

Trade Union
Advisory Committee
to the OECD
*Commission
syndicale consultative
auprès de l'OCDE*

Structural Capacity Analysis for Economic Restart

The economic cost of the current crisis and its toll on employment levels are unpredictable for the near future. OECD governments will be tested throughout the present crisis, however long it lasts. For economic activity to restart and recover linearly, it is crucial for business operators, as well as policymakers, to assess all potential stress factors and related operational risks. In this context, operational risks associated to an extensive reliance on a non-unionised workforce should be kept into great consideration, as a potential source of social conflict and disruption to the smooth recovery of production levels in the post-crisis phase.

Unprecedented Operational Risks for Near Total Labour Market Restart

Never have governments attempted to restart entire and so different segments of the economy at the same time, following periods of global lock-down. For such an operation to succeed, all social partners must co-operate towards the common goal in a coordinated and complementary fashion. However, the progressive erosion of labour representation and compression of wage levels and job quality -a trend that started long before the current crisis-, carries a strong risk of undermining the intended economic recovery. Extreme uncertainty heightens potential for labor-management disputes in a post-Covid-19 labour market. The low degree of unionisation combined with the potential for unknown spin-up costs creates extreme operational challenges.

Structural Capacity Varies Widely

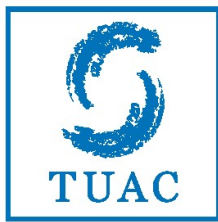
The TUAC examined OECD member states based on two key characteristics of the labour bargaining system and the workforce: 1) Predominant level where collective bargaining takes place and 2) Number of workers not covered by collective agreements.

TUAC assessed the labour markets' resilience to conflict based on the level of social dialogue institutionalised in different countries. Disruptions arising out of firm-level disagreement are more likely to occur in more fragmented and disorganised bargaining systems, which tend to be tied to lower job quality in the first place, increasing the risk of workers' dissatisfaction even outside crisis times. In this perspective, the heavier the trade union density and the wider the coverage of collective bargaining the greater the capacity to avoid single and multiple disruptions at the firm level.

Keeping these factors in mind, we assessed the level of risk systemic to national labour markets, which could harm the recovery of both employment and economic activity in the following period.

TUAC groups countries into three categories based on observed labour market resiliency to conflict:

- Countries where bargaining takes place predominantly at a sectoral or national level and there is a high level of collective bargaining coverage are seen as most resilient;
- Countries with sectoral and/or company level bargaining and mid-range collective bargaining coverage, categorized as having moderate structural resiliency with some sectoral bargaining support;
- Countries where bargaining takes place at the company level only, being in the least resilient.



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<u>Country</u>	<u>Predominant Level of Bargaining</u>	<u>Declared Reopening (As of 23 April 2020)</u>	<u>Bargaining Coverage (%)</u>	<u>Workers Covered (Mil)</u>	<u>Workers w/o Coverage (Mil)</u>
Most Resilient: Multi-Employer Bargaining with high CB Coverage					
FRANCE	Sectoral	11 May	>90%	29.2	<1
ITALY	Sectoral	3 May	>80%	20.8	5.2
SPAIN	Sectoral	9 May	>70%	19.1	3.7
NETHERLANDS	Sectoral	28 April	>80%	7.1	2.0
SWEDEN	Sectoral	Open	>90%	4.9	<1
BELGIUM	Sectoral/National	3 May	>90%	4.8	<1
AUSTRIA	Sectoral	Reopened	>90%	4.5	<.1
FINLAND	Sectoral	31 May	>80%	2.2	0.5
DENMARK	Sectoral	10 May	>80%	2	1
ICELAND	Sectoral	Voluntary	>80%	0.2	-
PORTUGAL	Sectoral	Undeclared	60-70%	3.9	1.4
NORWAY	Sectoral	27 April	60-70%	1.7	1.1
Moderately Resilient: Multi-Employer bargaining with medium CB coverage					
GERMANY	Sectoral	4 May	50-60%	24.2	19.1
AUSTRALIA	Company/Sectoral	Partial	50-60%	7.3	6.0
GREECE	Company/Sectoral	Partial	40-50%	1.2	3.5
SLOVAK REPUBLIC	Company/Sectoral	Partial	20-30%	0.7	2.1
SWITZERLAND	Sectoral	19 April	40-50%	2.8	2.1
ISRAEL	Company/Sectoral	Undeclared	20-30%	1.0	3.0
LUXEMBOURG	Company/Sectoral	21 June	59%	0.2	0.1
Least Resilient: Company bargaining with low to medium CB coverage					
ESTONIA	Company	1 May	10-20%	0.1	0.6
LATVIA	Company	Partial	10-20%	0.1	0.8
IRELAND	Company	12 April	40-50%	1.4	1.0
LITHUANIA	Company	Reopened	<10%	0.2	1.2
NEW ZEALAND	Company	22 April	10-20%	0.4	2.3
CZECH REPUBLIC	Company	Reopened	40-50%	2.4	3.0
HUNGARY	Company	Undeclared	20-30%	1.2	3.5
CHILE	Company	Undeclared	10-20%	1.3	7.7
CANADA	Company	Undeclared	20-30%	5.6	14.6
POLAND	Company	Undeclared	10-20%	2.6	14.6
KOREA	Company	Open	10-20%	3.6	24.2
UNITED KINGDOM	Company	14 May	20-30%	8.8	24.9
TURKEY	Company	Undeclared	<10%	2.3	30.0
MEXICO	Company	30 April	10-20%	7.8	47.8
JAPAN	Company	6 May	10-20%	11.3	57.0
UNITED STATES	Company	Undeclared	10-20%	18.8	143.3
				206.5	429.0

Source: OECD Database; OECD *Negotiating Our Way Up* (2019); <https://www.oecd.org/coronavirus/en/>