

# 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

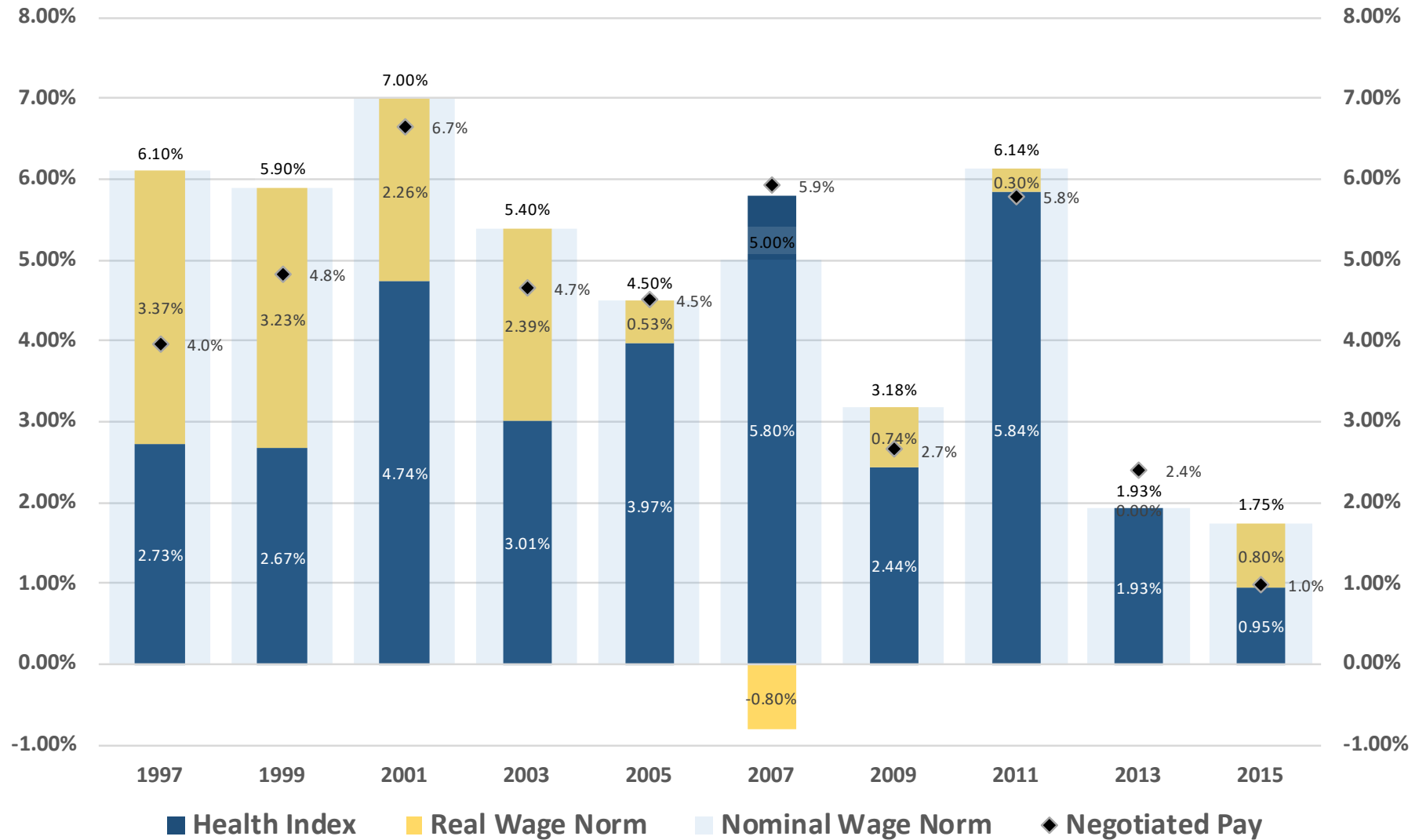
*TLDR; collective bargaining in Belgium is strongly institutionalised, providing on the one hand stability and resilience, but on the other hand limiting innovation and adaptation if there is not enough discretion for the different levels and actors.*

