

CB and Wage Setting in the Public Sector – a review of trends on pay

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Framework conditions: collective bargaining in public sector

1.National level: pre-crisis reforms involving decentralisation of collective bargaining and differentiation/individualisation of pay schemes

2.European level: crisis-induced pressure to pursue policy of wage moderation in order to consolidate state budgets and in order to address macroeconomic imbalances

European-level intervention into collective bargaining

1. New European System of Economic Governance: European Semester and its Country-Specific Recommendations: moderate wage developments
2. Memorandum of Understanding and Stand-by Arrangements signed with “Troika” or IMF/EU: Freezes and cuts of public sector wages

Wage Cuts and Freezes in Public Sector during crisis

	Troika/IMF countries	Other countries
General wage freeze (since 2009/2010)	EL, ES, IE, IT, CY, HU, PT, RO	CZ, DK, EE, F, LT, PL, SL, UK
Pay cuts between 5% and 10%	ES, IE, IT, PT	CZ, EE, SL, SK
Pay cuts between 15% and 30%	EL, LV, HU, RO	LT
Abolition of bonuses	EL, ES, HU, PT, RO	DK, EE

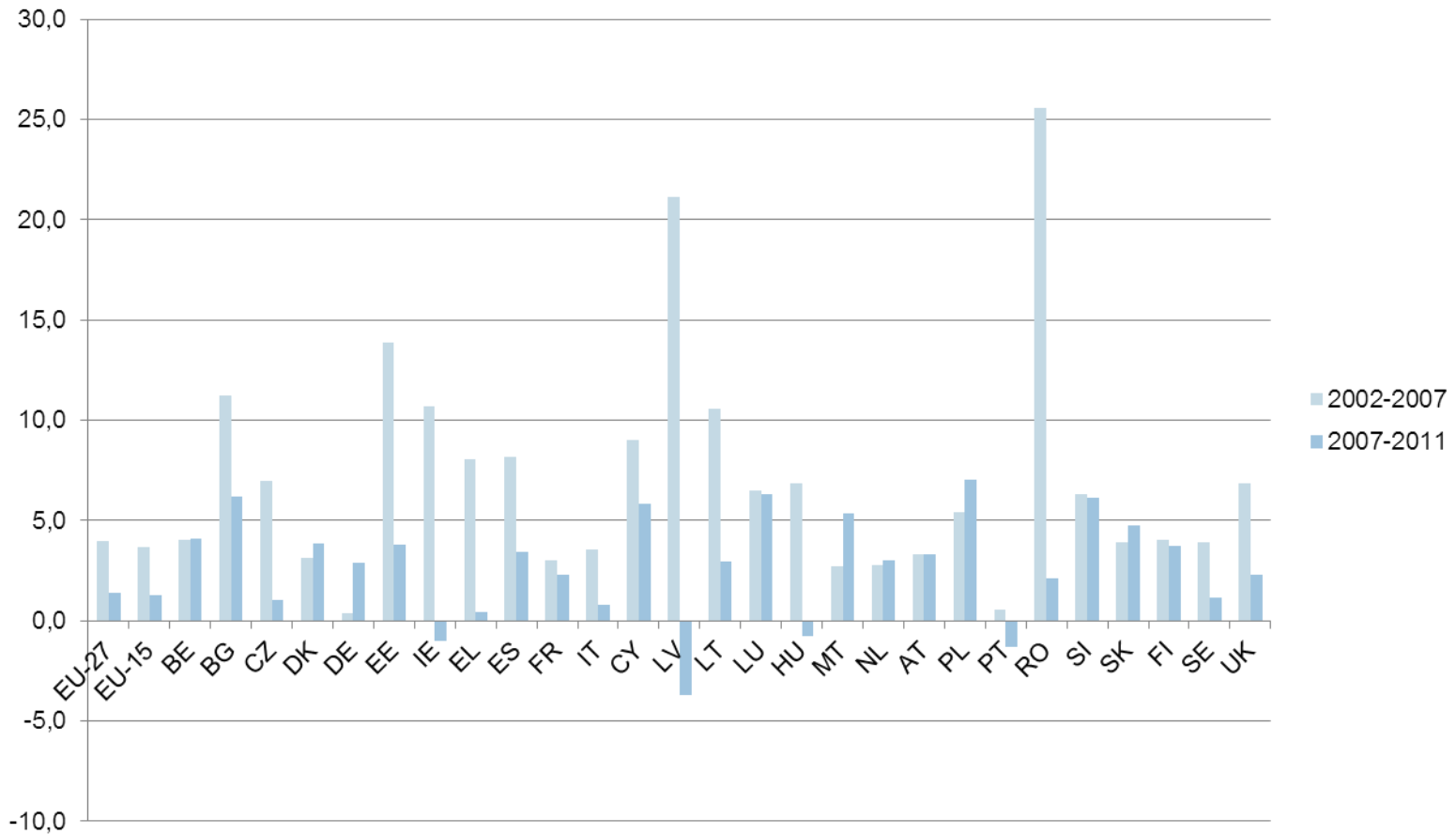
Abolition of bonuses in public sector during the crisis

	Greece	Hungary	Portugal	Romania	Spain
13th/14th monthly salary					
Pension entitle- ments					
Housing subsidies					
Reduced health benefits					
Food subsidies					

