Transnational			

OCCUPATIONAL DIVIDE

IS A TRANSNATIONAL COMPANY AGREEMENT CENTRALISATION OR DECENTRALISATION?

STATE CENTRALISATION/INTERVENTION

DECENTRALISATION TENDENCIES

Borrowed from administrative science (Frank Tros, 2001)

- *Decentralisation strictu sensu*: collective labour regulation shifted from a higher level to a lower level, e.g. the most extreme case from the national, intersectoral, multi-occupational bargaining agreement to an agreement for one occupational group at a local company or establishment. devolution.
- *Deconcentration*: creation of other joint negotiation bodies at the same level, which take over powers or responsibilities;
- *Delegation/empowerment*: the shifting of bargaining power or tasks to lower level, they receive independence to decide issues on their own, but they are still controlled. The higher level is also still involved. Because the local or lower-level players are expressly granted power resources, can this route designated as empowerment. The central intervention or agreement is more focused on establishing the local consultation/bargaining procedures and facilities, while the substantial decision-making takes place at the more decentralized level.
- *Derogation/opting-out*: deviant collective bargaining agreements organizing the undercutting of collectively agreed standards by lower-levels, individual companies (in agreement). This process is facilitated by the necessary inclusion of procedural derogation clauses in higher-level collective agreements, in which the collective bargaining norms can put into question in a legitimised way.

IMPLICIT OR INDIRECT FORMS:

- *Centralised retreat*: the abolishment, non-continuation or sliming of substantial rules of a centralized or higher-level, leaving it open who will fill in the 'regulatory gap', but in any case a lower-level of decision-making.
- *(Un)deliberate abstention*: new issues are not picked up or deliberately left to other levels of bargaining and regulation.

Most of these tendencies can also be looked at from the opposite point of centralisation, e.g; in stead of deconcentration concentration, etc.. A particular form of centralization is however state intervention.

- *Over-powering/state intervention*: in this case the bi-partite bargaining process is over-ruled by an state intervention imposing a new labour regulation.

Decentralisation strictu sensu

- Part of the tradition
 - ‘AND’ not ‘OR’ story
- Regional level growing in importance
 - Secondary topics: employment policies
 - => More collaboration at employers’ side in recent year

	Category	Key Examples
1	Sectors together	Social profit (health, social work, socio-cultural sector)
2	Sector; only additional company bargaining in a very few large companies	Joint committees 106, 118, 119, 121, 124, 130, 140, 201, 226, 303, 304, 314, 317, 327. <ul style="list-style-type: none"> - Blue-collar: construction and construction-related sectors, graphical industry, transport - White-collar: small retail; horeca, transport, arts - White-collar/blue-collar: hairdressers and parlours, cleaning, private security; sheltered employment for people with disability
3	Sector; additional bargaining in largest companies	<ul style="list-style-type: none"> - Garages, textile, electricians - White-collar: food retail - Large retailers
4	Sector acts as a target-setting framework for company bargaining	Non-ferro and metal manufacturing
5	Sector acts as a substitute when no company agreement is reached or settled	<ul style="list-style-type: none"> - Petro-chemical industry and chemical industry - Auxiliary committee for white-collar and blue-collar workers (100 and 200) - Banking
6	Company agreements	Steel and paper industry

Overpowering by state/government

- 2013-2016 Direct intervention
 - Wage freeze above indexation
 - Index jump
- New Law on wage norm
 - More data to be more prudent
 - No gentlemen's agreement
 - Ex post correction mechanism
 - Safety margin
 - Social tax cuts (shift) not all to be included
 - Historic 'gap' pre-1996 taken into account, when done better
 - Higher fines
 - Autonomous prerogative secretariat CEC

- Deconcentration

- New sector joint committees
 - Logistics (“decentralisation”)
- Expected/anticipated re-concentration: abolishment white and blue-collar joint committees