# 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

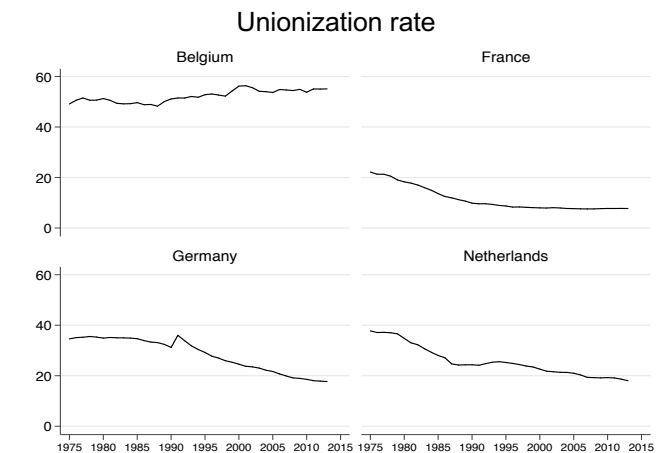
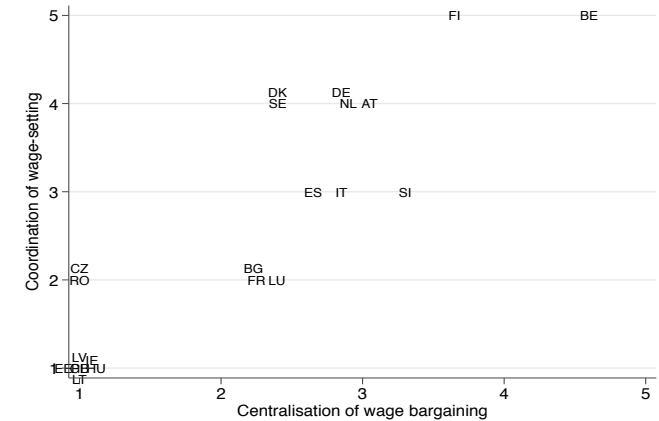


