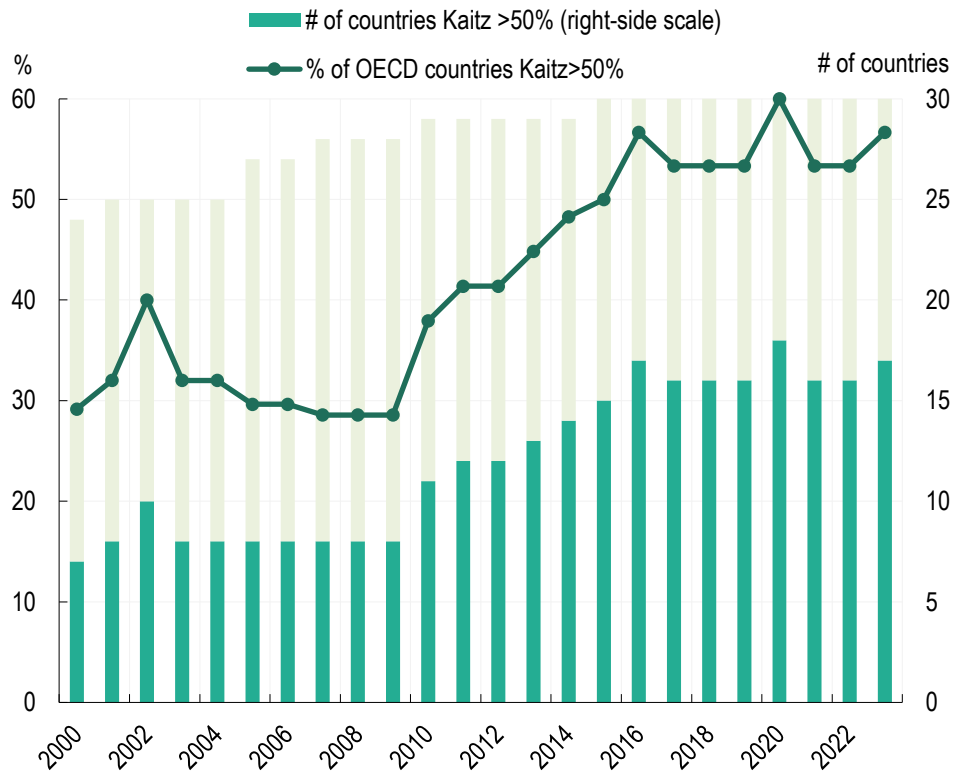


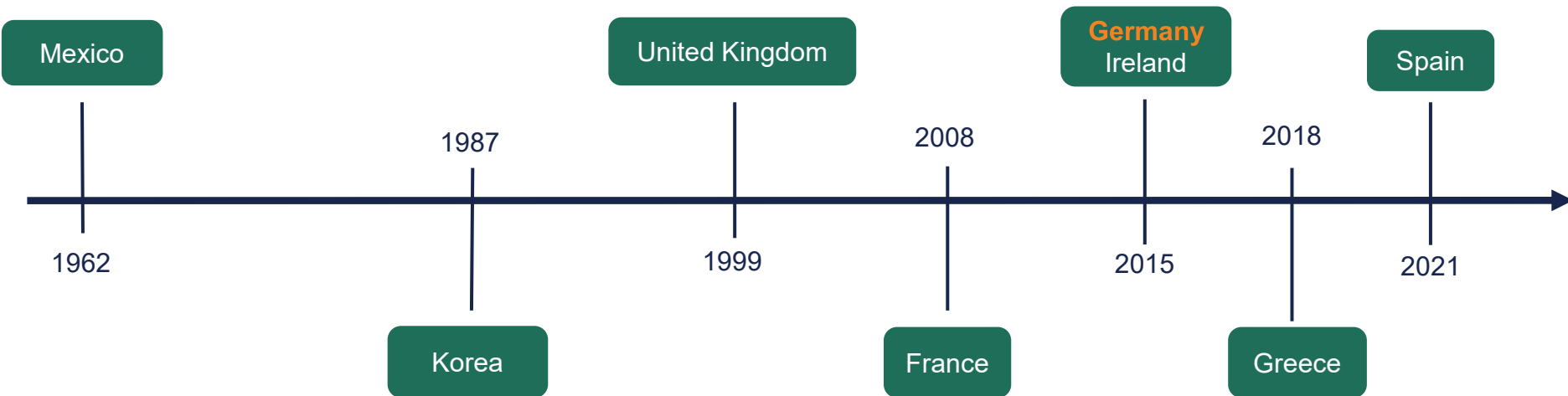
Minimum wage are increasingly used



OECD countries with a Kaitz index >50%



Minimum wage commissions more and more common



+ Malta, Croatia & Cyprus in the EU

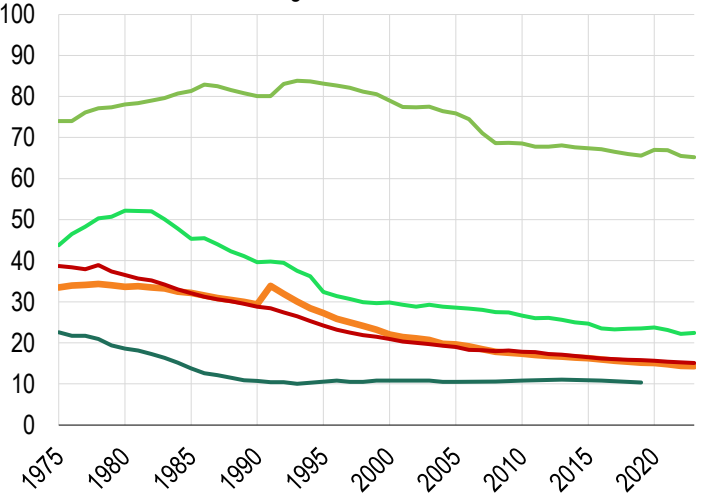