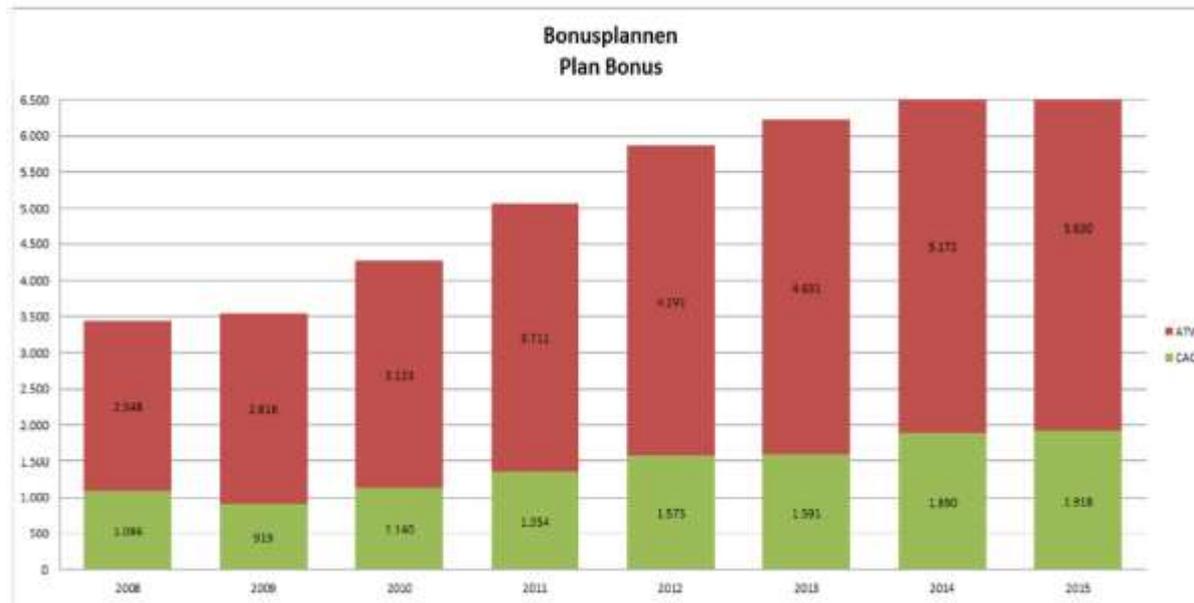
- Derogation

- Fading away of minor practices/rules

- No centralised retreat

- New topics >< core nothing to do
 - Innovation agreements
- National Labour Council: the same amount of CA; other scope

Organised delegation



Deliberate abstention/empowerment

- Difficult selling of government policies
- => processual role company employee representation
- => cf. early 80s
- Tackling gender inequality
- Psychosocial risks
- Employment plans older workers

CONCLUSION

Conclusion

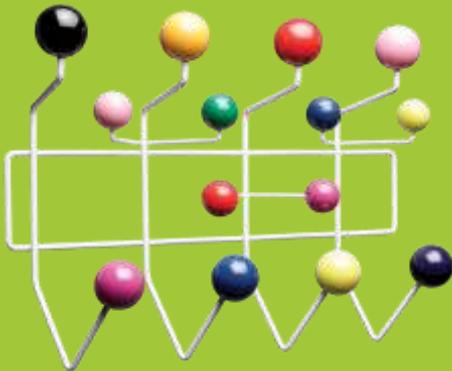
- Most organised/centralised?
 - Multi-layered, multi-level, room for manoeuvring
 - Strong unions – decentralisation not a strong option; => State intervention (centralisation?): new law
- Recent times: from maximal to minimal multi-employer bargaining
- => Decentralisation tendencies
 - Variable pay option
 - Processual control new regulations

Conclusion

- Centralisation recent years: NO, instead state over-powering
- Over-powering lead to decentralisation trends
- => More multi-layered and complex than ever