## Collectively agreed pay increases in Belgium, 1997-2015



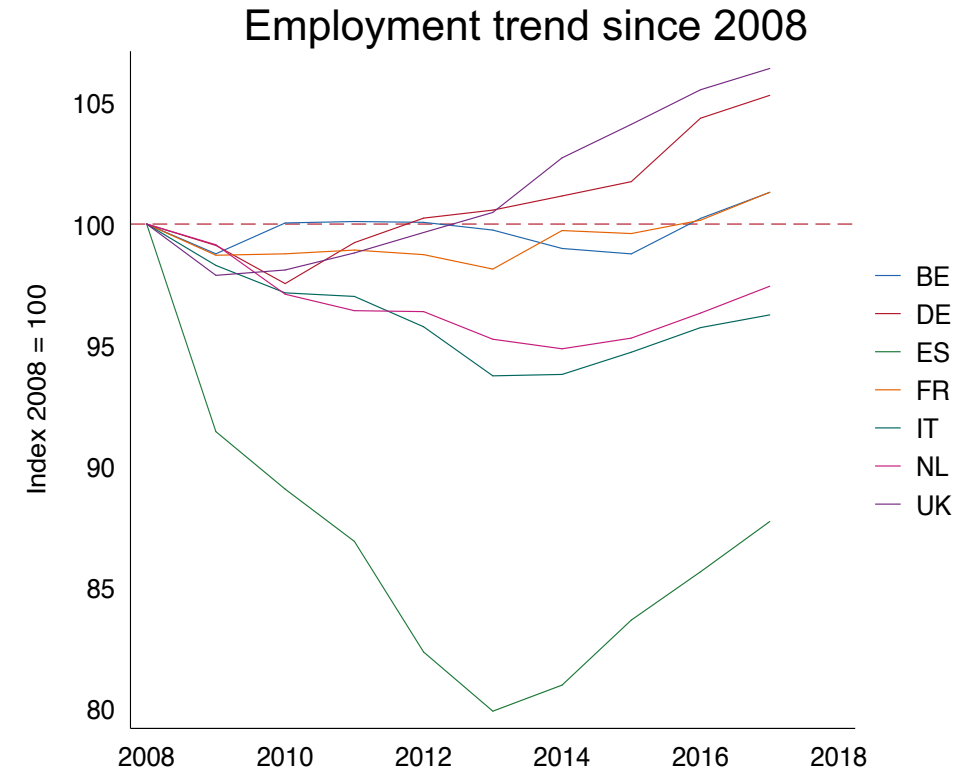
# Key industrial relations indicators

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