Wage developments in public administration

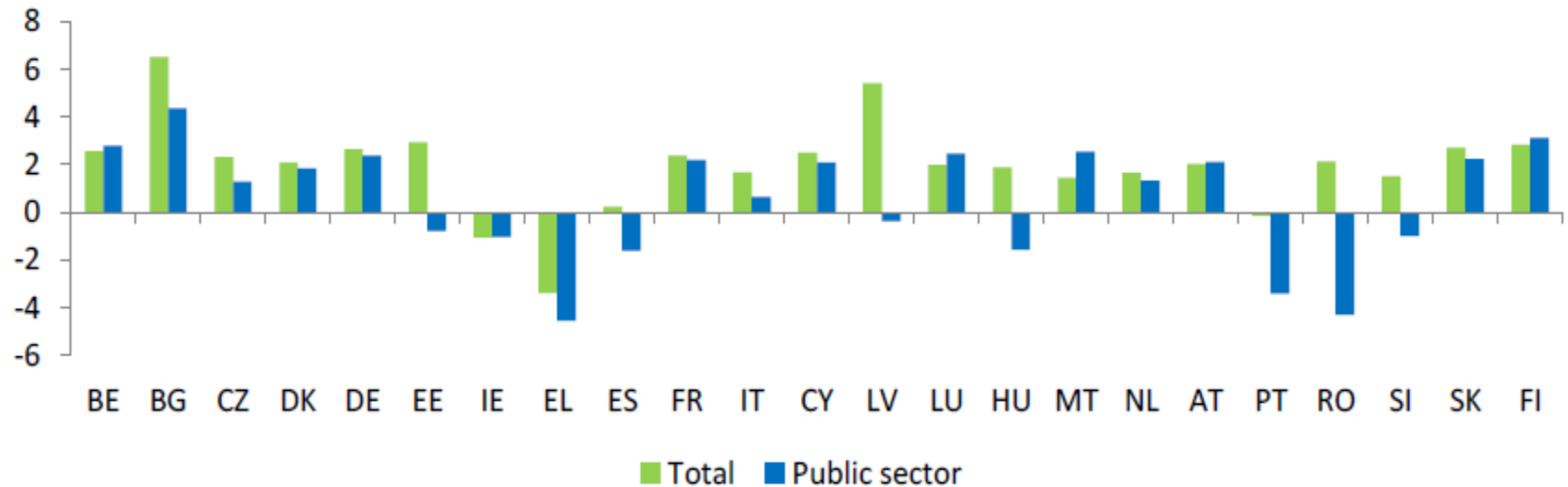
Compensation of public administration employees

Annual average % change in EUR or national currencies



Comparison public sector and total economy during crisis

Graph I.3.7: Compensation per employee, total and public sector, average annual change, 2010-2012



(1) Public sector proxied by public administration and defence, education, health and social work, personal service activities.

Source: DG ECFIN AMECO database.

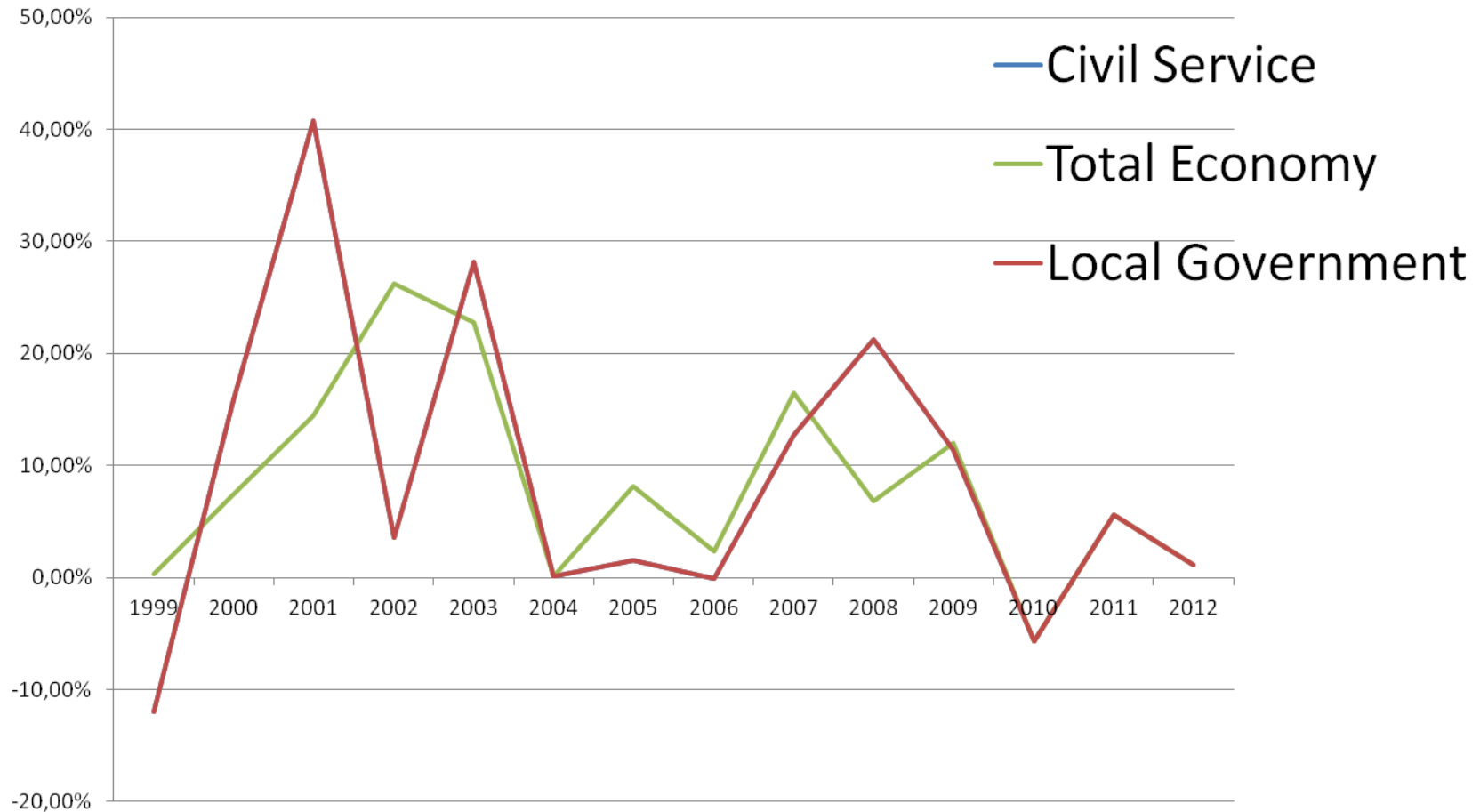
Wage difference between public and private sector

