

Wage-Setting Coordination Scores

Lane Kenworthy

Department of Sociology
Emory University
Atlanta, GA 30322
Tel: 404-727-7538
Fax: 404-727-7532
E-mail: lkenwor@emory.edu
Homepage: <http://www.emory.edu/SOC/lkenworthy>

Version dated: June 17, 2001

This document provides rationale, in the form of comments and notes, for my wage setting coordination scores. An Excel file that contains the scores for each country-year is available from my webpage (see above). The scores cover 18 OECD countries — Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom, United States — over the period 1960 to 2000. These scores revise and extend the wage coordination scores in Hicks and Kenworthy (1998, p. 1642). In creating them I drew on a variety of sources, the most important of which are: Soskice (1990), Iversen (1999, pp. 84-85), Traxler, Blashke, and Kittel (2001), the Golden-Lange-Wallerstein indexes of wage centralization (Golden, Wallerstein, and Lange 1997), Ferner and Hyman (1998), the monthly *European Industrial Relations Review*, and the European Industrial Relations Observatory website (<http://www.eiro.eurofound.ie>).

These scores are *not intended to represent a "measure" of wage coordination*. Wage coordination is a behavioral concept. It refers to the degree of intentional harmonization in the wage setting process — or, put another way, the degree to which "minor players" deliberately follow along with what the "major players" decide. In my view, measurement problems associated with trying to capture the actual degree to which various actors involved in the wage setting process deliberately harmonize their bargaining are severe. To do so in an accurate fashion, the researcher must factor in both the share of the work force whose wages are deliberately pegged to the agreement(s) reached by the major players and the degree to which minor players intentionally follow along (i.e., do they adhere more closely or less?). Obtaining the relevant information and deciding how to rank countries in a relatively objective fashion is likely to be extremely difficult.

Could one instead use a wage setting outcome, such as the degree of wage restraint, as the basis for measuring the degree of coordination in various countries? Information on this is certainly easier to obtain and much more straightforward to rank. But the answer is no, for two reasons. One is that this would render the measure useless — because tautological — for the purpose of attempting to explain wage restraint, which has indeed been one of the principal uses of wage coordination measures. Second, and more importantly, coordination of wages and restraint of wages are distinct phenomena. A country in which wage setting is effectively centralized, for instance, should be considered highly coordinated even if the central agreement

yields extremely high pay increases, provided that bargainers at lower levels do not alter the central agreement excessively. Similarly, the wage setting process in Germany should be considered relatively coordinated even if the metalworkers union successfully negotiates a 30% wage increase in a given year, as long as other industries, firms, and plants more or less follow suit. Nor does wage restraint necessarily imply coordination. Even if pay increases are uniformly low in the United States in a given year, the U.S. wage setting process should not be considered highly coordinated because wage restraint in the U.S. context is not the product of *intentional* harmonization of wage settlements across companies. Wage coordination also does not imply that all or most workers get the same rate of pay increase. Consider again a prototypical centralized case. The peak-level settlement could specify that chemical workers get a 20% wage increase while hotel employees get a 2% increase. As long as lower-level bargaining does not alter this central agreement much, wage setting should be considered coordinated. Wage restraint and/or compression may be more likely in countries with a high degree of wage coordination, but neither is presupposed by the concept itself.

The coding for this index is not based on behavior, i.e., on the actual degree of coordination that obtains. Instead, it is *based on structural characteristics* of the wage bargaining process. The scores represent a set of expectations about which institutional features of wage setting arrangements *are likely to generate* a greater degree of coordination. They represent a hypothesis or a prediction, rather than a measure per se.

(Note that in this respect this index is similar to indexes of wage centralization, such as those of Iversen and Golden, Lange, and Wallerstein, which rely on the presence or absence of a peace obligation in assessing the influence of firm- or plant-level bargaining in the wage setting process. That too is a hypothesis — about the *likely* degree of centralization, given the structural features of the wage setting system.)

The scoring is an index with 5 categories, several of which include multiple types of coordination:

1 = Fragmented wage bargaining, confined largely to individual firms or plants (Canada, Ireland 1960-69 and 1981-87, New Zealand since 1988, United Kingdom since 1980, United States)

2 = Mixed industry- and firm-level bargaining, with little or no pattern-setting and relatively weak elements of government coordination such as setting of basic pay rate or wage indexation (Australia since 1992, France, Italy in most years)

3 = Industry-level bargaining with somewhat irregular and uncertain pattern-setting and only moderate union concentration (Denmark in most years since 1981, Finland in a few years, Sweden since 1994)

Government wage arbitration (Australia prior to 1981, New Zealand prior to 1988)

4 = Centralized bargaining by peak confederation(s) or government imposition of a wage schedule/freeze, without a peace obligation (Belgium and Finland in most years, Ireland 1970-80 and 1987-93)

Informal centralization of industry- and firm-level bargaining by peak associations (Italy since 1993, Netherlands since 1983, Norway in some years, Switzerland)

Extensive, regularized pattern-setting coupled with a high degree of union concentration (Germany, Austria since 1983)

5 = Centralized bargaining by peak confederation(s) or government imposition of a wage schedule/freeze, with a peace obligation (Denmark 1960-80, Ireland since 1994, Norway in some years, Sweden 1960-82)

Informal centralization of industry-level bargaining by a powerful, monopolistic union confederation (Austria prior to 1983)

Extensive, regularized pattern-setting and highly synchronized bargaining coupled with coordination of bargaining by influential large firms (Japan)

There are four principal sources of wage coordination: (1) bargaining centralization; (2) state-imposed centralization; (3) informal centralization (what Traxler, Blaschke, and Kittel 2001 term "intra-associational coordination"); (4) pattern-setting. Creating this index requires rankings within and between each of these sources in terms of the degree to which they are likely to generate coordination. In ranking degrees of bargaining centralization, I simply follow Iversen (1999) and Traxler, Blaschke, and Kittel (2001). For ranking degrees of state-imposed centralization I follow the measure of government involvement in wage setting created by Golden, Lange, and Wallerstein (1997).

For informal centralization and pattern-setting there is greater ambiguity. My view is that the type of informal centralization that obtained in Austria prior to the early 1980s ought to be expected to generate greater harmonization in the wage setting process than that existing in Switzerland, or in the Netherlands since 1983 and Italy since 1993. This is because, first, there was only one major player in Austria, a monopolistic union confederation, compared to several peak associations in these other countries, and second, bargaining in Austria occurred mainly at the industry level whereas in Switzerland, the Netherlands, and Italy there is a mix of industry- and firm-level bargaining.

Pattern-setting, I would argue, can reasonably be separated into three principal types, which can be rank-ordered. Japanese-style pattern-setting is likely to yield the greatest degree of harmonization, because it is highly synchronized (via the annual "spring offensive"). Pattern-setting led by a single industry has been the chief mode of coordination in both Germany and, in recent years, Sweden. But in Germany this practice has existed for a long time, and in almost every year it is clear which industry will be the pattern setter; in addition, the union for that industry, the metalworking industry, covers a relatively large share of the unionized work force. The process is much more uncertain where it is less regularized and institutionalized and/or where the pattern-setting union is less influential, as in Sweden. In my view the former wage setting process ought to be predicted to generate more coordination than the latter.

More difficult is deciding how to rank formally centralized wage setting arrangements compared to informally centralized ones compared to those oriented around pattern-setting. My view on this is suggested in the scores shown above. But other researchers may well differ in their choices.

What is the point of creating such an index? In my view, it has two advantages: First, because it focuses on the structural characteristics of the wage setting process, it is considerably easier

to measure than the actual degree of coordination those structural features generate. It is thus less likely than existing scale measures of wage coordination — see, e.g., Soskice (1990), Nickell (1997), OECD (1997), Hall and Franzese (1998) — to suffer from extensive measurement error. Second, unlike the categorical measure created by Traxler, Blashke, and Kittel (2001, chap. 10), this index offers a single, unidimensional variable for use in empirical analyses, and it allows for the possibility that there is variation within each of the various types of coordination-generating arrangements (bargaining centralization, pattern-setting, etc.) in the degree of coordination that tends to be generated.

Can such an index legitimately be used in empirical analysis? Yes, but it is important to be clear about the nature of the variable — i.e., the fact that it is not truly a measure. The same status applies to a variety of other important variables in comparative political economy research, including political partisanship, central bank independence, and employment protection. Each of these is fundamentally a behavioral concept, but each tends to be measured based on observable features that cannot be unambiguously rank-ordered.

Note: Since the June 2000 version, scores for the Netherlands and Norway have been changed for some years in the 1980s and 1990s, and revisions have been made for several countries for years since 1998.

Australia

1960-80:	3
1980-82:	2
1983:	5
1984-91:	4
1992-2000:	2

Government setting of wages by the federal tribunal (commission, or court) was the fundamental feature of Australia's wage setting process during the 1960s and 1970s, though industry- and firm-level bargaining grew in importance beginning in the late 1960s. In 1981-82 there was no award by the commission and bargaining was conducted in a decentralized fashion. The government imposed a wage freeze in 1983. The Accords beginning in 1983 brought a return to wage awards by the commission and added explicit union cooperation. Bargaining was increasingly decentralized to the firm level beginning in 1992 (by 1996 only one-third of workers had wages set through central arbitration), but the tribunal continues to set a "basic" or minimum wage.

Why is Australia's arbitration-based system of the 1960s and 1970s scored a "3"? Golden, Lange, and Wallerstein (1997) appropriately rank this as less centralized than a government-imposed wage schedule or freeze, because the arbitration only decides on cases that are brought before it — which may or may not cover a large share of the workforce.

Why is Australia scored a "2" since 1992? Bargaining has become increasingly decentralized, in the sense that wages are now determined for a larger share of workers at the firm/plant level, rather than by arbitration or at industry level. Nevertheless, there is likely to be more coordination than in, e.g., New Zealand, the U.K., or the U.S. because wages for some workers are still determined by arbitration (about one-third as of 1996) and because the tribunal still sets a "basic" or minimum wage each year (similar to France).

Schwartz (2000, p. 76): "In Australia, for roughly a century, federal and state courts have set wages through judicial proceedings. Only labor and employer organizations may initiate proceedings; individuals have no standing. The courts hand down judicial decisions — 'awards' — setting the 'basic' or minimum wage, additional skill-based wages for specific occupations, conditions of work, occupational benefits, and 'wage relativities' (i.e. the relationship or parities between wages in different occupations). After 1907 the federal court set a high basic wage, defined socially by reference to a decent standard of living for a family of four (originally presumed to be male-headed). Wage relativities were set by awarding additional wages — margins — for skills and enforced via a doctrine of comparative wage justice. The arbitration court defined comparative wage justice to mean that 'employees doing the same work for different employers or in different industries should by and large receive the same amount of pay irrespective of the capacity of their employer or industry.' The ruling created an almost automatic transmission of wage gains from one sector to another."

Schwartz (2000, p. 77): "... the Australian Metal Workers Union (AMWU) and its employer counterpart, the Metal Trade Industry Association (MTIA), typically have a decisive hand in shaping the Metal Trades Award. The MTIA covers over 10,000 firms, but its eight largest enterprise groups account for nearly 30 percent of employment and value

added. The metals award covers about half of manufacturing labor, most skilled labor, and about 10 percent of all Australian workers. Until 1967 higher pay from the metals award spilled over into manufacturing, construction, and eventually white-collar jobs via well-established parities. The AMWU and MTIA thus had a decisive hand in shaping the wage differentials and working conditions that the federal arbitration court subsequently imposed on the majority of manufacturing workers."

Schwartz (2000, p. 78): "With full employment after 1967, bargaining on a second tier became more prevalent and a larger share of wage gains emerged from the more local bargaining. When the courts tried to enforce wage restraint in the late 1960s, unions struck and the court could not enforce any legal sanctions against them"

Schwartz (2000, p.112): "The fourth goal [of the Accords], hinted at in Accord Mark III and emphatically part of Accord Mark VI (1990-92), was to decentralize bargaining downward to the enterprise level, while still maintaining a decent, centrally set basic wage.... By 1996 roughly one-third of all workers operated under enterprise-level contracts, one-third operated under centrally set awards, and one-third did not bargain collectively at all."

Traxler, Blaschke, and Kittel (2000, pp. 178-79): "There is also a system of generalized, regular arbitration that served for a long time as the pillar of industrial relations in New Zealand and Australia. This system originated in legislation of 1894 and 1904 that enabled the unions to make all employers party to the arbitration procedures, resulting in a binding decision on the terms of employment (i.e. the award) by special tribunals.... Over time, compared with genuine court decisions, the negotiations between the two sides of industry gained in importance. In addition, the system in both countries was confronted with an ever more widespread informal practice of direct negotiations outside it jurisdiction. In New Zealand, this led to the formal recognition of direct negotiations in 1973. Arbitration itself was made voluntary in 1984. In both countries, the pluralist design of the arbitration system made it hard to pursue incomes policy. Independent court decisions did not always comply with government incomes-policy objectives; nor did informal wage settlements outside the system."

Dabscheck (1994, pp. 145-46): "Australia has developed what is known as a three-tiered (or level) system of wage determination. The three tiers are national wage cases, industry cases and over-award or direct negotiations between the parties. In national wage cases a full bench of the commission determines or adjusts wages, and/or the rules or principles that govern wage determination, for all workers covered by federal awards.... In national wage cases the commission determines minimum increases in wages that are believed to be consistent with Australia's industrial relations and economic needs.... Industry cases involve the commission or the relevant tribunal in dealing with wages and working conditions of workers in a particular sector or industry.... Increases so gained are added to those determined in national wage cases.... With over-award bargaining wages are determined by direct negotiations between employers and workers/unions."

Dabscheck (1994, pp. 148, 15): Between 1967 and 1975, 20-50% of total wage increases stemmed from national wage awards. Wage indexation — the basing of awards by the commission on the inflation rate — was begun in 1975. Between 1976 and 1981, the corresponding figure was 80-95%.

Dabscheck (1994, p. 152): "As in the period 1967-74, the more buoyant economic times associated with the mining and resources boom of the early 1980s saw the parties

eschew the commission's preference for a consistent and coordinated approach to industrial relations regulation as embodied in wage indexation. After July 1981 Australia moved to a decentralised, uncoordinated system of industrial relations regulation."

Dabscheck (1994, pp. 154-56): In February 1983, ACTU signed the Accord with the Labor Party (ALP). When the party won the federal election the following month, the Accord was instituted. "In September 1983 the commission duly reintroduced a centralised system based on six-monthly wage indexation...." Wage indexation was ended in 1986, but national wage awards continued.

Lansbury and Niland (1995, p. 60): "The centralized character of Australian industrial relations is perhaps one of its most distinctive features. This has been achieved through a network of arbitration tribunals, which exist at the federal level and in all six states of the Commonwealth and which have quasi-judicial status. Since 1904, when the federal tribunal (now known as the Australian Industrial Relations Commission) was established, the predominant forms of dispute settlement and wage determination have been conciliation and arbitration. More than 80 percent of the Australian work force is covered by awards of arbitral tribunals which set out the terms and conditions of employment. Yet collective bargaining, of a particular Australian variety, does occur within the conciliation and arbitration system to quite a degree. This has caused some observers to remark that the Australian system might more accurately be described as a hybrid of arbitration and bargaining."

Lansbury and Niland (1995, pp. 62-63): "Economic outcomes were strongly influenced throughout the past decade by an Accord on wages and prices, signed by the Australian Labor Party (ALP) and the ACTU just before the federal election of March 1983. The original Accord envisaged the Labor government's support for full wage indexation in return for the union movement pledging to make 'no extra claims' for wage increases. Although the Accord has been modified a number of times since 1983, the terms of the agreement have been honored by the unions. There has been little movement in wages beyond the national pay rates determined by the Australian Industrial Relations Commission. Following a severe economic crisis in 1985-86, which saw a dramatic fall in the exchange rate of the Australian dollar and an accompanying stimulus to inflation, the ACTU agreed to abandon its demands for full wage indexation. This ushered in a new era in which a 'two-tier' wages system was introduced by the Australian Industrial Relations Commission in the National Wage Decision of March 1987.... The significance of the March 1987 decision was that it promoted a productivity bargaining element that was based on unions and employers agreeing to minimize costs through the removal of inefficient and restrictive work practices."

Lansbury and Niland (1995, p. 65): "In the National Wage Case Decision of October 1991, the commission further refashioned the principles governing wage policy to encourage enterprise bargaining. This was another major change in the direction of a more decentralized approach to industrial relations.... Currently Australia appears to be in transition from an industrial relations system that was one of the more centralized of the market economies to one of a dualistic character. While the majority of unions and employers remain in the more highly regulated era of arbitrated awards, an increasing minority are moving toward a more decentralized bargaining approach at the enterprise level. According to the federal government, over 720 workplaces and over 30 percent of employees covered by federal awards are now covered by workplace agreements."

OECD (1997, p. 63): "In Australia, the wage bargaining system centralised from 1975 to 1987 and then moved back towards enterprise bargaining."

Archer (1992, especially pp. 396, 409)

Austria

1960-82: 5
1983-2000: 4

Shift to pattern-setting in 1983: consistent with Traxler-Blaschke-Kittel (2001) coding of bargaining coordination mode, and confirmed in personal communication with Bernhard Kittel (6/01). Beginning in 1983 the confederations stopped playing a role in bargaining. The metalworkers union declared independence, and has been the acknowledged pattern setter in most years since then.

Traxler, Blaschke, and Kittel (2000, p. 152): "Austria's move away from intra-associational coordination occurred rather gradually. The year of transition was definitely 1983, when the metalworkers' union proposed that macroeconomic growth and inflation should be the main criteria for wage policy and that the exposed sector be recognized as the pace-setter for the sheltered sector. All the other unions subsequently accepted this concept.

Traxler, Blaschke, and Kittel (2000, p. 171): "In Austria, the sequence of sectoral bargaining is highly habitualized in that metal starts the annual bargaining round in autumn, while the other bargaining units follow in a given order during the rest of the year."

Traxler, Blaschke, and Kittel (2000, p. 152): "Observers often misinterpret Austria as a case of centralized, tripartite wage concertation. This comes from overstating the role of the *Paritätische Kommission* in wage policy. Even in its heyday, the Commission's role was solely procedural and has become symbolic since the early 1980s. Government (albeit represented on the Commission) has in no way interfered in wage policy. During the 1970s, substantive coordination of wages was primarily an internal matter for the OGB and WKO, with the exception of 1973 when a central wage accord was concluded."

Ferner and Hyman (1998, pp. 256-57, by Traxler): "For a long period, coordination across sectors was mainly performed by the Parity Commission and was based on the sectoral bargaining parties' obligation to apply jointly for the Commission's approval before renegotiating agreements. Coordination was aimed at influencing the timing of bargaining rounds; no attempt was made to prescribe their agenda or outcome. Since the early 1980s, the metal industry has played a pace-setting role and Parity Commission coordination has correspondingly declined in importance.... Since the early 1990s, the GMBE has cooperated closely with the GPA, and the two unions have conducted joint negotiations for blue- and white-collar employees in the metal industry. This in turn sets the pattern for the GPA's 'global' agreement for white-collar workers in most of the rest of manufacturing. The agreements negotiated by the GMBE and the GPA (covering around 17 percent of all employees subject to bargaining rights) define the framework for all other bargaining rounds, including the de facto negotiations in the public sector. Pace-setting by the metal industry adopts a macro approach to wage coordination, since the GMBE bases its demands on overall productivity increases rather than the metal industry's (higher) productivity growth."

Golden and Wallerstein (1994, p. 6): "The statutory authority of the main union confederation in Austria, the OGB (Österreichischer Gewerkschaftsbund), exceeds that of any union

confederation in Europe. The OGB is the only union organization in Austria with legal recognition. It is a unitary organization, including both blue-collar and white-collar workers. Although the OGB's membership is divided among what are now 14 affiliates, workers belong directly to the OGB. The national unions are not independent organizations, but OGB subdivisions. Officially, it is the OGB that appoints all union functionaries, including the staff of the affiliated unions, although in practice hiring is done through mutual agreement between the elected leaders of the affiliates and the OGB. Only the OGB has the authority to make binding agreements. Likewise, only the OGB has strike funds, and all strikes require prior approval by the confederation. Nevertheless, the OGB does not participate directly in wage bargaining. Agreements are negotiated by the affiliated unions at the industry or sometimes the regional level. All agreements must be signed by the OGB, effectively giving the OGB veto power. In addition, the commencement of negotiations for a new contract requires the approval of the Subcommittee on Wages of the Parity Commission. A union that wishes to begin bargaining submits its demands to the OGB. The OGB forwards the demands to the Subcommittee on Wages. If none of the four organizations represented on the Subcommittee on Wages — the Chambers of Commerce, Labor and Agriculture and the OGB — objects, permission is given to commence bargaining. If the OGB refuses to bring the demands to the Committee on Wages or if one of the four organizations on the committee does object, the existing contract is prolonged. The final result of bargaining is reported to the Committee on Wages which, in principle, has the authority to reject the agreement and to order the recommencement of bargaining. In practice, settlements that have been accepted by the bargaining partners are never rejected."

