

CELSI Research Report No. 11

BARGAINING SYSTEMS, TRADE UNION STRATEGIES AND THE COSTS AND BENEFITS OF MIGRATION

JULY 2015

MARTA KAHANCOVÁ

IMRE GERGELY SZABÓ



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Marta Kahancová

CELSI

Imre Gergely Szabó

CEU Budapest

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Central European Labour Studies Institute (CELSI)

Zvolenská 29
821 09 Bratislava
Slovak Republic

Tel /Fax: +421-2-207 357 67
E-mail: info@celsi.sk
Web: www.celsi.sk

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This report was prepared in 2012 as part of the project "Costs and Benefits of Labour Mobility between the EU and the Eastern Partnership Partner Countries" (Grant number EuropeAid/130215/C/SER/Multi).

Corresponding Author:

Marta Kahancová
Central European Labour Studies Institute
Zvolenská 29, 821 09 Bratislava
E-mail: marta.kahancova@celsi.sk

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Executive summary

Managing the inflow of immigrant labour force is a salient issue on the political agenda of every “old” EU-member states. Nevertheless, a single, common European framing of the issue is impossible. Despite some EU-level regulations, nation states still show a great deal of diversity in terms of the share of non-nationals within their labour force and in the way the employment of non-nationals is structured and rewarded. One source of this variation is the difference in industrial relations systems across old EU-member states. The extent of corporatism (tripartite wage coordination), social dialogue (the involvement of social partners in policy making), collective bargaining practices between employers and trade unions, collective agreement coverage rates, and trade union recruitment strategies are factors that can all potentially affect the demand for and the integration of the immigrants on the labour market. The aim of this study is to identify the role of industrial relations systems in affecting levels of migration as well as the costs and benefits of migration, from a receiving country perspective.

Our findings are for the most part based on secondary sources. As main references, we used recent works on the typologies of industrial relations systems across the EU (European Commission 2008,2013, Schulten 2005), and also on the nexus between labour market institutions and immigration (Meardi et al 2012a, 2012b, Devitt 2011, Dølvik and Eldring 2006, Eldring and Schulten 2012) We framed these literature sources in a broadly defined Varieties of Capitalism approach (Hall and Soskice 2001), where differences in industrial relations systems affect the costs and benefits of migration through the handling of precarious employment. We deem this framing plausible, as there is virtual consensus in the literature that the majority of immigrant workers find employment in the low-skilled, low-wage precarious sectors. Our highlighted cases include the Nordic countries, Germany, the United Kingdom and Spain.

The following points constitute the core of our argument:

- from the four pillars of industrial relations systems (associational power of trade unions and employers, coordinated collective bargaining, tripartite policy making, information and consultation with employees), the information and consultation of employees has no role in shaping immigration-related developments in the host economy
- there is no relationship between government policies on immigration and tripartite policy making either. The involvement of social partners (unions and employer associations) into top-level policy making in itself does not make governments more receptive or more hostile towards labour force immigration.
- *collective bargaining* between trade unions and employers have *relevance for the level of immigration* as well as for the *costs and benefits of immigration*
- collective bargaining processes affect the level of immigration as well as the cost and benefits of immigration *via influencing the demand for precarious (flexible) employment*
 - the *encompassing bargaining systems* of the *Scandinavian* countries allow little room for precarious employment, thereby *precluding mass economic immigration*. Nevertheless, those immigrants who enter the labour market are more equally distributed among economic sectors, have *more chance for equal wages* and upward mobility than in other countries. For the society as a whole this means the *maintenance of solidaristic welfare systems*, but there is a

danger of atrophy as employers take advantage of loopholes (e.g. they hire posted workers).

- the *dualized bargaining system* of Germany is also associated with relatively *low levels of labour immigration*. Nevertheless, the dualization process restructured the deals that previously settled guest workers and their families get. In this new setup, the migrant workforce will most likely be concentrated in *outsider positions* of the labour market. While this means increased employment opportunities for groups (mostly women and young people), who were completely outside of the labour market before, it also creates problems in relation to segregation and redistributive struggles between insiders and outsiders.
 - one of the main target countries of labour migration in the 2000s was the *United Kingdom*, which has a *fragmented bargaining system* with generally low bargaining coverage. Low bargaining coverage rate is likely to be related to the emergence of a *low-wage service sector* which has attracted migrants in high numbers. However, unlike in Germany there is *no clear-cut division* between covered and non-covered sectors – there are no signs of dualization. This might explain a rather surprising finding, namely that in the wake of the crisis, foreign-born employees were not more deeply affected by unemployment than native-born citizens.(Chaloff et al. 2012: 40)
 - *Spain* attracted a similarly large inflow of immigrant workers as the UK, but the Spanish bargaining system shares more similarities with the dualized regimes. What makes the Spanish case special is that dualization is coupled with *informality and an extreme vulnerability for the outsider workforce*. The *state* from time to time *intervenes* against this setup, for example in the form of massive regularization campaigns supported by established bargaining partners on both the employers and the employee side. Informality has a high cost for the economy as a whole in terms of lost tax revenues.
- Among the actors of industrial relations, we focus on trade unions, who face a dilemma of how to prevent dualization or a race to the bottom in terms of wages and employment conditions without excluding migrants from the labour market altogether. Trade union strategies vis-à-vis migrants show a great deal of diversity, partly following the variety in bargaining systems.
 - While none of the national unions applied straightforward exclusionary strategies, their stance on the timing of labour market liberalization as well as their capacities to organize migrant workers remarkably differ.
 - The favourable conditions (relatively low intensity and a non-segregated form of migration) enable Scandinavian unions to be rather active and successful in organizing non-national workers.
 - Despite their weak institutional position, British trade unions also achieved remarkable success in organizing migrant workers. The strategy designed to attract the immigrant labour force featured a skillful combination of service-oriented instruments, identity politics, mobilization and organization.
 - Partly due to the institutional stability they enjoy, German trade unions were not forced to see immigrants as a possible source of revitalization. Consequently, their record in attracting immigrant workforce lags behind both Scandinavian and British trade unions.
 - Spanish trade unions face the biggest challenges when it comes to organizing non-national employees. Taken into account the prevalence of informal

employment and the concentration of the immigrant labour force in the least unionized sectors (construction, agriculture, household services), Spanish trade unions rationally directed their energies towards promoting government regularization campaigns and set up basic information centres. (Meardi et al. 2012b: 14)

As a final point, we have to make a caveat that helps the interpretation of these results. While some aspects of the industrial relations regimes have a clear impact of immigration levels and outcomes, it is difficult to separate these factors from other, much broader socio-economic variables such as general levels of economic development, the structure of the host economy, language barriers or networks through which immigrants arrive into a specific country. Likewise, in a lot of cases it is difficult to separate labour force migration from other purposes and also hard to tell how enduring a specific wave of immigration will be.

Introduction

The aim of this study is to identify the role of collective bargaining systems and of trade union strategies vis-à-vis migrant workers in affecting economic costs and benefits of migration from the receiving country perspective. In particular, we investigate how particular variables from the main pillars of industrial relations systems, namely, bargaining systems and associational strength of industrial relations, interact with migration flows, structures and skill composition.

The conceptual/theoretical aim of the study is twofold:

- to categorize different bargaining systems across the EU member states and discuss possible effects on how these systems influence the economic costs and benefits of migration
- to conceptualize trade union strategies vis-à-vis migrants and discuss implications of these strategies for the costs and benefits of migration.

The empirical aim of the study is to present evidence on bargaining systems and trade union strategies and recent action vis-à-vis migrants in order to derive implications for the costs and benefits of migration. Due to a lack of available systematic analyses on the interaction between bargaining systems and costs and benefits of migration, and on how trade union action vis-à-vis migrants impacts on the costs and benefits of migration, evidence in this report is limited to available country case studies on bargaining systems, trade union strategies vis-à-vis migrants and their implications. Formulating more systematic empirically underpinned but generalized implications of bargaining systems and trade union strategies for the costs and benefits of migration are subject to further empirical research beyond the scope of this report.

1. Operationalization and methodology

For the purpose of this study, industrial relations systems across the EU member states are considered the main independent variable. Costs and benefits of migration are addressed as the main dependent variable. Variables are operationalized below.

1.1 Costs and benefits of migration

The cost and benefit analysis of migration focuses on economic and labour market costs/benefits, or in other words, on migration-induced changes in wages, employment, labour market performance (e.g. matching demand and supply, skill levels), GDP and the welfare state. As migration is often related to non-standard, or precarious, employment, the study also attempts to address implications for precarious employment in particular industrial relations systems. We can distinguish between the following levels of effects within the cost-benefit analysis of migration:

- a *direct economic effect* of migration through changes/adjustments in the aggregate demand for labour force. If the aggregate demand for migrants increases and migrants indeed migrate to work in a particular receiving country, the total labour force in that country increases. This can produce benefits in terms of GDP growth, employment, purchasing power and the size of consumer demand. Particular direct effects depend on migrant skills and on the sector where aggregate demand changes apply and their particular sectoral industrial relations arrangements.
- *indirect economic effects* of migration channelled through the labour market and welfare state arrangements – without considering industrial relations arrangements, the inflow of migrants may reduce unemployment through a reduction in the overall wages through increasing labour supply. Alternatively, migration may deepen the gap between incumbent workers with higher wages and migrants with lower wages. The institutional effect of industrial relations may redirect these effects or eliminate them. Similar arguments hold for migrant integration into the host countries' welfare systems, which are also influenced by particular industrial relations arrangements.
- *externalities of migration* in general refer to social networks that migrants develop, secondary migration flows of families and children and their demand for housing, healthcare and education in the receiving countries. For the purpose of this study, externalities considered relate to attitudes of trade unions vis-à-vis migrants, which bring repercussions on the receiving countries' migration policies through institutionalized industrial relations institutions.

