

Sectoral collective bargaining

GIVING WORKERS A VOICE

JOHN HENDY QC, IER CHAIRPERSON



Manifesto for Labour Law

The Institute of Employment Rights' *Manifesto for Labour Law: towards a comprehensive revision of workers' rights* was published in June 2016

It was drafted by 15 leading labour lawyers and academics

It comprises 25 recommendations for reform with the overarching aim to shift the focus of labour law away from individual rights to collective ones

So far, 14 major unions have announced their support, as well as the TUC

The Labour Party has adopted the Manifesto as a blueprint for its future employment law reforms

In this presentation we will explore the need for, and benefits of, one of our proposals – the reinstatement of sectoral collective bargaining

Thatcher's legacy

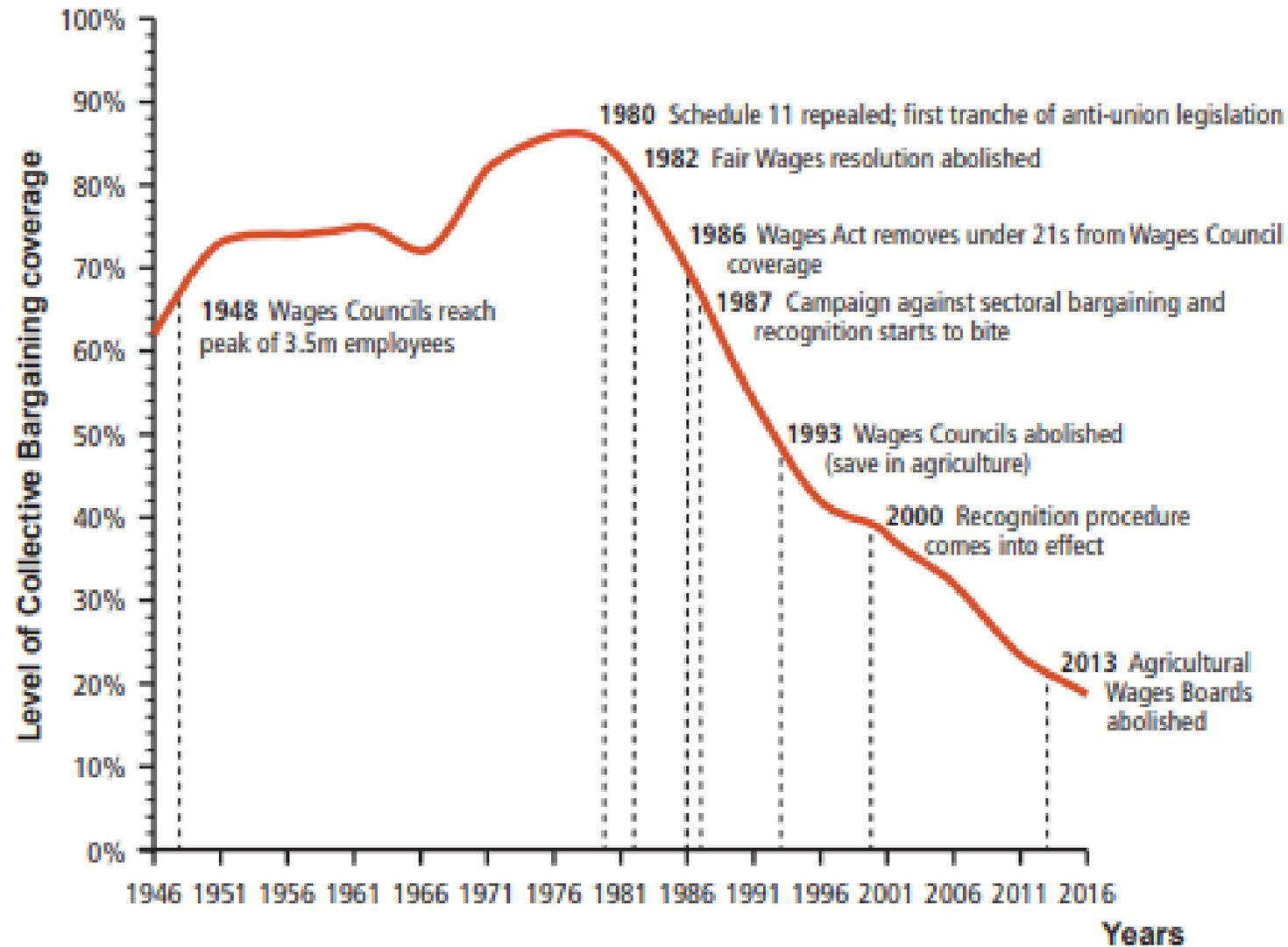
Thatcher administration reframed labour law as a set of individual rather than collective rights, and weakened trade union power