Collective bargaining confronting a number of (old) challenges...

Trade union density

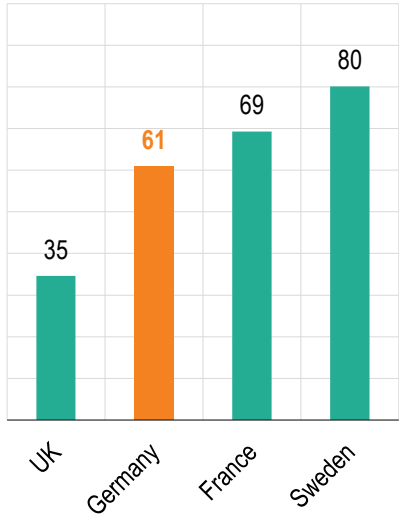
% of employees, 1975-2023

- Germany
- France
- United Kingdom
- OECD
- Sweden



Employer organisation

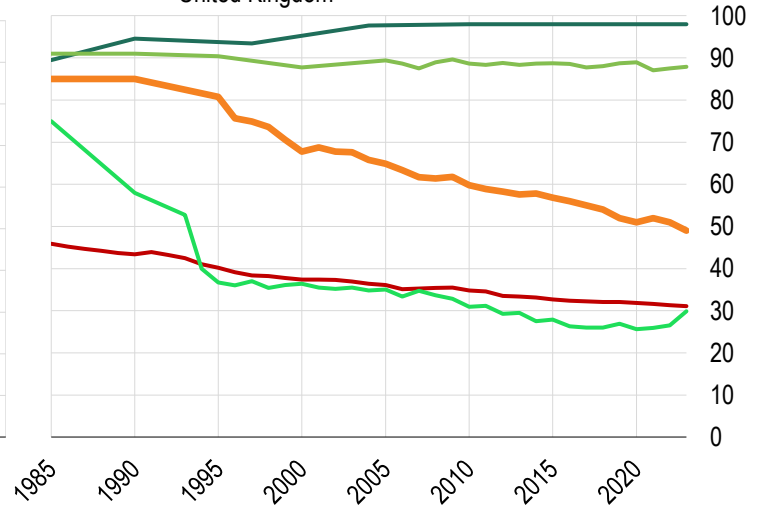
% of employees of the private sector, latest year