1.2 Institutional pillars of industrial relations across the EU

Particular industrial relations arrangements across various EU member states produced different achievements (e.g. in form of institutionalized social dialogue, coverage of employees through collective agreement provisions and the extension of these provisions to broader groups of employees) in contributing to growth and social protection. Therefore, we expect that differences across industrial relations arrangements, in interaction with other variables (e.g., the state of the economy and labour markets, political cycles and national migration policy, public opinion, traditions and attitudes of employers towards migrant workers, etc.) will also signal different implications for the costs and benefits of migration.

The operationalization of industrial relations systems rests on four institutional pillars that describe industrial relations arrangements in most Western European democratic and capitalist states since the post-war period (EC 2008; Streeck, 1992; Traxler, 2002; Visser, 2006). These pillars include:

- the *associational power of industrial relations*, or in other words, strong or reasonably established social partners (in particular, trade unions);
- *coordinated collective bargaining*, or solidarity wage setting based on collective bargaining at the sectoral or higher level of coordination;
- a fairly generalized arrangement of *information and consultation of employees* at the company level based on the rights of workers and trade unions to be involved in decision-making;
- institutionalized or routinized practice of *social dialogue or tripartite policy making* and involvement of social partners in tripartite policy arrangements.

Not all four pillars are simultaneously present in all EU member states, but their recognition helps identifying differences across the EU member states and draw particular implications for the costs and benefits of migration. At the same time, not all of the above institutional pillars are directly relevant for the costs and benefits of migration at the *meso* and *micro* levels (labour market outcomes and individual migration strategies). While institutionalized tripartite social dialogue may be relevant for a country's migration policy, its direct effect on migration at the micro level is marginal. Similarly, the arrangement for information and consultation of workers at the company level likely does not have a strong objective impact on aggregate demand for migrants, GDP and labour market performance when migrant workers enter the receiving country's labour market, or on individual decisions to migrate. Therefore, this pillar does not constitute an important factor in assessing the economic costs and benefits of migration and is excluded from our analysis.

From the perspective of migration, the most important pillars of industrial relations are the associational power through social partners (especially trade unions) and established bargaining systems. Strong trade unions have the potential to influence costs and benefits of migration either directly through their action targeting migrant population, or through institutional arrangements, e.g., bargaining for an extended coverage of collective agreements, monitoring compliance with relevant legal regulation, negotiating particular collective agreement provisions for migrant workers, or protecting the interests of migrants and raising their awareness on entitlements related to work and welfare system provisions in the receiving countries. For the above purposes, this study operationalizes industrial relations systems exclusively using two pillars – the associational power (trade union density and strategies targeting or concerning migrant workers), and established patterns of coordinated bargaining (dominant levels of bargaining, bargaining coverage and extension mechanisms applicable to collective agreements). While each of these pillars has the potential to influence costs and benefits of migration directly, it is also important to acknowledge their interaction. Especially the associational pillar has the capacity to influence migration in additional ways that are not necessarily channelled through the bargaining system. For example, particular inclusive strategies of trade unions, e.g., active organizing of migrants, may modify the direct effect of the bargaining system on migration flows/composition/skills; or may complement the effect of the bargaining system on migration. Therefore, even in a country without a higher level of bargaining coordination or without an institutionalized practice of extensions of collective agreements to non-organized employers, economic costs and benefits of migration are likely to differ according to trade unions strategies vis-à-vis migrant workers.

1.3 Data sources

Empirical evidence used in the current study is a collection of available literature assessing the impact of industrial relations on migration and case studies on particular countries and actions of trade unions vis-à-vis migrants in the EU. The most important data source for indicators of trade union density, bargaining levels and bargaining coordination is the latest version of the ICTWSS database - *Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts* (version 3.0, 2011). The ICTWSS is the only available source of comparative information on institutional and structural characteristics of industrial relations systems covering all EU member states including the new member states after the 2004 and 2007 enlargements. Information in the database comes from national surveys, the European Social Survey, and administrative data obtained from the unions and from the European Industrial Relations Observatory (EIRO) of the European Foundation for the Improvement of Living and Working Conditions.

2. Variation in bargaining systems and associational strength of trade unions across the EU member states

This section identifies variation across EU-27 industrial relations systems with particular focus on the position/strength of trade unions (measured through trade union density) and the existence/effectiveness of coordinated bargaining systems (measured through bargaining levels, bargaining coverage and extension mechanisms). Statistical evidence covering all EU member states is then used to draw theoretical and empirical implications on how bargaining systems influence the direct and indirect costs and benefits of migration.

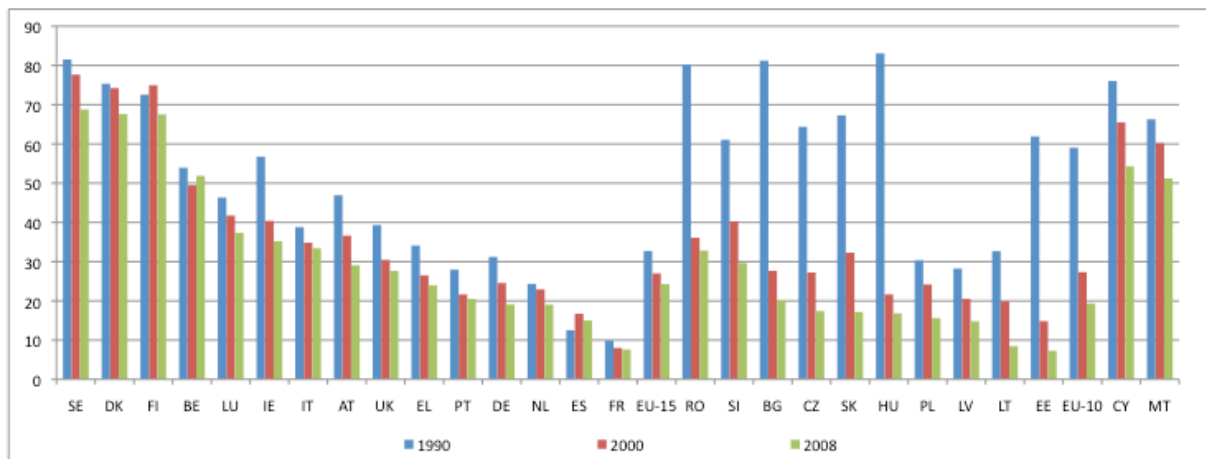
2.1 Associational characteristics of industrial relations across the EU

Legal recognition, a broad membership base, capacity to negotiate and organize new members and the populations' and employers' confidence in associations representing the interests of employees on the one hand and employers on the other hand are among key preconditions for their strong position and a functioning social dialogue. The most commonly used structural indicator of trade unions' membership base is the *net union density rate*, indicating union membership as a proportion of wage earners in employment in a particular country. Chart 1 shows net union density rates across three time periods between 1990 and 2008 for which data for all EU member countries are available. Within this time period, all EU member states have been facing a trade union membership decline. A weakening membership base indicates that trade unions face a challenge to defend their position and reverse the trend in declining membership.

Attempting to find patterns across particular EU member states' clusters according to their union density rates and degree of bargaining coordination (relevant for seeking for patterns in migration and impact on costs/benefits of migration), we distinguish between six country clusters (see also Chart 2). First, the *Nordic countries* (SE, DK, FI) score highest on union density rates in the EU. These countries are also characterized by relatively high levels of

bargaining coordination (see below). Evidence shows that despite the general trend of declining or stagnating union power, union density rates in these countries have even strengthened and approximated the levels of the 1970s (Van Rie et al. 2011, Scruggs 2002). The reason behind high union density rates in these countries relates to particular institutional characteristics of their industrial relations, namely, the so-called *Ghent system*, where unemployment insurance is voluntarily administered by trade unions besides the state. A partial Ghent system also exists in Belgium, which partly accounts for union density above 50% in this country (c.f. Van Rie et al. 2011).

Chart 1 Union density rates in the EU (1990-2008)*



* Averages weighted by population and dependent employment

Source: ICTWSS database, Eurostat and UN Population Statistics

Second, **Southern countries** (FR, ES, PT, EL, IT), characterized by a greater bargaining decentralization/fragmentation when compared to the Nordic and Continental EU members, vary in their union density rates but share a common characteristics that density rates did not fall substantially. In Spain, union density even increased when comparing 2000 with 2008. France traditionally documents the lowest union density rate in the EU-15.

Third, countries in **Continental Europe** (LU, NL, AT, DE, BE) with the predominance of sector-level coordination of collective bargaining experienced a systematic but not a sudden drop in union density rates. The decline in density rates is greater than in the Southern countries.

Fourth, **UK and Ireland** are countries with typically decentralized bargaining and unions organized predominantly at the company level. Starting at higher initial levels of union density than the Continental European countries, density rates in the UK and IE have been falling in a similar pace.

