

The crisis and collective bargaining in Europe

FAFO Conference 2 March 2011

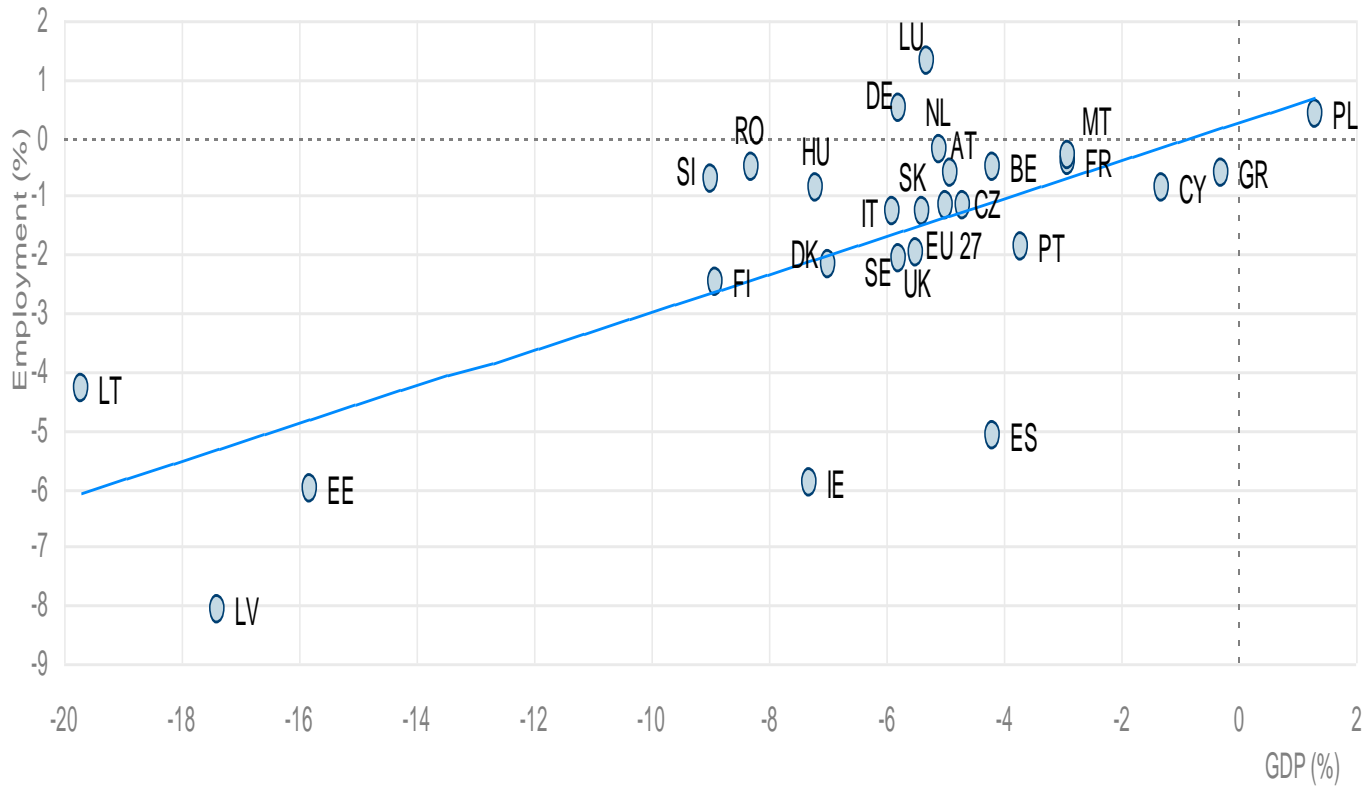
Prof. Maarten Keune



The crisis and industrial relations

- Financial crisis. Relative consensus on need to bail out financial sector.
- Output crisis → Conflict. Unions: employment, purchasing power. Employers: competitiveness.
- Public finances crisis → conflict. Governments for austerity: employment cuts, wage stops. Unions: preserve employment, purchasing power.
- Conflicts worked out differently in different countries.

GDP and employment 2008-09



Source:: ETUI 2010, Benchmarking Working Europe 2010

Short-time working schemes (est.)

(persons)	2007	2009
EU27	522,100	1,928,100
DE	28,700	604,000
DK	35,000	41,500
IT	182,700	459,500
SE	4,700	7,700

Bargained responses in private sector

- In countries with strong sectoral bargaining institutions → continuity in bargaining but organised decentralisation
- In countries with company level bargaining traditions → many unilateral responses
- More bargained responses in manufacturing, less in services
- Availability of STW schemes greatly facilitates bargained responses

Private sector bargaining: substantive

- Focus on preserving employment through wage moderation, wage flexibility, working time decline
- More balanced trade offs in bargained responses: countries with sector bargaining, STW, manufacturing

Public sector: wages and employment under pressure

- Increased budget deficits and debt
 - Average debt up 12 pp, deficit 4.5 pp in 2008-09
 - IE (20.1; 7) GR (15.9; 5.9) UK (16.1; 6.6)

- Substantively: Austerity measures. Widespread wage freezes or reductions, hiring stops, employment cuts, cuts in social benefits and pensions. Size dependent on economic situation, union power, IMF/EU.

Examples

- Greece: wages down by 12-20%
 - Romania: 25% cut in wages, plus employment to be decreased by 100.000.
 - Ireland: 6% wage cut
 - Spain: 5% wage cut
 - Limited wage declines or freezes (and sometimes even some increases) in NL, AT, DE, DK, SI
-
- Only at the start?

Procedurally: the end of bargaining?

- Strong decline in negotiated or consensual character wage and employment policy
 - Widespread unilateral reforms esp. in countries hardest hit.
 - Damage control bargaining
 - Public sector workers pay the price of crisis.

- Increased conflict in heartland union power

Conclusions

Acceleration of longer-term developments in private sector:

- Substantive trade-off: competitiveness through wage moderation and flexibility for employment guarantees.
- Procedurally: organised decentralisation

- In public sector: unilateralism, freezes and cuts in W and E

- Key role STW and industrial relations institutions in mediating impact crisis

- Major conflicts are still to come