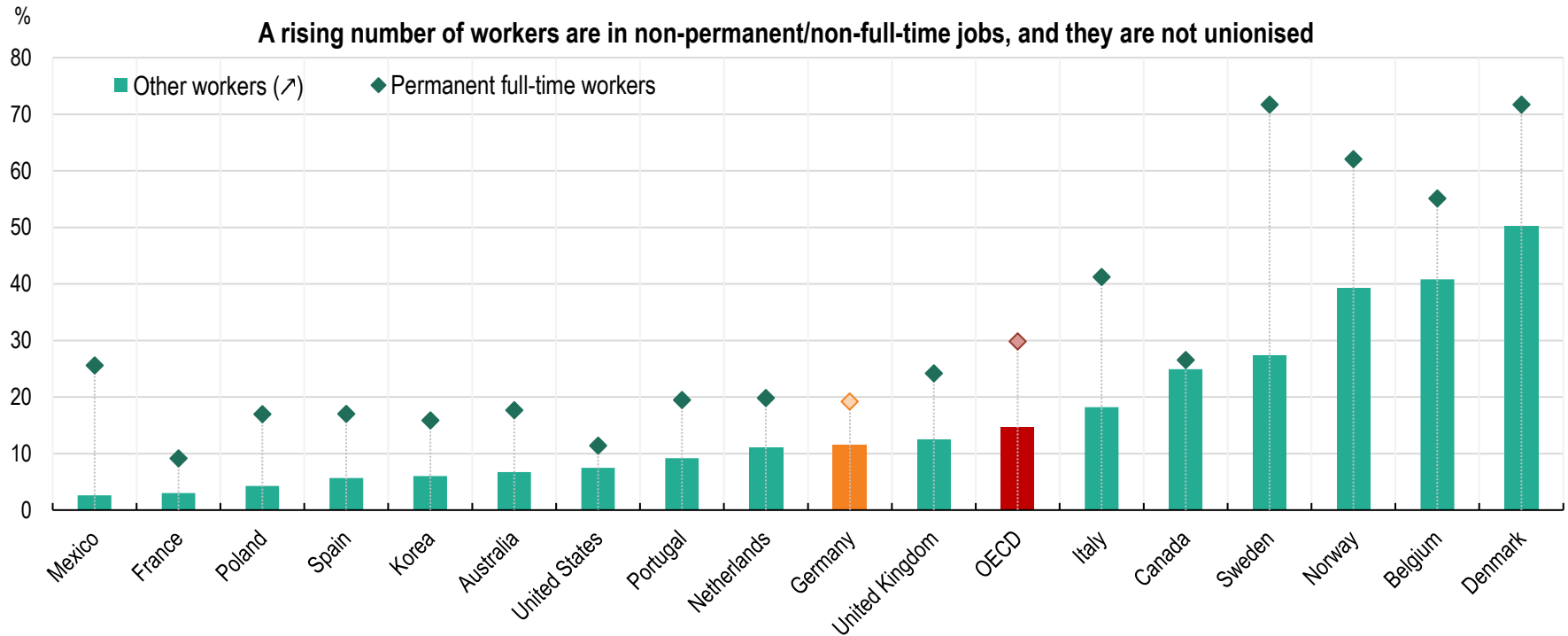
Collective bargaining coverage rate

% of employees with the right to bargain, 1985-2023