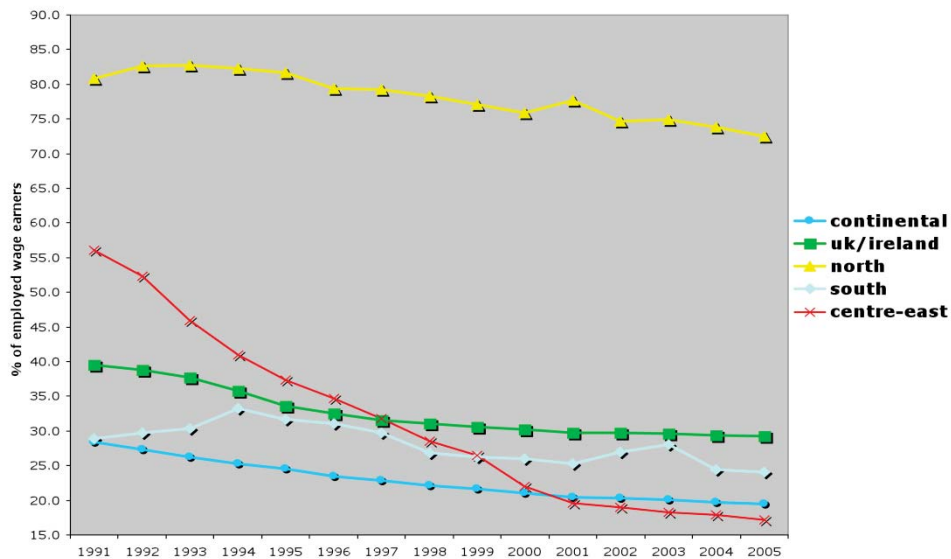
Fifth, union density rates underwent the most dramatic decline in **the new member states in Central and Eastern Europe (EU-10)**. Trade unions in the EU-10 (especially in RO, BG, CZ, SK, HU and EE) lost more members from the wage earning population than their EU-15 counterparts.¹ The reason is that the post-1989 transition dramatically influenced the resources and capacities of EU-10 unions. From ‘corporations with compulsory membership’,

¹ On average, union density in the EU-15 declined from almost 33% in 1990 to 24.2% in 2008. In the EU-10 union density declined from 59% in 1990 to 19% in 2008. It is however important to note that the initially high union density rates in the EU-10 in the early 1990s must be treated cautiously, because prior to the fall of state socialism in 1989 union membership has been artificially high.

unions transformed into ‘voluntary associations of employees’ (Kohl, 2008: 108). Low social trust within the post-socialist EU-10 societies also undermined union identity and legitimacy (Kaminska, 2010; Rose-Ackerman, 2001).

Sixth, union density rates in **Cyprus and Malta (EU-2)** belong to highest in the EU despite a systematic declining trend from 1990. Even without Ghent system, density rates in these countries approximate the density rates in the Nordic countries.

Chart 2 Trends in union density rates, 1991 – 2005 (not covering CY, MT, RO and BG)



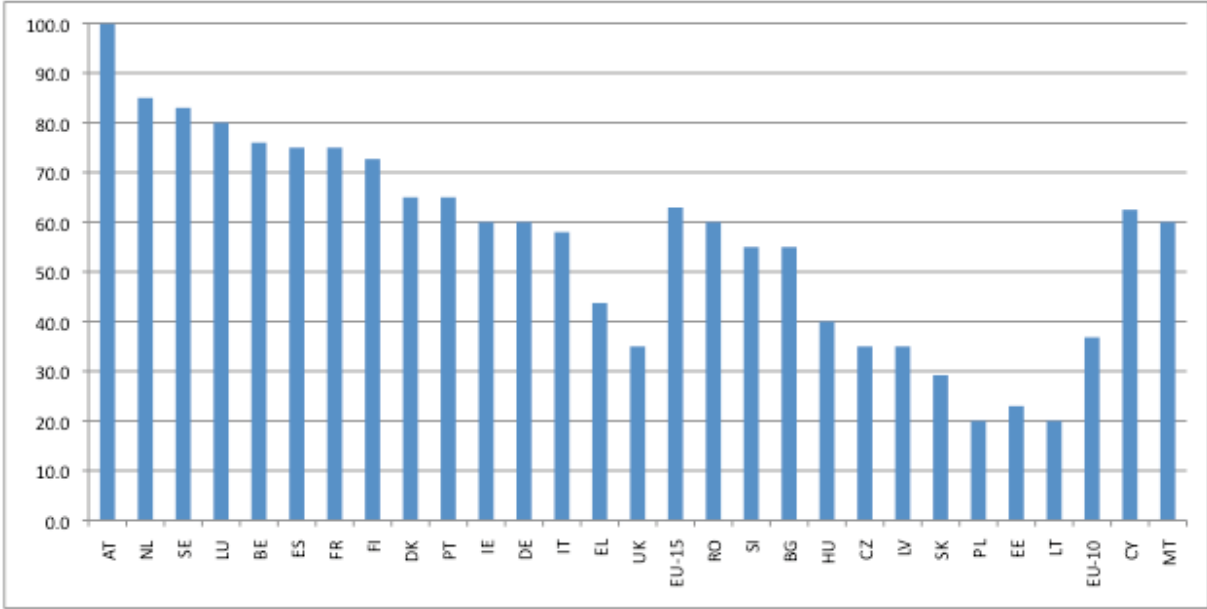
Source: ICTWSS database and Jelle Visser’s lecture notes, University of Amsterdam, 2008.

Although the focus of this study is on trade unions and bargaining systems, it is important to account for trends in membership in employers’ associations as well. This is relevant especially in connection to other characteristics of industrial relations pillars, namely, bargaining coverage and extension mechanisms. Employers that are covered by collective agreements or onto which extensions of collective agreements apply may have different incentives to hire migrants under the argument of lower wages than employers without such an institutional obligation. At the same time, employers covered by collective agreements may have, upon other country-specific conditions, greater motivation to hire migrants on non-standard contracts (precarious employment) if collective agreement provisions do not apply to this group of workers.

Membership of employers in employer associations is more difficult to assess than trade union membership, because of lacking official figures, employer freedom to join more than one employers’ association, or because the predominance of employers’ associations in the private sector (the public sector also accounting for a significant share of employment in the economy and subject to a country’s migration policy). Similar to trade union density rate, the most common indicator to assess the spread of employer associations over the economy is the *employer organization density rate*, or the share of employees working in companies that are

members of employers’ associations. Chart 3 presents recent employer organization density rates across the EU member states. Patterns in union density found across six country clusters do not apply to employer density rates. Employer density rates are similar across all Western European country clusters (Nordic, Southern, Continental, EU-2, IRL/UK) with the exception of EL and the UK. However, there is a significant difference in employer density between clusters of Western European member states (EU-15) and the new member states in CEE (EU-10). EU-10 countries’ employers are less eager to join an employers’ association, or such associations do not exist in particular economic sectors. At the same time, there is variation between employer density rates within the EU-10 country cluster, with RO, SI and BG reaching density rates similar to the Continental country cluster and EE, LT and PL showing the lowest employer density rates in the EU. The low degree of employer organizing in these countries is among the crucial factors of extensive bargaining decentralization.

Chart 3 Employer density rates across the EU, 2008*



* Averages weighted by dependent employment
 Source: ICTWSS database and European Commission (2013).

2.2 Collective bargaining systems and patterns

Collective bargaining is in most EU member states an established form of regulating pay and working conditions. Most European countries also have in place comprehensive legislation that secures the principle of the right to collective bargaining and determines a procedural framework (Schulten 2005). In practice, national bargaining systems differ across EU member states. From the perspective of costs/benefits of migration, differences in bargaining levels, bargaining coverage, and extension mechanisms are the most important.

2.2.1 Bargaining levels

Coordinated bargaining at the sectoral or intersectoral level shall eliminate differences between wages and working conditions and thus competition between various employers in the sector or similar fields of activity. For the costs/benefits of migration, coordinated bargaining means that migrants should receive the same kind of treatment as native employees and therefore migration shall not significantly affect labour market developments (e.g. changes in aggregate demand because of employer demand for migrants willing to work for lower wages and/or inferior working conditions). Next, the inflow of migrants shall not reduce unemployment through a reduction in the overall wages through increasing labour supply, because wages are set through coordinated multi-employer bargaining. Furthermore, migrants' purchasing power and wages are similar to native workers; and this has positive effects on the receiving country's consumption and GDP. The wage gap between native and migrant workers under coordinated bargaining shall remain marginal or not exist at all. The above effects refrain from considering additional institutional factors such as bargaining coverage and extension mechanisms, which are considered below. The effects also do not consider employer interest to opt out from obligatory bargaining provisions agreed under coordinated bargaining. If we assume that employers would attempt to avoid such provisions, or that the legal system and/or trade unions are not powerful enough to monitor employer compliance with provisions agreed in coordinated bargaining, then it is likely that despite the expected positive effects of coordinated bargaining on the labour market, GDP, and migrants' welfare, the real effect will be a growth of a dual labour market, with 'insiders' consisting of native workers protected by collective agreement provisions, and 'outsiders' consisting among others of migrants employed through various forms of precarious employment and without protection granted through sectoral or inter-sectoral collective agreements.

Bargaining systems across the EU member states have been relatively stable in the past decades (see Table 1). However, the long-term common trend is decentralization of collective bargaining with a growing importance of company-level bargaining. Different EU member states have been exposed to bargaining decentralization to different extents. In general, Schulten (2005) identified two basic types of bargaining systems (according to the predominant bargaining level) in the EU member states. The first type is characterised by high bargaining coverage brought about by a developed system of multi-employer bargaining, with collective agreements concluded at intersectoral or sectoral level and/or a widespread use of extension procedures. The second type has relatively low bargaining coverage with a predominant system of company bargaining and a practical absence of extension procedures.