Annual changes in collectively agreed real wages (last 10 years)	Countries
Public Sector \geq Total Economy	CZ, RO
Public Sector \leq Total Economy	F, EL, SK, ES, SE, UK
Public Sector = Total Economy	AT, FI
Larger Amplitudes Public Sector	DE, IE, IT
Larger Amplitudes Total Economy	
Source: Eurofound Collective Wage Bargaining Overview: (http://www.eurofound.europa.eu/eiro/cwb/)	

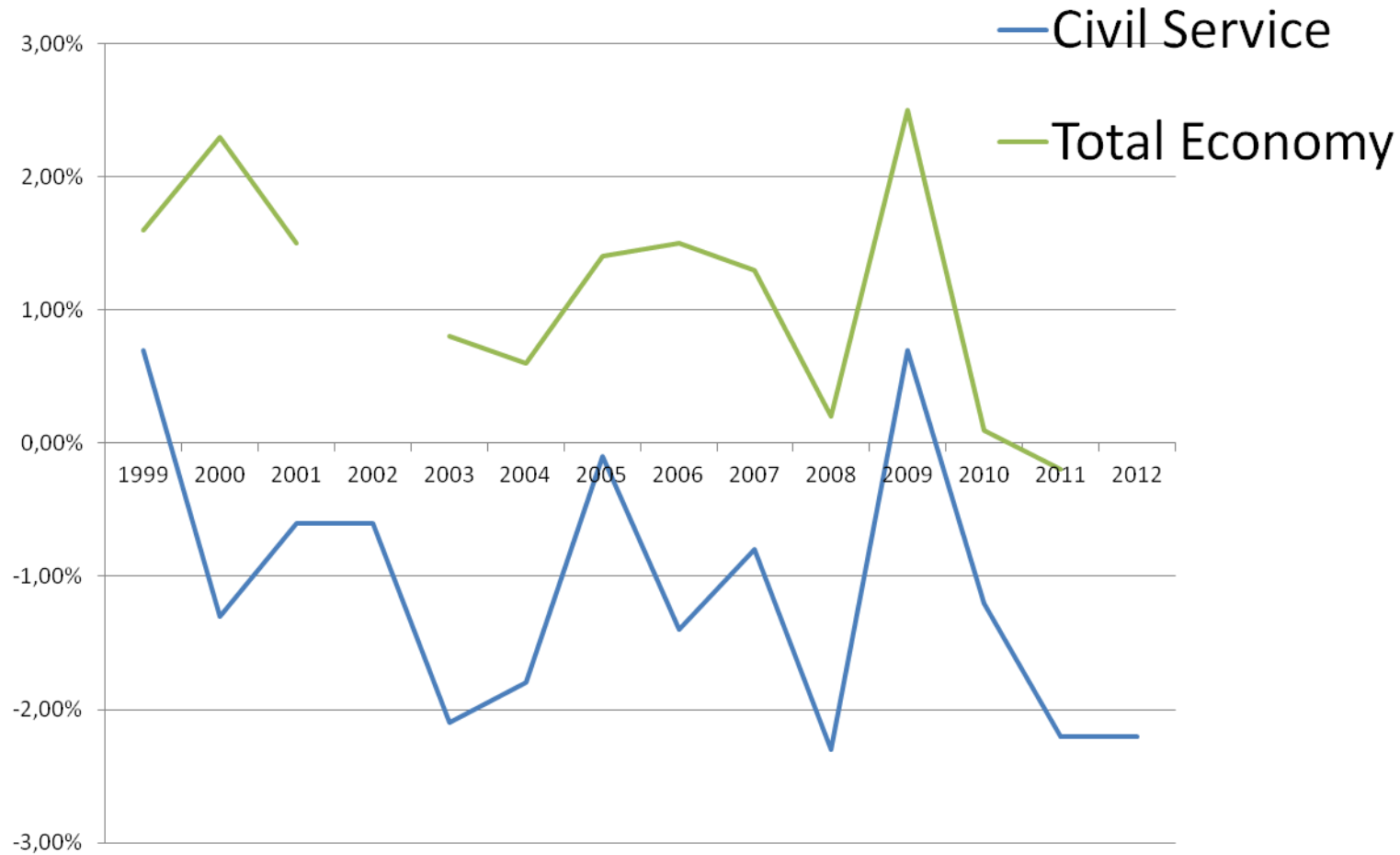
Public Sector > Total Economy: CZ (coll. agreed wages)