Lange, Wallerstein, and Golden (1993, pp. 15-16): "[N]ot much change is apparent in the process of wage setting in Austria since 1970. What may be more interesting, given how often Austria is held up as a 'pure' corporatist system, is the moderate degree of centralization in wage setting and the low level of government involvement displayed by the data reported in Figure 2. Unlike the Nordic countries, there are no peak-level wage negotiations in Austria. Collective agreements are all negotiated at the industry, regional or plant level. However, the unions' initial bargaining demands are discussed by the OGB and the Chamber of Commerce in the Subcommittee on Wages of the Joint Commission prior to the initiation of bargaining. The Joint Commission (composed of representatives of the unions, employers and the government) has the power to refuse to delay bargaining until the two sides have agreed on a new contract. The Austrian case thus represents a system with regular peak-level discussions regarding the appropriate range of wage settlements but without a formal peak-level agreement. Direct government involvement in Austria is low. Although the government has representatives on the Joint Commission (and hence can veto proposals since all decisions must be unanimous), the discussion of wage demands takes place in the Subcommittee on Wages where the government is not represented. All firms are legally required to belong to the Chamber of Commerce, however. Since all members of the Chamber of Commerce are obliged to abide by collective agreements signed by the Chamber, this amounts to an automatic extension of industry-level contracts to all workers in the industry."

Iversen (1999, p. 152): "With a somewhat cumbersome expression, Marin (1983) calls the workings of the Austrian industrial relations system the 'principle of centralism by decentralization.' The core idea underpinning the bargaining process is that by allowing *relative* wages to be determined at the sectoral and firm level, negotiators at the peak

level can focus on the achievement of appropriate adjustments in the economy-wide *level* of wages."

Scharpf (1987, pp. 187-92)

Crouch (1993, pp. 213, 242, 261)

EIRO (1997): "Centralised sectoral bargaining remained dominant."

EIRO (1998): "Centralised sectoral bargaining remained dominant. Metalworking pay agreements in October/November raised minimum pay by 3.7%, and had repercussions for all subsequent agreements. Continued preoccupation with amending pay scales, as automatic increments were reduced or scrapped, with entry pay raised in return."

EIRO (1999): "1999 round remained dominated by sectoral bargaining, with a focus on pay. Settlements were moderate and some agreements included a "distribution" option, allowing companies to award the pay increase more flexibly."

EIRO (2000): "The 2000 bargaining round was conducted, as usual, on a sectoral basis. It resulted in moderate pay increases, with some accords including an option for flexible distribution of parts of the pay rise at company level."

Belgium

1960-75:	4
1976:	5
1977-80:	3
1981-86:	5
1987-93:	4
1994-98:	5
1999-2000:	4

Scores are higher than those of the Golden-Lange-Wallerstein summary index of wage setting centralization for 1960-75 and 1987-93. The central agreements set wage targets, even if those targets had only moral force. Scores in 1976 and 1981-86 differ from the Iversen (1999) and Traxler-Blaschke-Kittel (2001) wage bargaining centralization measures because of government-imposed coordination. The government also imposed wage schedules in 1994-98.

Cassiers, De Ville, and Solar (1996, pp. 188, 193, 195): "Increasing cooperation between employers and unions was consecrated in 'social programming,' another innovation made around 1960. This involved biannual consultations between employers' organizations and trade unions. A national agreement first established norms, often minimal, for changes in wages and other benefits. These norms then guided sectoral and enterprise negotiations. The government was not a formal partner in these negotiations, but it was expected to legislate in accordance with their outcomes.... Rising labour costs put pressure on the system of industrial relations and led the state to assume a more central role in wage determination. From the mid-1970s, employers, particularly those in the open sector, began to press hard for wage moderation and an end to indexation. The system of national collective agreements between employers and trade unions broke down in 1975, leading the government to intervene. Indexation was suspended, as a temporary measure, for nine months in 1976, then promises of wage moderation were exacted from the unions during the next few years.... The persistence of indexation and the importance of social security contributions in labour costs have been centralizing tendencies in Belgian industrial relations, although throughout the 1980s and in the early 1990s it has been extremely difficult to conclude national agreements between employers and unions without government intervention. At the same time, the locus of wage bargaining has tended to become increasingly decentralized: regional and enterprise negotiations have become more important than those at the national and sectoral level."

Hancke (1991, pp. 468-70): "The 1960s were the heyday of this negotiated economy, with the installation of several national intersectoral planning and bargaining agencies which determined the overall rate of economic growth, the path of industrial policy and the level of wages.... In the early 1970s ... the pressure on the industrial relations structures mounted from two sides. Inside the system, the unions changed the type of demands they raised in negotiations. Outside, the 'objective' margins for exchange deteriorated because of the economic crisis.... The watershed year was 1975. Both the number of strikes and of occupations took a sharp upward swing, while unemployment (officially measured) doubled. The relative calm that marked the 1960s clearly was over.... [T]he number of company level agreements has traditionally been rather low. In the late

1970s, however, the number of company agreements increased tremendously, while at the other levels the first signs of exhaustion were noticeable. Nationally concluded agreements dropped from 72 in 1974 to 400 in 1979, while intersectoral wage bargaining between the peak associations stopped almost completely. Even techniques of 'pattern bargaining', in which strongly unionized firms set standards for the entire industry, a useful instrument after sectoral negotiations failed, lost their impact as well. In short, the autonomy of the individual firms in setting working conditions was considerably enhanced, because the existing 'higher level' arrangements lost most of their orienting power. This trend toward company-level bargaining gained even more in importance after 1980. Between 1983 and 1985, for example, more company agreements — covering exactly the same fields as the sectoral negotiations dealt with before — were concluded per year than during the entire preceding decade. Sectoral agreements fell even further to one third of their normal number during the boom of collective bargaining.... The final large new element in the Belgian political economy of the 1980s was the role of government. Its position had been that of a sideline judge, allowing unions and employers to fully use their bargaining freedom. In the late 1970s and even more forcefully during the 1980s, however, government began to set agendas for negotiations, took initiatives toward flexibility and introduced other measures of deregulation into the labor market."

Spineux (1990, pp. 49-50): "With few exceptions, since 1975 all efforts to reach compromise via direct talks at the summit between business and labor have failed. And the same goes for the countless, long-drawn-out tripartite talks (some enlarged, others restricted) called mainly at the initiative of successive incoming cabinets. Convinced that independent collective bargaining was no longer compatible with the economic and financial constraints imposed by the state of the economy, the government did not hesitate to limit or do away with that independent sphere. As early as 1976 the authorities introduced heavy sanctions against workers and employers agreeing on additional benefits.... Government intervention has become so common and so far-reaching that one may reasonably speak of a transformation of the Belgian system of industrial relations. The delegation of power has been withdrawn, and independent collective bargaining has been restrained if not quite done away with. The state sets limits and changes the conventional wage indexation mechanisms; it imposes parafiscal levies on these cost-of-living allowances. It has made draconian restrictions on collective bargaining over real wage levels...."

Spineux (1990, p. 58): "Apart from the key event, namely the loss of collective bargaining independence by business and labour, and the consequent extension of state intervention in this sphere, there was an appreciable shift in the levels at which bargaining was carried on. Major agreements ceased to be reached on the economy-wide level, and the number of *conventions* concluded at the National Labour Council also diminished as a result.... Difficulties have arisen at the industry level as well, for similar reasons. Here too the number of contracts signed has declined.... The trend towards decentralization has thus shifted bargaining towards the regional and company level."

Crouch (1993, p. 211): 1963 — "In Belgium this [national-level bargaining involving peak interest group associations] now took the form of *programmation sociale*, a series of national tripartite agreements on incomes development and a broad range of social policies. These would sometimes be incorporated into legislation."

Crouch (1993, p. 213): 1963 (unions) — "The Belgian situation is far less clear, the Christian and social-democratic unions struggling for dominance of the movement. In the early

1960s and Catholic CSC overtook the FGTB, and because the former union was considerably more centralized, this change in leadership led to an overall upgrading of Belgian labour's centralization level."

Crouch (1993, p. 243): 1975 — "Belgium and the Netherlands form a separate group as articulated but not at all monopolistic. Belgium is more centralized and better articulated than earlier, partly because there was now extensive de facto cooperation between the CSC and the FGTB, and partly because the more centralized Catholic CSC had now clearly overtaken the social democratic FGTB as the majority confederation."

Crouch (1993, p. 266): 1990 — "There was however a distinct relaxation of, or decline from, a previously high level of corporatist relations in Belgium, Denmark, and the Netherlands...."

Ferner and Hyman (1998, p. 335): "One of the subtleties of the Belgian model is that, notwithstanding the key role of central agreements, the sectoral level may be considered to lie at the heart of what we earlier termed the 'real' industrial relations."

Ferner and Hyman (1998, pp. 336-37): "In 1976, the last of the seven central agreements of the series initiated in 1960 expired.... From 1986 the tradition of 2-year central agreements was resumed. In contrast to the agreements of 1960-76, the five 'new-style' central agreements up to 1994 were relatively limited in content, and their impact was largely symbolic."

Not included in Regini (2000) survey.

EIRR (Jan. 1994, pp. 17-21): "Belgian collective bargaining in 1993/94 generally followed the pattern set in recent years: two-year pay and conditions agreements at company and sector level, negotiated immediately after, and within the framework of, a central agreement. Thus the first six months of 1993 saw agreements concluded which followed the broad lines of the accord concluded by the central trade union confederations and employers' organisations on 9 December 1992. The central agreement has only moral force, with member unions, employers' organisations and companies being free to bargain as they wish."

EIRR (April 1994, pp. 17-19): "The royal decree of 24 December 1993 brought to an end six months of discussions on how to boost employment, restore competitiveness and redress the finances of the social security system. The initial attempt to regulate these matters in concert with the 'social partners' through a 'grand social pact' – equal in scale to the 1944 settlement which laid the foundations for postwar industrial relations and social security – ended in failure. The process of failure shook key elements of the Belgian system of industrial relations and the end result, the royal decree, provides for state intervention over the coming years.... The global plan prohibits the award of real pay increases in 1995 and 1996, a move implemented and expanded to cover 1994 by the royal decree. Article 5 of the decree establishes that no real pay increases in any form may be awarded, except in application of collective agreements concluded prior to 15 November 1993. The numerous agreements covering 1994 signed last year will thus still apply, but no new pay bargaining covering this year may occur, and no individual pay awards will be permitted."

EIRR (April 1995, pp. 16-20): "The [Government's Global] plan was issued unilaterally at the end of 1993, following the failure of the Government's efforts to conclude a tripartite central accord on pay moderation and employment. The main points of the plan were: (1) a ban on increases in real pay over the period 1994-1996, plus an amendment to the prices index used for automatic pay indexation, effectively cutting pay growth by 1.8%;

(2) a framework for the negotiation at company level of 'employment plans' aimed at redistributing work, with social security contribution rebates for employers in respect of new employees taken on as a result of such plans; (3) substantial cuts in employers' social security contributions in respect of lower-paid workers. The global plan went against several of the key traditional elements of Belgian industrial relations, in that it severely limited collective bargaining autonomy and favoured company- rather than industry-level bargaining."

EIRR (April 1995, pp. 16-20): "The private sector central agreement for 1995 and 1996 was concluded on 7 December 1994. The signatories on the employers' side were the main FEB/VBO confederation, NCMV and UCM for independent and smaller employers, and the association of agricultural employers' organisations. On the trade union side, the signatories were the three main confederations: the Christian-oriented CSC/ACV, the Socialist-oriented FGTB/ABVV and the Liberal CGSLB/ACLV. Aside from interruptions in periods of economic crisis, central agreements have been regularly concluded in Belgium since 1960. Every two years, these central bipartite accords shape the agenda for industrial relations and social policy and, as such, they are seen as a focal point of the Belgian system, with substantial political importance.... However, the regulatory powers of the central union confederations and employers' organisations are limited. Central agreements provide only a general framework containing recommendations for lower-level collective bargaining, and not a binding set of requirements to be observed, while the limited powers of the central organisations hamper the 'upwards harmonisation' effect for weaker sectors."

EIRR (April 1995, pp. 16-20): "The agreement may prefigure a new type of industrial relations, being almost exclusively a framework text, setting out procedures for lower-level talks, but making few concrete provisions. This, it has been suggested, may be the only kind of central agreement which is possible now, reflecting the weakness of central national organisations on both sides."

EIRR (Oct. 1996, pp. 16-18): "On 1 February the Belgian Government launched a new initiative to reduce unemployment and achieve pay moderation. The 'employment contract for the future' was to be based on tripartite discussions with the social partners and planned to take effect from the end of 1996. After two months of negotiations the representatives of the unions, the employers and the Government produced a draft agreement.... However, the draft contract foundered when the Socialist-oriented trade union confederation FGTB/ABVV failed to ratify its provisions. In the face of this the Government decided to implement the accord by means of legislation.... The reform of the wage bargaining system has four main elements: (1) its most innovative feature will be its reliance on the outcome of wage negotiations in Belgium's main trading partners – France, Germany and the Netherlands. For the first time, the maximum annual wage increase in Belgium will be linked to the average pay rises in the three neighboring economies; (2) the centralised basis of the new wage system will ensure that a national pay level, which anticipates wage developments in the three states, will be identified and agreed upon as an upper limit for pay increases; (3) the minimum level of wage increase will be indexed to the Belgian rate of inflation; (4) the outcome of the negotiations will be a wage agreement covering a two-year period."

EIRR (Oct. 1996, pp. 16-18): "The introduction of the new wage system represents a real departure. In the past, Belgian wage policy was pursued mainly at the sector level with unions and employers enjoying autonomy."

EIRR (Feb. 1999, pp. 19-21): "A new national intersectoral agreement, aimed at boosting employment and maintaining Belgium's competitive edge in relation to its neighbors, was concluded on 16 November 1998. *The deal creates a framework for sector- and*

company-level negotiations on pay and employment issues for the period 1999-2000 and is only the second agreement of its kind. This type of centralised setting of bargaining parameters was first introduced in July 1996 under legislation designed to reform pay determination and create employment. Negotiations for the first national intersectoral agreement collapsed owing to disagreement between the social partners on setting the ceiling for pay growth – the 'wage margin' – thus forcing the Government to step in and impose a wage margin of 6.1% for the period 1997-1998. The new agreement is the fruit of negotiations that began on 7 October 1998 and were concluded under the threat of further government intervention. However, government mediation was not necessary as the social partners compromised by setting a 'flexible' wage margin. The wage margin is the most important feature of the national intersectoral agreement and, at 5.9%, represents the maximum level for pay growth during 1999 and 2000. The 5.9% ceiling was set on the recommendation of the bipartite Central Council for the Economy which believes that if pay bargaining respects this limit, it will ensure that pay growth in Belgium does not exceed that in Belgium's neighbors – France, Germany and the Netherlands. By shadowing the pay developments in these countries, the Government believes that Belgian companies will be able to maintain their competitive edge. Although the social partners have stressed their commitment to respecting the 5.9% wage margin, they have also introduced an element of flexibility, in contrast to the compulsory wage margin set in 1997-1998. Rather than this being a binding provision, national-level employers and unions will ask sector- and company-level bargaining partners to adhere to the new wage margin, so room has been left for high-performing sectors and companies to award pay increases in excess of the 5.9% ceiling. This is in response to complaints that the previous compulsory wage ceiling did not take into account the diversity of economic performance across different sectors."

EIRR (Feb. 1999, pp. 19-21): The agreement also includes a pledge by the government to allocate BFr108 billion over the period 1999-20004 to reduce labor costs (presumably by offering subsidies to firms), to study so-called "unemployment traps," to improve the integration of people with disabilities, to study the impact of a longer redundancy notice period for blue-collar workers, to negotiate a national collective agreement on the prevention of stress at the workplace, and to fine-tune social security regulations on part-time work.

EIRO (1997): "Failure of intersectoral negotiations to reach an agreement led to the Government laying down basic standards for sector- and firm-level agreements. In the absence of an intersectoral accord, sectoral bargaining — rather than company-level bargaining, as the unions had feared — gained in importance and agreements were concluded in all key sectors. Maximum nominal wage increases set by the Government at 6.1% for the two-year period, 1997-98."

EIRO (1998): "Negotiation of two-year intersectoral agreements resumed with conclusion of deal for 1999-2000. Intersectoral accords on specific issues covered issues such as the euro and the admission of voluntary sector representatives to the Central Economic Council. At sectoral level, year saw continued application of 1997-8 agreements. Wage increases remained within 6.1% margin set for for 1997-8. Actual rise in 1998 remained under 1.5%, but in some sectors with a high demand for labour (eg chemicals) settlements exceeded authorised margin. Social partners agreed on maximum 5.9% pay increase for 1999-2000, which was taken into account in new intersectoral agreement for this period."

EIRO (1999): "Bargaining in 1999 was dominated by sectoral-level accords, within the framework of the two-year intersectoral agreement covering 1999 and 2000."

EIRO (2000): "2000 was dominated by the conclusion and implementation of sectoral and company-level agreements negotiated within the framework of the 1999-2000 intersectoral accord. A new two-year intersectoral deal for 2001-2 was concluded at the end of 2000."

Canada

1960-75: 1
1976-78: 5
1979-2000: 1

Scores essentially track those of the Golden-Lange-Wallerstein (1997) summary index of wage setting centralization. Scores in 1976-78 differ from the Iversen (1999) and Traxler-Blaschke-Kittel (2001) wage bargaining centralization measures because of government-imposed wage freeze.

Meltz and Verma (1995, p. 92): "In practice, the legal framework has created a decentralized system in which the vast majority of contracts are negotiated at the plant level especially in the private sector."

Meltz and Verma (1995, p. 96): "The dominant form of collective bargaining in Canada is between local unions and management in a single establishment. There has been some pattern bargaining in a few industries, such as automobile assembly, steel, meat packing, an pulp and paper, but recently there has been a weakening of pattern bargaining especially in the meat-packing industry."

Grant (1989, pp. 78-79): "All three countries [Canada, the U.K., and the U.S.] have relatively decentralized union movements (compared with countries such as Austria and Sweden), with ideological and craft-general union divisions, and an unwillingness to delegate authority to the central union organization."

Denmark

1960—80:	5
1981-84:	3
1985—86:	5
1987-97:	3
1998-99:	5
2000:	3

No central bargaining since 1980. Sectoral bargaining occurs at two-year intervals, setting minimum pay rates. It is characterized by fairly extensive and regularized pattern-setting, along with a peace obligation for sectoral-level agreements. In this respect the system is not unlike that in Germany. However, the determination of actual wages is left to firm-level bargaining, which occurs each year. Thus, in most years since 1980 Denmark gets scored a 3. In 1985-86 and 1998-99 the government imposed a wage schedule.

Regini (2000, table A-3): "Gradual decentralization since the 1980s, first to the industry level and then to the company level. Increasingly, industry contracts only set minimum pay levels, rather than overall ones, assigning a key role to company-level and individual bargaining (in the private sector, the latter system applies to fully 48 percent of employees) without mechanisms for coordination apart from the traditional informal ones." Regini classifies it (with France and the United Kingdom) as a case of "decentralization without greater central coordination."

Schwartz (2001, pp. 141-42): "Due, Madsen, Jensen, and Petersen (1994) argue that Danish collective-bargaining arrangements experience simultaneous decentralization and centralization after 1989. Centralized negotiations among a small number of new 'cartels' set broad frameworks in which specific local negotiations over wages and conditions could then occur. The new cartels simultaneously moved power in wage negotiations downward from union and employer confederations and upward from stewards and firms.

"Prior to these changes, Danish collective bargaining generated two different kinds of contracts. Centrally bargained standard wage contracts set industry-wide, essentially nonnegotiable wage increases and conditions. Minimum wage contracts set a floor beneath second tier, locally controlled, plant-level bargaining. From 1983 on, employer associations and some unions introduced a third variation into this system by creating minimum-pay contracts in which central negotiations simply set a floor beneath wages and conditions within five large sectoral groupings, but then all increases were bargained locally at the plant level. Organizationally distinct, sector-specific bargaining cartels emerged on each side around these minimum pay contracts."

Ferner and Hyman (1998, p. 163): "Although the 1987 negotiations were ostensibly decentralized (within the general LO-DA framework), the CO Metal-JA settlement was virtually 'carbon copied' by the other bargaining units. This highlights several important aspects of Danish collective bargaining. First, it is highly synchronized. It takes place every second year, over a relatively limited period of time, roughly from December until March. Thus for the rest of the 2-year period, agreements are implemented, not

bargained over. There may of course be local adjustments, but such bargaining takes place under the peace obligation. Second, some unions (and employers) seem to be able to 'set the pace' and establish the pattern for increases in pay, reductions in working hours and so on for all employees, private or public. No substantial differences in bargaining outcomes between sectors are normally tolerated, even though trends in actual earnings may be quite different from pay rates agreed upon in collective bargaining. So not only do employers outside DA follow agreements and pay levels agreed upon by LO and DA or their members, but the results of decentralized bargaining are also standardized. When one talks of decentralized solutions in Danish collective bargaining it is decentralization of processes rather than of outcomes."

Ferner and Hyman (1998, p. 164): "Traditionally, pay bargaining in Denmark has taken place under two types of system, one centralized, the other more decentralized. Under the first, the so-called 'normal pay system,' pay and conditions are basically bargained over at the sectoral level, i.e. between national unions and sectoral employers' associations. Pay scales are based on level, qualifications and length of service. Wages and salaries established in sectoral bargaining cannot be supplemented through local pay bargaining. This system is prevalent in the finance sector, transport (for manual workers) and of course for the public sector, where it reigns supreme. The role of the shop steward in such sectors is largely to monitor adherence to established agreements. Under the second system, the so-called 'minimum pay system,' only minimum pay levels are regulated through sectoral bargaining. Actual pay levels are settled by local pay bargaining at workplace level. Local negotiations take place every year (following the conclusion of the sectoral bargaining round in years in which there are sectoral negotiations). Bargaining may be for all manual employees together, or group by group. Workers have no right to strike over local pay bargaining issues, but it is not unusual for minor strikes to occur."