Table 1. Developments in national collective bargaining systems 1990 - 2005

	Change in the importance of bargaining levels	Change in bargaining coverage
Austria	There have been no fundamental changes in the bargaining system. There has been a tendency towards 'organised decentralisation' of collective bargaining, whereby the sectoral bargaining parties have deliberately devolved bargaining tasks (in particular relating to working hours and, with some delay, to variable pay) to company level (eg by the introduction of opening clauses into sectoral agreements).	Stable.
Belgium	There have been no fundamental changes in the bargaining system. Since 1996, a law has provided for the fixing of the maximum available margin for wage increases every two years, mainly as a function of developments in France, the Netherlands and Germany. The intersectoral agreement that is negotiated every two years must therefore lay down the maximum wage increase margin.	Stable.
Bulgaria	There are some tendencies towards decentralisation of bargaining, mainly as a result of privatisation of former state-owned industries, with the new owners usually preferring company bargaining.	Decreasing.
Cyprus	There have been no fundamental changes in the bargaining system.	No information available.
Czech Republic	There has been a decline in company agreements and the number of employees covered. Sectoral bargaining has shown a slight increase since 1999.	Decreasing.
Denmark	Although the sector is still the most important bargaining level, there is a significant tendency towards decentralisation of bargaining. In some sectors, sectoral agreements determine only minimum wages while actual wages are determined at company level.	Stable.
Estonia	No fundamental changes except the introduction of an extension mechanism in 2000.	No information available.
Finland	Intersectoral bargaining has remained the most important bargaining level, but there is a tendency towards bargaining decentralisation. Company bargaining has gained more scope for flexibility in enforcing the provisions of higher-level agreements, eg concerning working time arrangements as well as the allocation of the local share of contractual wage increases, which has increased in recent years.	Relatively stable.
France	There is no clear tendency in collective bargaining. State intervention has become more important regarding the determination of pay (via increases in the statutory minimum wage) and working time. However, the 1998 law on the 35-hour working week led to a strengthening of collective bargaining and to a sharp increase in the number of company agreements.	Stable.
Germany	The sector has remained the most important bargaining level but company bargaining has increased in importance. There is a strong tendency towards decentralisation of collective bargaining through the widespread conclusion of opening clauses within sectoral agreements, which allow for additional bargaining at company level.	Decreasing.
Greece	Overall, the bargaining system has remained stable but in recent years there has been an increase in the number of company agreements.	No information available.
Hungary	There have been no fundamental changes in the (decentralized) bargaining system. Bipartite sectoral social dialogue committees, established with support of the EU PHARE programme on strengthening autonomous social dialogue, unsuccessfully aimed at establishing foundations for coordinated bargaining at the sectoral level.	Decreasing at sector level, relatively stable at company level.
Ireland	The development of the collective bargaining system has been paradoxical. On the one hand, the system of centralised tripartite agreements has remained stable since 1987. On the other hand, as far as lower-level bargaining is concerned there has been an increasing trend of decentralisation to the company level, and sectoral bargaining has declined significantly.	No information available.
Italy	Although the two-level bargaining system has remained stable in principle, there is a trend towards an increased importance for the company or local level. This tendency has essentially been realised through a growing use of framework rules at national level which must then be implemented at decentralised level, taking local situations into account.	Stable.
Latvia	Since the establishment of a new bargaining system in the early 1990s, there have been no major changes.	No information available.
Lithuania	Since the establishment of a new bargaining system in the early 1990s, there have been no major changes. However, a new Labour Law adopted in 2002 has significantly widened the scope for collective bargaining.	No information available.
Malta	There have been no fundamental changes in the bargaining system.	No information available.
Netherlands	The sector remains the most important bargaining level. There has been an increase in the number of company agreements. The proportions of employees covered by sectoral and by company agreements have remained relatively stable. There is a significant tendency to incorporate opening clauses into sectoral agreements, which usually deal with working time arrangements, but only exceptionally with pay.	Stable.
Norway	There have been no fundamental changes in the bargaining system, but company bargaining has gained importance as a supplement to sectoral bargaining.	Stable.
Poland	The number of agreements signed at company level (the main bargaining level) has shown a significant decline since the mid-1990s despite some recovery in 2003.	Decreasing.

Romania	Since the establishment of a new bargaining system in the early 1990s, there have been no fundamental changes.	Stable.
Slovakia	There have been no fundamental changes regarding the importance of bargaining levels. However, overall bargaining coverage has decreased considerably, especially in the private sector. In 2002, the formerly unified bargaining system was divided in separate systems for the private and public sector, with more legal restrictions for the latter.	Decreasing.
Slovenia	Since the establishment of a new bargaining system in the early 1990s, there have been no fundamental changes to the coordinated corporatist bargaining until 2006.	Stable.
Spain	The bargaining system has been affected by tendencies of both centralisation and decentralisation. On the one hand, there has been a process of centralisation in the structure of bargaining in sectors where it was previously highly fragmented. This is indicated by an increase in the number of provincial and national sectoral agreements. Furthermore, since 2002, annual intersectoral agreements have laid down guidelines for lower-level bargaining. On the other hand, the contents of collective agreements underwent decentralization and adaptation to company-specific situations.	Increasing.
Sweden	Since the final collapse of intersectoral bargaining in the early 1990s, the two-level bargaining system, with sectoral and additional company bargaining, has remained stable. There has been some re-strengthening of sectoral agreements through the conclusion of new basic framework accords. However, company bargaining has also increased in importance.	Stable
UK	The demise of sectoral bargaining arrangements, which proceeded apace in the 1980s, continued in the 1990s.	Decreasing

Source: EIRO, Schulten (2005).

More recent evidence from the ICTWSS database allows for a deeper insight into differences in bargaining coordination (and thus bargaining levels) and the extent of government involvement into collective bargaining across EU member states (see Table 2). In most EU member states the government does not directly participate in (tripartite) wage bargaining.

Table 2 Degree of wage bargaining coordination and government intervention, 2000 – 2010*

Coordination of and government intervention in wage bargaining		Coordination of wage bargaining			
		1: fragmented bargaining, mostly at company level	2: mixed or alternating industry- and firm level bargaining, with weak enforceability of industry agreements	3: industry bargaining with no or irregular pattern setting, limited involvement of central organizations, and limited freedoms for company bargaining	4: mixed industry and economy-wide bargaining: a) central organisations negotiate non-enforceable central agreements (guidelines) and/or b) key unions and employers associations set pattern for the entire economy
Government intervention in wage bargaining	4: the government participates directly in wage bargaining (tripartite bargaining, as in social pacts)				SI, FI, BE, IE
	3: the government influences wage bargaining outcomes indirectly through price-ceilings, indexation, tax measures, minimum wages, and/or pattern setting through public sector wages	PL, LT, MT	BG, CZ, HU, LU,FR	RO, SK, PT	EL, ES, NL
	2: the government influences wage bargaining by providing an institutional framework of consultation and information exchange	EE, LV, UK	CY	DK, SE	DE, IT, AT

* Average for 2000-2010

Source: ICTWSS database version 3.0 (2011).

The clustering of EU member states according to their bargaining coordination only partially aligns with the clustering based on union density (see Chart 1). In the Nordic countries with highest union density rates bargaining is coordinated at the sectoral or intersectoral level. Ireland and Slovenia also have a highly coordinated bargaining system. In contrast, bargaining in most EU-10 countries in CEE, EU-2 countries and in the UK is decentralized with the predominance of company-level bargaining. Bargaining within the Southern and Continental country clusters ranges from decentralized bargaining with weak enforceability of sectoral agreements (FR) to highly coordinated bargaining and/or pattern setting for the whole economy (BE, DE, IT, AT, NL, ES).

2.2.2 Bargaining coverage

The extent of bargaining coverage refers to the share of working population that work in companies covered by a collective agreement. High bargaining coverage is equivalent to a high degree of employee protection and can be achieved only with a comprehensive coordinated bargaining system (Schulten 2005). Trends across the EU member states show that bargaining coverage has been systematically declining (see Chart 4). On average, the coverage declined in the EU-15 by 0,9 percentage points between 2000 and 2008, while the EU-10 experienced on average a coverage decline of 12 percentage points. To increase bargaining coverage, employers’ associations and trade unions need a supporting legal framework. One crucial element in this is the existence and use of extension procedures in order to avoid 'free-rider' behaviour of employers (ibid).

In most of the 'old' EU Member States, more than two-thirds of employees are covered by a collective agreement (with the exception of IE and the UK). The lower degree of bargaining coordination, coupled with weaker enforcement of collective agreements and a lower legal entrenchment of extension mechanisms in the EU-10 countries accounts for the fact that bargaining coverage across the EU-10 is systematically lower than in the EU-15 countries and collective agreements cover often much less than 50% of all employees (see Chart 4). The only country with a high bargaining coverage in the EU-10 is Slovenia, where coverage reached 100% prior to 2006 due to mandatory employer membership in chambers and a legally binding character of collective agreements. After the introduction of free collective bargaining employer density as well as bargaining coverage dropped and a further bargaining decentralization and decline in coverage is expected (European Commission 2012).