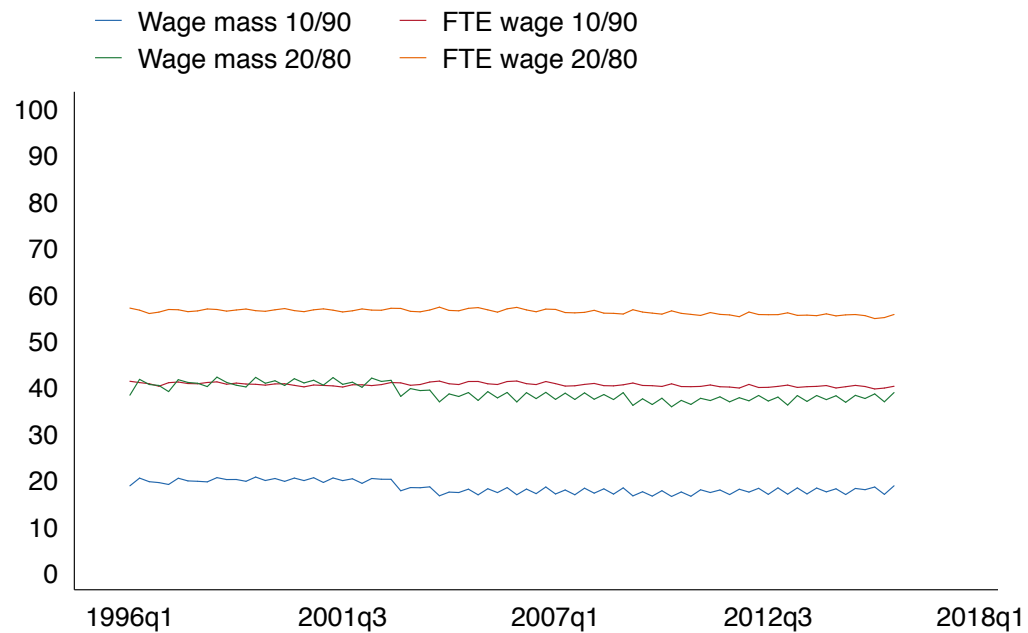
# Performance of the system

- 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

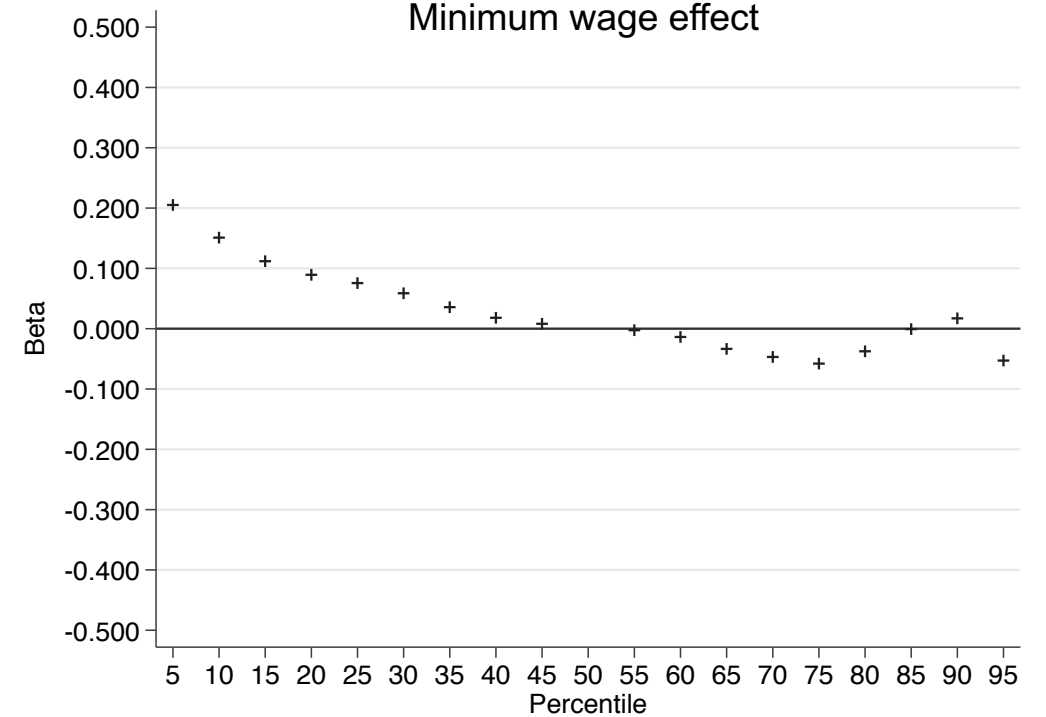


# > Wage inequality is stable

Inequality 1996-2015



