Collective bargaining in Belgium, 50 years after the Law of 1968: Never change a bargaining team?

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Content

• The structures and system of collective bargaining in Belgium (brief)
• The performance of the system
• Trends in collective bargaining in Belgium

TLDR; collective bargaining in Belgium is strongly institutionalised, providing on the one hand stability and resilience, but on the other hand limiting innovation and adaptation if there is not enough discretion for the different levels and actors.
Legal-formal aspects of the system

- The Law of 1968
- National bodies
- Joint committees
- Collective bargaining agreements
- Extension mechanism
- Favourability principle
- Derogation clause
- Social peace, information right

**Nat.**
- NLC, CEC, Group of Ten
- National CBA, IPA, Wage Norm

**Sector**
- Joint (sub)committees
- Sectoral CBA, funds

**Comp.**
- Company Council, OSH
- Company CBA
Collectively agreed pay increases in Belgium, 1997-2015

- Health Index
- Real Wage Norm
- Nominal Wage Norm
- Negotiated Pay

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Key industrial relations indicators

- Archetype of post-war collective bargaining
  - Highly centralised (but…)
  - Highly coordinated
- Majority unionised (decreasing?)
- Common interest for social partners
- Balance between militancy and diplomacy
Performance of the system

• Wage setting is constrained by minimum wages and a wage norm
  • Compression, stable wage inequality
  • The wage share is stable
• Social stabilisers (indexation, EPL, short-term unemployment, DRWR)
  • Contra-cyclical effect
  • Delays
• Labour market dynamics are average (insiders’ LM)
• Low share of working poor
> Wage inequality is stable
> Wage curve and delayed pay increases

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

<table>
<thead>
<tr>
<th></th>
<th>Total compensation</th>
<th>Wages only</th>
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<tbody>
<tr>
<td></td>
<td>All (Blue)</td>
<td>All (Blue)</td>
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<tr>
<td>OLS robust (model 4)</td>
<td>-0.078***</td>
<td>-0.025**</td>
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<td>OLS robust (model 5)</td>
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<td>FE (model 6)</td>
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<td>FE, job changes (model 7)</td>
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<td>White</td>
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<td>OLS robust (model 4)</td>
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<td>-0.002</td>
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</tbody>
</table>

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

Figure 2: Monthly wages by peer unemployment, Belgium, 2006-2013.
> Labour market dynamics
Seniority and loyalty

Percentage of 50 yo workers in 2005 remaining in workforce in 2015 at age 60, by statute and wage quintile in 2005

Different firm  Same firm

2005 Quintile
> Low share of working poor

In-work poverty in Europe in 2016

Poverty rate & in-work poverty
Trends in collective bargaining

- **Role of the state**: stricter national wage norm constraining sectoral wage agreements
- **Internationalisation**: international coordination without dialogue, competitiveness pressure since joining the EMU
- **Demography and economic structure**: Europe 2020 targets not in reach despite increasing feminization, low participation of a growing number of workers for foreign descent
- **Interference**: the competences of the different levels are often bypassed (“prerogation”)
- **Judicialisation**: originally, the institutional structure allowed for more internal conciliation
Conclusions

• Law of 1968 cornerstone and consolidation of collective bargaining in Belgium
• Resilient over time because of common interests of social partners, high coverage, high membership
• Pattern of steady progress: economic performance paired with social equality
• New challenges: internationalisation, technological change, migration
  • In spirit of social dialogue: maintain room for innovation
  • In spirit of EU enlargement: international coordination with upward convergence
• Big test: harmonisation of job categories