Trade unions less able to protect workers from exploitation, membership levels fall

Workers less able to protect themselves on an individual basis:

- Terms and conditions imposed unilaterally by employers
- Access to justice – awareness of rights, non-payment of compensation, fees
- 'Worker' vs 'employee' structure
- Employers take advantage of 'Wild West' – Zero-hour contracts, bogus self employment

Figure 1 UK collective bargaining coverage 1946-2016³⁰



Impact:
collective
bargaining
coverage
plummets



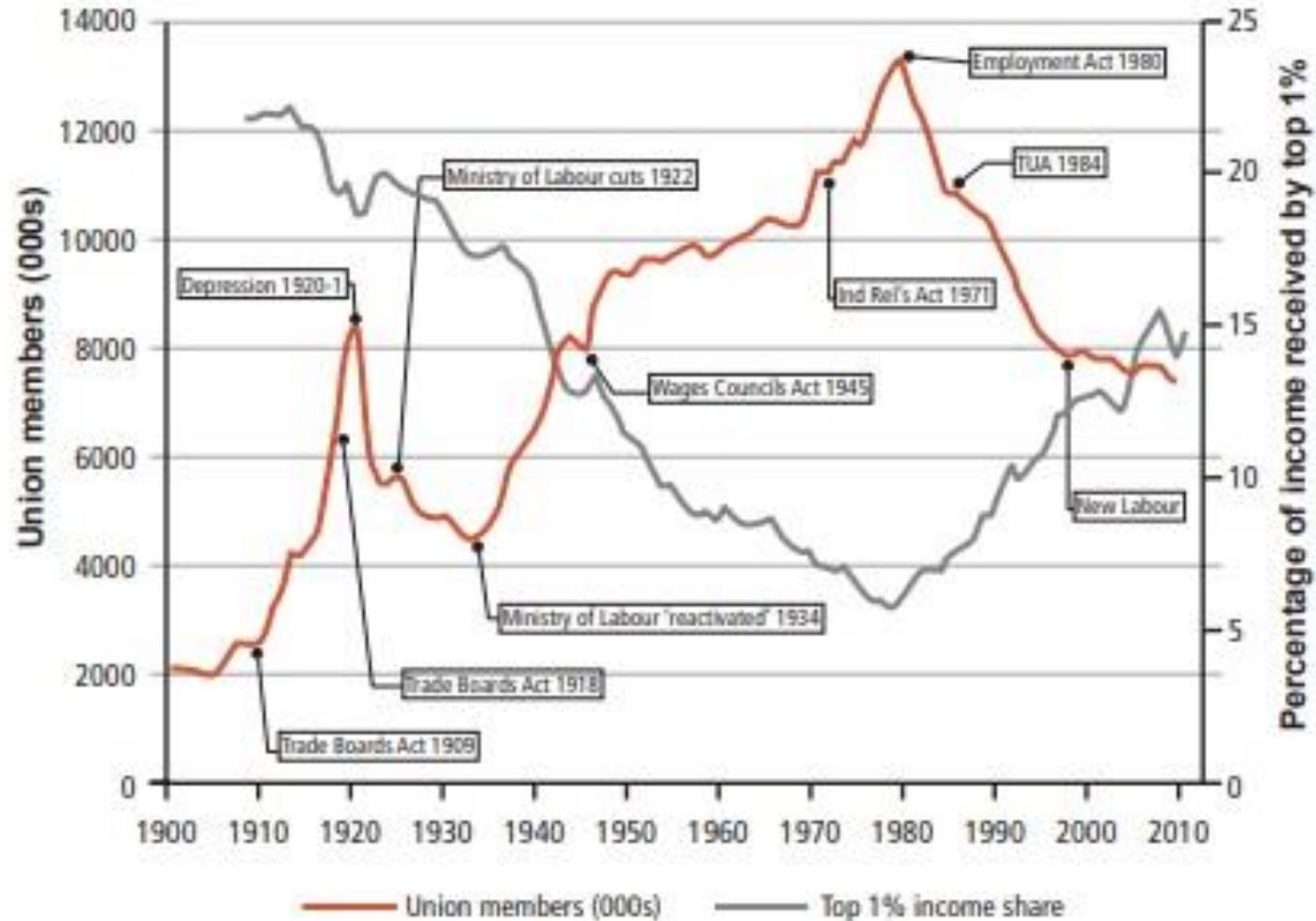
Impact:

workers have
no leverage
against
powerful
employers

Figure 2⁶³

UK union membership and income inequality

Sources: DBIS (2012) and Piketty (2014)