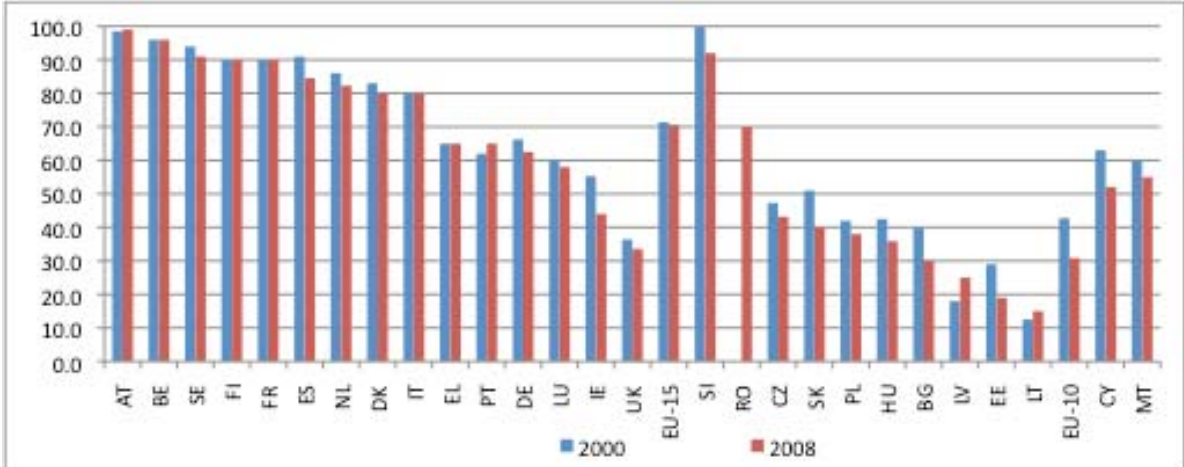


Chart 4 Adjusted bargaining coverage in the EU member states, 2000 and 2008*

* Data for Romania for 2000 not available Source: ICTWSS database, version 3.0, 2011

Implications of a higher bargaining coverage for the costs and benefits of migration are closely connected to the bargaining level. Benefits from coordinated bargaining (e.g., migrants' purchasing power, no dual labour market, no changes in the aggregate demand for low-wage work, etc.) are further pronounced through a higher bargaining coverage. Considering only the extent of bargaining coverage and bargaining coordination, these benefits of migration should be most obvious in AT, BE, SE and FI. Moreover, a higher bargaining coverage potentially eliminates employer misbehaviour in terms of hiring migrant workforce under precarious contracts, illegally or under inferior working conditions. Eliminating such kind of employer behaviour is besides bargaining coverage conditioned by the legal framework, enforcement mechanism and trade union power to monitor employer compliance.

2.2.3 Extension mechanisms

Legally stipulated extension mechanisms supplement the institutionalized bargaining features (level of bargaining coordination and the extent of bargaining coverage) in most EU member states. The aim of extensions is to broaden the coverage of collective agreements and thus foster solidarity wage setting also among employees in companies outside of employers' associations. Table 3 documents that extension mechanisms are more firmly entrenched and exercised in countries that simultaneously developed a higher level of bargaining coordination (sectoral or inter-sectoral) and a higher bargaining coverage. In these countries (BE, EL, FI, DE, AT, ES), migration benefits should override the costs of migration in terms of equal working conditions, wages, purchasing power, GDP growth, changes in demand for labour not dependent on wage discrimination, and marginal use of precarious work. These expected effects are however conditioned by other institutional factors (e.g. enforcement mechanisms), market-driven behaviour of employers (changes in demand for labour regardless of regulation, bargaining system, etc.) and organizational factors (trade union strength, strategies and behaviour vis-à-vis migrant employees).

Table 3 Collective bargaining levels and extension mechanisms, 2000 – 2010*

Dominant level of collective bargaining and the presence of extension mechanisms (average of years 2000-2010)		Extension mechanisms		
		0: legal provision for mandatory extension not available	1: legal provision for mandatory extension available, but not regularly or widely used (<10%)	2: legal provision for mandatory extension available, regularly applied and affecting a significant share of the workforce (>=10%)
Level	4: national or central level, with additional sectoral / local or company bargaining	SI, IE		BE, EL, FI
	3: sectoral or industry level	RO, DK, IT, NL, PT, SE	DE	AT, ES
	2: sectoral or industry level, with additional local or company bargaining	CY,LU	BG,CZ, SK	HU, FR
	1: local or company bargaining	LT,LV,PL,MT,UK	EE	

* Average for 2000-2010.

Source: ICTWSS database version 3.0 (2011).

3. How bargaining systems affect cost and benefits of immigration: case-study evidence

To present case-oriented evidence on the relationship between collective bargaining systems on the one hand and the cost and benefits of migration on the other, we have to treat bargaining systems as part of broader labour market institutions. We argue that bargaining systems have an indirect effect on the levels as well as on the costs and benefits of migration, by influencing labour market structures. Most importantly, based on the available literature (Meardi et al. 2012b, Devitt 2011, Palier and Thelen 2010) we will demonstrate that bargaining systems play a prominent role in shaping the way in which precarious employment forms are accepted and dealt with in specific institutional contexts. Consequently, as migrants are mostly concentrated in the precarious segments of the market (Standing 2011: 90, Meardi et al. 2012b: 5), the costs and benefits related to migration will also depend on how the issue of precariousness is handled through the bargaining system. This is a two-way process – bargaining systems are relevant in determining how much precariousness there is in the labour market, but they also play an important role in managing the externalities related to insecure working conditions.

The categories and cases presented in this section are derived from the existing literature, which broadly falls within the Varieties of Capitalism (VoC) framework (Hall and Soskice 2001). We distinguish between coordinated market economies, liberal market economies and Mediterranean statist regimes (though the last category was not part of the original VoC framework). Besides, following more recent works (Martin and Thelen 2007, Palier and Thelen 2010), we treat the continental coordinated market economy of Germany separately from the Nordic model of coordinated capitalism. The bargaining systems in the CEE country cluster (EU-10) are irrelevant from the perspective of countries receiving migration, because all EU-10 countries are sending rather than receiving countries. Therefore, we will focus on selected receiving countries from the “old member states”, or the EU-15. When discussing substantive developments in collective bargaining, the time frame covers the post-Bretton Woods period starting from the 1970s until present. This longer time frame is necessary to understand the logic of how bargaining and labour market processes interact, especially in the case of Germany, where changes took place gradually (Palier and Thelen 2010).

Rather than dealing with skill-based migration, more recent studies focus on the flexibility (or precariousness) of the migrant labour force. Flexibility and skills are closely related to each other in the VoC literature. In the original formulation of the framework, general skills do not necessarily equal to low skills and precarious working conditions, in the case of migrants they usually overlap. In this context, migration is hypothesized to benefit the host country’s employers in the sense that it helps meeting their demand for a more flexible labour force. Nevertheless, the literature inspired by VoC (Meardi et al. 2012b, Devitt 2011) also points out that there are important cross-sectoral and cross-national differences within the EU regarding the extent to which flexible workforce is needed in the first place. Second, even within countries or sectors that need this workforce, there is variation in how they relate this flexible labour force to the rest of the economy.

All of these features of the receiving countries vis-à-vis migrants are influenced by their bargaining system. Findings suggest that the coordinated market economies of the Nordic countries and Germany are associated with the lowest intensity of economic immigration – at least since the 2000s (Meardi et al. 2012b: 6, Devitt 2011). However, there are differences between the two cases in terms of bargaining systems, which have an impact on the costs and benefits of migration for the society as a whole and for those migrants who enter the labour markets of these countries. Encompassing collective bargaining in the Nordic countries secures more stable working conditions and better chances of upward mobility for migrants, and contributes to the survival of a solidaristic welfare state. In the dualized bargaining system of Germany, migrant workers are installed in the labour market as outsiders, which comes at a price of precariousness and lower levels of social protection. For the economy as a whole, the maintenance of the dual system is efficient on the short run but it raises serious questions related to the redistributive struggles between insiders and outsiders about welfare services. In sum, the coordinated market economies of the Nordic countries and Germany differ from each other in terms of the cost and benefits of migration, but share their relatively low overall levels of economic immigration in the 2000s.

By contrast, liberal market economies (represented here by the UK) and the Mediterranean-statist model of Spain had the highest inflows of immigrant labour force in the 2000s (Devitt 2011: 580). This is partly due to the fact that the fragmented bargaining system of the UK and the statist-informal system of Spain allows employers to take advantage of the flexible labour force of migrants. Nevertheless, the costs and benefits of migration are different in the two cases. While in both cases, migrants are concentrated in the low-skilled, low-paid segments of the labour market, putting some downward pressure on wages, in Spain this form of segregation is even coupled with informality and an extreme vulnerability for the workforce. In Spain, migrant workers are more severely affected by unemployment than Spanish nationals, causing social dislocation (but not re-migration to the home country) and contributing to instability within the country as a whole. On the other hand, in the UK, native- and foreign born employees had the same likelihood of losing their job in the wake of the crisis. However, it is hard to find evidence on how this divergence relates to differences in the bargaining system. In the following paragraphs we will discuss in more detail the migration-related features of these four bargaining models (encompassing, dualized, fragmented, and statist-informal).

3.1 Encompassing systems (Nordic countries)

The encompassing bargaining system of Nordic countries is part of a labour market regime that leaves room for various atypical forms of employment, but it generates relatively little precariousness. Consequently, the inflow of migrant labour to these countries in recent decades remained moderate compared to liberal regimes. At the same time, employment-related migration is more equally distributed across sectors and skill levels in Nordic countries than in the rest of our cases (Devitt 2011: 582). While migration remains limited, its socio-economic benefits are higher than its costs, meaning better employment opportunities for migrants and less migration-related frictions in the welfare system.

Nordic countries managed to maintain high levels of union density and collective agreement coverage despite the expansion of the service economy. Even though the main level of coordination shifted from the national to the sectoral level, none of the economic sectors was left without bargaining coverage, employment relations remain highly regulated even in services. A large share of services is provided by strongly unionized public sector employees, but private services are also relatively well organized and covered by collective agreements, making the dispersion in wages and working conditions modest. Employer needs towards more flexibility are met through active labour market policies, which are managed in cooperation with trade unions (Thelen and Martin 2007). Finally, high collective agreement coverage and strong union presence on the workplace enable efficient employment-standards monitoring, so that employers do not have the opportunity to (informally) opt out from high standards (Devitt 2011:588). The system leaves little room for mass migration to fill places in the newly emerging precarious service sector, simply because a sector like this does not really exist in the Nordic countries. This also entails that the limited number of non-nationals who enter the labour market have relatively good opportunities to fulfil the same tasks for the same wages and under the same level of employment protection as host country nationals. Work-related segregation remains limited, and due to active labour market policies migrants have better chances for upskilling. A further benefit is that welfare regimes remain unified and solidaristic, immigrants pay the same contributions as nationals, and in case of illness, unemployment and old age, they can also expect the same benefits. Both national and non-national workers are interested in maintaining this compromise. Nevertheless, there is an important loophole in this otherwise mostly coherent system: employers in Nordic countries hire posted workers and subcontract to foreign companies with lower works standards as a way to circumvent strict labour market regulations (Dølvik and Eldring 2006, Woolfson and Sommers, 2006).