Amoroso (1990, p. 89): "Up to the 1980s the two main features of the Danish system of collective bargaining were the centralized bargaining form and the free bargaining right of the organizations. The centralized bargaining form implies that the labour market organizations organize, negotiate and coordinate the entire process with the help and participation of the different unions involved. After having collected the proposals elaborated from the respective member organizations, the LO and DA normally agreed on the timetable and the agenda for the negotiations. For many decades it was a tradition that LO and DA negotiate on all the 'general' proposals (wages, working hours, holidays, and so on), while the respective branch organizations negotiate on 'special' proposals. Since 1981 this system has been changed. The collective bargaining process has become decentralized, the member organizations negotiating all the bargaining demands, both the 'general' and the 'special'. A revival in centralized negotiations took place in 1985, but it ended in a bargaining collapse and in the government intervention already mentioned."

Lange, Wallerstein, and Golden (1993, pp. 16-17): "Denmark represents the clearest case of declining centralization in wage setting among our six countries. Even here, however, the situation has fluctuated considerably, as the data reported in Figure 3 demonstrate. Between 1975 and 1980, industry-level wage increases were determined by Parliament. In 1981, the pattern changed and bargaining took place largely at the industry level. The LO and the peak association representing Danish employers, the DA, imposed settlements in a few smaller industries where the two sides could not come to an agreement. In 1982, however, a return to centralization occurred as the government

imposed a general wage freeze. In 1983-84, some industries settled separately, but most were referred by the LO and DA to the State Mediator, whose proposal was accepted in a centralized ballot. In 1985-86, Parliament prolonged all contracts when peak-level negotiations reached an impasse. Since 1987, these fluctuations have ceased and wages in Denmark have been set exclusively in industry-level bargaining. In 1987 and again in 1989, contracts were linked by the State Mediator such that the ratification vote was centralized. This feature did not recur in 1991-92.... A central feature of Danish wage setting is the close correspondence between centralization and government intervention. From 1973 through 1979, wages were determined by Parliament. In most years from 1979 through 1990, wage agreements were negotiated at the industry level but the ratification process was centralized by the State Mediator. In those years when the government has not intervened, the unions have bargained separately. Indeed, the unions and employers in the metalworking sector have agreed, as of 1993, to decentralize further and allow unrestricted bargaining at the plant and company level. The Danish case since 1973 is thus one of no central wage determination without government participation in the process."

Crouch (1993, p. 243): By the mid 1970s, "Denmark seemed to be leaving the scope of the 'Scandinavian model' of unionism, internal decentralization combining with loss of monopoly consequent on the rise of professional and white-collar unions and the decline of the exposed sector." See also Crouch (1993, pp. 213, 234, 243, 266).

See also Scheuer (1992, Table 5.12, p. 190).

EIRR (Nov. 1995, pp. 24-27): "Much more common than the normal pay system is the 'minimum pay system', whereby the sectoral agreement sets out only minimum rates, with scope for additional local bargaining during the life of the agreement."

EIRR (Nov. 1995, pp. 24-27): "Over the past 50 years, collective bargaining in Denmark has occurred at two-yearly intervals (the only exceptions being 1958-61 and 1987-91)."

EIRR (Nov. 1995, pp. 24-27): "Since the beginning of this century, the most important parties in collective bargaining in Denmark have been the LO trade union confederation and the DA employers' confederation. The other main organisations on the trade union and employer side have almost invariably followed the contents of LO-DA agreements. On the union side, the other main bargaining parties are the Joint Council of Civil Servants and Salaried Employees' Unions, FTF, and the Confederation of Professional Associations, AC, while on the employers' side they are the Union of Agricultural Employers, SALA, and those employers which bargain individually. Since the early 1980s, the central organisations have been increasingly losing influence as bargaining has become decentralised to the sector level. This process has accelerated in the 1990s, due to: (1) radical changes in the structure of DA, where collective bargaining is now the responsibility of the member organisations, within five groups — manufacturing, printing, construction, retail and wholesale. Manufacturing, represented by the DI organisation, is by far the largest and most powerful. DA does not participate directly in bargaining, taking a coordinating role, but it must approve any agreements signed by member organisations. In practice, this means that DI effectively controls DA, as it represents 51.7% of the total paybill of DA's member companies (the next largest organisation is AHTS, the Federation of Employers for Trade, Transport and Services, with 7.9%); (2) sectoral agreements have increasingly tended to become 'framework agreements', leaving detailed matters, such as pay structures and systems, to be decided at company level. Trade unions have arguably been unable to influence greatly the changes

in the structure of bargaining, have rather been forced to follow the direction taken by DA. In organisational terms, unions have been unable to create a clear new structure, instead forming a number of 'cartels,' almost solely for bargaining purposes."

EIRR (Nov. 1995, pp. 24-27): "While bargaining is becoming increasingly decentralised, Denmark's conciliation system remains highly centralised. If the bargaining parties are unable to reach a new agreement, they normally send one another a warning that an industrial conflict will start at the expiry of the existing agreement. At this stage, the Official Conciliator, appointed by the Government according to the Official Conciliators Act, may be involved, either at the invitation of the parties or at the initiative of the Conciliator. The Conciliator may chair and supervise further bargaining, and may postpone conflict twice for two-week periods. If there is no sign of a compromise, the Conciliator may then draw up a proposal for an agreement, and send it to the parties for their approval.... If the Conciliation process fails – where the Conciliator makes no proposal or the proposal is rejected – the final possibility of avoiding conflict is direct political intervention by Parliament (as occurred between 1975 and 1979 and again in 1985). This is considered legitimate only if crucial social interests are threatened, either by a general dispute or by conflict in a sensitive area such as the police or communications. This intervention takes the form either of a prolongation of existing agreements, or the adoption of the Conciliator's proposal as an Act of Parliament."

EIRR (July 1998, pp. 31-33): "The collective agreement in the manufacturing sector has traditionally set the standard for other sectors of the economy."

EIRR (Nov. 1995, pp. 24-27): In the 1995 bargaining round several agreements were reached before those in manufacturing, contrary to the usual order. The employers' confederation, DA, rejected these agreements, largely because it is dominated by the manufacturers' association, DI, which wanted manufacturing to retain its role as pattern-setter. Eventually an agreement was reached in manufacturing — a 3-year agreement instead of the normal 2-year agreement. "For DI, the three-year deal secures an extra year of moderate pay rises, and may influence the level of increases in other sectors in 1997's bargaining. The disadvantage is that for the first time in many years, the main collective agreements in the DA-LO area will now expire at different times, and there is a possibility that annual bargaining may become the norm after 1997."

EIRR (July 1998, pp. 31-33): Bargaining in early 1998 to replace the three-year collective agreements concluded in 1995 was unusually intense and conflictual, with the manufacturing employers' association, DI, claiming that there should be no wage increase at all. Deals were finally reached first in manufacturing and then in other sectors (transport, construction, hotels and restaurants, other service sectors, etc.), but they were unexpectedly rejected by union membership, leading to a general strike (the biggest industrial conflict in Denmark in 13 years) beginning 27 April. The two main national confederations, LO and DA, began to negotiate but could not reach agreement. "During the bargaining process, the Government had refused to intervene and had urged the social partners to find a solution. However, when the negotiations [between LO and DA] ended in deadlock, the Government took swift action to end the strike by devising a deal to impose on the social partners. Once drawn up, the provisions of the deal were enshrined in legislation which was adopted by parliament on 7 May and took effect the following day.... The Government is seen to have retained a neutral position by increasing leave — which had widespread public and union support – while ensuring a noninflationary settlement."

- EIRO (1997): "Centralised, sector-level, multiannual collective bargaining remained the rule. In the private sector, much debate in the bargaining round focused on the duration of agreements, but the outcome was a series of unsynchronised one-, two-, and three-year agreements. In the public sector a two-year collective agreement was reached, providing for some decentralisation of pay-setting."
- EIRO (1998): "1998 saw sectoral bargaining in main DA/LO bargaining area. This broke down, leading to 11-day strike involving 500,000 workers and then government intervention. Settlement imposed by government for whole DA/LO area went beyond the areas of agreement achieved in negotiations. Subsequent local pay bargaining led to significant increases. Government's private sector intervention expected to have substantial impact in bargaining in other areas in 1999. Annual wage and salary increases reached 4.6% at end of year. With inflation under 2%, this meant significant increases in real earnings. Pay increases higher than in competitor countries, raising fears about Danish competitiveness. High increases widely attributed to results of government intervention to settle widespread private sector strike in spring 1998."
- EIRO (1999): "Bargaining in 1999 took place in the public sector, the finance sector and the agriculture and forestry sector. The public sector and agriculture/forestry agreements provided for a three-day extension of annual holiday entitlement. Bargaining generally passed off peacefully, in contrast to the widespread strike and imposed settlement in the main DA/LO private sector bargaining area in 1998."
- EIRO (2000): "In Denmark, bargaining occurred in the influential private sector area represented by the Danish Confederation of Trade Unions (Landsorganisationen i Danmark, LO) and the Danish Employers' Confederation (Dansk Arbejdsgiverforening, DA), covering some 637,000 employees. The bargaining process went smoothly, resulting in the conclusion of four-year agreements, in contrast to the usual two-year accords. The lengthening of the duration of the agreements was significant and aimed at ensuring stability and industrial peace in the medium term. Bargaining in this area was carried out in the context of a DA/LO framework "climate agreement" concluded in late 1999, which aimed to ensure a calm negotiating process and to dampen expectations so that wage increases would not be too high in relation to Denmark's main trading partners."

Finland

1960:	3
1961-62:	5
1963:	3
1964-67:	5
1968-72:	4
1973:	3
1974-79:	4
1980:	3
1981-82:	4
1983:	3
1984-87:	4
1988-89:	3
1990-92:	4
1993-94:	3
1995-99:	4
2000:	3

Regular central bargaining, only occasionally dispensed with. But that bargaining is not binding: SAK-member unions must ratify the agreements, and there is no peace obligation. Scores essentially track those of the Golden-Lange-Wallerstein (1997) summary index of wage setting centralization.

Lange, Wallerstein, and Golden (1993, pp. 17-18): "The level of centralization of wage setting in Finland has fluctuated during the last two decades, but without any noticeable long-term trend, as the data displayed in Figure 4 show. Since 1968, wage bargaining in Finland has been characterized by tripartite negotiations between the SAK, the employers' confederation, the Suomen Työantajain Keskusliitto (STK), and the government. Wage settlements have been regularly linked to changes in tax and social policies. In most years since 1968, the SAK and STK have negotiated a central agreement. These central agreements are not binding, however. The industry-level bargaining that follows is not covered by an industrial peace clause. Strikes, in fact, occur frequently in the subsequent industry negotiations. Since the end of the 1970s, it has become routine for one or more affiliates to negotiate contracts with wage increases above the level specified in the central agreement. Moreover, in 1973, 1977, 1980, 1983 and 1988-89, the SAK and STK failed to agree. In those years industry-level bargaining proceeded without centrally negotiated guidelines. The government has rarely used its powers to impose wage settlements on the unions and employers in spite of the government's regular participation in tripartite bargaining. Exceptions occurred in 1968-70 and 1978. In 1968-70, the government enacted emergency legislation giving it the power to regulate wages and prices. In 1978, the government requested the SAK to defer a previously agreed upon wage increase. When the SAK agreed, the government acted to require a similar deferment by the confederation of white-collar workers, the TVK, and the confederation of supervisors, the STTK. Nothing about developments in Finland suggests that it is undergoing a substantial decentralization of its wage setting practices. Finland's version of centralized but non-binding bargaining appears to have operated without much change since 1968."

- Ferner and Hyman (1998, p. 174): "Both employer and union confederations negotiate deals with the government, a tradition established in 1968, with some earlier precedents. Initially, the main partners in centralized agreements were STK for the employers and SAK from the union side. But since the mid-1970s, the other confederations have become officially incorporated into the centralized system of negotiations. Since 1968 there have been six bargaining rounds (in 1973, 1977, 1982, 1988, 1994, 1995) which have failed to reach a centrally agreed contract or guidelines. In practice, however, centralized confederal agreements have become diluted. For instance, contracts made are not binding on the member unions of SAK, which have two weeks in which to accept or reject the agreement. In the course of every bargaining round a number of unions withdraw to try to get a better agreement at industry level. In many cases this is possible only by resorting to strike action. The peaks in the statistics for days lost in strikes are due to unions breaking away from the centralized agreements."
- Crouch (1993, p. 212): 1960s — "In Finland, government control of incomes development was relaxed in 1956, but instead of the hoped-for transition to a centralized Scandinavian model, the system shifted to one of intensive and conflictual bargaining. Until the late 1960s political conflict divided the labour movement in ways that were not conducive to central coordination, though governments did continue their efforts to encourage cooperative behaviour through extensive consultation of interest groups."
- Crouch (1993, p. 240): 1970s — "Finnish government, faced with a high level of industrial conflict, had been trying for several years to initiate a national policy of this kind, but had been held back by divisions in the labour movement that made union cooperation impossible to achieve. Soon after these divisions were at least formally healed, in 1968, the government launched its incomes-policy initiatives. While these were designed to induce cooperation and were, as the 1970s developed, accompanied by the familiar multiplication of mechanisms for tripartite cooperation, there was much recourse to statutory intervention. Finland was clearly trying to learn from its Nordic neighbors, but was doing so in the difficult years of the 1970s when the Scandinavian systems themselves were showing signs of stress."
- Crouch (1993, p. 243): 1970s (unions) — "There had been far-reaching changes in Finland, with the ending of interconfederal rivalry, though conflicts between communists and social democrats within the unions still cause it to be ranked below [countries such as Austria, Sweden, Norway, Germany, Netherlands, Belgium, Switzerland]."
- Crouch (1993, p. 261): 1980s — Finland grouped with Austria, Norway, and Sweden as a "full GPE" country. It is "the only one of the 1975 'aspiring neo-corporatists' to have continued with the full elaboration of institutions typical of GPE systems."
- EIRR (Jan. 1994, p. 6): "The autumn collective bargaining round has brought a breakthrough in moves towards a decentralisation of the bargaining system in Finland. Since 1968 bargaining has been conducted within the framework of recommendation agreed at central level. This time, however, the employers have realised their long-held aim of dispensing with economy-wide negotiations. The previous agreements expired on 31 October 1993 in almost all sectors of the economy.... When negotiations resumed in the early autumn, the union demanded a new central agreement. The employers, however, resisted this, pointing to the considerable differences in economic performance across the various sectors, with fairly rapid growth in the export-led industries, a sustained slump in domestic-oriented manufacturing and services and a huge financial deficit in

the public sectors. They stressed the need for negotiations to be conducted at the level of the individual sectors in order to take into account their specific circumstances."

- EIRR (Oct. 1995, p. 5): "A draft centralised incomes policy agreement was concluded on 10 September [1995] by trade unions, employers' confederations and the state. This may signal a return to centralised bargaining after a period of sectoral negotiations. Employers' organisations had resisted the reintroduction of a centralised agreement, but in the end recognised that the contents of a deal were more important than its form.... The main points of the agreement, which is set to run for a record 28 months until 31 January 1998, are as follows: from 1 November 1995, a general pay increased of 1.8%, with a minimum increase of 1.05 mk an hour or 180 mk a month; from 1 October 1996, a general pay increase of 1.3%, or 0.65 mk an hour or 110 mk a month, in addition to a special increase of up to a maximum of 0.8% for lower-paid employees; an indexation clause under which wages will increase, on 1 October 1996, if inflation exceeds 3% over the 12 months to July 1996; These provisions are to be implemented partly through sectoral collective agreement, and partly by legislation. The agreement, which covers both the public and private sectors, must be ratified at sectoral level in order to become valid [it was ratified]."
- EIRR (Jan. 1998, p. 5): "A new national collective agreement was successfully negotiated at the end of November 1997 between the Government, trade unions SAK, STTK and AVAKA, and the employers' organisation TT. It contains relatively moderate pay increases, but ones which are designed to benefit low-paid workers.... The deal runs from 1 January 1998 to 15 January 2000 and provides for a mixture of percentage and fixed amount pay increases. Its main provisions are as follows: a 1.6% increase from 1 January 1998, with a floor of Fmk0.85 an hour or Fmk142 a month for those earning less than Fmk8,870 a month; an identical increase on 1 January 1999; a revision clause, triggered if inflation increases by more than 3% during the period December 1997 to October 1998...."
- EIRR (Feb. 1998, pp. 27-29): "In return for what is perceived as an agreement providing for moderate pay increases, the Government is offering a variety of reductions in social security contributions and income tax."
- EIRR (Feb. 2000, pp. 24-26): "Finnish collective bargaining over the past four years has been dominated by the existence of two national-level incomes policies, negotiated between trade union, employer and government representatives. The first ran from 1 November 1995 to 31 January 1998, providing for increases of 1.8% on 1 November 1995 and 1.3% on 1 October 1996. This was replaced by a further two-year agreement, which was negotiated in November 1997, and which covered 1998 and 1999. This accord provided for a 6.5% increase in purchasing power, a rise which was significant and in turn served to increase domestic consumption considerably.... This time, however, a total of 10 SAK-affiliated unions, representing some 250,000 workers, equal to around a quarter of SAK's total membership, declared themselves in the autumn of 1999 to be in favour of sectoral rather than national talks. Although the SAK leadership was in favour of national talks, it could not fly in the face of the opinion of such a large number of its member unions. Therefore, although the other social partners were willing to negotiate a national agreement, it became clear that, without the participation of the SAK, there was no practical basis for a new national accord.... The main architect of the breakdown of national bargaining is seen as the influential paperworkers' union.... It essentially argued that a decentralised, sectoral agreement would allow the paper sector more scope to deal with problems which are specific to that sector.... The general mood in Finland at the moment appears to be that the sectoral bargaining which is now taking place need not be a disaster for the country's economy and industry. There is also a feeling that

union demands for high pay increases are partly rhetorical. Certainly, the increases seen so far in the metalworking and construction industries have been widely interpreted as within the limits which will allow the Finnish economy and its industry to remain competitive. The metalworking sector settlement in particular is seen as pace-setting, with pay increases which will set a target for other sectors and it is hoped that settlement in other sectors will now flow from this deal."

EIRO (1997): "A central, intersectoral two-year (January 1998 – January 2000) incomes policy agreement was concluded in December, covering 98% of wage earners. There was some development towards more local agreements."

EIRO (1998): "Central intersectoral incomes policy agreement in force, covering 98% of workforce. Bargaining increasingly decentralised to company level, especially on working time. Government extended opportunities for conclusion of local-level agreements to cover employers not organised in employers' organisations. Research programme into local-level bargaining, agreed as part of incomes policy agreement, launched in 1998, with results to feed into next round of negotiations."

EIRO (1999): "The two-year central incomes policy agreement, covering 1998 and 1999, remained in force during 1999. Under this agreement, a number of small working groups had been set up to examine areas such as working time, equal opportunities and local bargaining. These groups continued their work during the year."

EIRO (2000): "Collective bargaining in Finland was, in spring 2000, conducted at sectoral level following the breakdown of negotiations for a central incomes policy agreement in autumn 1999. Bargaining progressed smoothly in a majority of sectors, with average pay increases of 3.1% negotiated for 2000. However, some difficulties were experienced in a number of key industries, such as paper, where strikes were staged. Following the 2000 sectoral round, negotiations restarted late in the year over a further centralised incomes policy agreement, resulting in the conclusion of a new central agreement on 15 December."

France

1960: 4
1961-2000: 2

France has industry- and firm-level bargaining that is largely uncoordinated. Yet the influence of the public sector and the continuously-upgraded minimum yield a kind of quasi-pattern-setting.

Soskice (1990, p. 47): "The French system of coordination is unlike any other country in our sample. It has operated in the 1980s as a result of government determination to hold down the pace of wage inflation, together with the weight of the public sector in the 1980s in the wage-setting process and with the collapse of union opposition. The nationalized industry sector has dominated the economy and the wage-setting process, since the French government nationalized some of the most important companies in the economy in 1981-82. Thus the coordination has been government run, or at least strongly government influenced. It works because of the great weight which the public sector has had in the crucial areas of French industry in the 1980s. It operated initially and formally with increasingly reluctant union support, while the Communist Party was part of the governmental coalition until 1984. From then, as unemployment rose, it was maintained informally and tacitly and tightened despite union opposition. This was made possible for two reasons: first, in general the insider problem is less severe in France than elsewhere because of a more hierarchical structure of work organization and promotion which limits the possibility for collective action within companies. Second, and specific to the mid-1980s on: the French union movement has been collapsing, mainly because the largest union, the communist CGT, has been pulled down by the collapse of the Communist Party; and because traditionally antiunion French employers have had no incentive to build up the other non-communist unions in its place."

Traxler, Blaschke, and Kittel (2000, p. 115): "In France, the predominant level [of wage bargaining] is most adequately described as a combination of the meso- and micro-level. On the one hand, sectoral bargaining has a notable impact, particularly on the upgrading of low-paid workers. On the other, many sectors simply echo the level of pay set by minimum wage legislation."

Bazen (2000, pp. 131-32): "In France the minimum wage is set at a much higher level relative to average earnings [than in the U.K.], has risen constantly in real terms since the 1960s, is indexed on prices and partially on earnings, and affects all workers. What makes the French minimum wage system particularly interesting ... is that, once the minimum wage is increased, it cannot be reduced in real terms. In other words, any increase is locked in and it would require a major change of legislation simply in order to freeze the minimum wage.... This is because the legislation introduced in 1970 (which modified the original minimum wage legislation of 1950) requires that: (a) the minimum wage be increased fully in line with prices every time the monthly retail price index rises by 2 percent since the last uprating, so that in times of high inflation there may be five or six rises a year; (b) the minimum wage must be increased by at least half the growth of real average manual workers'earnings (as measured by a monthly earnings index) from the twelve months up to 1 July of each year.