Impact:
income
inequality
soars to
highest level
for >75 years

Quiz: collective bargaining

What is the EU average for collective bargaining coverage?

1. 47%
2. 56%
3. 60%
4. 63%

Quiz: collective bargaining

What is collective bargaining coverage in the UK?

1. 29%
2. 33%
3. 47%
4. 52%

Quiz: inequality

How much more does the average FTSE CEO take home than a worker on the 'National Living Wage'?

1. 139 times more
2. 214 times more
3. 298 times more
4. 386 times more

Quiz: inequality

How many people own 40% of the wealth in the UK?

1. 1 million
2. 100,000
3. 10,000
4. 1,000

0.002% of the population

Four layers of protection for workers

Organised around four pillars of social justice



Four key areas of reform



Strengthening statutory rights



Effective enforcement of
the law



Making sure workers'
voices are heard at work
and in Westminster



Strengthening trade union
rights

Sectoral collective bargaining

Manifesto proposal: Reinstate sectoral collective bargaining – adopted by Labour Party in *For the many, not the few*

Sectoral Employment Commissions (SECs)

- Established through negotiation between workers and employers in each industry
- Where no agreement can be reached, SECs established by Ministry for Labour
- SECs take position of former Joint Industrial/Wage Councils



Sectoral Collective Agreements

Sectoral Collective Agreements will:

- Set minimum terms and conditions in each industry
- Apply to all workers in that industry, regardless of trade union membership
- Be built upon by enterprise-level agreements
- Include a broad range of issues from pay and contractual terms, to health and safety procedures, pensions, dispute resolution mechanisms, apprenticeships and training etc.



Enforcement

Sectoral Collective Agreements will be enforced through:

- Mechanisms agreed by the industry/worker partners of the Sectoral Employment Commission
- An independent Labour Inspectorate
- An improved system of Labour Courts



Benefits – Voice at Work

- UK workers spend almost a quarter of their working-age lives in the workplace
- Democracy should not stop at the gates to the workplace
- Involvement of workers in decision making by their employers has been shown to be highly beneficial to business



Benefits – Voice at Work



Maini Kiai - ILO

“Labour rights are human rights, and the ability to exercise these rights in the workplace is prerequisite for workers to enjoy a broad range of other rights, whether economic, social, cultural, political or otherwise”



Benefits – More money; more jobs

- Increase in real value of wages for the first time since 2007
- Stimulation of economy leads to creation of new jobs, better-quality jobs
- Reduction in inequality (and associated social problems, inc. health, life expectancy, living standards)
- Net gain to public purse
 - More tax revenue
 - Less subsidising of low wages through welfare state



Benefits – Economic productivity

- Competition based on investment in upskilling staff and product/service innovation
- Greater commitment to job among workers



Benefits – Economic productivity



Prof Özlem Onaran
– Economist, University of Greenwich

“Legal restrictions on the ability of trade unions [to operate], where these bite sufficiently to reduce their bargaining capacity, are contrary to good economic policymaking where countries are in wage-led growth regimes, and where labour’s share of income has declined. Economic recovery and stable, equitable development needs a rise in the collective voice of labour.”



Benefits – The rule of law

- Collective bargaining is a fundamental human right protected by international laws ratified by the UK
- ILO Convention No.98 – “to encourage and promote the full development and utilisation of [collective bargaining] machinery”



What we could achieve

- In 1979:
 - Collective bargaining coverage was 82%
 - Top 10% held 21% of wealth (compared with 45% in 2010)
- European countries with high levels of sectoral collective bargaining
 - Denmark, Sweden, Finland, Belgium, France, Austria, Germany, Portugal, Slovenia
 - All have significantly lower income inequality than the UK, with Sweden and Slovenia the most equal countries in the EU