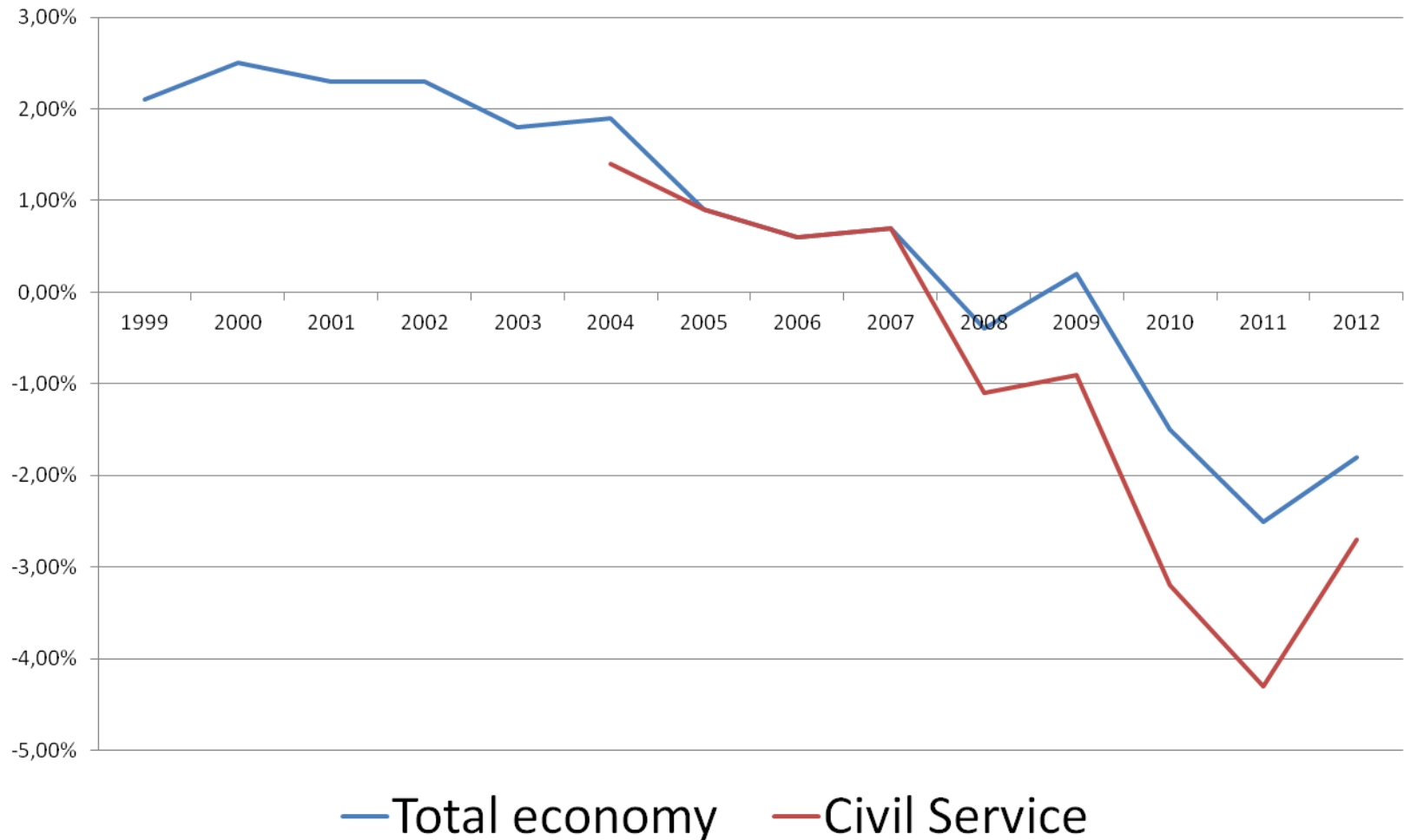
Public Sector > Total Economy: RO (coll. agreed wages)



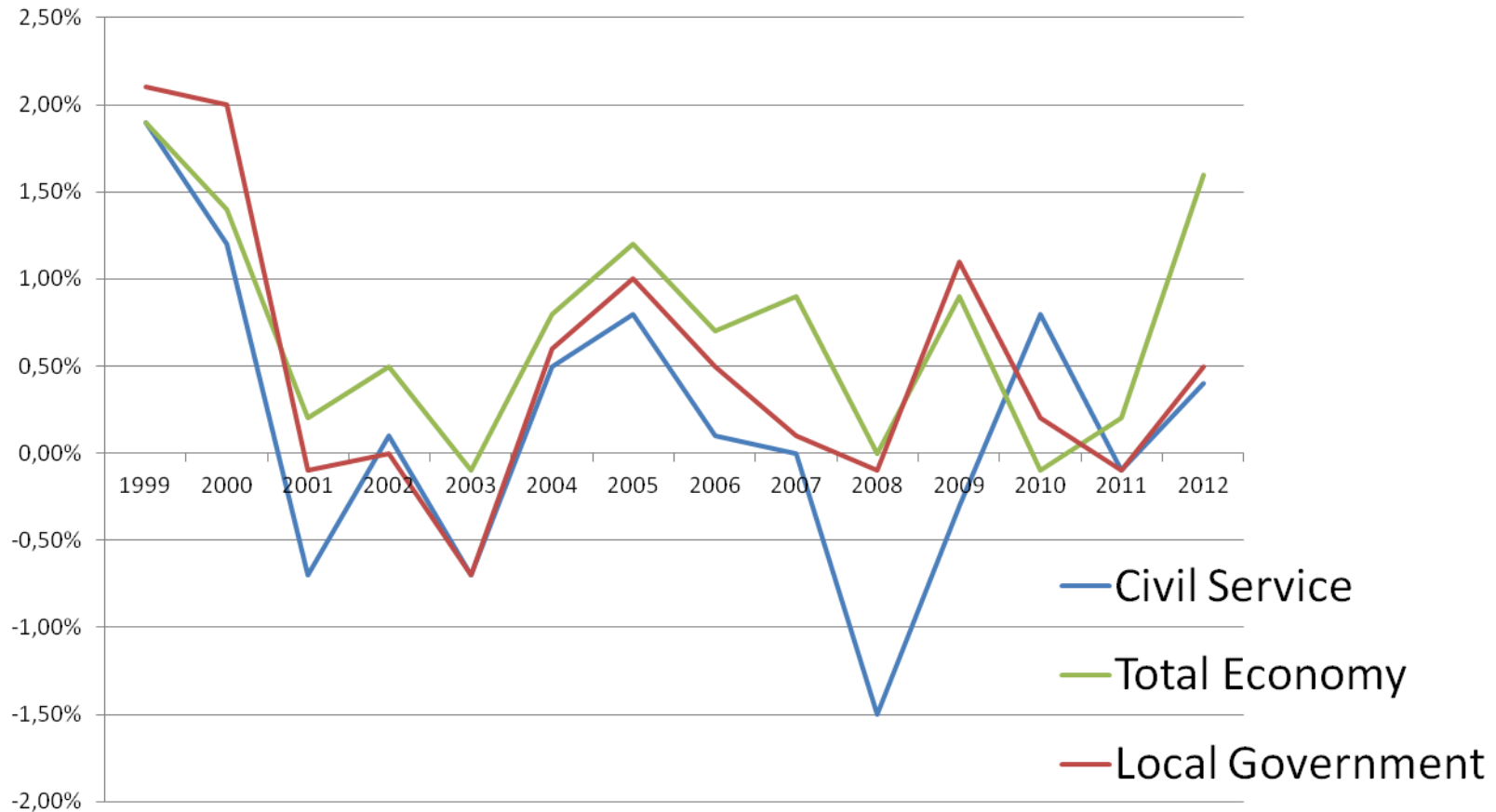
Public Sector < Total Economy: FR (coll. agreed wages)