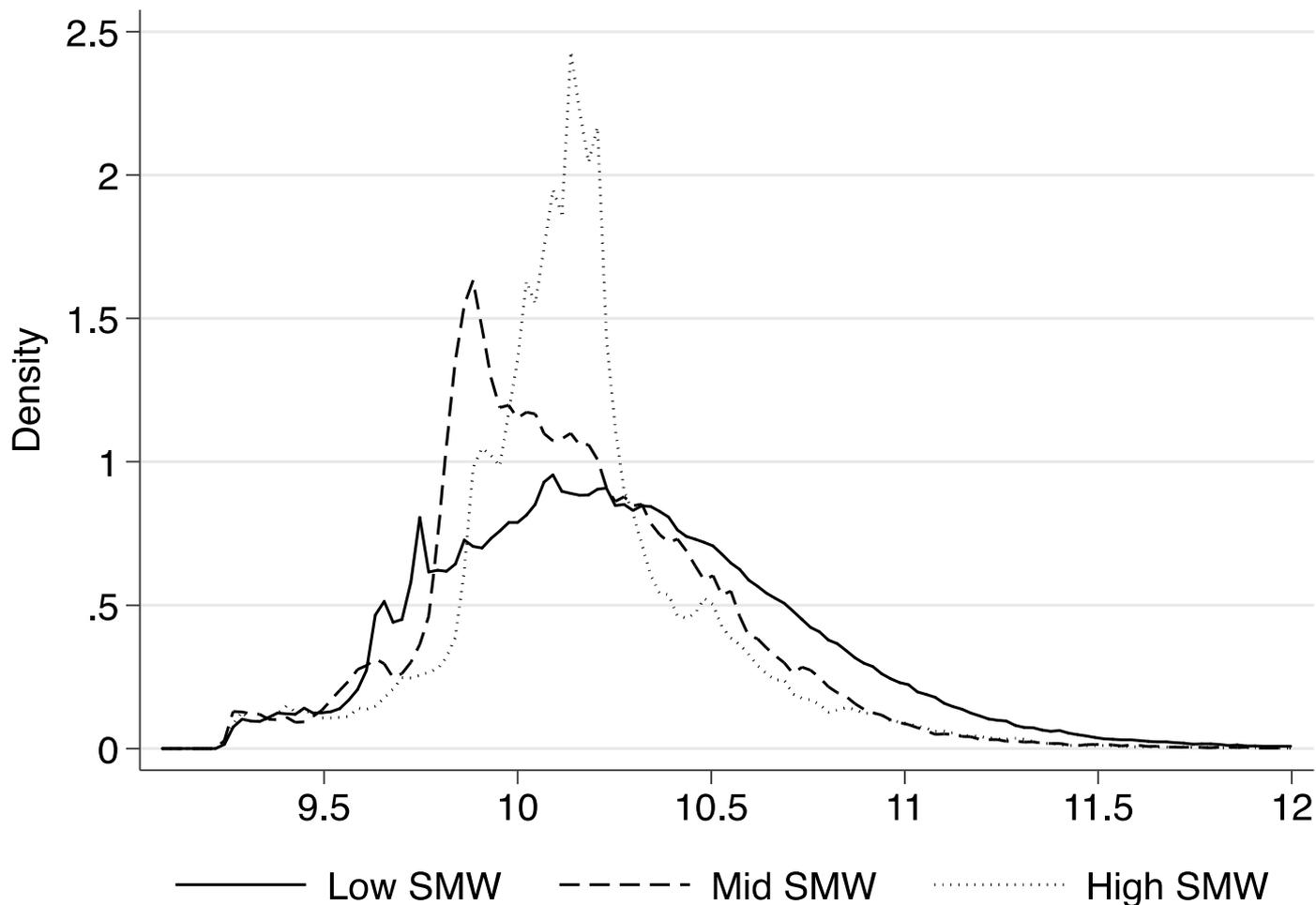
- ‘Rising’ gap with the political elite/system
 - ‘European’ discours/recommendations
 - Barrier:
 - Union support
 - Lower belief in politics (also at employers’ side)