3.2 Dualized systems (Germany)

The bargaining system of Germany reacted differently to the crisis of the 1970s than the model present in Scandinavia. The sectoral level of bargaining was traditionally stronger in Germany to start with, and during the recent decades it has been further strengthening. Even more importantly, while in the Nordic countries all major economic sectors were kept under the scope of collective bargaining, and the content of collective agreements remained largely homogenous, in Germany a dualization process started. The role of industry and firm-level collective agreements (pacts for employment and competitiveness) in the highly export-oriented core manufacturing sector increased, but in exchange the sector lost its former ability to define the level of wages and employment protection for other sectors (Palier and Thelen 2010: 124). The development of this trade-off had at least two reasons. First, the core was itself shrinking as a result of shedding unnecessary labour force and the outsourcing of non-core activities to the service sector. Second, the collective deals reached in the core were not easily transferable to other parts of the economy. They are costly from the perspective of employers (high redundancy pay in terms of dismissal, the opportunity costs of negotiating with the unions is also high), and to function, they require very high productivity from a workforce that has specific skills. These arrangements are difficult to reproduce in the service

sector which has generally lower productivity, lower skill levels and where employers have also less manoeuvring space.

The shrinking of the privileged core created a serious insider-outsider cleavage on the labour market in which insiders are still covered by collective agreements and enjoy a great degree of employment security, while non-covered outsiders have to put up with much more flexible and individualized contracts, more wage dispersion and unstable working conditions. The dualization of the German bargaining system (and the economy as a whole) was finalized and underwritten by state policies in the early 2000s, in the wake of the Hartz-reforms. While the effect of the reforms are debated in the literature, Palier and Thelen (2010: 127) provide convincing evidence that rather than resulting in across-the-board liberalization, the main purpose of the reforms was to draw a sharper line between outsiders and insiders in terms of welfare provisions. On the positive side, the finalization of the dualizing process resulted in the increase of employment rates within the German economy. However, this was achieved through the mushrooming of atypical employment forms: minijobs, work on short-term contracts and also via temporary agencies (*ibid.*).

The dualization of the German economy is an internal restructuring process which primarily affects the socio-economic position of migrants who had arrived earlier, but it does not create demand for new economic immigration. In fact, partly as a result of the transitional restrictions after the Eastern EU-enlargement (in place until 2011), Germany has become a net emigration country by the 2000s (Eldring and Schulten 2012: 240, Meardi et al. 2012b). The restructuring of the German economy provided employment opportunities for those who were not at all part of the labour market before (unemployed youth, long-term unemployed, women without employment). Between 2008 and 2010, the employment rate of foreign-born citizens in Germany increased by 2 percent (Chaloff et al. 2012: 40). On the cost side however, these jobs are inherently unstable and the possibilities for upward mobility from them are rather bleak. The deals new, outsider employees get in terms of working conditions, welfare and employment security are rather inferior compared to insiders.

Immigrants are disproportionately concentrated in atypical employment forms, including short-term contracts, minijobs and temporary agency work. As Meardi et al. (2012a:7) summarized, “while previous migration waves into Germany were concentrated in manufacturing, with rather secure employment, more recently immigrants, whether high or low-skilled, tend to be concentrated in flexible employment. Temporary employment and especially agency work have increased in recent years and in both cases foreigners are over-represented. 13.6% of employed foreigners have temporary contracts, as against 8.5% of Germans (Mikrozensus 2008, Statistisches Bundesamt). Twice as many foreigners as Germans are in agency work. In total, 37% of non-EU employees, as against 25% of German employees, are employed in some ‘atypical’ forms (mostly part-time). Interestingly, the gap between Germans and foreigners has tripled between 1997 and 2007: foreigners are taking over an ever larger share of the increasing insecurity.” In addition, the changes in the bargaining system were not deliberately aimed at segregating migrants, but in effect they impinged mostly on non-nationals.

Regarding the benefits of migration accruing to the dualized economy as a whole, involving more migrants on the fringes of the economy contributed to increasing employment rates in the economy without disrupting the productivity coalition in the core, export-led sectors. Nevertheless, long-term socio-economic costs might arise from the redistributive conflicts between insider groups (in which nationals are overrepresented) and outsiders (in which immigrants are overrepresented). During the debates surrounding the introduction of the Hartz-reforms, insiders received the upper hand, as they managed to achieve a clearer separation of their insurance-based system from outsiders' welfare assistances. The assistance-based (much lower quality) social protection system, that covers precarious (migrant) labour, is financed from general taxation, meaning that the system redistributes less financial resources from insiders. But on the long-run the power balance and the boundaries between insiders and outsiders will depend on skilful political engineering. Besides, in sectors which lie on the boundary between the core sectors and the "fringes", serious downward wage pressure from precarious migrants can arise, as it happened in the meat industry (Eldring and Schulten 2012: 254).

The connection between the conflicts that were triggered by dualization on the one hand and migration on the other is also apparent in the debate on statutory minimum wages. Insiders oppose the introduction of a statutory national, non-sectoral minimum wage, reasoning that it would put downward pressure on their own wages (Palier and Thelen 2010:125). However, the absence of sectoral minimum wages for outsiders invites the opportunity for social dumping. Unions representing outsiders recently has successfully fought for the introduction of statutory national minimum wage for several sectors, including temporary agency workers (Eldring and Schulten 2012: 243, Meardi et al. 2012b: 6, Stettes 2012).

3.3 Fragmented systems (UK)

Ever since the Thatcherite reforms in the 1980s, the bargaining system of the United Kingdom has been characterized by fragmented, single-employer bargaining, which only covers a minority of the workforce. So, in the case of the UK, it seems more appropriate to talk about the impact that the absence of collective bargaining exerts on migration. Most importantly, the lack of collective agreements in most enterprises allows management to take advantage of immigrant labour force and use it as a buffer against the ups and downs in demand (Meardi et al. 2012b: 12).

For the good times (before the onset of the crisis in 2008), the prediction about the inflow of flexible immigrant labour seems to have worked out. The United Kingdom was among the first to entirely open up its labour market to EU-newcomers and it received the largest share of labour force from the new member states after the 2004 enlargement round of the European Union (Devitt 2011: 580). While the influx of cheap labour did not drive overall wage levels down, there is some evidence about the negative effects of mass immigration on wages in the low-skilled service sector. As collective bargaining is largely absent from this segment of the economy anyway, it was not able to counterbalance this process. However, two bargaining-related labour market developments set the floor for wage decreases in the low-skilled service

sector. First, in 1998, with the support of unions, the Labour government introduced a statutory national minimum wage, which was especially relevant for the lowest segments of the labour market. On the other hand, in the United Kingdom, trade unions extensively focused on organizing immigrant workers and on launching information campaigns for them, in order that they do not accept lower wages than the statutory minimum. (Eldring and Schulten 2012: 254).

Assuming that employers treat the migrant workforce as a buffer, we should expect migrant employees to be the first to lose their jobs in the wake of a crisis. Their exposure to unemployment risk should be further intensified as a result of their low collective agreement coverage rates. Nevertheless, available data does not support this argument. OECD statistics show that in the UK, native- and foreign-born employees had the same chance of becoming unemployed since 2008 (Chaloff et al. 2012: 40). However, there is some evidence in the literature about migrants from the new member states settling permanently in the UK despite the effects of the crisis (Eldring and Schulten 2012:251). We further reason that being in the most precarious positions on the labour market and probably having very low levels of individual savings, they are still more exposed to social dislocation than home country nationals.

3.4 Informal-statist system (Spain)

The collective bargaining system of Spain unites certain elements of the dualized and the fragmented models, but its distinctive features are informality and state intervention. Before moving on to present the details of the system and the way it relates to economic migration, we have to add that collective bargaining and immigration are both relatively new phenomena in Spain. Collective bargaining in the modern sense started in Spain in 1975, after the collapse of the dictatorship. Likewise, Spain became a popular target of migration only from the mid-1980s (Meardi et al 2012b: 6). This latecomer status puts constraints on the comparison of Spain to the three previous cases. While there is a functioning collective bargaining system with established social partners, the state has a strong influence on labour market institutions, especially in relation to illegal employment. The constraints put on employers in the formal, core economy are counterbalanced by the informality characteristic of large outsider segments of the economy, which are ideal areas for employing vulnerable migrant groups. However, the state from time to time intervenes against this setup, for example in the form of massive regularization (Meardi et al. 2012b: 2). As documented by Meardi et al. (2012b), in 2005 the Spanish government “enacted the largest program of undocumented migrant worker legalisation in EU history (678,000 regularised workers), promoted by trade unions and employers.” Nevertheless, this creates a rather unpredictable environment, both for the representatives of employers and employees. In the case of Spain, economic immigration mainly targeted construction, agriculture and personal (mostly care) services. These sectors are the least unionised and most sparsely covered by collective agreements all over Europe. Moreover, in Spain, these sectors are the hotbeds of illegal, untaxed employment.