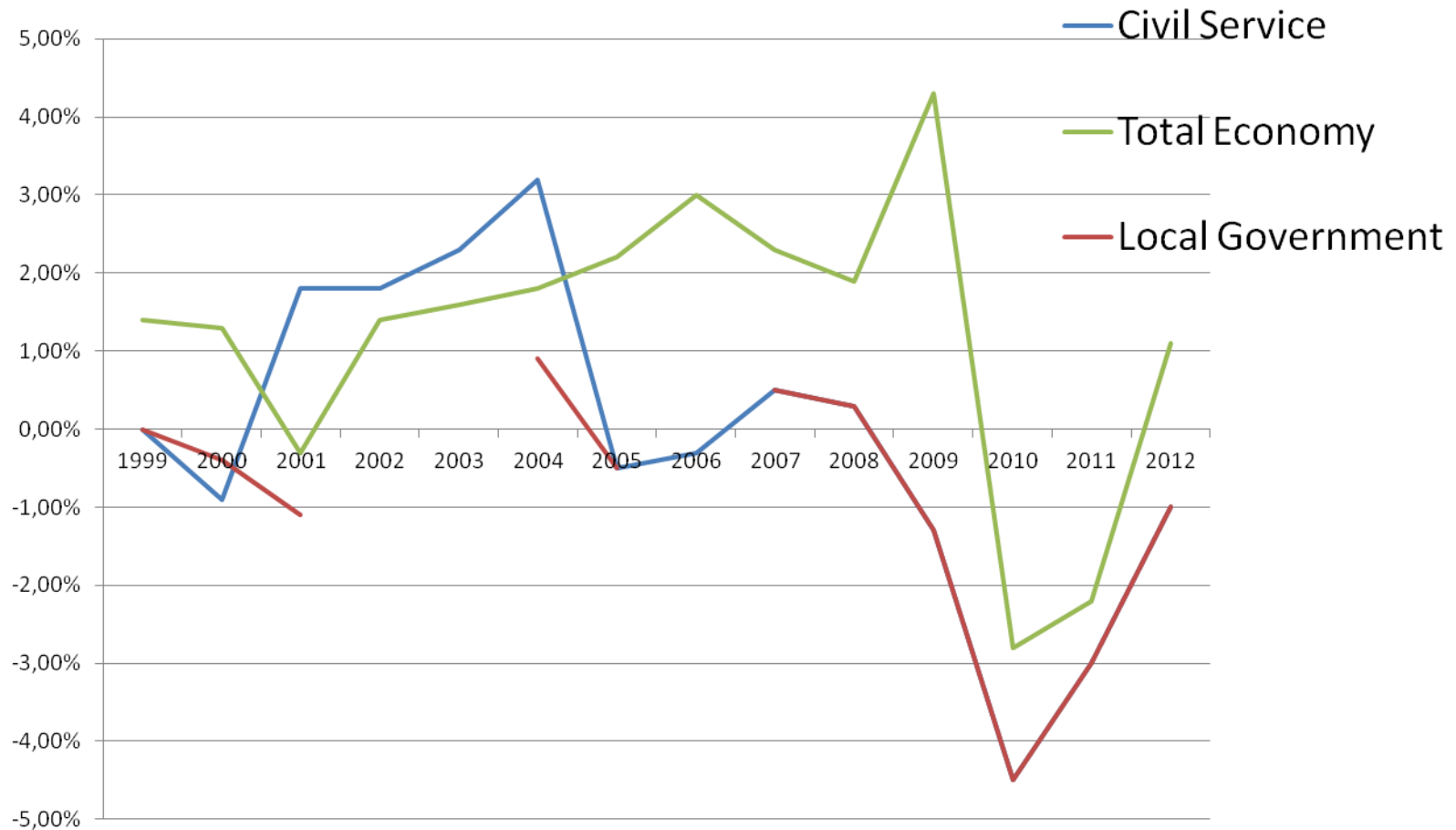
Public Sector < Total Economy: UK (coll. agreed wages)



