Extension of Collective Agreements: A precondition for stable multi-employer bargaining?

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Introduction

1. **Why** we are interested in the topic of extension of collective agreements ???

2. **What** do we hope to learn from you ???
Collective Bargaining Coverage in Germany, in % of all employees

West Germany

East Germany

Source: IAB
Collective Bargaining Coverage in Germany, in % of all employees

West Germany

East Germany

Source: IAB

- in total (West)
- Multi-employer agreements (West)
- In total (East)
- Multi-employer agreements (East)
Collective Bargaining Coverage in Germany, in % of all employees

- Public administration: 89%
- Banking and insurances: 81%
- Energy, water, waste disposal & mining: 75%
- Construction: 72%
- Manufacturing: 56%
- In total: 56%
- Agriculture: 53%
- Retail Trade: 51%
- Privat sector (in total): 50%
- Hotels, restaurants & other services: 48%
- Economic services: 46%
- Wholesale trade et.al.: 42%
- Transport & Warehousing: 40%
- Information & communication: 27%

Source: IAB
Collective Bargaining Coverage in Germany 2010

in % by income quintiles

Source: WSI-Lohnspiegel
Bargaining Coverage 2007-2009

Source: ICTWSS Database Version 3.0 (2011)
Bargaining Coverage & Union Density 2007-2009

Source: ICTWSS Database Version 3.0 (2011)
How to make a high bargaining coverage ???

Organisational Power:

- Union density
- Employers density

Institutional Power:

- Degree of centralisation
- Use of extension
Extension of Primary Agreements in Germany 1991-2009 on the basis of the Collective Agreement Act (§ 5)

Total number of extended agreements; in % of all agreements

Source: Ministry of Labour
Calculations by the WSI
Extension of Collectively agreed minimum wages on the basis of the German Posted Workers Law

<table>
<thead>
<tr>
<th>Sector</th>
<th>West</th>
<th>East</th>
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</thead>
<tbody>
<tr>
<td>Construction</td>
<td>10.90/12.95</td>
<td>9.75</td>
</tr>
<tr>
<td>Roofing</td>
<td>10.80</td>
<td>10.80</td>
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<tr>
<td>Electronic Trade</td>
<td>9.70</td>
<td>8.40</td>
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<tr>
<td>Painting</td>
<td>9.75/11.75</td>
<td>9.75</td>
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<tr>
<td>Care Sector</td>
<td>8.50</td>
<td>7.50</td>
</tr>
<tr>
<td>Commercial Cleaning</td>
<td>8.55/11.33</td>
<td>7.00/8.88</td>
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<tr>
<td>Waste Industry</td>
<td>8.24</td>
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<tr>
<td>Security Services</td>
<td>6.53-8.60</td>
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<tr>
<td>Industrial Laundries</td>
<td>7.80</td>
<td>6.75</td>
</tr>
</tbody>
</table>

Source: WSI
What do we hope to learn from you???

- Importance and scope of extension
- Legal requirements for extension
- Practical implementation of extension
- The degree of support and acceptance of extension among unions, employers and other political forces
- Does extension help to stabilise multi-employer bargaining???
Why is extension so rarely used in Germany?

- Strong tradition of collective bargaining autonomy
- Traditionally limited to certain branches (Construction, retail trade)
- High quorum of 50% bargaining coverage as a precondition for extension
- Lack of acceptance by German employers; Veto power of peak employers association
- No right for imitative by the government