

EC Framework 7 project: GUSTO - Governance of uncertainty and sustainability: labour market, industrial relations and social welfare in European countries.

WP6: Collective Bargaining as a Changing Mode of Labour Market Governance

The objective of the research is to assess how far, and in what ways, collective bargaining - a central mode of labour market governance under Europe's different societal models - is being reoriented to address questions of competitiveness, flexibility, employment security and environment. This is being addressed through a cross-country comparative analysis focusing on two sectors: metalworking (automotive and electronics) and health (hospitals).

Under variants in different European countries, generalised, multi-employer collective bargaining, through comprehensive regulation of wages and core working conditions, has provided the labour market equivalent of the universal protection stemming from countries' social welfare systems. The recent period has brought a shift from the productivity-oriented agenda, which underpinned the generalised improvements to wages and conditions under the Keynesian post-war settlement, to a competition-oriented one. The shift entails both substantive and procedural consequences.

- Substantively, these include pressures to suppress real wage increases, enhance flexibility in various ways – quantitative, qualitative, temporal and financial - and address questions of employment and security. However, the balance between distributional outcomes, involving workforce concessions, and integrative ones, under which all parties secure gains, remains unclear. Unclear also is the extent to which environmental issues are being addressed.
- Procedurally, the main pressure has been for a decentralisation of arrangements, in particular providing greater scope for bargaining at company level, flowing from the differential distribution of product market uncertainty between firms and associated differential exposure of workers to labour market uncertainty.

As an implication, individual companies, especially larger ones, become prominent in driving forward developments. Decentralisation within the multi-employer systems of some countries has reached the point where their sustainability as instruments of coordinated labour market regulation is becoming open to question. Yet the features which underpin the differential governance capacity of collective bargaining systems to address these changes are not well understood.

Exacerbating both these substantive and procedural consequences is ever deepening European economic and market integration, under which competition-oriented bargaining in any one country becomes increasingly open to the effects of cross-border movements of both capital and labour. The eastwards enlargement of the EU has significantly amplified such effects. At the same time, eastern Europe's collective bargaining systems have surpassed many of their western counterparts in their quest for decentralisation, flexibilisation and competitiveness, further intensifying cross-border 'regime competition'.

The project will draw on interrogation of secondary data sources, together with primary data collection and analysis in eight countries, to achieve two main aims: a mapping of the changing agenda and outcomes of collective bargaining in the two sectors; and a cross-national comparison of the governance capacity of different collective bargaining systems to address the above challenges. The eight countries are: France, Germany, Italy, Denmark, the Netherlands, Hungary, Slovakia and the UK.

The wider GUSTO project addresses the central dilemma confronting public policy of coping with economic uncertainty while seeking security in a globalising economy". Further details available on the [GUSTO website](#)