From the perspective of the migrants, the benefits of this system are apparent in the relative ease with which construction, agriculture and personal service jobs could be taken up in the

booming Spanish economy during the early 2000s. Similarly to the United Kingdom, migrants provided the buffer to meet increased demand in good times, and there was no collective bargaining in the affected sectors that could have prevented massive inflow of foreign-born labour. Nevertheless, social and individual costs were stemming from informality: forgone tax revenues on the host society's side and no possibility to claim benefits on the side of the new inhabitants. The gravest symptoms of migrant precariousness are appearing during hard times, and due to informality, migrant workers are not part of the safety net. In contrast to the British situation, migrant workers in Spain suffered disproportionately from the effect of the crisis, compared to the rest of the population. Unemployment among foreign-born workers increased by almost 15 percentage points between 2008 and 2010, while the same figure for native-born workers remains below 10 percentage points (Chaloff et al. 2012: 40). These figures suggest that migrant employees were concentrated in the most vulnerable sectors and positions. Supporting this claim, Meardi et al. (2012b: 13) report that "between 2008 and 2009 total employment in Spain employment fell by 7%, and construction employment by 23% (Labour Force Survey). According to the National Immigrants Survey of the Instituto Nacional de Estadística, 64% of foreign workers in construction lost their jobs, and 14% of foreign workers in the other sectors of the economy. Of those foreign workers who lost their construction jobs, only 12% had found jobs in other sectors of the Spanish labour market." In sum, in terms of migrant flows, the Spanish labour market seems even more flexible than its British counterpart.

Table 5: Bargaining systems and migration trends

Cases	Sweden	Germany	UK	Spain
(VoC) regime type	<i>coordinated market economies</i>		<i>liberal market economy</i>	<i>Southern-statist economy</i>
Collective bargaining system	<i>encompassing</i>	<i>dualized</i>	<i>fragmented</i>	<i>informal-statist</i>
Overall migration levels	<i>low levels of economic immigration in the 2000s</i>		<i>high levels of immigration in the 2000s</i>	
Typical sector/ employment type for migrants	<i>equally distributed across sectors</i>	<i>atypical employment in services</i>	<i>services</i>	<i>construction, agriculture, personal services</i>
Benefits for migrants	<i>possibilities for upward mobility, more equal wages</i>	<i>entry to the labour market of formerly excluded (youth, female) groups of migrants</i>	<i>easy entry to the labour market in good times, low levels of labour market segregation</i>	<i>easy entry to the labour market in good times</i>
Benefits for the economy as a whole	<i>maintenance of solidarity and the fiscal base of the welfare state</i>	<i>increasing employment (without disrupting the productivity coalition of core sectors)</i>	<i>flexibility</i>	<i>flexibility</i>
Costs for migrants	<i>difficult for immigrants to find entry points</i>	<i>segregation, no upward mobility</i>	<i>social dislocation in hard times</i>	<i>insecurity in good times, dislocation in hard times</i>
Costs for the economy as a whole	<i>possible atrophy of the system through loopholes (posted workers)</i>	<i>redistributive struggles between insiders and outsiders, wage dumping in certain sectors</i>	<i>pressure to lower wages in the low-skilled sector</i>	<i>loss of tax revenue in good times social upheaval in hard times</i>

Table 5 summarizes our findings. In general, coordinated market economies (either with encompassing or with dualized bargaining systems) are associated with lower levels of immigration than the liberal market economy of the UK and the Mediterranean-statist model of Spain. Accordingly, the costs and benefits of migration for the immigrants themselves and for the host societies differ too in these systems. While it is hard to find an entry point to Scandinavian labour markets, once this is accomplished, equal wages and upward mobility for migrants is more likely than in the other models (though we need more evidence to substantiate this claim). Likewise, immigration does not endanger the solidaristic welfare state. In the dualized bargaining system of Germany, the extension of the fringes of the economy was a tool to provide employment opportunities for those migrants who were previously excluded from the labour market completely, but this comes at a price of limited upward mobility, and a redistributive struggle between insider (nationals) and outsider (non-nationals) about welfare services. The fragmented bargaining system of liberal market economies such as the UK is associated with high levels of immigration. While there is no clear separation between insiders and outsiders as in the case of Germany, there is some evidence about downward pressure on wages in the low-skilled service sector. Nevertheless, the crisis did not impinge disproportionately on migrant workers. In Spain, migration was a similarly intense process during the 2000s, framed by informality and periodical state intervention. However, crisis effects on migrant labour were much harsher, and these effects could not be counterbalanced by any kind of collective bargaining response.

When assessing the above findings it is crucial to emphasize that the simultaneous presence of certain bargaining institutions on the one hand and migration-related social developments on the other does not tell us anything about causal relationships. It is very difficult to establish the independent effect of the bargaining system net of other factors that also influence labour market processes and therefore the situation of immigrants. Probably the clearest case in this respect was Germany, where we could clearly demonstrate that changes in the bargaining structure triggered a chain of events, which also had consequences for migrants. (This is the main reason why the description of the German case took up much more space compared to the other country cases.) It is also true that the encompassing bargaining system in the Nordic countries (especially in Denmark) disincentivises employers from hiring migrants only because they are flexible (i.e. they are easy to fire once they are not needed).

The fact that foreign-born workers in Britain were exposed to unemployment risk to the same extent as natives, while the burden of unemployment fell disproportionately on immigrants in Spain is attributable to the differences in the structure of the economy rather than to bargaining systems. In addition, it is difficult to separate migration from other issues of labour market precariousness, for example female labour market entry.

4. Trade union strategies vis-à-vis migrants

The previous sections addressed the relationship between structural and institutional characteristics of bargaining systems and costs and benefits of migration. However, as mentioned in the introduction, the presented effects on the costs and benefits of migration may be supplemented, redirected or channelled through additional forces that fall beyond the

scope of structuralist and institutionalist explanations. A key force from this perspective is the role of trade unions – not merely through their density rate – but through active strategies and behaviour vis-à-vis migrant population and migrant inclusion into the workforce whose interests are represented through trade unions. Visser argues that ‘structuralist explanations [...] leave little room for unions as active organizers of their membership markets, let alone as strategic actors capable of changing the dynamics of these markets’ (1994: 84). Frege and Kelly stress that ‘explaining actors’ strategies by their institutional context alone is too simplistic and deterministic, downplaying the mutual dependency and the interrelationships between actors and institutions’ (2003: 12).

Trade union strategies to organize/integrate migrants may serve the purpose of extending the bargaining institutions’ leverage on migrants and modify the costs and benefits of migration and implications for labour markets in the receiving countries. For example, in a country with high bargaining coverage, where migrants should enjoy the same rights as the native workforce, the practice may show that employers do not follow the provisions of collective agreements because of missing enforcement, compliance and monitoring mechanisms on the side of trade unions. In other words, employers know that punishment from misbehaviour is unlikely. It is therefore crucial for the purpose of this study to account also for particular trade union behaviour and its impact on the costs and benefits of migration. Another example of implication of active trade union behaviour is that trade unions may help to reduce (or increase) irregular employment of migrants and thereby limit the negative correlates of migration.

The current debate on international migration and union policy in Europe focuses on receiving countries, namely, on how to organize the migrant workers and enforce national labour standards in these countries (Dundon et al., 2007; Woolfson and Sommers, 2006). Inspired by Heery and Abbott’s (2000) approaches of trade unions to precarious employment and following a coordinated framework on union strategies and instruments vis-à-vis precarious work in the BARSORI project of the European Commission (VS/2010/0811), in this study we consider several trade unions strategies vis-à-vis migrant workers in enforcing national labour standards and influencing the costs and benefits of migration:

- *inclusion*: union strategy to include/integrate migrant workers into their constituency and serve as broad interest representation organizations without making specific differences between native and migrant workers
- *exclusion*: union strategy to serve as interest representation organizations for insiders (native employees, or even a more limited group of native non-precarious employees) only and exclude migrant workers (especially if working in precarious jobs) from their constituency and from union interests
- *separation*: union strategy to separate migrant workers from the rest of their constituency and treating migrants as a particular group that requires special attention, aims and instruments in interest representation
- *reduction*: union strategy that aims to bridge the gap between migrant and native employees by reducing whatever differences in wages and working conditions (e.g., through a national migration policy, legal regulation on the extension of collective agreements, collective bargaining itself and monitoring employer compliance with applicable regulation and thus giving less incentives to hire migrants under inferior

working conditions). Unions strive to influence/implement changes in employment conditions of migrant employees in order to bring these closer and comparable to employment conditions of regular native employees.

- *elimination*: trade union strategy aiming at eliminating migrants' work in the economy. Treating migrant employees may encompass inclusion as well as separation, but these are perceived as temporary strategies on the way towards a full elimination of the migrant-native divide in employment issues and labour market implications.

The above strategies are not exclusive and unions may engage in several of them simultaneously. At the same time, the above strategies may be perceived in a temporal perspective. For example, when the unions' long-term goal is eliminating precarious employment of migrants as such, in medium-term they may opt for reducing precariousness of migrant jobs through improved regulation (via legislation or collective bargaining). Next, an important consideration is the fact to what extent unions explicitly opt for a particular strategy. Exclusion or inclusion of migrants may be a purposeful action of unions; but at the same time it may come as a side effect of another strategy. A detailed empirical separation of intended and unintended consequences of union strategies for migrant employees is beyond the scope of this study. Therefore, we empirically focus on *intended* union strategies, and consider *unintended* consequences only in cases where they are obvious and broadly relevant for evaluating the impact of trade union strategies on the labour market costs and benefits of migration.