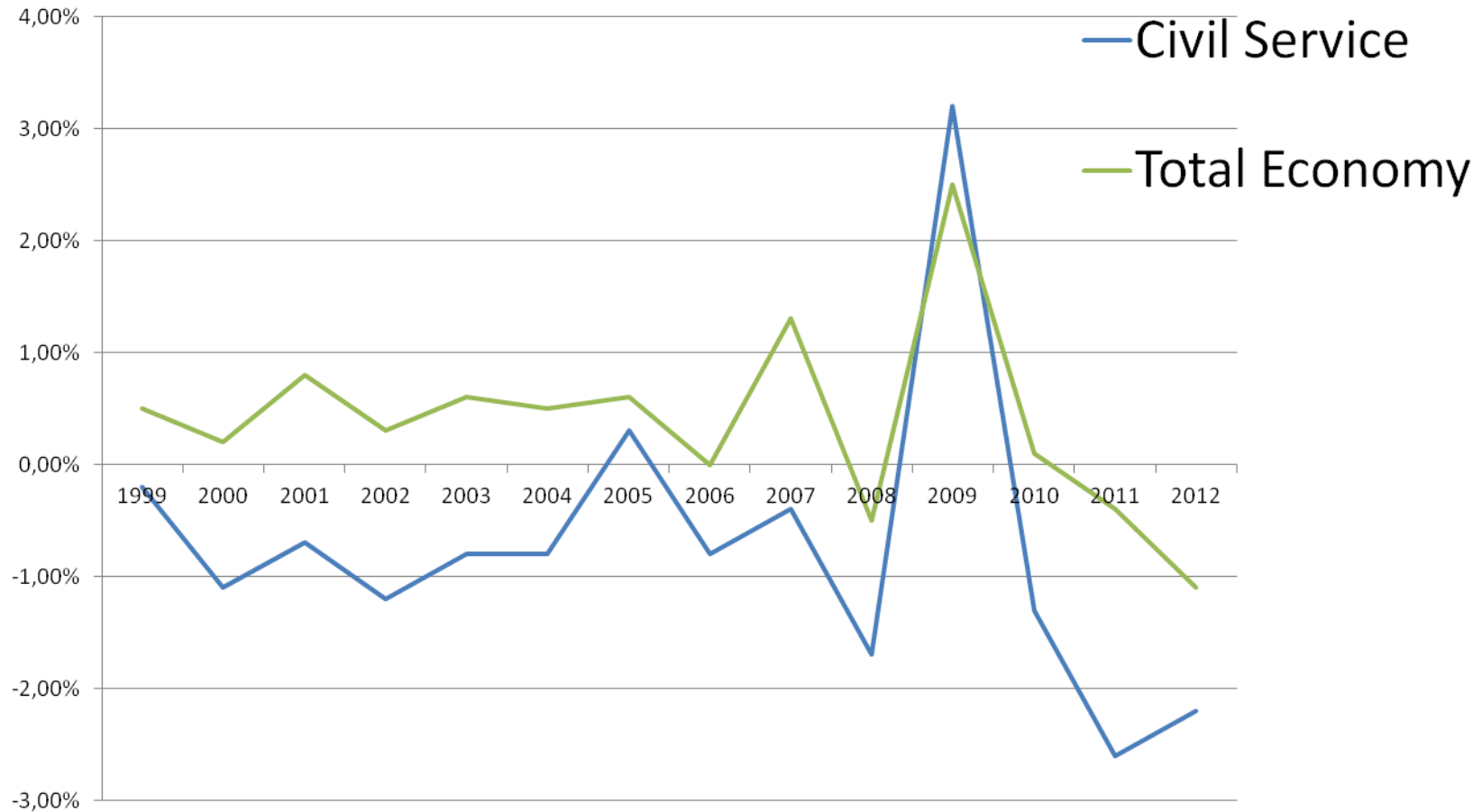
Public Sector < Total Economy: SE (coll. agreed wages)



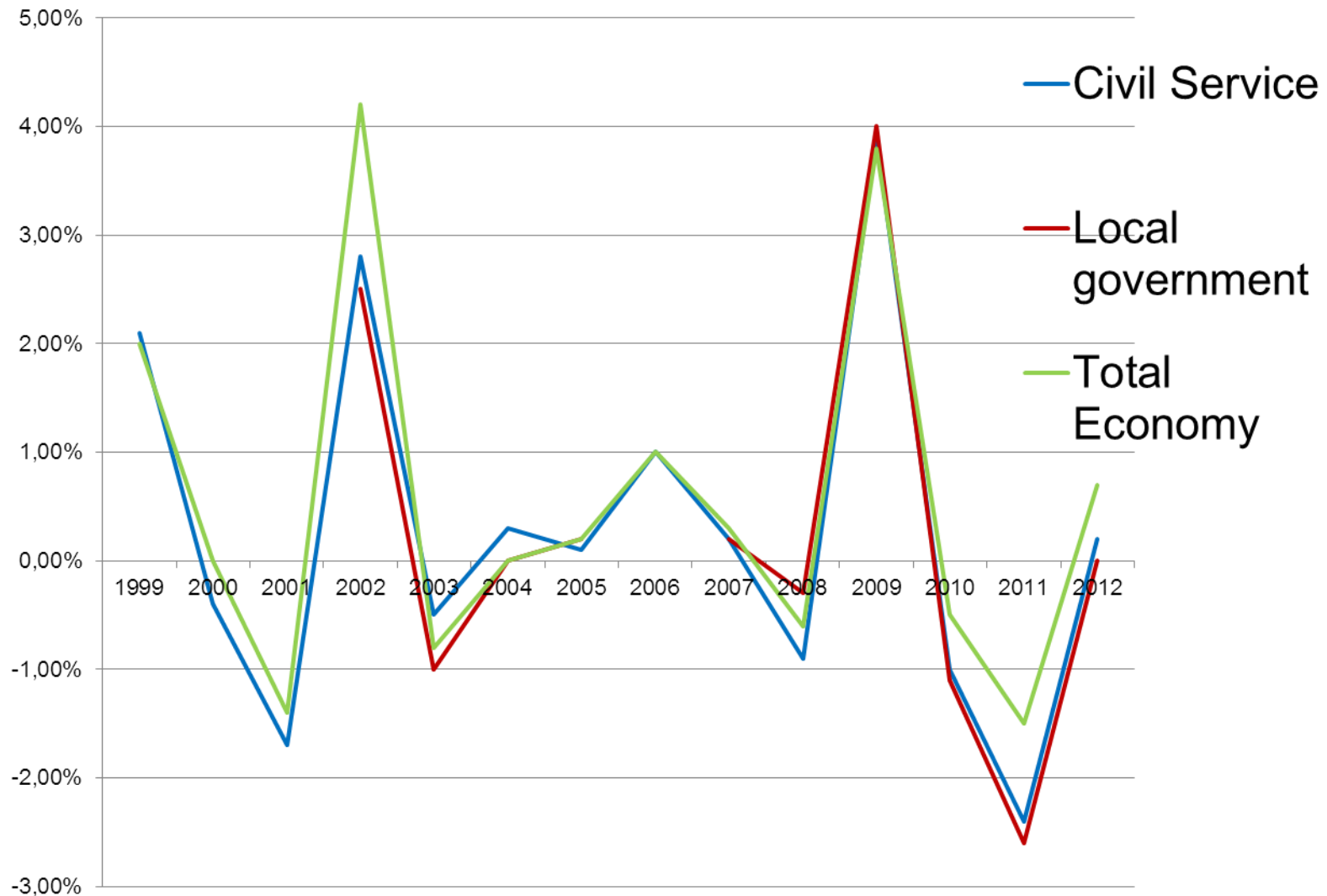
Public Sector < Total Economy: EL (coll. agreed wages)