Performance? Minimum wages Wage curve



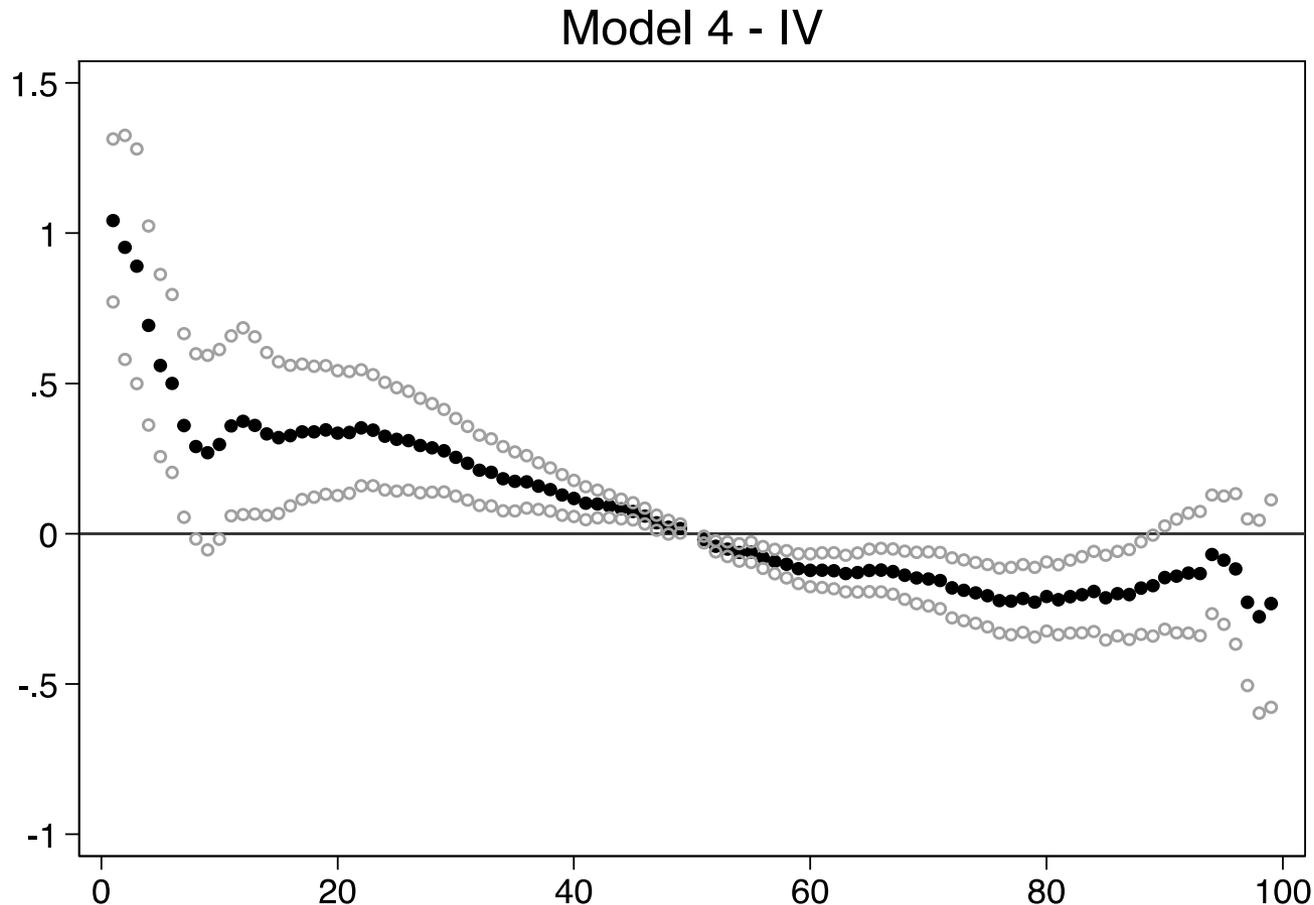
Joint committees with high minimum wages have less wage dispersion