Several instruments to accomplish the above strategies can be identified (Kahancová and Martišková 2011):

- *collective bargaining and the conclusion of collective agreements* – unions aim at achieving their strategy through engaging in collective bargaining concerning particular rights of migrant employees. This instrument is applicable to strategies of inclusion, separation, reduction and elimination.
- *organizing migrant workers in trade unions* – trade unions opting for this instrument are expected to develop particular action to increase the number of migrant employees among union members, and consequently improve their rights, e.g., through collective bargaining and coverage by collective agreements. Organizing as an instrument is compatible with strategies of inclusion, separation, reduction and elimination.
- *service-oriented instruments* – empowering migrant workers and equipping them with information on their statutory rights and employment situation in the receiving country
- *political instruments* – union involvement in the legislative process (law making, migration policy formulation) to improve the rights of migrant workers and employment standards, political lobbying, trade offs, open/formal and informal alliances with political parties
- *litigation* to enforce established employment regulation – unions striving to protect and/or improve the rights of migrant employees through monitoring, reporting and formal litigation. This instrument is compatible with the strategy of inclusion, separation, reduction and elimination.
- *mobilization* – unions organize mobilization campaigns (e.g., protests and manifestations) and industrial action (e.g., strikes) in order to point attention to the rights of migrant workers regardless of whether they are organized in trade unions.

Unions are expected to engage in mobilization especially when pursuing a strategy of separation, reduction and elimination.

- *media-oriented instruments*: in order to influence employment rights of migrant workers and precarious employment in general, unions use the media as an instrument to channel their claims, concerns, opinions and attempts to shape public opinion.
- *identity politics* to shape the character of migrant workers – unions use a variety of proactive instruments (e.g., information campaigns, media appearance, involvement in discussions and other similar actions) with the aim of influencing the self-recognition of migrant employees and supporting their empowerment in the receiving country. This instrument is compatible with all union strategies presented above.
- building and disseminating *benchmarks on employment standards* in the society – similarly to identity politics, unions engage in information campaigns in decent work, media appearance, involvement in discussions and related actions in order to influence the general perception of migrant employment in the society. This instrument is compatible with all union strategies presented above.

Similar to the presented union strategies, instruments serve as a toolbox to accomplish the chosen union strategy. In other words, instruments are not mutually exclusive and particular strategies may be translated to purposeful action using several instruments simultaneously. The outlined strategies and instruments serve an analytical purpose and are the basis for evaluating empirical evidence on union action vis-à-vis migrants across several EU member states (where evidence is available).

4.2. Trade union strategies towards immigrant workers – case-study evidence

In actual developments in particular EU member states trade union strategies vis-à-vis migrants show a great deal of diversity, partly following the variety in bargaining systems. While none of the national unions follow straightforward exclusionary strategies, their stance on the time of labour market liberalization as well as their willingness and capacities to organize migrant workers remarkably differ. Scandinavian unions stand out not only because of their strong and stable institutional position and resourcefulness, but also because they have to deal with rather limited levels of economic immigration. These favourable conditions enable them to be rather active and successful in organizing non-national workers. There is evidence from Denmark that trade unions handle the issue of immigration in close connection with the general issue of precarious employment (Mailand and Larsen 2011: 27). Recent Danish trade union actions geared towards recruitment targeted the largest temporary work agency, which mainly employs immigrants (ibid.).

Moving from Scandinavia to the dualized and the fragmented collective bargaining model, we make a comparison between UK trade unions, who fully supported the opening up of the labour market right after the 2004 and 2007 enlargements and German unions, who had a more cautious attitude and agreed with the government in keeping entry barriers in place (Kings 2009). We have to keep in mind that German trade union's resistance towards a quick opening up of the labour market does not equal a hostile attitude towards those migrants who

are already in Germany. Once they are on the job market, German unions treat nationals from the new EU-members equally by support their integration and by organizing them. Nevertheless, it seems that British trade unions are also more successful in attracting immigrants to the trade union movements by a skilful combination of service-oriented instruments, identity politics, mobilization and organization. As Meardi (2010: 109) documents, British trade unions not only led effective information campaigns about migrant workers' rights and opportunities at the workplace but also cooperated with religious organizations (e.g. with the Polish Catholic Association in Birmingham) and established Polish-language sections (in Southampton and Glasgow) (Meardi 2010: 109). There was also an important service-oriented element of British union strategies: unions assisted migrant workers in the process of having their qualifications recognized in Britain.

This divergence in union attitudes towards labour market opening and the difference in organizational success was not only the result of different macro-economic context (at that time Germany had much higher unemployment than the United Kingdom), but also of different organizational cultures (Krings 2009). The highly assertive attitude in relation to immigrants is part of the process in which trade unions compensate for their weak institutional positions by focusing more on gathering organizational strength. German unions, by contrast enjoy a relatively stable institutional position (co-determination at the workplace, higher collective agreement coverage, more influence on policy making), which makes shop-floor organization of new (especially immigrant) workers less of a priority (Krings 2009: 62).

In Spain, the institutional environment for trade unions (at least until recently) has been more favourable than in Britain, but worse than in Germany. In addition, because of the extremely precarious situation of the migrant workforce, recruitment is an even more challenging task than in the United Kingdom. The first step in helping immigrant workers is their regularization, which trade unions strongly support (Meardi et al 2012b). Political instruments are needed to achieve this goal (lobbying at the government), and in this matter, organized labour can make an alliance with employers who usually also support regularization. Focusing on the construction sector, Meardi et al. (2012b: 14) made a comparison of British and Spanish trade union practices related to migrant workers. They found that Spanish trade unions take more efficient steps on the political level, and "their information centres for migrants are considered as best practices of service in in the UK" (ibid.). On the other hand, British trade unions had more success in organizing migrants, paid more attention to language issues and to cooperation with Polish trade unions.

Conclusion

This study explored the link between industrial relations systems on the one hand and labour force migration on the other. We broke down both parts of the relationship into two subsets. On the side of the independent variable (industrial relations systems), we analysed collective bargaining systems and trade union strategies in depth, while on the dependent variable side, we focused not only on the intensity of labour immigration but also on the cost and benefits associated with migration in the host country. In describing these links, first we described the main characteristics of different bargaining systems across the EU, then provided case-study evidence on the possible mechanisms through which bargaining systems affect migration

levels and outcomes. In the last section, we presented different trade union strategies vis-a-vis migrant workers.

From the four pillars of industrial relations regimes, the effect of the information and consultation of employees has no role in shaping immigration-related developments in the host economy. Likewise, the involvement of social partners in government policy making does not determine migration issues either, as social partners in different countries can hold different views on migration independently of whether they are involved in policy making or not. In Sweden and Germany, where the institutions of social dialogue are the most developed, only limited immigration occurred in the 2000s. On the other end of the scale, the UK is characterized mostly by unilateral government decisions on immigration policy, but it also experienced the highest levels of labour migrant inflows. Nevertheless, the intermediate case of Spain (some involvement of social partners in policy making) was also a main target for immigrant workers, further obfuscating the relationship between social partnership and migration.

Our findings suggest that within the four pillars of industrial relations regimes, bargaining systems exerted the most systematic influence on the intensity as well as on the cost and benefits of labour force immigration. Bargaining systems are connected to the levels of immigration as well as to the cost and benefits of immigration through influencing the demand for precarious (flexible) employment. We picked the Varieties of Capitalisms framework (Hall and Soskice, 2001) as our general reference point, but following recent articles on the nexus between labour market regimes and migration (Devitt 2011, Meardi et al 2012b), we used a more refined selection of cases and also focused on general questions of precariousness, rather than on the skill divide.

In general, coordinated market economies (either with encompassing or with dualized bargaining systems) are associated with lower levels of precarious employment and lower levels of immigration than the liberal market economy of the UK and the Mediterranean-statist model of Spain. Accordingly, the costs and benefits of migration for the immigrants themselves and for the host societies differ too in these systems. While it is difficult to find an entry point to Scandinavian labour markets, once this is accomplished, equal wages and upward mobility for migrants is more likely than in the other models (though we need more evidence to substantiate this claim). These favourable conditions (relatively low intensity and a non-segregated form of migration) also enable Scandinavian unions to be rather active and successful in organizing non-national workers.

In the dualized bargaining system of Germany, the mushrooming of atypical jobs in recent years provided employment opportunities for those migrants who were previously excluded from the labour market completely, but this comes at a price of limited upward mobility, and a redistributive struggle between insider (nationals) and outsider (non-nationals) about welfare services. Trade unions are caught up in this divide. Partly because of the divisions of trade unions and partly because of the institutional embeddedness they enjoy, they were not forced to see immigrants as a possible source of organizational revitalization. In consequence, their record in attracting immigrant workforce lags behind both Scandinavian and British trade unions. The UK with its fragmented bargaining system was one of the main targets of

immigration in the 2000s. While there is no clear separation between insiders and outsiders as in the case of Germany, there is some evidence about downward pressure on wages in the low-skilled service sector. Nevertheless, trade unions were quite successful in organizing immigrants as part of their revitalization strategy and the crisis did not impinge disproportionately on migrant workers either. In Spain, migration was a similarly intense process during the 2000s, framed by informality and periodical state intervention. However, crisis effects on immigrants were much harsher, and due to problems of informality and sectoral divides, unions can achieve only partial results in organizing immigrant labour.

In general, more encompassing bargaining can preclude mass labour force immigration, but on the other hand facilitates a more balanced outcome of migration for both immigrants and the society as a whole. A dualized system, with a clear institutional separation between insiders and outsiders seems to be the least effective both from the perspective of migrants and trade unions. Besides, if dualism is coupled with the prevalence of informality for outsiders then migrants are deprived of any possible means of formal representation. Finally and most interestingly, the fragmented systems allow mass immigration of precarious labour, but because the whole labour market is quite flexible, negative shocks such as the 2008 crisis affect immigrants and nationals equally. Besides, the example of the United Kingdom demonstrates that trade unions can take advantage of immigration as a source of revitalization even in an institutionally adverse environment.

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