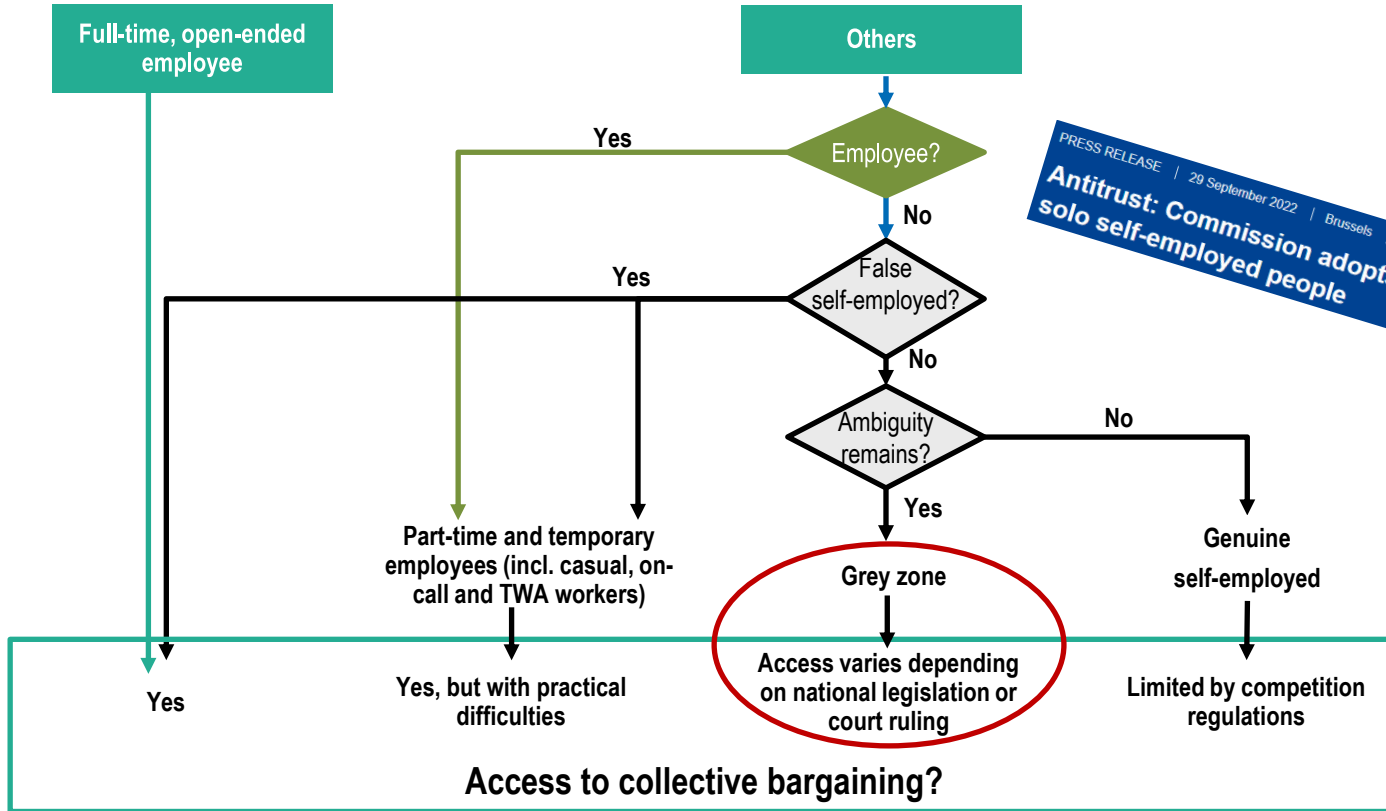
- Germany
- France
- United Kingdom
- OECD
- Sweden



...magnified by recent labour market trends...