Minimum wage effect



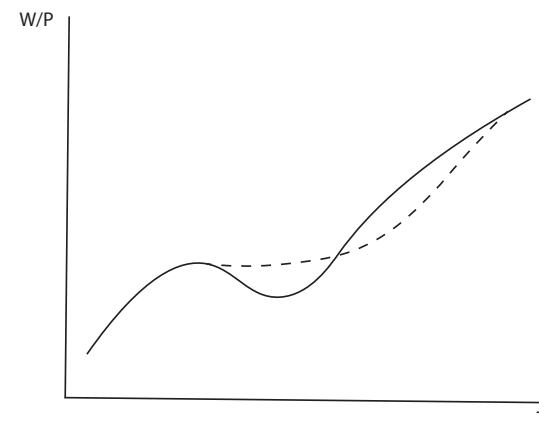
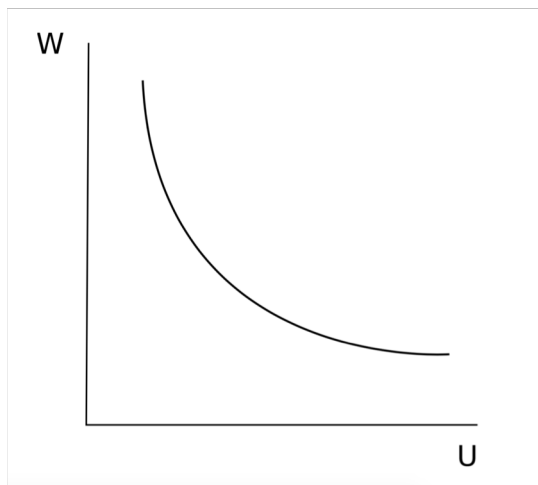
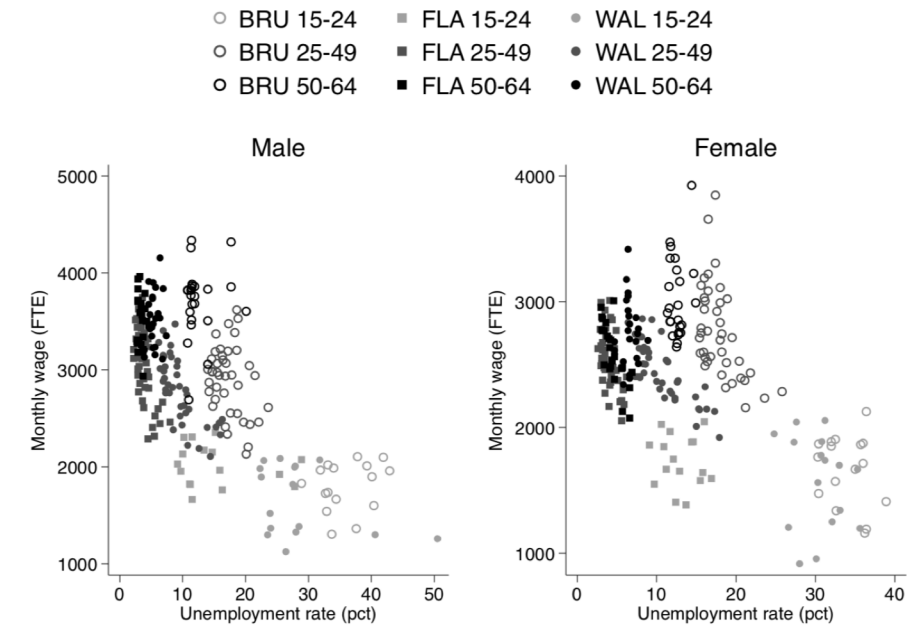
# > Wage curve and delayed pay increases