- ◉ homogeneity of firms/workers

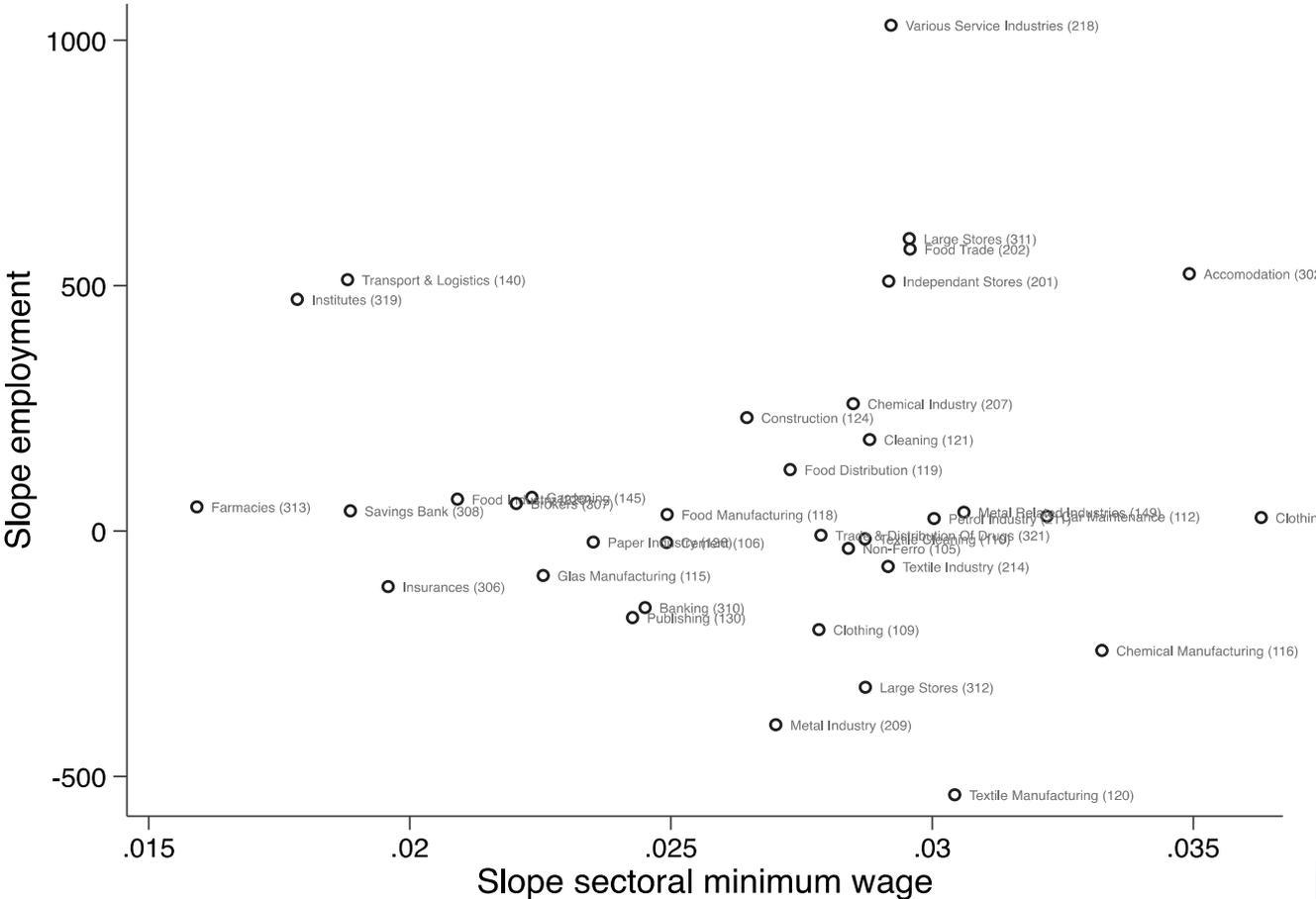


Minimum wages pull lower percentile up and higher percentiles (slightly) down relative to the median.