"Therefore, if the minimum indexation requirements are observed, the minimum wage will rise fully in line with inflation and to some extent in line with real earnings growth. In relative terms, the minimum wage will decline as a proportion of average earnings (being only partially indexed on manual workers' earnings). In fact, the minimum wage increased relative to average earnings after 1970, fell back slightly in relative terms over the latter half of the 1980s, and stabilized during the 1990s. These types of movement occur because the minimum wage can also be increased on a discretionary basis and such increases have been the rule rather than the exception. In the period 1970-80 [?], discretionary increases were implemented in every year except for 1986-8 and 1993-5."

Ferner and Hyman (1998, p. 379): "The Popular Front's 1936 law established an enduring framework of bargaining based on the primacy of the industrial sector level. The law also established the extension procedure under which the Ministry of Labour may make a collective agreement binding on all employers in a given industry, regardless of their membership of employers' associations. Industry-level bargaining suited weak unions, since it maximized the proportion of the workforce covered by agreements and promoted equality of treatment across companies. It also appealed to employers in establishing only minimum industry standards, leaving individual enterprises considerable autonomy in setting terms and conditions and allowed them to marginalize union workplace organization. Following the social and political unrest of 1968, new legislation strengthened the role of multi-industry bargaining, leading to innovative agreements on issues such as job security, vocational training and redundancy provisions. The plant level was highlighted by measures to strengthen union workplace representation and to give union delegates a bargaining function, and the 1970s witnessed the rise of plant-level agreements. These tendencies were consolidated by the major wave of legislation enacted by the socialist government in the early 1980s, known collectively as the Auroux laws. These embodied the government's efforts to reform workplace relations and to provide employees with real 'citizenship within the firm.' The Auroux laws were intended to foster a mutual learning process within the enterprise, with employers becoming more aware of their social employment responsibilities and unions more attentive to the firm's economic constraints. One of the key provisions was the imposition on employers of the obligation to bargain annually with company-level unions on pay and working time. Following the Auroux laws, the volume of plant-level agreements increased sharply, a reflection also of changing employer strategies and their pursuit of improved productivity, quality and flexibility. As a result of this evolution, the French collective bargaining system is now structured around the three levels of multi-industry, industry and company bargaining. At multi-industry level agreements are concluded between central employers and trade union organizations. These agreements are not directly binding but set the framework within which industry and company bargaining can take place. In the late 1980s, CNPF and some unions (especially CFTD) favoured the development of a consensual approach to the modernization of French enterprises by means of a series of multi-industry 'orientation agreements,' intended to encourage bargaining at sectoral and company levels on issues linked to the modernization of companies and various forms of labour flexibility. At industry level, there is a statutory obligation (under the Auroux laws) to negotiate annually on minimum rates of pay, although with no obligation to reach agreement. The parties at industry level are also obliged by statute to review job classification systems every five years. At company level, as mentioned, employers are required to negotiate (although not to conclude agreements) annually with union representatives on pay and working time issues."

Golden and Wallerstein (1994, pp. 9-10): "French trade unionism is ideologically divided among competing confederations: the CGT (Confederation Generale du Travail), the CFDT (Confederation Francaise Democratique du Travail), the CGT-FO (Confederation Generale du Travail-Force Ouvriere), and the CFTC (Confederation Francaise des Travailleurs Chretiens) are the major organizations. The basic ideological division is between communists and socialists, on the one hand, and active Christians, on the other. The postwar CGT has been closely affiliated with the French Communist Party, so much so that in 1947 the CGT-FO split from the CGT over the latter's proximity to the party. The CFTC split from the CFDT in 1963, when the latter (originally names the CFTC itself) dropped its Christian references and changed its name. Ideological competition among the confederations has often been quite severe. French confederations have been notoriously weak in their authority over lower levels. The CFDT and the FO maintain small strike funds, but these are almost useless for all practical purposes, and in general, strikes are not union-subsidized in France. The confederations do not sign wage agreements or engage directly in collective bargaining. Nor do they control the bargaining or the industrial action of their affiliates. Affiliates of the confederations are organized along industrial lines, and in parallel geographical units as well. Like their parent confederations, affiliates generally maintain no strike funds (with the exception of affiliates of the CFDT, which usually have small funds for this purpose). Industrial unions engage in wage bargaining, sign agreements, and organize industrial conflict, however, making them the locus of the industrial relations system in France."

Segrestin (1990, p. 111): "[T]he French industrial relations system has unquestionably accentuated the trend, observable since 1980, to decentralization of bargaining to the company level.... It would be a mistake, however, to leap to the conclusion that traditional industry-by-industry bargaining has been swept aside."

Crouch (1993, pp. 212, 218, 248, 267)

EIRO (1997): "Following breakdown of tripartite conference on employment, bargaining was widely disrupted, with employers threatening a freeze. In some sectors, such as banking, employers decided to give notice of termination of existing agreements."

EIRO (1998): "Bargaining dominated by new law introducing statutory 35-hour week from 2000 (2002 for small companies) and encouraging bargaining on issue. Employer opposition led to virtual breakdown in intersectoral bargaining. Sectoral bargaining slow except on working time, where it was dynamic. Company-level bargaining also dominated by working time. 35-hour week law extended use of 'mandating' in company bargaining, allowing unions with no representatives in a firm to mandate an employee to conclude an agreement on their behalf."

EIRO (1999): "Bargaining in 1999 focused on the issue of reducing working time, within the framework of the 35-hour week legislation. Bargaining on this issue took place at both sectoral and company level. In many cases, there was a formal link between working time reduction and a reorganisation of working time, including practices such as flexitime, limits on overtime, individual time accounts, additional rest days and part-time working."

EIRO (2000): "The 2000 bargaining round at both sector and company level was dominated by the negotiation of agreements on the reduction of working time to a 35-hour week, in response to legislation. These negotiations had a knock-on effect on pay - increases

were moderate due to the pay pauses and moderate increases agreed in conjunction with working time cuts."

Germany

1960-2000: 4

Germany has a single dominant national labor federation, the DGB. Although wages are negotiated at the industry level (i.e., bargaining is not highly centralized), the DGB encourages other industries to follow the pattern set by the large metalworkers union, IG Metall, and they typically do so. Moreover, extension laws extend collective bargaining coverage to nonunion firms. IG Metall thus faces the incentives and constraints of an encompassing organization; it is effectively bargaining for a very large share of the workforce. As Wolfgang Streeck notes, the metalworkers union "knows that the other sectors are likely to follow its lead, and that the employment of its members depends to a large part on the propensity of businesses in these sectors to invest. IG Metall is thus forced by self-interest to conceive its collective bargaining strategies in a macroeconomic context" (Streeck 1994, p. 126). Also helpful is the fact that both blue- and white-collar and both private- and public-sector employees are represented by the DGB; this contains competitive bargaining among these sectors of the labor force.

Ferner and Hyman (1998, p. 216): "Though in many cases (such as metalworking and chemicals) sectoral bargaining is formally undertaken at the regional level, it is centrally directed by the national organizations on each side. So-called pilot agreements reached in key areas of the engineering industry (usually Baden-Württemberg) are the model for the rest of this sector and exert influence on all other industries. This creates a specific German form of 'pattern bargaining' with IG Metall as pace-setter: other wage agreements are generally within a narrow margin of the engineering settlement."

Ferner and Hyman (1998, p. 217): "... an important feature of German industrial relations: the scope of collective regulation is not closely related to union membership, i.e. a decline in membership has no direct or immediate consequences. Roughly 80 percent of all employees are covered by collective agreements – three times the number of union members. This figure has, in contrast to some other countries, hardly changed over the years."

Ferner and Hyman (1998, p. 218): "Earnings drift, which has been important in some countries, is not a significant phenomenon in Germany."

Iversen (1999, p. 160): "A review of bargaining rounds since 1974 through 1994 reveals that in 15 out of 21 bargaining rounds the export-oriented metalworking sector set the norm for wage increases.... This situation contrasts sharply with Denmark and Sweden, where the metalworkers' unions have fought a long battle to limit the power of other unions within the centralized bargaining framework, a battle that continues in the present more decentralized systems."

Traxler, Blaschke, and Kittel (2000, p. 171): "There is a less accentuated sequence in Germany [compared to Japan or Austria], although the metal industry is normally the first or among the first sectors."

Regini (2000, table A-3): "Informal coordination mechanisms are still important, but works councils have increasingly accepted wage levels below sectorally bargained ones, and firms have defected from their associations, sometimes creating rival associations that do not abide by collective agreements."

Lange, Wallerstein, and Golden (1993, pp. 18-19): "In Germany, collective bargaining occurs at the industry level (and often at the *land* level as well). The DGB has no authority over its affiliates in industrial conflict, nor does the DGB have any statutory power over the bargaining demands of its affiliates. From 1967 through 1976, however, the DGB, employers' association, the government and the Bundesbank participated in annual talks, dubbed 'concerted action sessions'. The talks never produced a formal wage agreement. Since the DGB withdrew from the talks in 1976, the peak associations have not participated in collective bargaining. The role of the government is limited to extending union contracts to cover all workers in the industry and providing statistical information to the bargaining actors through the Council of Economic Experts. The unions affiliated with the major confederation, the DGB, have been successful in maintaining a large share of white-collar union members (over 50 percent since 1970) while maintaining their near monopoly position among blue-collar workers. Thus the majority of white- and blue-collar workers bargain jointly. Bargaining is coordinated, with the metalworkers consistently the first to settle, thereby setting the standard for the rest. German bargaining practices appear strikingly stable. Although the peak associations have not played much of a role in wage setting since the end of concerted action, the metalworkers' position as the pattern-setter seems secure. In this way, a significant degree of coordination may be achieved even though collective bargaining occurs exclusively at the industry level."

Dore (1994, pp. 11-12): "... what seems to be the universal trend of the 1980s – for the national organisations, encompassing or not, to lose their importance in wage matters as centralized bargaining breaks down, and wage-setting effectively takes place increasingly at the enterprise or establishment (less often regional or sectoral) level. This is a trend of remarkable universality, strong throughout the 1980s in Britain (...), accelerating in the late 1980s in Italy, Sweden and Denmark where it is endorsed as state policy, and so far resisted only in Germany. There, if anything, wage drift figures in the 1980s suggest that there has been a strengthening of the role of central wage-setting."

Soskice (1990, pp. 44-46)

Scharpf (1987, pp. 187-92)

Crouch (1993, pp. 213, 243, 266)

EIRR (May 1995, pp. 23-25): "Collective bargaining in Germany takes place primarily at the sectoral level, with negotiations being conducted either regionally or nationally. Regional/sectoral bargaining is found in industries such as engineering, chemicals and retail, though negotiations at this level are closely coordinated among the respective national organisations of unions and employers, so that regional variations are effectively minimal. Company-level collective agreements are not very important in Germany and mostly apply to small companies which are not members of employers' associations – though notable exceptions include Volkswagen, Lufthansa and a few firms in the energy sector.... While the regulation of working time flexibility has experienced a marked shift to domestic level, pay continues to be determined at sectoral level. The rates of pay set out in sectoral agreements are minima, and German labour law does not allow companies bound by such agreements to undercut them. As a result,

wage differentiation has traditionally only been possible if firms voluntarily offered wages and other conditions over and above these minima. The limited opportunities for differentiating from the collectively-agreed wage rates is increasingly perceived as problematic by employers. This is particularly apparent in east Germany, where there are wide variations between companies in the same sector in terms of productivity and performance.... Consequently, many companies pay less than the negotiated rates, with the agreement of their workforce. In the case of companies bound by collective agreements, this is in violation of the law but nonetheless meets with the tacit acceptance of the parties to collective bargaining. However, even in western Germany, the strains on the system are increasingly evident. Small and medium-sized employers in particular complain that sectoral agreements have become too heavily oriented towards the interests of large employers and do not take account of branch and regional variations in plant size, cost structures and economic conditions.... Despite these pressures, Germany's industry-wide bargaining model continues to offer important advantages to employers. Probably the most significant is the contribution it makes towards preserving industrial peace. With negotiations being conducted at sectoral level, individual firms and works councils tend to be affected only marginally by disputes over wages and working conditions. One of the main fears associated with the introduction of full-scale company-level wage bargaining is that it would lead to transfer of industrial conflict to this level and thus bring about an increase in strike frequency.... In the light of these and other concerns, the debate amongst employers on the subject of bargaining reform has centered on how to minimise the problems seen as being associated with the industry-wide system, rather than on any full-scale move towards company-level collective bargaining."

EIRR (Aug. 1999, pp. 34-36): "The majority of large sectors have now completed their pay negotiations for this year. So far, the 1999 bargaining round has been characterised by sectoral pay settlements considerably above inflation as trade unions put into practice their determination to end the pay moderation of previous years. This cause has been championed by the metalworking trade union IG Metall which, before bargaining opened, made it clear that it would be looking for pay increases in excess of inflation in order to secure purchasing power gains for its members. The pay round has thus been characterised by settlements of just over one year's duration, usually 14 or 15 months, and providing for increases of around 3.1% to 3.3%. Typically, a flat-rate payment to cover the first two or three months of the agreement is also awarded.... IG Metall had made it clear well before bargaining began that it would be seeking above-inflation increases this year. The union maintained that the pay moderation of previous years had done little to increase employment, while many companies had enjoyed good profits, of which the union now wanted a share. Consequently, an above-inflation deal was agreed in February 1999, providing for a flat-rate payment for the first two months, followed by an increase of 3.2%. In addition, it was agreed that a further one-off nonconsolidated amount equal to 1% of minimum agreed annual pay would be paid, although employers may delay this payment up until 31 January 2000. This was seen as a solution to employer demands for more pay flexibility depending upon company performance and the union's resistance to this. The total deal is worth an increase of 4.2% over 14 months, according to union calculations. At the time, inflation was running at 0.2%. It has since dipped close to zero and is currently around 0.5%. The metalworking sector is the leading sector in Germany and so once this agreement had been concluded, a number of other sectors, which had been watching for the outcome of the metalworking negotiations, began to bargain in earnest and reached settlements over the weeks and months which followed."

EIRR (Aug. 1999, pp. 34-36): "In terms of coverage, many agreements now include employees in both the east and the west. In metalworking, this is the first year that joint coverage has taken place, following an agreement in September 1998. In some sectors, however, such as chemicals and construction, bargaining is still conducted separately for the eastern and western regions."

EIRO (1997): "Some decentralisation and differentiation of branch-level collective agreements."

EIRO (1998): "Tendencies towards decentralisation and creeping erosion of branch-level collective bargaining continued (eg, proportion of private sector workforce covered by sectoral agreements fell, while company-level bargaining grew in coverage). However, several new collective agreements concluded in emerging sectors such as industry-related services and new telecommunications. Unions sought greater Europeanisation of bargaining within EMU — eg agreeing a joint declaration on cross-border coordination with their Benelux counterparts."

EIRO (1999): "The 1999 round, conducted as usual at sectoral level, focused on pay. Increases were relatively high, following the metalworking settlement which provided for an increase of 3.2% plus a further flat-rate one-off 1%. In addition, talks within the tripartite national Alliance for Jobs forum continued during 1999, ending the year with a joint declaration to conduct the 2000 bargaining round in the spirit of a long-term employment-oriented policy."

EIRO (2000): "Bargaining was predominantly conducted at sectoral level, as usual, although influenced by the recommendations of the national Alliance for Jobs forum. Agreements provided for moderate pay increases in conjunction with improvements to partial early retirement. Many settlements were negotiated for a period of two years."

Ireland

1960-69:	1
1970-80:	4
1981-86:	1
1987-93:	4
1994-2000:	5

Peace clause included for first time in 1994 accord; wage targets set centrally in 1970-80 and 1987-93 were not binding. (Consistent with this, Traxler-Blaschke-Kittel (2001) score Ireland 0 for "bargaining governability" for 1970-90.) Not included by Iversen (1999) or Golden-Lange-Wallerstein (1997).

Lane (1995, pp. 122-23): "There was a series of national wage agreements in the 1970s but these were generally unsuccessful: the centrally-agreed wage increases were regarded by unions as only a lower bound in negotiations with individual firms and the government allowed public sector wages to increase rapidly. In contrast, the 1987 Programme for National Recovery is considered to be a key contributory factor in the economic recovery that began in that year. Agreement on wage moderation and public sector redundancies enhanced the credibility of the government's fiscal adjustment plans and, in turn, the government made concessions on tax reductions and sensitive areas of public expenditure."

Hardiman (1987, p. 153): "Between 1970 and 1980, a series of centralized framework pay agreements was negotiated in the Republic of Ireland. From 1974 to the end of the decade, two successive administrations sought to link pay agreements with public policy commitments as governments adopted what may be viewed as a neo-corporatist approach to economic management. At first, pay agreements took the form of bipartite agreements between the peak federations of trade unions and employers negotiated through the informal and non-statutory Employer-Labour Conference. Developments in these National Pay Agreements (NPAs) from 1974 onwards laid the foundations for the National Undertakings (NUs) of 1979 and 1980. The NUs involved, in addition to the employer-labour agreement on pay, an agreement between government and the trade union federation covering such issues as tax, welfare and employment creation. Even before the NUs, though, government had sought to influence the outcome of employer-labour negotiations in generalized 'quid pro quo' agreements. Yet a comparison between Irish economic performance and that of West European countries in which neo-corporatist practices were stably implemented would suggest that the Irish experience fell short of successful neo-corporatism. Strike rates remained high despite some fluctuations; nominal wages increased rapidly; high unemployment persisted. The political mediation of economic conflict was considerably less effective than intended."

Hardiman (1987, p. 165): "Although the agreements did not have statutorily binding force, overt defiance of the norm or of the agreed procedures was difficult even for dissenters. The general applicability of agreements was implicitly assumed in the non-binding but authoritative recommendations of the Labour Court, the independent dispute-hearing body. Rather than try to curb the potential defectors, the leadership of ICTU had little choice but to accommodate their interests. Each agreement contained

flexibility clauses: it was recognized that these offered scope, sometimes considerable, for additional plant-level bargaining."

Hardiman (1987, pp. 171-72): "Although Ireland shared many common social and economic features with other small open economies of Western Europe in which stable neo-corporatist concertation was established, some of the essential preconditions were not present. The peak economic interests, and especially the trade union federation, were neither organizationally nor ideologically suited to engaging in a concertative strategy. Nor was there much incentive to the trade union movement to change its approach to collective bargaining in the 1970s. An alternative strategy was hazardous, and benefits continued to be available through political channels anyway. The principal political cleavage and the structure of party competition made it difficult for governments to develop an appropriate strategy in response to distributional conflict. 'Pluralist' relations between economic interests and government continued to prevail during the 1970s."

Hardiman (1987, p. 163): Unions — "In some respects, the Irish trade union movement appeared to be well suited to engaging in a neo-corporatist strategy in the 1970s. Trade union density is relatively high in comparative terms and its affiliates account for the great majority of trade union members. But in other respects, the organizational features of the Irish trade union movement present difficulties for a neo-corporatist strategy which are akin to those of the British trade union movement with which it shares common features. Trade union multiplicity would be expected to complicate the task of devising a common strategy. Trade unions are predominantly organized according to occupation and skill-level. Inter-union rivalry over membership, work tasks and occupational relativities is intensified by the small non-ICTU group of unions, whose activities, therefore, have consequences disproportionate to their size. The diversity of sectional trade union interests casts doubt on the possibility of constituting a common purpose. Individual trade unions, furthermore, have few authoritative powers over actions taken by their members. Although rank-and-file autonomy is undoubtedly less well-developed in Ireland than in Britain, the freedom to engage in unofficial industrial action, and the ultimate freedom to defect to another union (particularly to those unaffiliated to ICTU) obliges unions to be attentive to membership grievances. Hence short-run trade union interests tend to be given a high priority by individual trade unions. ICTU secures exclusive recognition by government as the representative voice of the trade union movement. But its authoritative command over affiliates is weak. The full-time bureaucracy is small and the funding drawn from affiliates is very modest. ICTU has limited authority to intervene in the internal affairs of affiliates. In any case, it has no effective means of sanction short of suspension and ultimately expulsion, such as financial penalties. However, the moral authority of the leadership of ICTU, that is, leaders of a cross-section of affiliated unions and the full-time officers of ICTU, is considerable. Its role in ensuring the ratification of the successive centralized agreements is evidence of this."