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

	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*

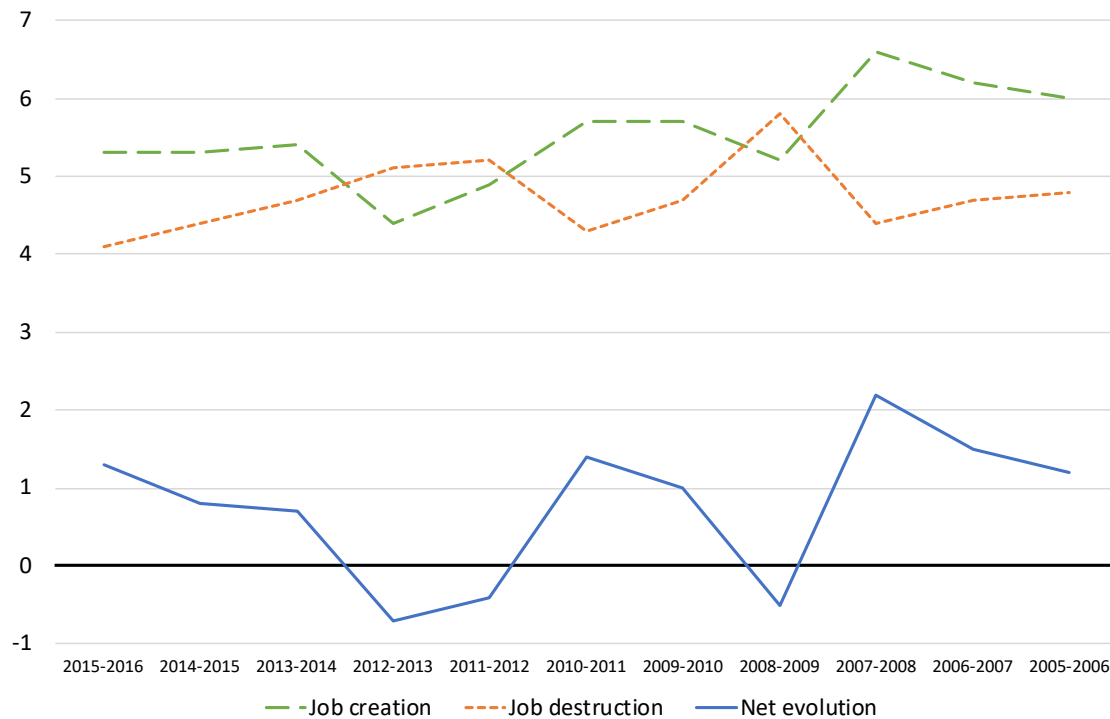
Note: model 5 adds worker statute; model 7 adds job inflows into the company; \*  $p < .05$ ; \*\*  $p < .01$ ; \*\*\*  $p < .001$ .