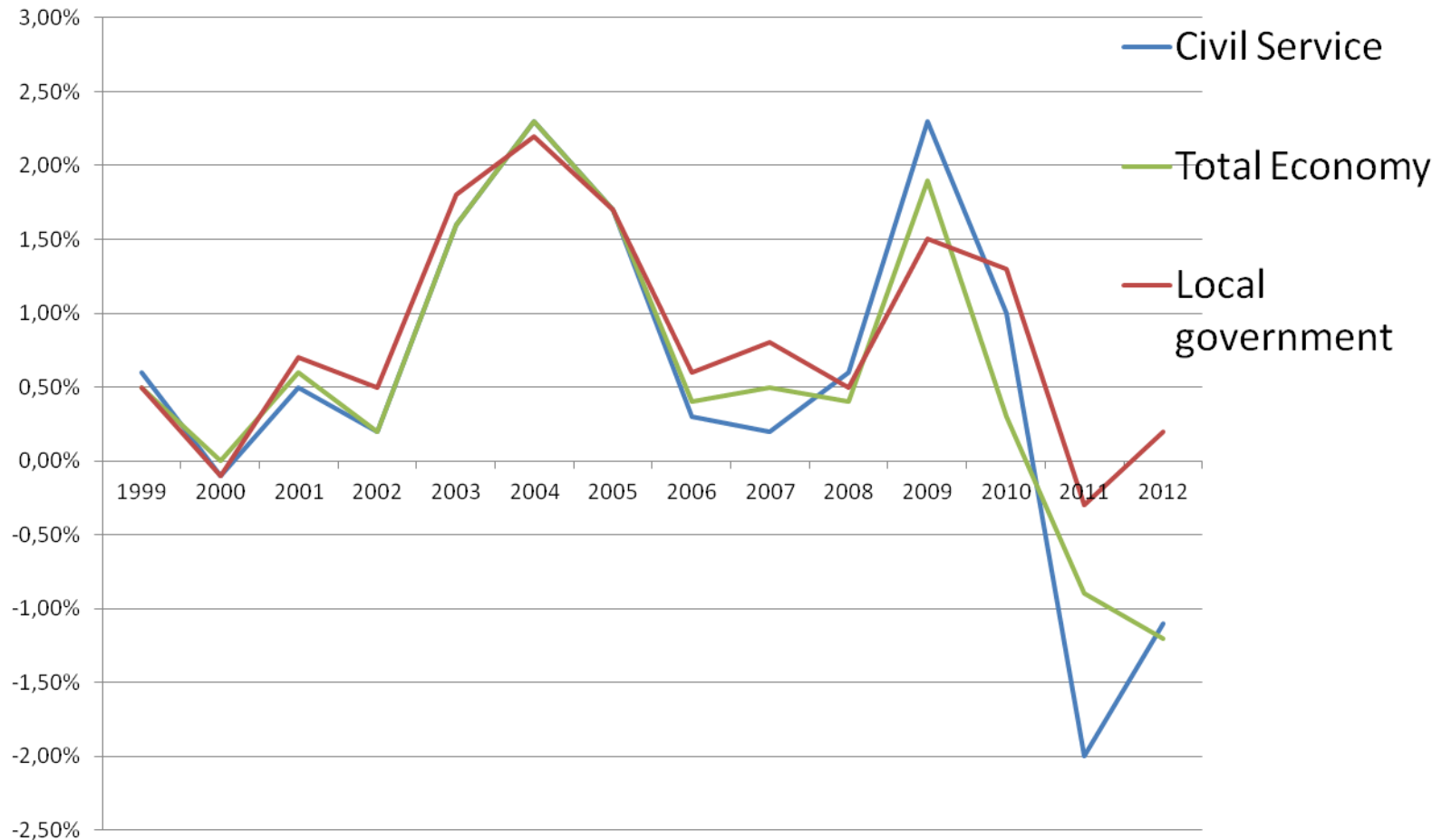
Public Sector < Total Economy: ES (coll. agreed wages)



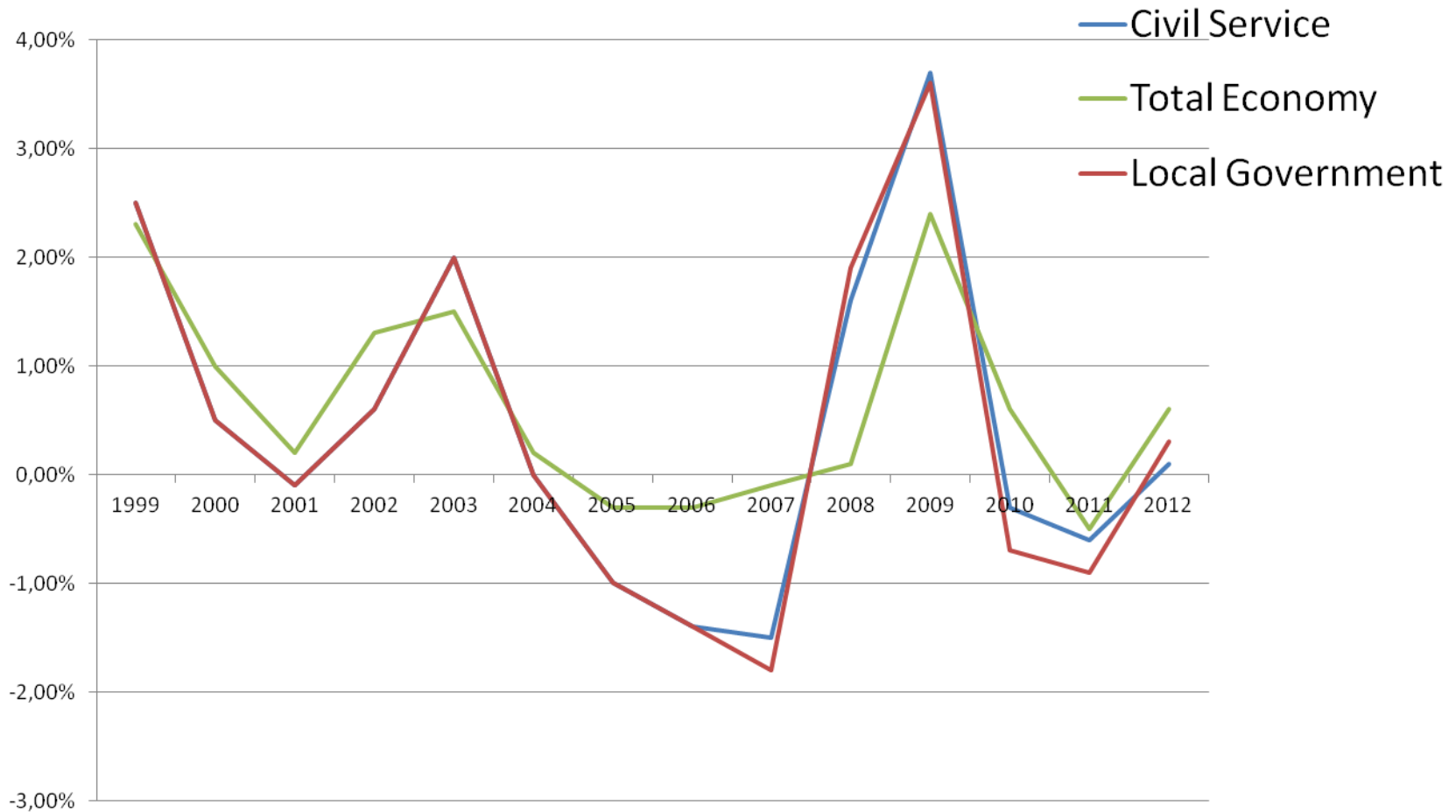
Public Sector = Total Economy: AT (coll. agreed wages)