Grada and O'Rourke (1996, p. 415): "Before the 1960s, old-fashioned collective bargaining was the norm in Ireland. The first attempt at a centralized agreement, the National Wage Recommendation of 1964-66, led to trade union suspicion of incomes policy, and decentralized bargaining followed until 1969. A serious industrial dispute prompted the re-emergence of centralized bargaining in 1969, but the rationale was good industrial relations, not full employment or inflation. Subsequent pay agreements stipulated a national norm, but also allowed for local bargaining to obtain further increases. This combination of centralized and decentralized bargaining arguably produced the worst of both worlds. The 'National Understanding for Economic and Social Development' of

1978 seemed to mark a watershed, in that it explicitly recognized the connection between pay and employment levels. However, the ensuing wage increases belied that view. The breakdown of the Second National Understanding in 1982 marked the end of centralized bargaining until 1987, with employers refusing to have any further truck with it. A sharp decline in wage inflation ensued, and there was industrial peace. Centralized bargaining resumed in 1987"

- Crouch (1993, p. 211): 1960s — "Irish industrialization had increased the importance of unionized labour. Governments had begun to commit themselves to a modernization policy in the late 1950s and therefore began to interest themselves, employers, and unions in relationships going beyond collective bargaining, though there is no case for defining the system as anything other than straight pluralist bargaining. —
- Crouch (1993, p. 241): 1970s — "Irish governments engaged in similar initiatives [to Britain's corporatist efforts], achieving for much of the decade an informal, primarily bipartite (union and employer) cooperation of a clear neo-corporatist kind. It managed without much government intervention, but its scope was relatively narrow."
- Crouch (1993, p. 267): 1980s — "The country had, for most of the 1980s, given up on neo-corporatist attempts and returned to a straight pluralist model"
- Crouch (1993, p. 213): Unions — "Following the reunification of the Irish unions [into the Irish Congress of Trade unions, ICTU] during the 1950s, that country rejoined the United Kingdom in a rather special group: movements with extensive, monopolistic confederations which nevertheless lacked any central authority."
- Regini (2000, table A-3): "Between 1987 and 1996, a series of multiyear tripartite agreements established guidelines for wage bargaining then conducted at the company level and sometimes established the maximum percentages of increases." Regini classifies it (with Italy, Netherlands, and Norway) as a case of "decentralization with greater central coordination".
- EIRR (May 1995, pp. 29-33): "Centralised wage agreements were a distinctive feature of post-war Irish industrial relations. Although the first attempts at centralised pay bargaining took place in 1946, leading to a series of 12 separate wage rounds up until 1970s, it was not until the establishment of the Employer-Labour Conference (ELC) in 1970 that the first of six National Wage Agreements was negotiated. The ELC was a joint forum, comprising union and employer representatives, including the Government as employer, with an independent chair.... Towards the end of the 1970s, as it became clear that national pay bargaining was closely linked to government economic and social policies, the Government became directly involved in negotiations for national agreements in its own right and not simply as an employer. This resulted in the National Understandings for Economic and Social Development of 1979 and 1980."
- EIRR (May 1995, pp. 29-33): "While the 1980s saw a return to local bargaining, in April 1987 the ICTU proposed to the Government that there should be discussions about a national recovery plan for growth and economic recovery, public finance, pay and social services. The proposal was accepted and the ensuing negotiations resulted in the Programme for National Recovery (PNR) which covered the period until the end of 1990.... It was agreed that pay increases would not exceed 2.5% in each of the three years 1988, 1989 and 1990.... The PNR was generally viewed as a considerable success."
- EIRR (May 1995, pp. 29-33): "In October 1990, ICTU proposed that the Government, the employers, the farming organisations and the trade unions should agree on a 10-year

development strategy with the overall aim of developing an efficient 'social market' economy along the lines of Austria, Denmark, and Finland. Negotiations eventually led to agreement on a Programme for Economic and Social Progress.... The PESP provided for moderate pay increases at a level not exceeding 4% in 1991, 3% in 1992, and 3.75% in 1993.... The PESP is perceived to have been only a modest success in the private sector and to have failed to tackle public service pay. With its expiry many commentators believed that a pay 'free for all' was imminent at the end of 1993, but in mid-February 1994 a new three-year national agreement – the Programme for Competitiveness and Work – covering pay and conditions as well as employment and training measures was concluded."

- EIRR (March 1994, p. 7): "A third national economic and social agreement, known as the Programme for Competitiveness and Work (PCW), has finally been agreed following five weeks of negotiations between the ICTU union confederation, the IBEC employers' federation and the Government. The three-year pay agreement for the private sector provides for increases of 2% for 1994, 2.5% for 1995, 2.5% for the first six months of 1996 and 1% for the final six months of the agreement. The accord also contains a peace clause which precludes strikes or any other form of industrial action in respect of any matter covered by the agreement, where the employer or trade union concerned is acting in accordance with the provisions of the agreement. The public service pay deal is slightly different. It provides for a pay freeze until June 1994 and then a 2% increase from 1 June 1994 and again from 1 June 1995, 1.5% from June 1996, 1.5% from October 1996 and 1% from January 1997. On the top of the 8% increases over the next three and a half years, the public service will also be able to receive a further 3% through productivity concessions.
- EIRR (April 1994, pp. 14-16): "The key to understanding the PCW is the 'trade-off' between the relatively modest overall pay award of 8% over three years in return for the Government's delivery on its own commitments to reform the tax system. This reform is chiefly concerned with the alleviation of the tax burden on incomes. The combined effect will see real incomes rise over the next three years as long as inflation does not exceed the low forecasts which have been made in respect of the next few years."
- EIRR (April 1994, pp. 14-16): "As was the case with previous agreements, companies can plead 'inability to pay' where they can show evidence of financial hardship. Ireland's Labour Relations Commission and its Labour Court tend to look sympathetically on such pleas and unions generally take a pragmatic view where employment is under threat. Recommendations from these institutions are not binding, as the industrial relations system is, by and large, based on the voluntarist principle. But the vast majority of firms pay the terms without any major problems. That said, local-level negotiations on change, flexibility and so on are unhindered by the agreement. Over the past year, for example, there have been a number of examples of high profile companies where pay has either been cut or frozen, irrespective of the terms of the national pay agreement What these cases demonstrate is that although national agreements tend to be honoured, local circumstances can dictate a more flexible approach. This can also occur in the opposite direction. Pay deals in some companies during the PNR and the PSEP exceeded the basic pay agreements because companies concerned were prepared to pay extra for change, productivity improvements, etc.... Such exceptions to the rule can be expected again during the lifetime of the new PCW. But while they reflect the reality of local or industry-level needs and the business circumstances of particular firms, they do not amount to any significant 'wage drift'."
- EIRR (April 1994, pp. 14-16): "What has been remarkable about recent centrally negotiated agreements in Ireland is how well they have held together. This was not the case when

similar pacts were attempted in the past. Indeed, the failure to prevent wage increases over and above the basic terms of the national deals of 1979 and 1980 had so disillusioned employers that many vowed never to return to centrally negotiated agreements. That position was only reversed in 1987 when Ireland faced a severe financial crisis and the Government of the day persuaded the social partners to conclude a very modest pay pact in return for specific tax changes. With only minor exceptions, that agreement – the PNR – was rigidly adhered to, thus setting in train a 'virtuous circle' and providing the foundation for a return to centralised bargaining."

EIRR (Feb. 1997, pp. 24-25): "A new tripartite national pay agreement – Partnership 2000 for Inclusion, Employment and Competitiveness – was finally concluded between the Government, trade unions and employers at the end of 1996. The three-year deal runs for a total of 39 months from 1997 and replaces the previous accord, the Programme for Competitiveness and Work (PCW), which expired at the end of 1996. The new agreement provides for staged pay increases totalling 9.25%, including an increase of 2% to be bargained locally. The cumulative increase over the life of the deal is 9.6%. A separate deal has been concluded for the public sector which provides for the same increases as the private sector agreement, but contains slightly different phasing, with the result that the cumulative increase is lower than that for the private sector.... The Government has pledged a package of tax relief for PAYE employees. It hopes that this will ensure that employees benefit from a substantial increase in net pay over this period. Overall it is estimated that the agreed increases, coupled with tax relief, will result in total pay increases of 10-16% over the life of the deal.... The agreement commits employers, trade unions and employees to promoting industrial harmony. If the parties fail to agree through negotiation on any matter included in the agreement, the matter should be jointly referred to the Labour Relations Commission, Labour Court, or other agreed machinery. The agreement precludes strikes or other forms of industrial action by any of the parties in respect of any matter covered by the pact."

EIRR (May 1995, pp. 29-33): "Beneath the provisions of central accord, collective bargaining patterns broadly resemble those of the UK, a consequence of a common history, industrial and economic convergence and overlapping jurisdictions. Consequently, bargaining occurs on various levels – company, industry, local and national – but the trend in recent years has been towards decentralisation to the company level. Many traditional industry-wide bargaining units collapsed during the 1980s and the traditional bargaining round is becoming more difficult to detect as individual firms conclude company-specific agreements of varying duration."

EIRR (April 2000, pp. 15-17): "Ireland's fifth successive tripartite national incomes policy agreement has been negotiated and endorsed by government and social partner representatives. The deal, which comes into force formally at national level on 1 April 2000, runs for two years and nine months. It provides for three separate increases which are estimated to be cumulatively worth 15.75%, in addition to commitments to tax reductions which aim to bring total increases in net pay up to 25% over the life of the deal.... The agreement states that the increases shall be negotiated between employers and unions 'through normal industrial relations machinery, due regard being had to the economic, commercial and employment circumstances of the particular firm, employment or industry.' The PPF does not include any additional increase to be bargained locally, as did its predecessor, P2000, and the PESP.... Public service employees will receive the same increases as their private sector colleagues.... The agreement states that neither trade unions nor employees will make cost-increasing claims other than those provided for by the agreement. It also commits employers, trade unions and employees to promoting industrial harmony and precludes strikes or other

forms of industrial action by any party in respect of any of the matters covered by the accord. If the negotiating parties fail to reach agreement on any of the matters covered by the accord, this should be jointly referred to the Labour Relations Commission or the Labour Court or, where appropriate, to 'other agreed machinery.' If a dispute arises concerning what constitutes a breach of the agreement, this will be referred to the Labour Court and the parties will agree to comply with the Court's findings.... Although the pay increases in this agreement are felt to be at the higher end of employer expectations, IBEC [the employer confederation] feels that the national deals have overall succeeded in producing a good industrial relations climate and have also done much to attract foreign investment to Ireland."

EIRR (April 2000, pp. 15-17): "The debate over the past few years has turned on whether the pay limits will hold, given the unprecedented rates of economic growth in recent years. All evidence is that compliance with P2000 was generally high – certainly in excess of 80%."

EIRO (1997): "Highly centralised tripartite bargaining — manifested in the P2000 agreement — setting parameters for company-level bargaining. Some divergences from P2000 arose at company level; however, this did not lead to widespread wage drift."

EIRO (1998): "Bargaining governed by 1997's P2000 central agreement, which allows for a 9.25% pay increase over three years. Majority of employers abided by the terms of P2000, but some wage drift in sectors with tight labour markets. Serious pay disputes in public sector."

EIRO (1999): "The national incomes policy agreement, Partnership 2000, remained in force during 1999. It is estimated that over 80% of companies have adhered to its provisions on pay despite the continuing economic boom which has put upward pressure on pay. Partnership 2000 formally expires at national level on 31 March 2000 and the social partners began negotiations for a new accord in November 1999 (reaching a draft agreement in February 2000)."

EIRO (2000): "Centralised bargaining in Ireland continued in 2000, with the conclusion in March of a new national agreement - the Programme for Prosperity and Fairness (PPF) (Irish social partners endorse new national agreement - IE0003149F). The new deal, negotiated against a backdrop of continuing economic prosperity, contained a 33-month pay agreement which provided for a 15% pay increase over its lifetime. In addition, the government made commitments on income tax which were expected to boost net pay by up to 25% in some cases. However, the central accord soon ran into trouble, largely due to a higher-than-expected rate of inflation and upward pressure on pay exerted by severe skills shortages in some areas of the labour market. Pressure from trade unions resulted in the Irish Business and Employers Confederation (IBEC) agreeing to a pay review towards the end of the year. The terms of the review were agreed in December 2000 and provide for an additional 3% to be paid to workers over the duration of the PPF. This was the first time that a central agreement in Ireland had been subject to a review of its pay provisions, although Ireland is currently experiencing exceptional levels of economic growth, in the context of which the continuation of a centralised agreement is seen as a success in itself."

Italy

1960-75:	2
1976-78:	4
1979-82:	2
1983:	5
1984-92:	2
1993-2000:	4

Although there has always been some centralized wage bargaining, in most years this has had little impact and otherwise the bargaining structure has traditionally been relatively fragmented and chaotic. Even in the years when the centralized bargaining has mattered there has usually been no peace obligation. The 1993 and 1998 accords institutionalized the industry and company levels as the main locus of bargaining, but also promoted a more stable form of coordination via the peak-level discussions and consultation — similar to the Netherlands. They also specified that industry-level bargains must not exceed the expected rate of inflation. Italy is thus scored 4 since 1993.

Ferner and Hyman (1998, pp. 482-84): "In the years immediately after the Second World War, bargaining was premised on strongly centralized and solidaristic coordination through agreements between the confederations and the employers on issues such as minimum wage levels or working hours for the economy as a whole or at least at the national industry level. This feature was not peculiar to Italy. However, whereas in some other countries of continental Europe centralized bargaining was accompanied by strong recognition of the unions by employers, in Italy it developed in the context of weak recognition and marginalization of the unions. . . . In the late 1950s and early 1960s, bargaining became less centralized, more widespread and effective as the unions' labour market position improved. The next decade saw a greater role for company-level bargaining, on issues such as piecework and production bonuses, as a way of involving the labour force more closely in the growth of the economy. In the period of collective mobilization from the late 1960s, company-level bargaining developed to an extraordinary degree, and the provisions of agreements in the larger companies tended to shape the content of national bargaining. . . . The years between the late 1970s and the early 1980s saw a new phase of centralization followed by another of decentralized union initiative. . . . The decentralization phase began in the mid-1980s when the unions' representative capacity had diminished and it seemed more practicable for firms to try to regain the direct control over working conditions that they had enjoyed before the 1970s. . . . The tendencies toward the 'proceduralization' of company bargaining relations and the de facto recognition of the unions in the workplace were embodied in the tripartite accord of July 1993. This agreement reformed the bargaining system and simplified its levels. For the first time, rules governing negotiation procedures, competences of different levels, the duration and renewal of agreements, and recourse to strike action, were explicitly defined. The structure of bargaining was built 'around the mainstay of the national industry agreement' (the CCNL), supplemented – as formally stipulated for the first time – by decentralized bargaining at company level (or by geographical area in the case of small firms). Company bargaining was to be conducted by RSUs and by the local structures of unions signing CCNLs. Any pay increases agreed at this level had to be linked to productivity and company performance. CCNLs

would define the bargaining issues and procedures for the lower level; according to the agreement, company bargaining would deal with matters 'different from, and not overlapping with' pay-related provisions of sectoral contracts."

Soskice (1990, pp. 47-48): "The system of coordination in Italy is far more a phenomenon of the North than of the South. Thus it needs to be judged against performance in the North and Centre. On the employers' side there are three important types of network, with links between them. First, the major companies (Fiat, Pirelli, Olivetti, etc.) are embedded in a complex web of interconnecting ownership, with close links to the banking system (indeed, the modern Italian banking system developed at the end of the last century was modeled on the German). These large companies play a major policy-making role in the main employers' organization, Confindustria. Second, the leadership of the largest Italian state holding company, IRI, has made a conscious attempt in the 1980s to develop coordinated collective bargaining strategies; and IRI in turn maintains close informal connections with the leading private companies and Confindustria. Finally, the regional employer organizations, especially in Lombardia, the Veneto, and Emilia-Romagna, play a role in informal supervision of wage-setting agreements in smaller companies. In addition to employer networks, the unions have become more centralized in the 1980s. This has not been without problems as attempts at informal wage restraint have led to the development of unofficial unions in the public sector. But in general the official unions have been at least privately supportive of wage restraint. Cooperation between the government and employers, with initial union support, led in 1983 and 1984 to national agreements responsible for a significant reduction in wage inflation. Since then inflation has been contained. Apart from these national agreements, wage bargaining is based on triennial agreements, technically at industry level; but they are seen in a national framework. They are supplemented by company agreements. The system does not work in a synchronous way: hence the cost of reducing inflation is high for participating institutions. Nonetheless, the system has been at least moderately effective at keeping inflation down."

Negrelli and Santi (1990, pp. 181-82): "Collective bargaining in Italy has historically been bipolar. From the 1960s to the mid-1970s the main loci of bargaining were the national industry-wide level and the company level; since 1975 the confederal (that is, national inter-industry) level has come to replace the single-industry level as the key bargaining level.... In subsequent years, formal tripartite negotiations were abandoned altogether.... [S]ince 1984 the decentralized company-level pole of bargaining has become predominant."

Crouch (1993, p. 241): Mid-1970s — "Italy's experience was not dissimilar [to Britain's], opportunities for overcoming the historic alienation of the labour movement being pursued by a variety of political, union, and industrial forces. But the degree of institutional development for such integration remained weaker. As Marin has pointed out, Pizzorno's concept of political exchange ... remains more suitable for describing the large, once-and-for-all deals that unions, governments, and employers in that author's country attempted to form rather than the dense web of deals and shared administration typical of Marin's Austria and the other cases of an established neo-corporatism. However, preliminary and hesitant though these moves were in Italy during the mid-1970s, that country should no longer be grouped with France, where far less activity of this kind took place outside moments of crisis." See also Crouch (1993, pp. 212, 218, 266).

- Regini (2000, table A-3): "The tripartite agreement of 1993 introduced rules and procedures on the bargaining system and specified the competencies of the various levels: national industry-level bargaining is now confined within the expected inflation rate, while decentralized bargaining deals with company productivity and nonwage matters. The two-tier system was confirmed by the social pact of 1998." Regini classifies it (with Ireland, Netherlands, and Norway) as a case of "decentralization with greater central coordination."
- EIRR (Sept. 1993, pp. 15-19): "On 3 July, the Government, trade union confederations and employers' organisations signed a historic central accord, setting out a new 'constitution' for Italian industrial relations and employment.... There are close parallels with the last such tripartite agreement in 1983-85, when, as now, the Government played a very active role in finding an agreement.... The importance of this long-awaited pact is manifold. At a basic level it establishes a new set of ground-rules for Italian industrial relations; it introduces a degree of flexibility into the labour market; it definitively abolishes the *scala mobile* pay indexation system; and it clearly establishes that there is only one level of bargaining where pay bargaining is assured.... The relationship between bargaining at sector and at company level ... has finally been clearly defined. It is now accepted that pay bargaining at company level can occur only where profitability and productivity allow."
- EIRR (Feb. 1995, pp. 22-24): "The tripartite central accord of 3 July 1993 signed by the Government, employers' organisations and trade union confederations, set out a new constitution for Italian industrial relations. Among other items, the document attempted to reform the previously rather chaotic structure and content of collective bargaining, providing for two integrated levels of agreements – sectoral agreements and company/local 'integrative' agreements. The pact set out strict bargaining timetables to encourage prompt renewal, and specified the duration of sectoral agreements (two years for pay, four years for other issues) and of company/local agreements. With regard to content, the central accord linked sectoral pay increases to the projected inflation rate, and linked any company/local increases to productivity and other factors related to the economic performance of particular companies. The issues to be bargained over at the lower level, and the procedures for such bargaining, were to be set out in sectoral agreements."
- EIRR (Feb. 1995, pp. 22-24): "All last year's settlements – with the exception of that for the railways board – respected the pay guidelines of the central accord, linking pay increases to the projected inflation rate for the coming two years."
- EIRO (1997): "Two-tier (sector and company) bargaining system, based on 1993 central tripartite agreement. Industry bargaining in 1997. Lengthy and difficult negotiations in metalworking reopened debate over two-tier system. Study committee examined 1993 agreement, prior to review. Wage moderation continued, based on the incomes policy introduced by the July 1993 central tripartite agreement."
- EIRO (1998): "Tripartite agreement signed in December confirmed two-tier (sector and company) bargaining system laid down by 1993 agreement, without amendments, despite prior proposals for greater decentralisation. Bargaining initially hampered by dispute over government's proposed legislation on 35-hour week. Important sectoral agreements subsequently reached in chemicals, public sector and agriculture, plus first agreement for temporary work agencies."

- EIRO (1999): "A number of important sectoral agreements were renewed in 1999, including those in metalworking, commerce and banking. Public sector agreements concluded in 1999 included those covering schoolteachers and national health service workers. Although there was pressure from employers to decentralise bargaining, the current two-tier system (sectoral and company level) remained firm during the year."
- EIRO (2000): "The two-tier bargaining structure of sectoral and company agreements remained in place, and resulted in average pay increases of 2%. There were 49 sectoral agreements in force at the end of November 2000, covering a significantly lower proportion of the workforce than in the previous year, largely due to delays in renewing agreements in sectors such as transport, communications and the public administration. Attempts intensified to draw up new sectoral agreements for industries affected by liberalisation and privatisation, with a first such deal reached for telecommunications."

Japan

1960-2000: 5

Soskice (1990, pp. 41-42): "In Japan coordination takes place through informal wage cartels in the main industries in effect working out company settlements.... The Japanese system of coordinated wage bargaining focuses on the so-called Spring Offensive or Shunto. This is the annual bargaining round, traditionally in April, in which most company and industry settlements are announced. The most important settlements in the private sector are company settlements, negotiated formally between enterprise management and enterprise union. De facto, however, the key decisions are made by a small number of the largest companies grouped on an industry or multi-industry basis, after prolonged discussions between large companies across industries, and between business and the government.... The institutional framework for these interchanges benefits from the membership of many of the large companies in *zaibatsu* groupings, from the employer associations (though they are less important than in say Germany or Switzerland), and from a tradition of easy informal intercourse across companies and between the business sector and government. Of particular importance are the group of metal-using exporting industries, iron and steel, electrical appliances, ship-building, and automobiles. The close cooperation between the largest companies in these sectors leads to the large companies in one of these industries, traditionally the five iron and steel majors, starting the Spring Offensive by making identical offers in terms of percentage increases. These are nearly always accepted without question by the enterprise unions, and are immediately followed by similar offers from companies in the other industries. This rate of settlements then generalizes across the economy."