Figure 2: Monthly wages by peer unemployment, Belgium, 2006-2013.

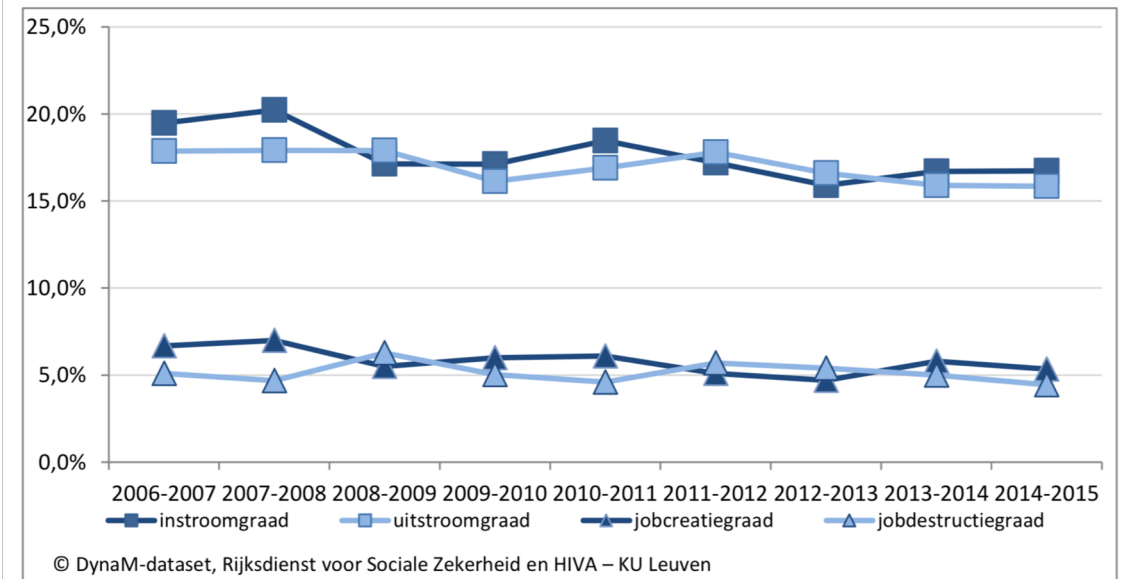




# > Labour market dynamics

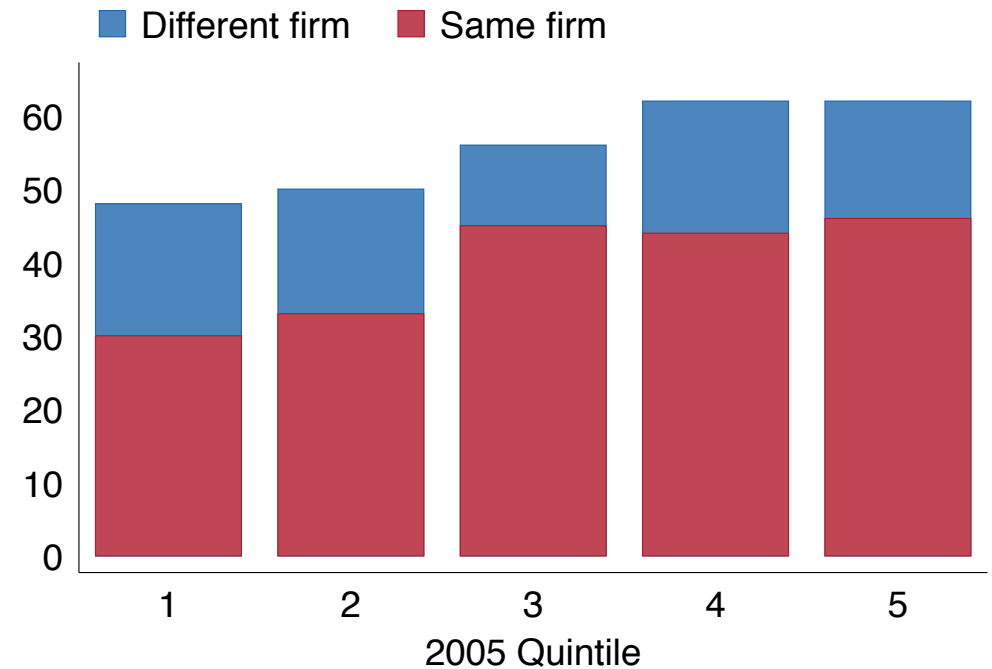
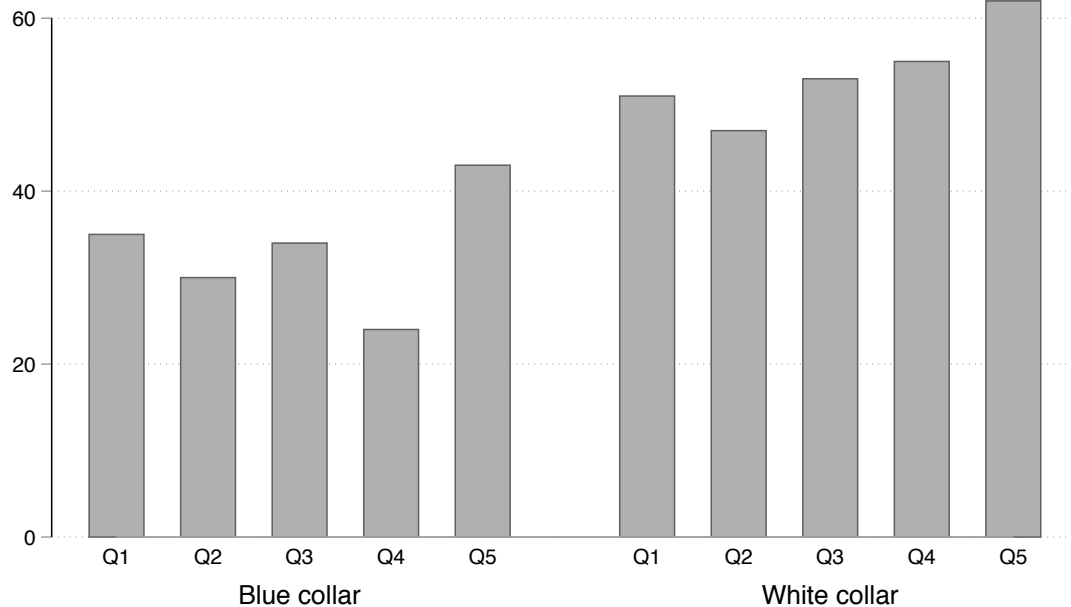