○ compensation

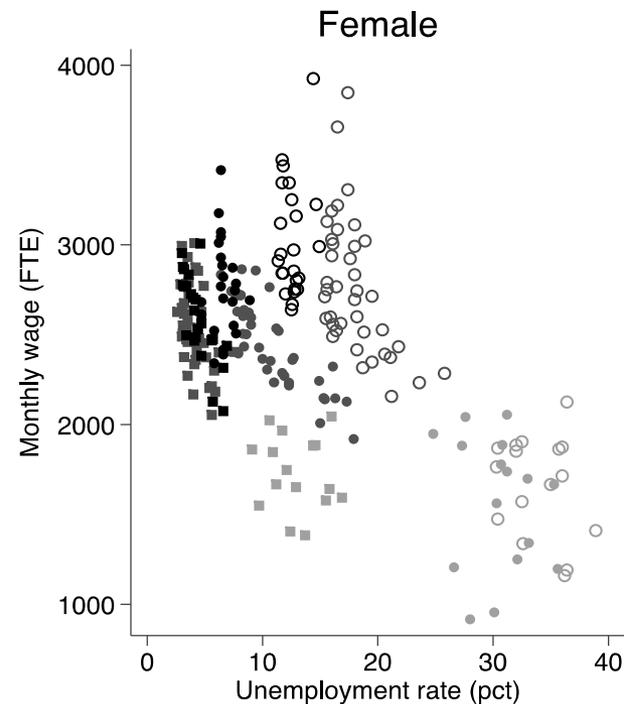
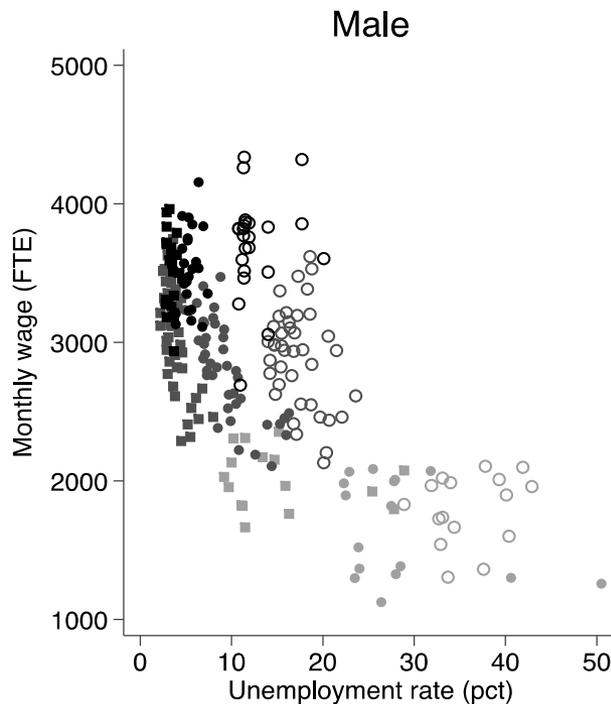


Minimum wages do not correlate with employment changes in a direct, sensible way.



Wages decrease with 0.75% when the unemployment rate increases with 10%.

- BRU 15-24 ■ FLA 15-24 ● WAL 15-24
- BRU 25-49 ■ FLA 25-49 ● WAL 25-49
- BRU 50-64 ■ FLA 50-64 ● WAL 50-64



Three hypotheses

- Wage cushion/efficiency wages
individual variable markup on the wage floor
- Bargaining/rent sharing
collective (variable) markups
- Composition effect
in/outflow of outsiders

Includes premiums:
minor additional effect

Overall the
wage
curve
holds

White-colour
workers have
more elastic
wages

Table 3: Between and within estimation of the unemployment elasticities for blue and white-collar workers in Belgium, 2006-2013.

	Total compensation			Wages only		
	All	Blue	White	All	Blue	White
OLS robust (model 4)	-0.078***	-0.025**	-0.079***	-0.075***	-0.024**	-0.076***
OLS robust (model 5)	-0.042***	-0.025**	-0.079***	-0.041***	-0.024**	-0.076***
FE (model 6)	-0.009***	-0.005	-0.003	-0.007***	-0.005*	0.000
FE, job changes (model 7)	-0.003	-0.002	0.004	-0.002	-0.002	0.006*

Note: model 5 adds worker statute; model 7 adds job inflows into the company; * $p < .05$; ** $p < .01$; *** $p < .001$.

At the individual level,
wages hardly
'respond'

The remaining effect for blue-
colour workers reflects a very
small composition effect

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