...and specific regulations



PRESS RELEASE | 29 September 2022 | Brussels | 3 min read
Antitrust: Commission adopts Guidelines on collective agreements by solo self-employed people

← Similar challenges for the minimum wage

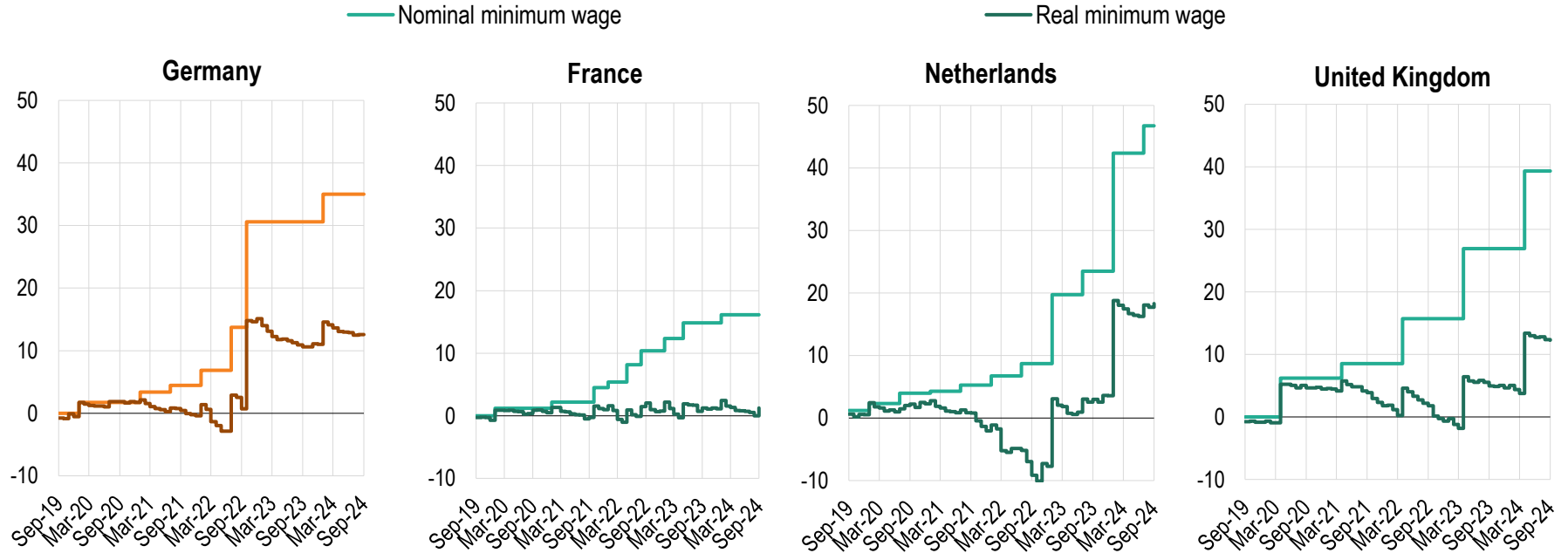


Minimum wage and collective bargaining in times of inflation

Statutory minimum wage vs inflation

Nominal and real statutory minimum wages in selected OECD countries

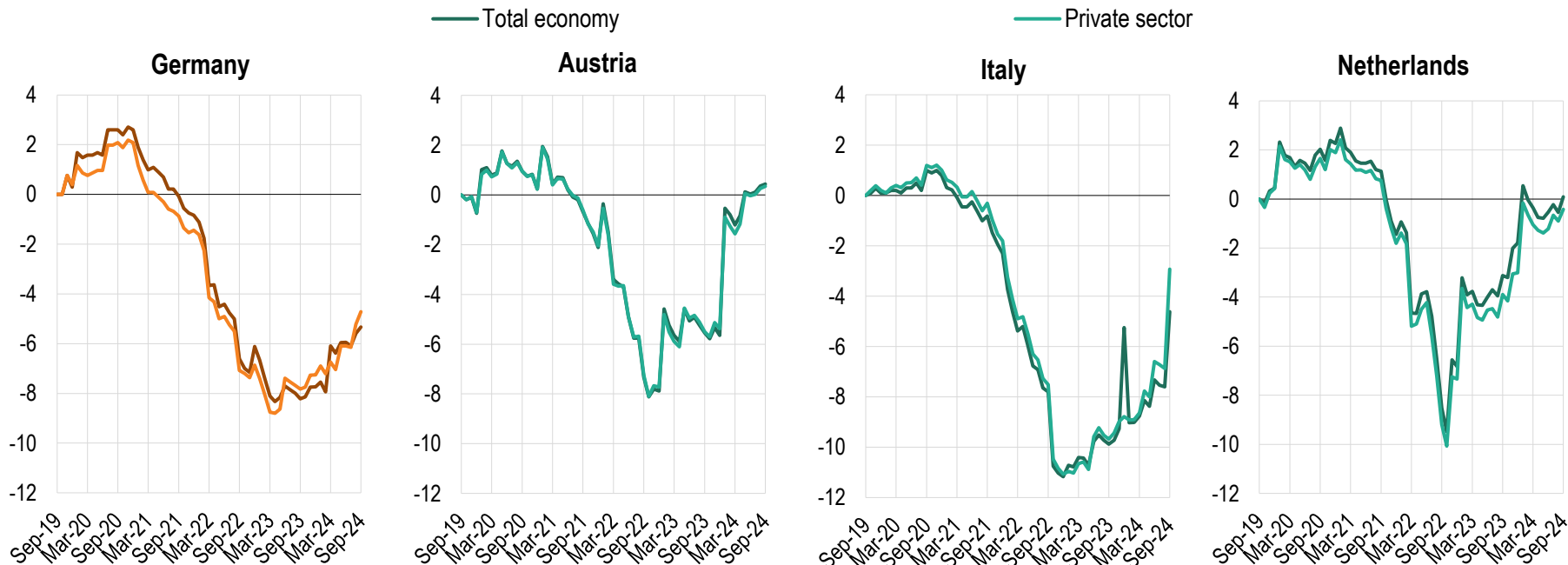
Cumulative percentage change since September 2019, September 2019 to September 2024



Negotiated wages vs inflation

Real wages in selected OECD countries resulting from collective agreements

Cumulative percentage change since September 2019, basic wages, September 2019 to September 2024