Figuur 2: Werkgelegenheidsdynamiek en werknemersdynamiek, België, 2006-2015



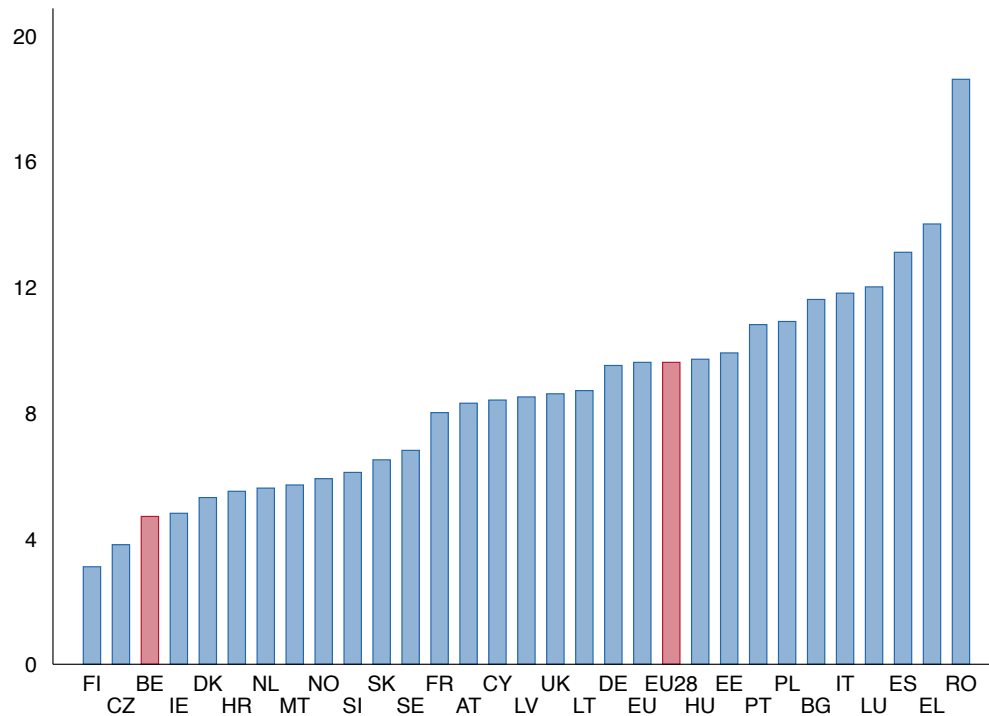
# > Seniority and loyalty

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

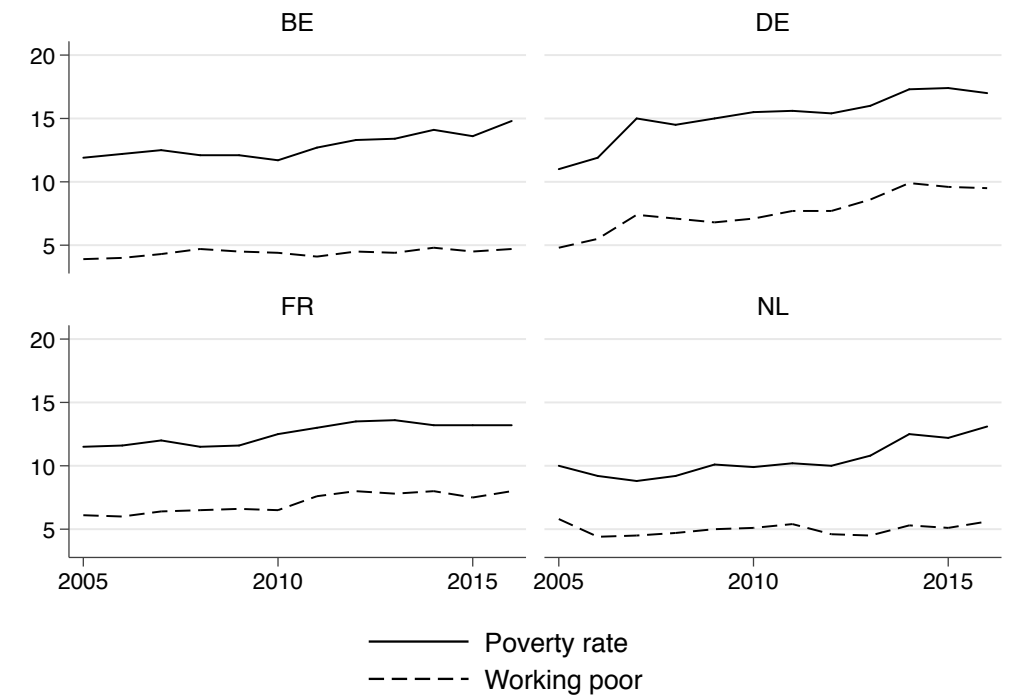


# > Low share of working poor

## 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