Dore (1987, pp. 70-73): "The simultaneous settlement date provided the unions with the opportunity to strengthen their hands by coordinating their efforts. The so-called Spring Offensive, mounted by the unions' joint Spring Wage Struggle Coordinating Committee, began in the mid-1950s and has since become steadily institutionalized. It is that institutionalization, the containment of the bargaining within a predictable procedure, and the heavy involvement of the media in the process, which creates the norm-establishing effect now apparent even in the over-the-shoulder chat of Tokyo's taxi drivers.... The actual bargaining takes place for the most part at the enterprise level, although there is close coordination between both firms and unions in the oligopoly industries, and in a small number of cases — the private commuter railways being one example — formal bargaining at the industry level. As the first settlements are made, the nightly TV news bulletins report the 'average percentage settlement figures so far', with jumbo-sized digits behind the commentators, calculated to two decimal places, clicking over as new results come in, with ten or fifteen minutes' commentary on where the negotiations have reached, industry by industry differences, and who is waiting for whom to settle. At some point, after a few giants have settled, and a few strikes have been held, the pundits declare that the struggle has 'passed its peak' and that the norm is now pretty finally fixed.... Once the struggle is declared to be past its peak and the norm settled, the remaining settlements tend to follow in a rush, though there are always a few laggards, usually in embittered enclaves of industries down on their luck whose unions cannot easily accept being as far below the norm as the managers say they must be to avoid bankruptcy. As soon as the private sector norm is established the public sector

mediation body announces its recommendations which are uniform for the eight major public corporations and national enterprises ...; for the higher the private sector settlement, the better the public sector does also. The mediation recommendation is usually within one or two tenths of a percentage point of the private sector average. It is ritually refused by the unions and then rapidly and formally translated into a compulsory arbitration award by the same committee. Soon all is quiet and the union leaders and personnel managers can afford to go out golfing together again. As the last stages are reached and the Spring Offensive ceases to figure in the headlines, employers in the small un-unionized firms either give their workers the same percentage increase (thereby retaining the very big size-differential structure intact) or explain to them why the firm is in such dire straits that they cannot do so, or face the prospect of an unwanted disaffection on the part of their workers which may well affect performance."

Golden and Wallerstein (1994, pp. 12-13, 21): "Like its southern European counterparts, the Japanese union movement has been ideologically divided for most of the postwar period. Initially, the country's major confederation was the communist-oriented Sanbetsu. This confederation was almost wiped out in the Red Purge in the late 1940s, and Sohyo emerged as the country's leading confederation. Although initially a moderate alternative to its communist competitor, Sohyo quickly oriented itself towards Japan's Socialist Party and moved left. In response, by the mid-1960s, another three, politically more moderate confederations — Shinsanbetsu, Churitsuroren, and Domei — had sprung into existence. These four major confederations merged to form a single union confederation, Rengo, in 1987. In principle, the Japanese union movement is strictly enterprise-based. Technically, all unions are enterprise-based, almost all bargaining occurs at the level of the enterprise, and all agreements are between firms and their own unions. Japanese union officials are all elected from the employees of the firms where they work, and an official who loses his job with the enterprise will not be allowed to continue in his capacity as a union official. Union members who leave the firm or retire are likewise forced to relinquish their union membership. Firms generally insist on bargaining only with representatives from their own plants. The business of the central confederations has largely involved electoral mobilization and negotiating with the government on matters of relevance to organized labor. The only formal exception to the dominance of enterprise unions in collective bargaining occurs with what is called diagonal bargaining, when an industrial federation of enterprise unions bargains collectively with most major firms in the sector. Japanese business has generally opposed all but enterprise bargaining, however, which is far and away the dominant level of wage bargaining in Japan. Authority within organized labor thus rests solely with the enterprise union, and at least on paper the Japanese industrial relations system is the OECD's most decentralized. In fact, however, Japanese enterprise unions typically federate into sectoral organizations, and through the practice of *Shunto*, the spring bargaining round, they achieve a high degree of informal coordination of bargaining.... As Figure 5 shows, the spring bargaining round has gradually come to encompass a larger number of organizations drawn from more confederations over time. In fact, the extent of coordination in bargaining on the union side has only increased, so that by the 1980s, annual wage bargaining in Japan was almost entirely under confederal control. With the merger of the country's four competing confederations into a single organization in 1989 [1987?], wage bargaining for union members (which, however, comprise only about 20 percent of the country's labor force) became effectively centralized. Nominally, only enterprise unions call strikes and sign collective agreements, so in principle, Japan's system of bargaining is among the world's most

fragmented. In reality, however, Shunto has allowed almost complete bargaining centralization on the union side."

Netherlands

1960-67:	5
1968-69:	3
1970:	4
1971:	5
1972:	3
1973:	4
1974-76:	5
1977:	4
1978-79:	3
1980-82:	5
1983-2000:	4

196-82 scores essentially track those of the Golden-Lange-Wallerstein (1997) summary index of wage setting centralization. Formal centralized bargaining and government intervention ended in 1982. Bargaining now occurs mainly at the industry- and to some degree the firm-level. However, the accords reached by the peaks in 1982-83, 1990, and 1993, coupled in intervening years with peak-level consultation aimed at developing consensus, heighten the degree of coordination. In addition, pattern-setting (led by metalworking and Philips) is relatively strong and the wage bargaining process is fairly highly synchronized. The Netherlands is thus scored 4 since the early 1980s.

Visser (1990, p. 200): "Between 1945 and 1979 unions organized a stable (35-40 per cent) proportion of Dutch employees, 87 per cent of them joining one of the three peak associations. In 1976 the social-democratic Nederlands Verbond van Vakverenigingen (NVV), Dutch Federation of Trade Unions, and the Nederlands Katholiek Vakverbond (NKV), Dutch Catholic Trade Union Federation, merged to form the Federatie Nederlandse Vakbeweging (FNV), Federation of Dutch Trade Unions. This now represents almost 60 per cent of total membership. The Christelijk National Vakverbond (CNV), Christian National Trade Union Federation, represents about 20 per cent. The FNV and CNV each join together seventeen unions, mainly organized by industrial sector and comprising both blue- and white-collar employees. In 1974 a federation of white-collar organizations was founded: the Federatie van Middelbaar en Hoger Personeel (MHP), Federation of White-Collar Employees, currently represents 7 per cent of all union members."

Visser (1990, p. 201): "Within the union movement, interconfederal cooperation was discontinued following the formation of the FNV [in 1976]."

Visser (1990, pp. 199-200): "The end of the government-controlled central wage policies (1945-63) did not remove the state from the collective bargaining scene. The 1970 Wage Act relocated the primary responsibility for wage formation to union and employer organizations. The government gave up its preventive control over pay bargaining and the Board of Mediators was abolished. But it retained important statutory powers to freeze or limit negotiated agreements. Almost every year the government took part in lengthy negotiations with the peak organizations of unions and employers in an attempt to reach voluntary wage moderation. Between 1970 and 1982 an agreement was reached only once, applying to 1973. The government intervened no fewer than eight

times: in 1971, 1974, 1976 (twice), 1979, 1980 (twice) and 1981. Wage bargaining remained a tripartite and highly centralized affair."

Visser (1990, p. 211): "Until 1982 Dutch governments continued to play an active role in industrial relations and pay bargaining... In default of central agreements these governments did not hesitate to intervene and limit the outcomes of union-employer bargaining."

Visser (1990, pp. 232-33): "National concertation has not disappeared, but its role has become more ephemeral. Still, each year there is a spell of tripartite bargaining in which central organizations and the government check whether a consensus about current trends and policies can be attained. The central agreements reached in 1982, 1984 and 1986 committed neither the organizations nor the government. Lower-level negotiators were not bound by the agreements as they had been under the regime of central wage policy. The ability of union confederations to coordinate affiliates has weakened. Other difficulties derive from inter-confederal competition and the growth of the private-public division within confederations. In recent years, the CNV has broken with the tradition of issuing bargaining guidelines on behalf of its affiliates. The FNV is reluctant to give up national concertation, but is less capable of holding its affiliates together. Responding to changes in product markets and facilitated by a depressed labour market, employers have discovered that their current strength lies with the company and try to obtain less uniform collective bargaining arrangements. National concertation is not in their current interest. Without the government reassuming an active role in designing incomes policies, national concertation will weaken further."

Visser (1990, p. 202): "Some 800 collective agreements are negotiated every year, covering 75 per cent of all private sector employees. They are mainly negotiated for entire sectors of the economy. About 400,000 employees, mainly working in multinational companies (Philips, Shell, Unilever, AKZO, and so on), are covered by company agreements. Like the sectoral agreements, these single-employer agreements are negotiated by paid union officials and supervised by union headquarters. Although conducting bargaining single-handedly, the large companies coordinate activity with the employers' associations of which they are normally the most important members. Many of the 600 company agreements signed each year are reached with the close assistance of employers' associations.... The large number of agreements should not obscure the fact that the vast majority follows the pattern set by a few key agreements (metal, construction, Philips). Once these agreements have been reached, other sectors and companies follow suit. The annual consultation procedures, the expiry of most contracts between January and April, and the involvement of central organizations further contribute to standardization. Inter-industry and inter-firm differentials are small and invariant."

Visser (1990, p. 203): "Together with the high level of employer organization, the extension of agreements explains why bargaining coverage in the Netherlands is two to three times larger than the membership in trade unions."

Regini (2000, table A-3): "The Wassenaar accords of 1982 started a process of industry- and company-level decentralization guided from the center. The tripartite agreement of 1993 encouraged decentralization but at the same time reinforced top-level coordination and consultation by enhancing the status of the bipartite Labour Foundation and the SER (tripartite National Economy Council)." Regini classifies it (with Ireland, Italy, and Norway) as a case of "decentralization with greater central coordination."

Ferner and Hyman (1998, p. 288): "The Accord of Wassenaar, reached in November 1982 between the central organizations of unions and employers, initiated voluntary wage

moderation. Though real wages had been frozen by statutory restraint in 1980 and 1981 (and possibly as an effect of the decline in union bargaining power), the significance of the Accord can hardly be underestimated. More than union resignation to hard economic times, it marked the victory of the moderate faction within the Dutch Federation of Trade Unions (FNV), the leading union confederation. Four years earlier, the General Industrial Union (IB), FNV's main affiliate in industry, suddenly abandoned its goal of redistributing income and power in favour of workers and adopted a 'jobs first' policy. More than any other union the IB had experienced loss of jobs and membership; between 1976 and 1986 it lost a third of its members, while a quarter of those remaining were on benefits. In 1979, the IB had gained the support of the FNV, led by Kok, but was frustrated by the opposition of other FNV affiliates. The sharp and seemingly unstoppable rise in unemployment soon brought a change of mood. At first the central employers' federations had little enthusiasm for a central agreement; union bargaining power was no longer a problem and they opposed the reduction in working hours which the unions sought as part of a deal. They changed their mind when the new Dutch government threatened to copy the French or Belgian example and impose a general reduction of working hours as compensation for wage restraint. In the 1982 Accord, the central organizations recommended sectoral and company negotiators to repeal cost-of-living escalator clauses in existing collective agreements and to negotiate working time reductions in an effort to reduce unemployment and improve profitability. In consequence escalator clauses, widely introduced in the 1960s, disappeared almost overnight and real wages and wage costs fell sharply; while a 5 percent annual working time reduction, from 40 to 38 hours per week on average, was implemented between 1983 and 1986, mainly through extra holidays. In turn the Accord helped the new centre-right government to present its curbs on public sector pay and social benefits as a fair spreading of the burden."

Ferner and Hyman (1998, p. 288): "In late 1993 the return to wage moderation was confirmed in another central accord, the 'New Course,' involving a more decentralized and less standardized model of implementing central guidelines. The impact of this Accord has been no less than that of the Wassenaar Accord 10 years earlier. Union labour costs fell by 6 percent in 1994, the largest single fall in 15 years."

Traxler, Blaschke, and Kittel (2000, p. 173): "As Visser (1998) put it with regard to the Netherlands, 'the main function of the central accords and recommendations is to influence the "bargaining climate" and create an atmosphere of good will.' Since the early 1990s, the Dutch peaks have even refrained from issuing specific figures as recommendations for lower-level negotiations."

Crouch 1993, pp. 213, 243, 266

EIRR (Nov. 1994, pp. 22-24): "In early November 1993, the central employers' organisations — VNO and NCW, plus NCOV and KNOV for smaller employers — met with central trade union confederations — FNV (Socialist), CNV (Christian) and MHP (white-collar) — in the bipartite Labour Foundation. At the time, the Minister of Social Affairs and Employment was threatening to impose a statutory pay freeze if unions and employers did not take measures to fight unemployment, while the economic situation was extremely poor. The outcome was a jointly agreed agenda for collective bargaining in 1994, entitled 'A New Course.' The key point of this central agreement was that pay increases would be 'extremely limited and in some cases zero.' The accord also provided that bargainers should introduce more differentiation in pay awards and increased

flexibility in payment systems, and make greater use of profit-sharing. Pay increases should generally be one-off, rather than consolidated, payments, while working time flexibility should also be given consideration in bargaining. In return for the limited increases in pay, employers should make greater training and employment efforts, with more extensive use of part-time work."

EIRR (Nov. 1994, pp. 22-24): "The most notable feature of the 1994 bargaining round has been the moderation in pay settlements. The Minister's demands for restraint have largely been met, and the social partners' central agreement of November 1993 has essentially been followed. For the first time in many years, decreases in pay have been agreed in some settlements."

EIRO (1997): "Centralised sector-level bargaining, although there was some movement towards decentralisation. At intersectoral level, social partners agreed on an agenda for future bargaining."

EIRO (1998): "Some tendency towards decentralisation of current, mainly sectoral bargaining structure. Employers in banking and healthcare sought separate company deals, while legislation allowed company-level agreements on more issues."

EIRO (1999): "The 1999 round was perceived to be relatively difficult, involving the suspension of negotiations more than once in sectors such as construction, metalworking and banking. Tensions were largely caused by increasing labour market shortages, the result of a continuing economic boom. Trade unions pushed for higher wage increases while employers attempted to increase the flexibility of bargaining and pay."

EIRO (2000): "Decentralisation pressures on collective bargaining continued to build throughout 2000, particularly in industries such as banking and insurance, construction and public utilities. However, the incidence and coverage of sectoral accords generally remained constant. Pay increases were moderate, with the emphasis on flexible pay provisions."

New Zealand

1960-87: 3

1988-2000: 1

Not included by Iversen (1999) or Golden-Lange-Wallerstein (1997).

Schwartz (2000, p. 79): "Sectorally, employer associations and unions usually bargained over wages, and the court imposed binding arbitration only when talks failed, much as in Denmark. The court ratified collective bargaining through industry-specific awards, which bound firms and workers who were not members of either the employer associations or unions in the affected industry. In principle, employers and unions could sign limited contracts approximating 'enterprise bargains.' Prior to the 1990s, the enterprise bargains affected about 25 percent of workers, in contrast to the 40 percent covered by industry awards, so that there was a significantly higher degree of decentralization than in Australia."

Schwartz (2000, p. 79): "Generally wage increases tended to follow the gains made by the Engineers (i.e. metals) Union, the three electricians' unions, and the General Drivers Union... Though the state intended public sector wages to follow private sector wage movements, public sector employees were wage leaders in some bargaining rounds."

Schwartz (2000, pp. 80, 89): "As in Australia, the court's ability to enforce awards disappeared in the late 1960s, when wage pressures were greatest, labor markets tightest, and labor militancy high.... In the tight labor markets of the 1960s some FOL unions had begun bargaining directly with employers and then allowing the court to ratify these private agreements. Confronted with rank and file anger about the zero wage order, both the Employers Federation and FOL had their representatives jointly vote to overrule the state's representative in a second ballot. But stronger unions — metalworkers and electricians — withdrew from the arbitration anyway, striking for even higher wage gains. The number of workdays lost to strikes doubled in 1968 and then doubled again by 1970. Without the arbitration system to maintain relative wages, unions engaged in wage leapfrogging, producing an 8.4 percent rise in real wages in 1972."

Schwartz (2000, p. 90): "From 1970 to 1975 both National and Labour attempted to freeze wages and reconstitute the arbitration system as the only bargaining arena. Both governments legislated flat wage increases and prohibited reopening contracts to prevent wage 'leapfrogging.' Both efforts failed in the face of rising worker militancy and employer accommodation to the reality of essentially zero unemployment through 1977. Unlike in Australia and Britain, where strikes subsided after 1974, in New Zealand strike activity rose 70 percent between 1975 and 1977."

Schwartz (2000, pp. 101-02): "National fundamentally changed the old informal welfare state mode with its Employment Contracts Act (ECA) 1991. National argued that market-based, flexible wages would lead to higher productivity and growth. Under the ECA employers could contract freely with individuals, while unions could only represent individuals who explicitly delegated bargaining rights to the union. The ECA destroyed socially determined wages by limiting the arbitration court's jurisdiction to the interpretation of employment contracts, eliminating unions in sectors where workers were least able to organize themselves (e.g. hospitality and clerical work), eliminating automatic transmission of wage increases through general wage orders and clauses on relative wages, and allowing employers to avoid collective bargaining entirely.

"After 1991 unions representing workers with weak labor market positions — like those in agriculture, construction, retail, wholesale, accommodation, and restaurants — simply collapsed. Union density fell from 45 percent to 20 percent by 1996, and the number of workers covered by union contracts fell 42 percent. Multi-employer contracts fell from 77 percent to 20 percent of all contracts, and individual contracts and wage scales became common even in the public sector."

Traxler, Blaschke, and Kittel (2000, pp. 178-79): "There is also a system of generalized, regular arbitration that served for a long time as the pillar of industrial relations in New Zealand and Australia. This system originated in legislation of 1894 and 1904 that enabled the unions to make all employers party to the arbitration procedures, resulting in a binding decision on the terms of employment (i.e. the award) by special tribunals.... Over time, compared with genuine court decisions, the negotiations between the two sides of industry gained in importance. In addition, the system in both countries was confronted with an ever more widespread informal practice of direct negotiations outside its jurisdiction. In New Zealand, this led to the formal recognition of direct negotiations in 1973. Arbitration itself was made voluntary in 1984. In both countries, the pluralist design of the arbitration system made it hard to pursue incomes policy. Independent court decisions did not always comply with government incomes-policy objectives; nor did informal wage settlements outside the system."

Traxler, Blaschke, and Kittel (2000, p. 209): "New Zealand is the only case of a purely discretionary fall in [bargaining] coverage. Awards, extension provisions, and unions' monopoly on bargaining rights were repealed with the passage of the 1991 legislation. Just one year later, the relative importance of multi- and single-employer bargaining was reversed. The proportion of multi-employer settlements for all employees covered dwindled from 76.5 percent in 1990 (the last year of bargaining before deregulation) to 23 percent in 1992, while single-employer bargaining increased from 23.5 percent to 76.5 percent. During the same period, the coverage rate declined from 61 percent to 47 percent, even though a number of pre-reform settlements had not expired. Union density dropped from 45 percent in 1991 to 37 percent in 1992."

Haworth (1990, p. 179): "At the centre of the system was a sophisticated conciliation and arbitration system, in which the final, binding decision on an unresolved issue would be imposed by a judge in the Arbitration Court. As a consequence of this layered dispute procedure, bargaining became centralised around occupational awards primarily related to craft-based unions. Centralisation also arose in the context of key awards which set the tone of settlements in a given annual round. The orientation was towards a national settlement figure, rather than towards local or enterprise-based differentiated outcomes. Flexibility in wage settlements was provided by 'second-tier' or secondary bargaining over and above the occupation awards."

Haworth (1990, p. 181): "New law in 1987 (Labour Relations Bill) encouraging local wage setting. "[I]n a number of cases agreements with a degree of independence from the national award structure have been renegotiated as agreements under the 1987 Act or as similar defined composite agreements. Most commentators recognise that this process is a sign of realism on the union side in the face of the end of tiered bargaining and the pressure for growth in enterprise bargaining."

Williams (1988, pp. 109-10): "FOL's members are autonomous bodies in their own right, and not really subject to central directives"

OECD (1997, p. 74): "Between 1989 and 1994, as a direct effect of changes in legislation, the number of workers covered by collective bargains decreased by one-half, while the share of workers covered by multi-employer contracts fell even more, from 90 to 14 percent."

Norway

1960:	5
1961-62:	4
1963-73:	5
1974:	4
1975-81:	5
1982:	4
1983:	5
1984:	4
1985:	5
1986:	4
1987-93:	5
1994:	4
1995:	5
1996:	4
1997:	5
1998:	4
1999:	5
2000:	4

Bargaining in Norway is conducted in two-year cycles, with negotiations occurring at different levels in each of the two years. "Main" bargaining rounds, which deal with a wide array of issues, are largely sectoral; but the bargaining is centrally coordinated by LO and NHO (formerly NAF) and there is extensive, regularized pattern-setting led by metalworking — comparable to Germany. These years are scored 4. (Most measures of wage centralization assign a lower score, because they focus on the bargaining level per se, ignoring the coordinating efforts by the peak associations and pattern-setting.) "Intermediate" rounds, which deal mainly with pay, are conducted at the peak level and include a peace obligation. These years are scored 5.