What can explain the difference between the trends of minimum wages and negotiated wages in the inflation period?

- Staggered and rather infrequent nature of wage bargaining
- Limited and partial indexation (when pay scales are indexed to inflation, mostly forward-looking, and excluding energy) and no in-built catch-up phase
- High bargaining coverage not necessarily means social partners' strength
- Higher bargaining coverage not necessarily associated with stronger aggregate wage growth, especially in times of crisis.



Minimum wage and collective bargaining: friends or foes?

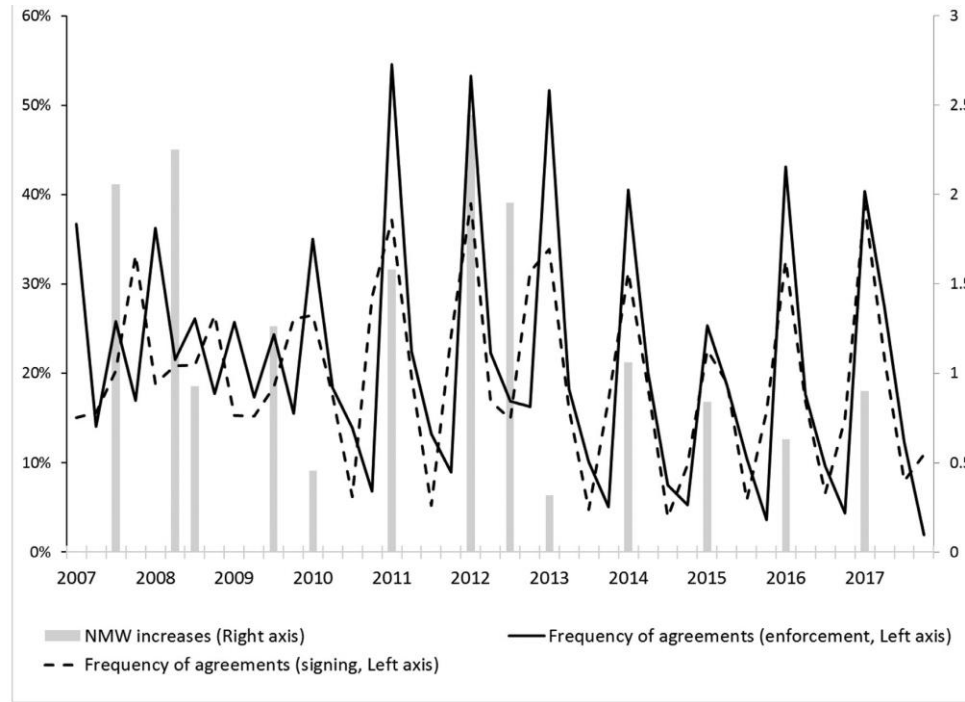
High coverage can be considered a functional equivalent of a statutory minimum wage

