

INDUSTRIAL RELATIONS AND COLLECTIVE BARGAINING IN THE NETHERLANDS



Presentation for Hungarian delegation

AIAS-UvA, Amsterdam

December 12, 2016

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Background: economy and labour market



- **Economy and labour market:**

- Small open economy (imports+exports = 85% of GDP), 17 million inhabitants
- Four export-related clusters as powerhouses: 1. commercial services (weakened in crisis); 2. petrochemicals; 3. agri-business; 4. 'mainports': Rotterdam, Schiphol
- Strongly integrated in global networks and value chains: foreign MNEs controlled 18% of private employment in 2013 (2001: 12%) and 33% of total sales (2001: 24%)
- Since 2008 large current account surpluses (jointly with Germany largest in EU)
- Labour participation high: EPOP in 2012 75.1 headcount -- but measured in FTEs 57.3 because of large shares of part-time employed: 77% women, 26% men
- Growth of flexible workforce = flexible contracts + self-employed: 23% in 2004, 37% in 2015

- **Crisis policies and inequality:**

- Income inequality rather low (Gini 2010 = 0.298) ; yet incidence of low pay (< 2/3 median hourly wage) international in middle region and increasing: 1979 : 10.9%; 2000: 16,6%; 2010: 18.1%
- Considerable effects of global crisis, though with time lag: initially Keynesian approach of gov't, in 2010-12 left for austerity program → in 2009-12 7% decrease of median purchasing power
- In 2000s social benefit levels lowered and entitlement criteria tightened → those on low income and UB levels hit → lack of automatic stabilizers → strong decrease of domestic demand
- Dutch GDP per capita in 2014 back at level of 2007; unemployment recently rapidly falling

- **Main features of Dutch industrial relations:**
 - First trade unions in 1870s, first confederations and employers' associations in 1900s
 - Unionism 'born outside the factory gates', centralism remains dominant
 - After 1945 consensual industrial relations, except for 1970-82 low strike activity
 - Top bodies: Social and Economic Council (SER, 1950, tripartite), covers broad range of subjects; Labour Foundation (STAR, 1945): national-level exchange employers – unions
 - Dual workers' representation at company level: 1. union groups, but no legal status ; 2. Works Councils, since 1979 independent, majorities of unionised workers
- **Current trade unionism:**
 - Three major confederations with sector-based affiliates: FNV (63% of all union members), CNV (16%), VCP (6%); others many but small (15%)
 - Late 1990s/2000s: union mergers → large blocks of private sector unions and public service unions → dominated FNV and CNV → 'FNV 'redesigned' into smaller units
 - Long-term fall in union density: 1980 34%; 1990: 24%; 2000: 25%; 2010: 19%, 2014: 18% → union membership heavily ageing, in 2013 only one-third < 45 of age
 - Yet latent support for unions in working population remains: in surveys 70-80% 'unions reliable' or similar judgements → many 'free riders'!

Collective Bargaining



- **Brief history of Dutch collective bargaining (CB):**
 - 1950-1980: strong economic growth and real wage increases, 1981: recession
 - 1982: Wassenaar Accord (Social Pact), unions accept wage restraint for job creation/working time reduction → ‘first part-time economy in the world’
 - 1993: New Course Social Pact: CB broadened to training, careering, child care, etc.
 - CLAs extensive; ‘wage building’ based on job classification and evaluation schemes
 - Some decentralisation of CB, mainly in 1996-2002: break-up of sectoral banking CLA
- **Current characteristics of Dutch CB:**
 - Collective bargaining coverage (CBC) remains high with 85% in 2014, based on high *employer* density (stable at 85%) and Mandatory Extension by Minister of Social Affairs; non-coverage in small sectors and because higher management mostly not under CLAs
 - In international perspective Dutch CB pattern resilient during crisis: no opening clauses, no renegotiating during agreed timescale, mainly shorter duration of CLAs (f.e. Tata Steel)
 - Sectoral (multi-employer) bargaining dominant: in 2014 89% of CBC covered by industry CLAs
 - In the five WIBAR3 industries (M&E, wholesale, retail, ICT, T&T) 67% covered by industry CLAs, due to 55% in transport and telecom under company CLAs
 - Mandatory Extension adds in 2015 total 8% to CBC rate, 13% in 5 WIBAR3 industries

Wage-setting and the statutory minimum wage (SMW)



- **Brief history of wage-setting:**
 - First CLAs negotiated in 1900-10
 - Legal regulation in 1927 and 1937 → Mandatory Extension (ME) introduced
 - 1945-1964: consensus at top-level, ‘industrial peace’, strong government regulation
 - 1945: ‘social minimum wage’ recommended for full-time breadwinners
 - 1963-65: strike wave → ‘wage explosion’ → free wage-setting (Wage Act of 1970)
 - 1964: unions and employers agree on MW to included in CLAs
- **The Statutory Minimum Wage (SMW):**
 - 1969: adult SMW from 24 of age on, no longer breadwinner criterion, but....
 - 1969-74: minimum level of social insurance provisions coupled with SMW....
 - and effects for gov’t budget between 1969 and 2014 in 13 years leading to freezes
 - 1974: youth minimum wage (YMW) for 15-22 of age, since mid-1980s stepwise up from 30% of adult wage to 100% at age 23, but
 - YMW recently under criticism of young trade unionists → revision for 18-22 of age in retail CLA, most likely soon in law
 - Interesting: unlike in many other countries, MW in NL in recent crisis not frozen