Ferner and Hyman (1998, p. 127): "Different models of collective bargaining have been used over the past 50 years, but the general picture is of an alternation between the peak intersectoral level and the industry level in the private sector. In addition, however, local or workplace bargaining is widespread, especially in private sector manufacturing. Strikes are prohibited in local bargaining. The pay of most private sector white-collar workers is determined on an individual basis, with the union sometimes acting as coordinator or advisor. In the public sector, local bargaining has increased, especially in the 1990s. Since 1964, the duration of collective agreements in Norway, both in the private and public sector, has been 2 years. The stability created by taking the duration of agreements out of bargaining should not be underestimated; a glance at the Swedish situation since the late 1960s illustrates how bargaining over duration encourages leap-frogging. During the 2-yearly main bargaining rounds, the entire content of a collective agreement is open for revision. At industry level in the private sector, the respective LO-affiliated unions and NHO-affiliated employers' branch organizations negotiate some 150 collective agreements. At the intersectoral level, bargaining takes place between the peak organizations and covers broader issues. Combinations of intersectoral and industry-level bargaining have also occurred. Intermediate or mid-term bargaining

rounds are always centrally coordinated, and focus on pay. The outcome of main bargaining rounds is usually subject to ratification in a ballot of union members covered by the collective agreement, while the results of intermediate bargaining rounds are subject to approval by LO's general secretary. Pay rounds in the 1950s and 1960s followed a pattern which was later formalized into the so-called 'Aukrust model,' in which a 'responsible' rate of wage growth was determined by the growth of world market prices and productivity in the exposed sectors of the economy. Thus national bargainers had to take account of the competitiveness of exposed sectors. In the mid-term bargaining rounds or in centrally coordinated bargaining rounds the results of the LO-NAF agreement would set the standards for the rest of the labour market. In bargaining rounds at industry level, the export-based iron- and metalworkers set the pattern for subsequent agreements."

Lange, Wallerstein, and Golden (1993, pp. 19-21): "Apart from 1974 and the early 1980s, wage setting in Norway has been highly centralized during the last two decades, as inspection of the data in Figure 6 shows. Most bargaining rounds have been dominated by a central agreement between the LO and the national employers' association, the NAF, with a peace obligation that covers subsequent industry-level and local bargaining. Two-year contracts are the rule, with renegotiations after one year. Even when the two-year contracts were negotiated at the industry level — 1974, 1982 and 1984 — the second year renegotiation was conducted at the national level between the peak associations. In 1986, the NAF insisted on purely local bargaining while the LO demanded a centralized wage agreement with special increases for low wage workers and reductions of working time. The unions emerged victorious after the failure of a general lockout by employers. The subsequent industry-level settlements embodied the original demands of the LO and the leader of the NAF was forced to resign. After 1986, bargaining has remained centralized as unemployment climbed rapidly and the unions and government cooperated in a series of extraordinary wage controls. The role of government in wage settlements has varied greatly. Since 1966, a committee of experts drawn from the government and the two peak associations has provided background information and forecasts of the economic consequences of different wage settlements. In addition, the government has often used policy changes to influence bargaining outcomes. The wage agreement of 1970-71 was affected by government price controls. Tripartite bargaining, with the LO, NAF and the government negotiating comprehensive income agreements including tax and benefit concessions along with wages and salaries began in 1973 and continued in 1975-77. In 1978-79, Parliament enacted a mandatory wage and price freeze when tripartite negotiations failed. In 1980-81, Parliament extended the LO-NAF agreement to all workers as part of a tripartite agreement. In 1983, the government promised job creation programs if wage guidelines were followed. In 1988-89, the LO-NAF agreement was made contingent upon government action to prohibit drift and extend the contract to the entire labor market. Centralized wage setting in Norway appears to have been under stress during the 1980s, a fact reflected in the direct if occasional role played by government in the bargaining process. Because other union confederations were frequently unwilling to abide by centralized agreements, particularly given LO's policy of favoring low-wage workers, the LO sought government involvement in order to prevent other confederations from obtaining increases above the standard set in the LO's central agreement. Yet, in spite of the difficulties posed by the increased competition among unions, no trend toward decentralization of wage setting is apparent so far. A period of relatively decentralized

wage setting in Norway characterized the early 1980s. Since 1985, however, centralized wage setting has returned."

Golden and Wallerstein (1994, pp. 13-14): "The LO (Landsorganisasjonen I Norge), the dominant confederation among blue-collar workers, is a federal organization with no role in the selection of the leadership of the national unions. Nevertheless, the LO has extensive statutory authority over its affiliates. The LO frequently bargains directly with its counterpart on the employers' side, the NHO (Noeringslivets Hovedorganisasjon), formerly the NAF. Bargains struck at the confederal level are binding once they have been ratified. The ratification procedure on the union side consists of a vote of all LO members. Even when the LO does not bargain directly, the LO and NHO 'coordinate behind the scenes, and have to approve agreements before they become final'.... Supplementary local bargaining is allowed in some industries and not in others. The metalworkers, until recently the largest union in the LO, have always had the right to bargain at the local level. For such workers, the centrally negotiated wage serves as a minimum. While strikes in pursuit of local wage increases are prohibited by the industrial peace clause, other forms of conflict, such as work-to-rule or go-slow actions, are common. Over the postwar period, the number of unions allowing supplementary local bargaining has increased. Today, almost all workers in manufacturing have local bargaining rights. The extent to which national unions control local bargaining varies. Some unions have the right to bargain on behalf of their locals, others to veto local demands that are viewed as excessive. All unions, however, have the right to intervene and take over local negotiations if agreement cannot be reached at the local level. The LO faced competition from two other union confederations. The YS (Yrkesorganisasjonenes Sentralforbund) represents mostly civil servants and white-collar workers. The AF (Akademikernes Fellesorganisasjon) represents workers with university degrees. In principle, the division is political. The LO is affiliated with the Labor Party while the YS and AF are independent. In practice, the LO dominates among blue-collar workers, while the YS and AF are more successful than the LO in attracting white-collar and professional workers. Both the YS and AF bargain on behalf of their affiliates in the public sector, where two thirds of their members are located. In the private sector, however, the affiliates of the YS and AF bargain without supervision or control from above. Thus, in the private sector, bargaining for blue-collar workers is much more centralized than for white-collar and professional workers."

Regini (2000, table A-3): "In the early 1980s, wage bargaining was increasingly decentralized. However, after the 1986 employers' defeat in their attempt to get rid of the 'low-wage guarantee,' collective bargaining was recentralized. In 1993, the five-year social pact reaffirmed incomes policy and central coordination. Renewed (since 1996) employer demands for decentralization have been advanced within this framework." Regini classifies it (with Ireland, Italy, and Netherlands) as a case of "decentralization with greater central coordination."

Sivesind et al. 1995, Table 10.1, pp. 302-03

Crouch (1993, pp. 213, 242, 261)

EIRR (Sept. 1995, pp. 15-16): "Collective bargaining in Norway remains highly centralised. While the 1994 bargaining round took place at sectoral level, it was tightly coordinated by the trade union and employers' confederations, and this year's bargaining was

conducted at central intersectoral level. The 1994 round was a 'main' bargaining round, in which two-year deals were concluded. These dealt with all aspects of agreements — both the Basic Agreement between the LO trade union confederation and the NHO private sector employers' confederation (which sets out the ground rules for Norwegian industrial relations) and the agreements between individual unions and employers' organisations (to which LO is also a party). The 1995 round was an 'intermediate' one, dealing essentially with pay, though other issues are often dealt with. The outcomes of intermediate bargaining are binding, but are not integrated into the Basic Agreement or the various individual agreements."

EIRR (Sept. 1995, pp. 15-16): "Of the 200,000-225,000 workers covered by the LO-NHO agreement, an estimated 70%-80% are covered by a minimum wage agreement which lays down minimum rates, subsequently improved upon by local bargaining. The remaining 20%-30% are covered by a standard wage agreement, which sets their actual rate, with no local bargaining. In practice, however, the distinction is less clear-cut, with some groups covered by standard pay agreements having local bargaining as well.... In the past three years, 'wage drift' has contributed some 55%-83% of total wage increases in manufacturing."

EIRR (April 1999, pp. 32-34): "The 1998 'main' bargaining round saw agreed increases in pay which were in many sectors higher than government wage growth targets.... Commentators and the bargaining parties had viewed the 1998 main round with some trepidation, aware that it was becoming more and more difficult to keep pay growth down. It did not get off to a good start, following disagreement over the level of the bargaining round. The original thinking in 1998 was that wage moderation could be continued as long as an alternative sweetener was offered to employees. The LO, together with the main employers' organisation, NHO, planned to put into place an educational reform guaranteeing employees a right to life-long education and training, as a tradeoff for continued pay moderation. The employers agreed that they would make a financial contribution to educational reform. This strategy received the approval of the Government, which had stated that it did not want to see wage growth above 3.5% in 1998 and also offered to make a contribution to educational reform. However, this strategy failed largely because one of the most important trade unions within LO — the Association of Trade Unions, FF — opposed a centralised pay agreement, advocating instead sectoral-level bargaining. This meant that a direct exchange of moderate pay demands for financial contributions to education reform on the part of the employers and the Government was not possible."

EIRR (April 1999, pp. 32-34): "The 1998 bargaining round, in keeping with its predecessors over the best part of this decade, was conducted within the framework of the so-called solidarity alternative, which has guided Norwegian incomes policy since 1992. Under the solidarity alternative, the Government and the main blue-collar trade union confederation LO have an informal understanding that pay growth should be kept down to moderate levels with a view to improving the competitiveness of the Norwegian economy. This has been accompanied by an active labour market policy with the aim of making inroads into unemployment levels. The main rounds in 1996 and intermediate rounds in 1997 managed to adhere to the general principles of the solidarity alternative, despite pressures from a more buoyant economic and demands from some trade unions for higher increases."

EIRR (April 1999, pp. 32-34): "As usual, it was the metalworking industry which set the pace in the 1998 bargaining round. This industry is generally considered to be pattern-setting for the whole Norwegian economy.... The metalworking industry negotiations were

followed by bargaining in the hotel and restaurant industry, which is pattern-setting for low-paid workers in the private sector."

- EIRO (1997): "1996 sectoral agreements were, as usual, mainly of two-year's duration. 1997 bargaining was thus 'mid-term,' focusing essentially on pay."
- EIRO (1998): "1998 saw the two-yearly renegotiation of national sectoral collective agreements. Pay negotiations in private sector bargaining area covered by LO and NHO were conducted at industry level by affiliated federations and associations, though the two confederations held prior negotiations on issues including reform of further and continuing training."
- EIRO (1999): "1999 was an 'intermediate' bargaining round, in which adjustments were made to the "main" settlement of 1998. The 1999 round focused on pay adjustments for low-paid employees and on continuing vocational training, with few general increases awarded. The joint public committee establishing the basis for 1999's pay round published a report in the spring recommending that pay growth should be kept down to 4.5% in 1999 (including the "carryover" from the 1998 settlements). The next main bargaining round takes place in 2000."
- EIRO (2000): "A two-year 'main settlement' was concluded in spring 2000 in both the private and public sectors. However, the private sector accord had to be renegotiated following rejection by trade union members over issues such as the proposed pay increase, the duration of the accord and training arrangements."
- Disagreement with Golden-Lange-Wallerstein (1997) index of overall wage setting centralization: 1983, 85, and 87 scored higher by me — consistent with Ferner-Hyman (1998, p. 128) and Iversen (1999).

Sweden

1960-82:	5
1983:	4
1984:	3
1985-87:	4
1988:	3
1989-93:	4
1994-2000:	3

Does pattern-setting make Sweden equivalent to Germany? No, because in Germany it is always IG Metall that is the pattern setter, whereas in Sweden it has varied in different bargaining rounds and is thus unclear. Germany's Metall thus has strong incentives to act as an encompassing organization, whereas its counterpart(s) in Sweden don't necessarily. Scores essentially track those of the Golden-Lange-Wallerstein (1997) summary index of wage setting centralization.

Lange, Wallerstein, and Golden (1993, pp. 21-23): "The Swedish system of collective bargaining looks remarkably stable from 1956 through 1982, as examination of the data in Figure 7 reveals. Wages for private-sector blue-collar workers in Sweden were covered in centralized bargains between employers organized in the SAF and the LO. Although the national bargains were legally only recommendations for subsequent industry-level negotiations, they were binding in the sense that subsequent negotiations took place under industrial peace obligations. Although the government sometimes attempted to influence wage settlements by offering policy concessions, it never formally participated in the negotiations between the LO and the SAF. In the Haga agreements of 1974-76, for example, the government promised to lower income taxes (and raise payroll taxes) in exchange for union wage restraint. In 1980, the government attempted to exchange tax reductions for moderate wage increases without success. Since 1982, the system has been much less stable. In 1983, the metalworkers withdrew from the central negotiations and signed their own agreement. In addition, the central agreement, covering unions and employers outside the metalworking sector, lacked the customary peace clause. In 1984, there was only industry-level bargaining. Centralized bargaining was reestablished in 1985 and 1986-87, partly in reaction to the assassination of Olof Palme, but without an industrial peace obligation. Bargaining was fully decentralized to the industry level in 1988. In 1989-90 the metalworkers again refused to participate in central negotiations. Also in 1989-90, as in all central agreements since 1983, the central agreement carried no obligation to refrain from strikes at the industry level. Most recently, the LO and SAF accepted the wage guidelines proposed by a government commission in industry-level bargaining with a ban on local bargaining. With the prohibition of increases at the plant level, central negotiators have attempted in the latest bargaining round to gain more centralized control over wages than they have had at any time in the past. Yet the commission's proposals do not have the character of an agreement that would carry an industrial peace obligation. Throughout the 1980s, as in the early 1970s, the social democratic government instituted tax and social policy changes to encourage moderate wage settlements. In the Rosenbad consultations of 1985, the government offered a one-shot tax rebate if wage increases remained within a specified target. In 1987, the government temporarily froze

prices in exchange for the unions' declining to reopen negotiations. An attempt by the government to directly control rising labor costs with a wage freeze and strike ban in 1990 was defeated in Parliament and led to the government's resignation. Bargaining in Sweden has certainly become less centralized since 1983. But the most notable characteristic of the past decade is ongoing instability rather than any clear trend toward decentralized bargaining. In 1990, the employers confederation, SAF, announced the dissolution of its bargaining unit, ostensibly to make it impossible to return to centralized negotiations. Only a year later, Swedish employers accepted the centralized wage guidelines recommended by the Rehnberg Commission. The most durable feature of the post 1982 collective bargaining system in Sweden is its chronic instability."

Golden and Wallerstein (1994, pp. 15-16): "The statutory authority of the main blue-collar confederation, the LO (Landsorganisationen), has not changed dramatically since 1941, although the direct role of the LO in wage setting has varied significantly during the postwar period. In 1941, the LO acquired the authority to participate in its affiliates' wage negotiations and propose settlements. The sanction for not accepting the LO's proposal is the withdrawal of LO strike support, which is about 25 percent of total strike benefits. According to LO statute, strikes by affiliates that involve more than 3 percent of LO members or that threaten vital social interests require prior permission. The greatest change that has occurred is the ability of the LO to sign its own wage agreement. Even during the heyday of centralized wage setting from 1956 through 1982, the central agreement negotiated by the LO was, in principle, advisory. The legally recognized agreements were always signed at the industry level. Compliance with the national agreement was voluntary. In practice, the central agreements were binding as both the LO and Swedish employers' confederation, the SAF, imposed a peace obligation on their affiliates once a central agreement was reached. Since 1982, central agreements have continued to be signed on occasion, but the peace obligation is no longer present. In principle, the national unions are responsible as well for all local bargaining. The subject of local bargaining is restricted to the implementation of the industry-level agreement. Local demands must be approved by the national union and counter-proposals of employers must be reported to the national union. Strikes are strictly prohibited at the local level, and any prolonged conflict with legal means, such as work-to-rule actions, would result in intervention by the national union. In practice, local bargaining appears to be much less centralized than the preceding paragraph implies. In metalworking, the negotiations of piece rates in connection with productivity increases provides a source of locally bargained wage increases. Even in industries without extensive piece-work, local talks over the implementation of industry-level agreements is regularly used to increase pay beyond the increase written in the industry-wide agreement. As in Norway, white-collar and professional workers are largely organized in separate confederations: the TCO (Tjänstemannens centralorganisation) for white-collar workers and SACO (Sveriges akademikers centralorganisation) for workers with university degrees. Unlike its Norwegian counterpart, the Swedish LO does not compete with the TCO and SACO for members, although there is some competition between TCO and SACO. Neither TCO nor SACO participate directly in wage bargaining. The TCO does not have strike funds of its own, although TCO affiliates have an agreement to help each other with strike support. The TCO has no formal control over strikes by affiliates, but if the TCO is not notified before an affiliate strikes, the union cannot automatically ask for financial support from the other TCO unions. SACO members are required to set aside funds that SACO can dispense as strike support. In 1973, TCO private-sector unions, SACO private-sector unions and SALF

(Sveriges Arbetsledareförbund), an independent union representing foremen, established a cartel, the PTK (Privattjänstemannakartellen), to bargain in a centralized manner for white-collar and professional workers in the private sector. If PTK signs an agreement, subsequent bargaining by affiliated unions is covered by an industrial peace clause. However, in the absence of an agreement, PTK's role is restricted to assisting in voluntary cooperation between unions. The PTK has strike funds of its own. In addition, the PTK has the right to draw a certain amount of money from the strike funds of its affiliates in the event of a strike."

Martin (1995, p. 282): "The center of gravity has shifted downward; the peak organizations no longer negotiate. Local bargaining controls much more of total earnings, more of which is calibrated to performance, with an increasing residual that is individualized."

Regini (2000, table A-3): "The dramatic breakdown in the centralized bargaining system of 1983 was brought about by the metalworking employers and unions. The unions now defend industry-level bargaining, though the employers have successfully campaigned for the increased role of company-level bargaining. The 1990s have seen unusual government intervention to coordinate wage bargaining." Regini classifies it as a case of "decentralization without greater central coordination," though not to the same degree as Denmark, France, or the United Kingdom.

Scharpf (1987, pp. 187-92)

Crouch (1993, pp. 213, 242, 261)

EIRR (June 1999): "The wage-spiral was brought to an end by the conclusion of the 1991 Rehnberg agreement, negotiated by the social partners but overseen by the Rehnberg Commission, set up by the Government and headed by Bertil Rehnberg, former head of the national labour market board AMS. This agreement bound the social partners to a two-year national accord stipulating low increases in both the private and the public sector."

Ferner and Hyman (1998, p. 91): "The abnormal depth of the recession, coupled with deadlock between employers and unions over bargaining levels, created considerable uncertainty when the Rehnberg agreement expired in 1993. The continued strength of Swedish unions made the SAF model of completely decentralized bargaining unrealistic. Confronted with a wave of industrial action, even VF, the most fervent advocate of enterprise agreements, had to abandon its initial refusal to grant wage concessions to national unions. In contrast to Denmark, unions also rejected industry agreements setting minimum wages only. Again tripartite bargaining provided a way out of deadlock. And once again the state – this time in the form of state mediators – successfully appealed for cooperation between national unions and employer associations to avoid inflationary wage increases at a time of economic crisis. A coordinated series of agreements, covering almost all key industries and sectors, was concluded in accordance with principles laid down early on by the group of mediators. In effect the Rehnberg agreement was prolonged for a further 2 years by a series of stabilization agreements. It is remarkable that the voluntary and informal Swedish mediation machinery, so weak by Nordic standards, succeeded in coordinating the 1993 bargaining round. Without the determination of the labour market parties to avoid a return to the pre-Rehnberg situation of inflationary wage competition, such an 'informal centralization' under state auspices would hardly have been possible. As with the

Rehnberg Commission, the mediators' starting point for each settlement was to gain acceptance of a number of basic principles: coordination, wage restraint in the context of economic crisis, 2-year contracts without compensation clauses, wage drift to be offset against contractual increases, increased wage determination at workplace level, etc. The work of the mediators was facilitated by coordination between LO unions. The Commercial Employees' Union was allowed by LO to take the initiative as deep divisions between VF and Metall/SIF/CF brought engineering negotiations to a deadlock. The settlement for the distribution sector became a model for almost all subsequent contracts – including the engineering agreement. The existence of a common negotiating body for Metall and the white-collar unions SIF and CF in the engineering industry provided a platform for extending the stabilization agreements to other white-collar unions."