	Low bargaining coverage (<40%)	Medium coverage (>40%&<80%)	High coverage (>80%)
No statutory minimum wage			Austria, Denmark, Finland, Italy, and Sweden
Statutory minimum wage	Bulgaria, Czechia, Estonia, Greece, Hungary, Ireland, Latvia, Lithuania, Poland, Romania, and Slovakia	Croatia, Cyprus, Germany, Luxembourg, Malta, Netherlands, and Slovenia	Belgium, France, Portugal, and Spain



Who is in the lead?

Strong normative role of the MW in France:



Source: Fougère et al. (2018), Wage floor rigidity in industry-level agreements: Evidence from France, Labour Economics, Vol. 55.



Is there a risk of displacement of collective bargaining and free-riding on union membership?



Bispinck et al. (2020): no displacement effect

Ress and Spohr (2021): no impact on union membership

vs.



Clemens and Strain (2022): negative effect on union membership



Going forward



#1: Finding a balance between more active MW policies and independence of MW Commissions



Move to living wage (60%, then 66%) while maintaining LPC unanimity



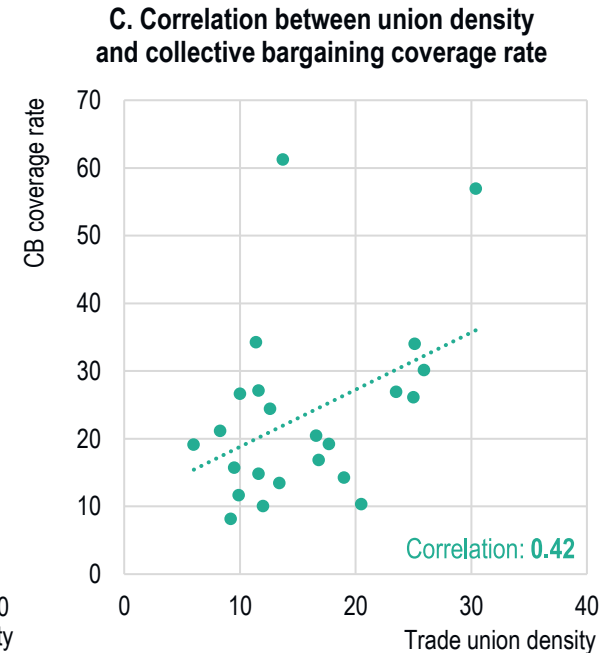
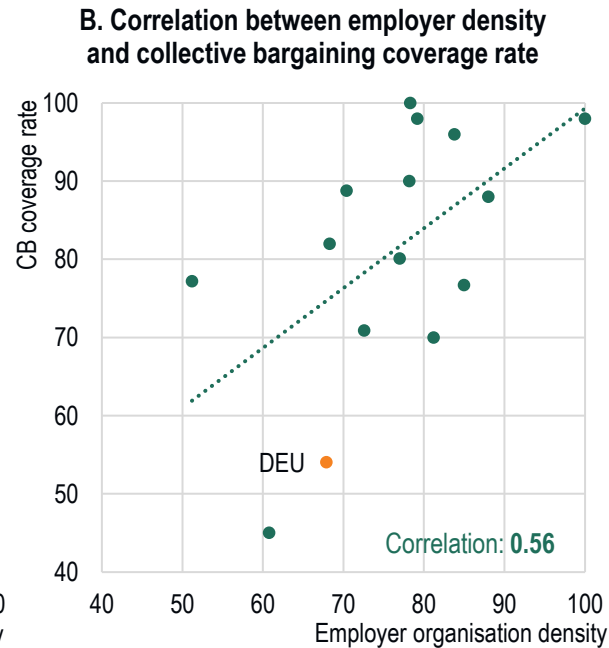