- EIRR (Aug. 1994, p. 17): "It was not until the very end of last year's bargaining round that the employers were forced to accept national industry-wide agreements with provisions for overall and minimum wage increases. Significantly, however, the unions have closed ranks in their resistance to decentralised negotiations. Last year, for example, LO's engineering affiliate, Metall, for the first time ever joined forces with the industrial white-collar union, SIF, and the professional engineers' association, CF, in a concerted effort to thwart the efforts of the metalworking employers to push through domestic-level agreements. In face of this united front, the VI engineering employers' association ultimately conceded a new industry-wide accord."
- EIRR (Feb. 1997, pp. 17-18): "The main employers' confederation, the SAF, has stated that it is not prepared to play any role at all in devising a formula for future wage formation. The SAF formally abandoned central collective bargaining in 1991. . . . The SAF is sticking to its line of pushing for larger wage differentials which better reflect differences between companies' ability to pay and give employers more flexibility in wage-setting. Under current industry bargaining, most sectors agree to very similar increases."
- EIRR (June 1998, pp. 27-32): "During the 1950s and 1960s, bargaining in Sweden was conducted centrally, forming an integral part of the 'Swedish model' of economic development. However, this model ran into trouble in the 1980s and bargaining has been conducted on a sectoral basis following the decision of the main employers' association SAF to withdraw formally from central bargaining in 1991. Bargaining was conducted this year between trade unions and employers at sectoral level, yielding three-year deals on the whole."
- EIRR (June 1998, pp. 27-32): "Another prominent issue during this bargaining round has been wage drift, historically a particular characteristic of Swedish pay. Wage drift occurs when actual pay growth exceeds the increases which are bargained for at central or sectoral level, as a result of local-level increases. The bargaining parties now include in their claims and offers a calculation of what they expect wage drift to be in their particular industry. However, this can create problems during negotiations as some sectors, such as retailing and local government, do not experience wage drift to the same extent as industry and manufacturing – unions in sectors with very low levels of wage drift therefore feel that they need to win higher increases at sectoral level in order to compensate for this fact. Things went smoothly this time, however, as agreements were reached without mediation in the retail sector and in local government."
- EIRR (June 1998, pp. 27-32): "As in the 1995 round, it was the paper industry which, as one of Sweden's main export-driven sectors, set the bargaining pace this year. The forestry industry, which includes furniture making, is very influential in Sweden, accounting for around 20% of total exports. The two-year paper industry deal negotiated in 1995 was controversial in that employers and unions in this sector agreed levels of pay increases

which were deemed to be above what could be afforded in others, less affluent sectors. At the time, negotiations in the metalworking industry, where it appeared that lower increases would be agreed, were being held in parallel to the paper industry talks. However, as the paper industry was the first to settle, employers in all sectors came under pressure to adhere to the benchmark set by this deal. A further one-year deal in the paper industry was agreed to last year with an expiry date of 31 December 1997 so that its negotiations could coincide with those in most other sectors. This year, the paper industry workers' union and the forestry industry employers' organisation ARBIO were swift to conclude a new three-year deal, reached on 2 January.... Aware of the controversy surrounding the 1995 deal, this time unions and employers in other sectors were consulted throughout the negotiations – although they were not directly involved in the talks – to ensure that this pace-setting accord was acceptable to all industries. The deal runs from 1 January 1998 to 31 December 2000 and provides for general increases each year, a set amount for local distribution, together with an amount to finance cuts in working time...."

- EIRR (June 1998, pp. 27-32): "Within this context of a smooth bargaining round and a successful outcome, it would not look as though the Government may drop its plans to set up a permanent mediation commission to oversee bargaining and decide on cooling-off periods during negotiations. In addition, it would appear likely that there will be no plans to curb the right to strike in the private or the public sector."
- EIRR (June 1999, p. 29-32): "Pay in Sweden has been determined by sectoral collective agreements since the early 1990s. The favoured duration for these agreements is currently three years, with the most recent rounds concluded in 1995 and 1998. Certain sectors act as pace-setters, informally influencing the majority of the other sectors. The lead sectors are usually large export-oriented sectors, such as the metalworking industry and the paper industry. The social partners in the public sector largely base their demands and offers on the settlements which have been concluded in the private sector. In addition, under the so-called 'EU norm' formula devised in February 1995 in preparation for that year's bargaining round by the Edin group of trade union economists headed by LO chief economist Po Edin, pay increases are matched to national and European inflation rates and are kept within the range of pay increases in other European countries in order to preserve the competitiveness of the Swedish economy. This was one of the guiding principles during the 1995 and 1998 bargaining rounds.... Pay settlements are currently negotiated at industry level and typically provide for a set increase, plus a further amount for distribution at local level, thus engendering further local-level negotiations."
- EIRR (June 1999, p. 29-32): "Employers remain opposed to any form of centralised framework coordination of pay bargaining."
- EIRO (1997): "Bargaining conducted mainly at sector level. Most sectors were still covered by multiannual agreements concluded previously, so little new centralised bargaining took place in 1997."
- EIRO (1998): "Bargaining conducted mainly at sector level. 1998 saw renewal of most private and public sector agreements, and was unusual in that: export industries took the lead in bargaining; most agreements were concluded for three years (long by Swedish standards); there was little threatened or actual industrial action; and most deals were concluded before, or shortly after, previous agreement expired (under influence of 1997 procedural agreement for industry sectors). Central talks on skills development and "pact for growth" suggested that union and employers' confederations might be reviving their dialogue role, which had eroded since 1980s."

EIRO (1999): "Many sectors remained covered by three-year deals negotiated in 1998, which are not due for renewal until 2001. Nevertheless, there were some agreements in 1999, notably those covering bus drivers, taxi drivers, electricians and the construction sector. Generally, wage drift appears to have been marginal during 1999."

EIRO (2000): "2000 was a relatively quiet year in terms of collective bargaining, as most sectors (the dominant bargaining level) were covered by the final year of three-year accords negotiated in 1998. However, exceptions included nurses, midwives and biomedical analysts, for whom a five-year accord was reached in March, pharmacy workers, for whom a 10-month pay deal was concluded in November and teachers, for whom a five-year accord was concluded in December 2000."

Switzerland

1960-2000: 4

Soskice (1990, pp. 41): "In Switzerland the channel of transmission of coordination is via the employer-organization-dominated arbitration system, through which company wage disputes are settled (in key industries), as well as via industry-wide bargaining in others."

Traxler, Blaschke, and Kittel (2000, p. 173): "In comparison with pattern bargaining ... the mechanism underlying intra-associational coordination looks more simple, since the peaks have the key role in the coordination process. This appears to be just one more form of hierarchical coordination. However, the peaks generally only try to concert their affiliates' bargaining policies by issuing non-binding recommendations and stimulating the exchange of information and views, instead of by exerting authoritative power. An instructive example is Switzerland, where the principal peaks have never departed from intra-associational wage coordination. Every summer, the ZSAO (SAV) initiates a survey of 800 member firms, asking them to report what wage increases they are willing to accept. For a long time, internal circulation of these data was the only coordinating mechanism. Since 1985-86, the ZSAO has formulated recommendations for lower-level bargaining on this basis. As regards labour, the SGB organizes an annual meeting in autumn to coordinate the bargaining of its affiliates. Again, this is not hierarchical coordination, since binding decisions are not taken."

Bonoli and Mach (2000, p. 137): "Collective bargaining is very diverse and takes place mainly at the sectoral and company level. Collective agreements negotiated between trade unions and employers associations at the sectoral level generally lay down procedural rules, working conditions (working time, holidays), minimum wages, cost-of-living adjustments, and some private welfare agreements. Yet, only about 50 percent of employees in private firms (1.4 million) are covered by a collective agreement. Among the over one thousand existing collective agreements that have been negotiated, the ten major sectoral agreements (for export-oriented industries, hotel and catering, the banking sector, and construction) already cover more than 800,000 employees, the rest being covered by regional or company agreements. Collective agreements are generally also binding for employees and firms that are not members of the organizations acting as signatories to a collective agreement, even though the agreements do not formally apply to non-union members and non-federated firms."

Bonoli and Mach (2000, p. 137): "Swiss industrial relations are very stable and peaceful. Confrontation has been very rare since the years immediately following World War II, when numerous industrial disputes took place. A 'labor peace' clause, which is included in most collective agreements, prohibits the signatories from using confrontational measures such as lock-outs and strikes for as long as the collective agreement is in force. The labor peace clause has its origin in the 'labor peace agreements' signed in 1937 by employers and trade unions in two major industrial sectors (machine and watchmaking industries). After World War II, most collective agreements adopted this clause, and the number of industrial disputes has remained very low ever since."

Crouch (1993, p. 213): In the 1960s — "In the Netherlands and Switzerland the essentially non-competitive relationship between Catholic, Protestant, and social-democratic groupings, plus encouragement given by political structures to cooperation among these groups, pushed them strongly towards cooperation."

Danthine and Lambelet (1987, pp. 168-69): "The game is played at the firm level... This is very much in accord with Switzerland's well known tradition of political and economic decentralization. The 1985 OECD *Annual Survey* of Switzerland reports the existence of about 800 to 1,000 collective agreements: 'Many of these agreements are firm-specific. Slightly more than 100 agreements have a nationwide coverage. Many of the national agreements only specify general principles and negotiating procedures but do not cover wage settlements. Wage issues are then deferred either to local collective agreements between trade unions and employers (or their associations), or alternatively to negotiations between each firm and its works council.'

Crouch (1993, pp. 213, 243, 266)

United Kingdom

1960-65:	1
1966-69:	5
1970-72:	1
1973:	5
1974:	1
1975-77:	4
1978-79:	5
1980-2000:	1

Scores essentially track those of the Golden-Lange-Wallerstein (1997) summary index of wage setting centralization. Scores in 1973 and 1978-79 differ markedly from the Iversen (1999) and Traxler-Blaschke-Kittel (2000) wage bargaining centralization scores because of government-imposed coordination.

Soskice (1990, pp. 46-47): "Outside the public sector, collective bargaining is largely conducted at plant and company level. Moreover, this is not merely the formal location: it does not conceal a hidden system of higher-level employer or union coordination of wage bargaining."

Soskice (1990, p. 58): "Both the decentralized systems, the US and the UK, have asynchronous wage-setting...."

Golden and Wallerstein (1994, p. 16): "British trade unionism is notorious for the weak authority of its major central confederation, the TUC. In effect, the TUC — which does not engage in collective bargaining on its own — has virtually no means to compel its affiliates to follow central policy. Many of the recurrent problems in making incomes policies stick in Britain stem from the TUC's lack of authority. The confederation has been largely unable to get its affiliates to tow the line (at least for long) on central policy commitments, and the 1970s witnessed repeated breakdowns of central wage agreements as national affiliates broke with TUC recommendations."

Scharpf (1987, pp. 187-92)

Crouch (1993, pp. 212-13, 241, 268)

EIRO (1997): "Persistence of decentralised bargaining, with a further decline in bargaining coverage."

EIRO (1998): "Collective bargaining system remained largely decentralised, with bargaining coverage continuing to decline."

EIRO (1999): "Bargaining in 1999 was, as usual, highly decentralised, with the majority of bargaining carried out at workplace or company level and little multi-employer bargaining, with the exception of the public sector. Above-inflation pay increases were awarded by the government to public sector employees, whereas in the private sector, average earnings rose by more than inflation, at an estimated 4.9%."

EIRO (2000): "Bargaining remained highly decentralised in 2000. Survey evidence suggested that the coverage of bargaining was still in retreat, although bargaining remained more

prevalent in the public sector. Collectively-agreed pay is estimated to have risen by a relatively modest 3.1% and earnings by 4.1%."

United States

1960-71: 1
1972-73: 5
1974-2000: 1

Scores essentially track those of the Golden-Lange-Wallerstein (1997) summary index of wage setting centralization. Scores in 1972-73 differ markedly from the Iversen (1999) and Traxler-Blaschke-Kittel (2001) wage bargaining centralization scores because of government-imposed wage freeze.

Various sources.

Soskice (1990, p. 58): "Both the decentralized systems, the US and the UK, have asynchronous wage-setting...."

Lange, Wallerstein, and Golden (1994, pp. 17-18): "Like the United Kingdom, the American union confederation, the AFL-CIO does not engage in collective bargaining or control authoritative resources over its affiliates. Instead, national unions (typically known as internationals, because they contain both American and Canadian sections) are the main actors in the U.S. industrial relations system. Although much bargaining in the U.S. occurs on a firm-by-firm basis, in fact the national unions have considerable authority over the bargaining process; and in part because of pattern bargaining, much bargaining is more centralized than it appears. In the automobile industry, for instance, wage bargaining is undertaken (in principle on a firm-by-firm basis) by the UAW (United Automobile Workers), which formulates the bargaining demands and organizes the bargaining delegations of union representatives from the firms themselves. The UAW selects which of the 'big three' auto companies to bargain with first — generally picking the firm where it expects to exercise the greatest market power — and then uses the agreement that emerges there as the standard for the other two. Union locals in the UAW are not allowed to sign wage agreements without approval from above, and also must receive central authorization to strike. Once such authorization is received, strike funds are automatically forthcoming. The extent of national control over plant level representatives is probably not atypical, although we do not have quite as much information on the pattern common to the private sector in general as we have on the automobile industry."

References

- Amoroso, Bruno. 1990. "Development and Crisis of the Scandinavian Model of Labour Relations in Denmark." Pp. 71-96 in *European Industrial Relations: The Challenge of Flexibility*, eds. Guido Baglioni and Colin Crouch. London: Sage.
- Archer, Robin. 1992. "The Unexpected Emergence of Australian Corporatism." Pp. 377-417 in *Social Corporatism: A Superior Economic System?* eds. Jukka Pekkarinen, Matti Pohjola, and Bob Rowthorn. Oxford: Clarendon Press.
- Bazen, Stephen. 2000. "Minimum Wages and Low-Wage Employment." Pp. 120-40 in *Labour Market Inequalities*, edited by Mary Gregory, Wiemer Salverda, and Stephen Bazen. New York: Oxford University Press.
- Bonoli, Giuliano and Andre Mach. 2000. "Switzerland: Adjustment Politics within Institutional Constraints." Pp. 131-74 in *Welfare and Work in the Open Economy. Volum II: Diverse Responses to Common Challenges*, edited by Fritz W. Scharpf and Vivien A. Schmidt. New York: Oxford University Press.
- Cassiers, De Ville, and Solar. 1996.
- Crouch, Colin. 1993. *Industrial Relations and European State Traditions*. Oxford: Clarendon Press.
- Dabscheck, Braham. 1994. "The Arbitration System since 1967." Pp. 142-68 in *State, Economy, and Public Policy in Australia*, eds. Stephen Bell and Brian Head. Melbourne: Oxford University Press.
- Danthine, Jean-Pierre and Jean-Christian Lambelet. 1987. "The Swiss Recipe: Conservative Policies Ain't Enough!" *Economic Policy* 5:149-74.
- Dore, Ronald P. 1987. *Taking Japan Seriously*. Stanford, CA: Stanford University Press.
- . 1994. "Introduction: Incomes Policy: Why Now?" Pp. 1-30 in *The Return to Incomes Policy*, eds. Ronald Dore, Robert Boyer, and Zoe Mars. New York: Pinter.
- EIRO (European Industrial Relations Observatory). 1997. "1997 Annual Review: Key Trends in Collective Bargaining and Industrial Action." <http://www.eiro.eurofound.ie/1997/review/eiroar03.htm>.
- . 1998. "1998 Annual Review: Key Trends in Collective Bargaining and Industrial Action." <http://www.eiro.eurofound.ie/1998/review/tn9812255f-2.htm>.
- . 1999. "1999 Annual Review: Comparative Overview." <http://www.eiro.eurofound.ie/1999/12/features/tn9912231f.html>.
- . 2000. "2000 Annual Review: Comparative Overview." <http://www.eiro.eurofound.ie/2000/12/features/tn0012299f.html>.
- EIRR = *European Industrial Relations Review*.
- Ferner, Anthony and Richard Hyman, eds. 1998. *Changing Industrial Relations in Europe*, 2nd edition. Malden, MA: Blackwell.
- Golden, Miriam and Michael Wallerstein. 1994. "Trade Union Organization and Industrial Relations in the Postwar Era in 16 Nations." Paper presented at the American Political Science Association annual meeting, New York.
- Golden, Miriam, Peter Lange, and Michael Wallerstein. 1997. *Union Centralization among Advanced Industrial Societies: An Empirical Study*, version dated 11/2/98 [computer file]. Data available at: <http://www.shelley.polisci.ucla.edu/data>.
- Grada, Cormac O. and Kevin O'Rourke. 1996. "Irish Economic Growth, 1945-88." Pp. 388-426 in *Economic Growth in Europe since 1945*, eds. Nicholas Crafts and Gianni Toniolo. New York: Cambridge University Press.
- Grant, Wyn. 1989. *Government and Industry: A Comparative Analysis of the US, Canada, and the UK*. London: Edward Elgar.

- Hall, Peter A. and Robert J. Franzese, Jr. 1998. "Mixed Signals: Central Bank Independence, Coordinated Wage Bargaining, and European Monetary Union." *International Organization* 52:505-35.
- Hancke, Bob. 1991. "The Crisis of National Unions: Belgian Labor in Decline." *Politics and Society* 19:463-87.
- Hardiman, Niamh. 1987. "'Consensual Politics?': Public Goods and Collective Action in Ireland." Pp. 153-76 in *Political Stability and Neo-corporatism*, ed. Ilja Scholten. London: Sage.
- Haworth, N. 1990. "Industrial Restructuring and Industrial Relations in New Zealand: Towards a New Consensus?" *Bulletin of Comparative Industrial Relations* 20:167-89.
- Hicks, Alexander and Lane Kenworthy. 1998. "Cooperation and Political Economic Performance in Affluent Democratic Capitalism." *American Journal of Sociology* 103:1631-72.
- Iversen, Torben. 1999. *Contested Economic Institutions*. New York: Cambridge University Press.
- Lane, Philip R. 1995. "Government Intervention." Pp. 104-26 in *The Economy of Ireland*, ed. J. W. O'Hagan. New York: St. Martin's Press.
- Lange, Peter, Michael Wallerstein, and Miriam Golden. 1993. "The End of Corporatism? Wage Setting in the Nordic and Germanic Countries." Draft later published in *The Workers of Nations*, ed. Sanford Jacoby. New York: Oxford University Press, 1995.
- Lansbury, Russell and John Niland. 1995. "Managed Decentralization? Recent Trends in Australian Industrial Relations and Human Resource Policies." Pp. 59-90 in *Employment Relations in a Changing World Economy*, eds. Richard Locke, Thomas Kochan, and Michael Piore. Cambridge, MA: MIT Press.
- Layard, Richard, Stephen Nickell, and Richard Jackman. 1991. *Unemployment: Macroeconomic Performance and the Labor Market*. New York: Oxford University Press.
- Martin, Andrew. 1995. "The Swedish Model: Demise or Reconfiguration?" Pp. 263-96 in *Employment Relations in a Changing World Economy*, eds. Richard Locke, Thomas Kochan, and Michael Piore. Cambridge, MA: MIT Press.
- Meltz, Noah and Anil Verma. 1995. "Developments in Industrial Relations and Human Resource Practices in Canada: An Update from the 1980s." Pp. 91-130 in *Employment Relations in a Changing World Economy*, eds. Richard Locke, Thomas Kochan, and Michael Piore. Cambridge, MA: MIT Press.
- Negrelli, Serafino and Ettore Santi. 1990. "Industrial Relations in Italy." Pp. 154-98 in *European Industrial Relations: The Challenge of Flexibility*, eds. Guido Baglioni and Colin Crouch. London: Sage.
- OECD. 1997. "Economic Performance and the Structure of Collective Bargaining." Pp. 63-92 in *OECD Employment Outlook*. Paris: OECD.
- Regini, Mario. 2000. "Between Deregulation and Social Pacts: The Responses of European Economies to Globalization." *Politics and Society* 28:5-33.
- Scharpf, Fritz W. (1987) 1991. *Crisis and Choice in European Social Democracy*. Ithaca, NY: Cornell University Press.
- Scheuer, Steen. 1992. "Denmark: Return to Decentralization." Pp. 168-97 in *Industrial Relations in the New Europe*, eds. Anthony Ferner and Richard Hyman. Oxford: Blackwell.
- Schwartz, Herman M. 2000. "Internationalization and Two Liberal Welfare States: Australia and New Zealand." Pp. 69-130 in *Welfare and Work in the Open Economy. Volume II: Diverse Responses to Common Challenges*, edited by Fritz W. Scharpf and Vivien A. Schmidt. New York: Oxford University Press.

- . 2001. "The Danish 'Miracle': Luck, Pluck, or Stuck?" *Comparative Political Studies* 34:131-55.
- Segrestin, Denis. 1990. "Recent Changes in France." Pp. 97-126 in *European Industrial Relations: The Challenge of Flexibility*, eds. Guido Baglioni and Colin Crouch. London: Sage.
- Sivesind, Karl Henrik, Ragnvald Kalleberg, Svein Hovde, and Arvid Fennefoss. 1995. "A Social-Democratic Order under Pressure: Norwegian Employment Relations in the Eighties." Pp. 297-323 in *Employment Relations in a Changing World Economy*, eds. Richard Locke, Thomas Kochan, and Michael Piore. Cambridge, MA: MIT Press.
- Soskice, David. 1990. "Wage Determination: The Changing Role of Institutions in Advanced Industrialized Societies." *Oxford Review of Economic Policy* 6(4):36-61.
- Spineux, Armand. 1990. "Trade Unionism in Belgium: The Difficulties of a Major Renovation." Pp. 42-70 in *European Industrial Relations: The Challenge of Flexibility*, eds. Guido Baglioni and Colin Crouch. London: Sage.
- Streeck, Wolfgang. 1994. "Pay Restraint without Incomes Policy: Institutionalized Monetarism and Industrial Unionism in Germany." Pp. 118-40 in *The Return to Incomes Policy*, eds. Ronald Dore, Robert Boyer, and Zoe Mars. New York: Pinter.
- Traxler, Franz, Sabine Blaschke, and Bernhard Kittel. 2001. *National Labour Relations in Internationalized Markets*. New York: Oxford University Press.
- Traxler, Franz and Bernhard Kittel. 2000. "The Bargaining System and Performance: A Comparison of 18 OECD Countries." *Comparative Political Studies* 33:1154-90.
- Visser, Jelle, 1990. "Continuity and Change in Dutch Industrial Relations." Pp. 199-242 in *European Industrial Relations: The Challenge of Flexibility*, eds. Guido Baglioni and Colin Crouch. London: Sage.
- Williams, Alan. 1988. "The Labour Market and Industrial Relations." Pp. 106-25 in *The New Zealand Economy*, eds. Stuart Birks and Srikanta Chatterjee. The Dunmore Press.