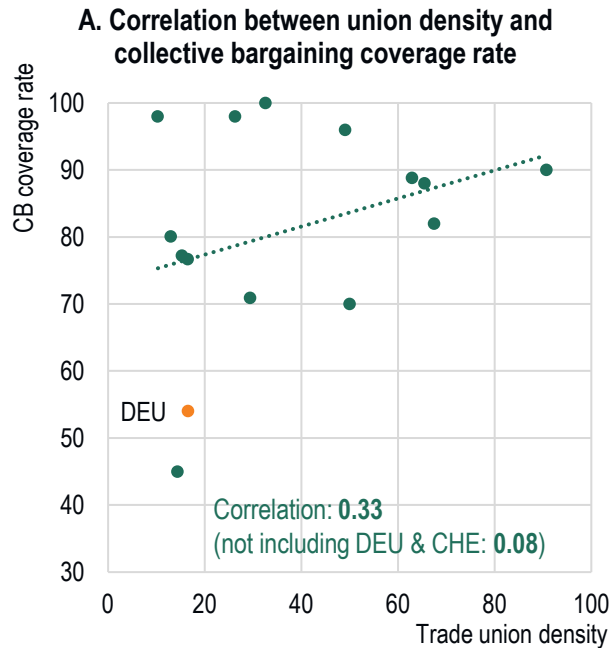
Increase to 12 euros followed by lack of agreement in the Commission



#2: Keeping employers engaged

Countries with CB predominantly at **sectoral level**

Countries with CB predominantly at **company level**



#3: Greasing the system in difficult times

Mediation offices solve collective action problems:

- *Co-ordination* (pattern bargaining)
- *Enforcement*



Quality of labour relations



Can call for the approval of all agreements into one majoritarian union ballot



Laying the groundwork, persuading, facilitating



Lack of mediation could explain weakening of pattern bargaining?



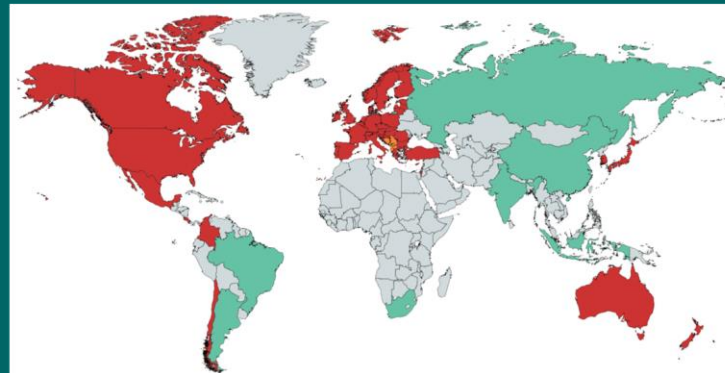
THANK YOU

 @OECD_Social

 @AGarnero

 Andrea.GARNERO@oecd.org

The OECD/AIAS ICTWSS database



- Database on key features of CB and SD in 56 OECD and EU countries
- Detailed information on TU, EO, statutory MW, organisation of CB & wage coordination, social pacts and works council
- 60 years: 1960 to 2019 for the qualitative parts & 1960-2020 (for some countries) for the quantitative ones
- 100 variables