Public Sector = Total Economy: FI (coll. agreed wages)



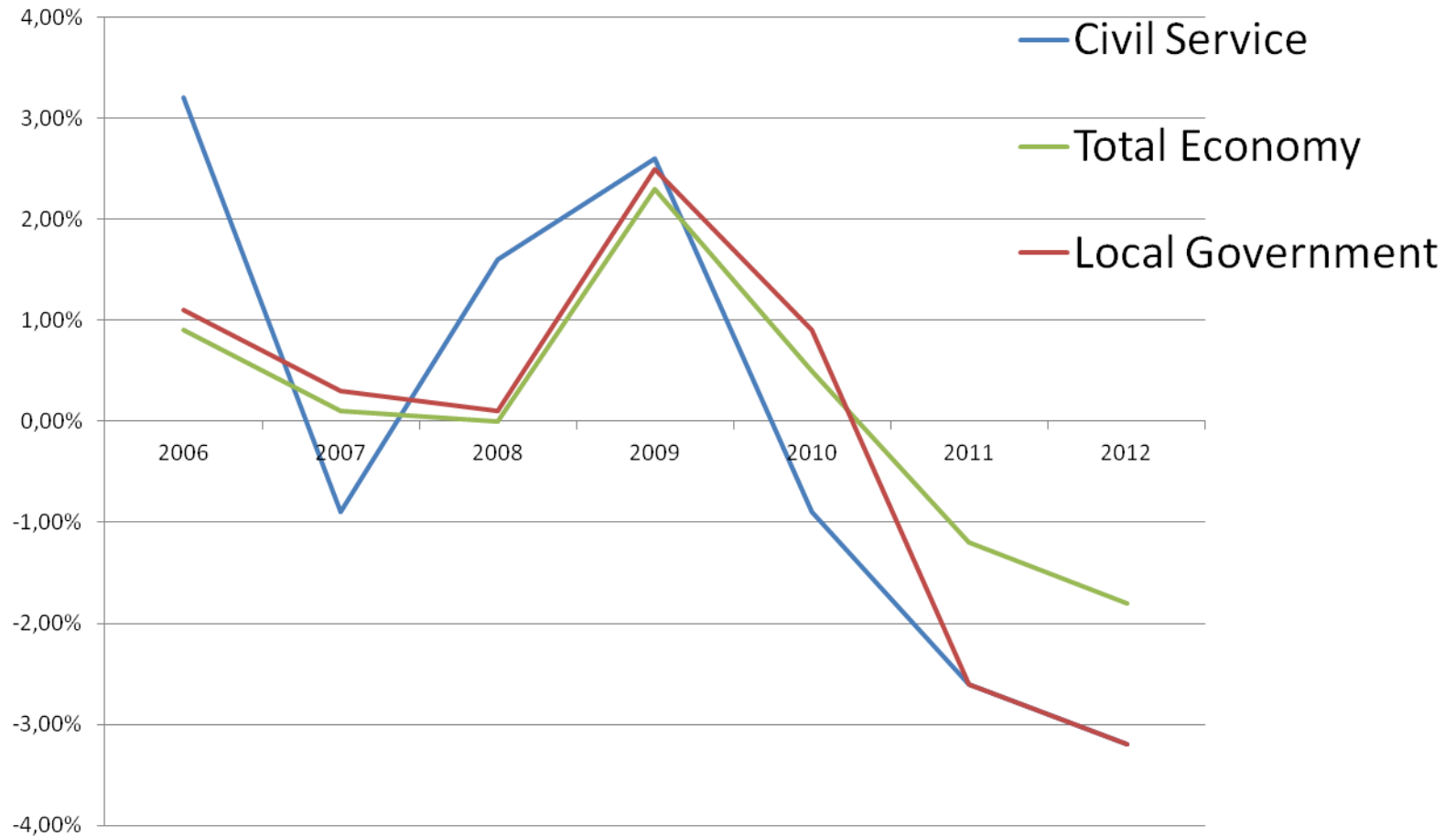
Larger Amplitude Public Sector: DE (coll. agreed wages)



Larger Amplitude Public Sector: IE (coll. agreed wages)



Larger Amplitude Public Sector: IT (coll. agreed wages)



Development of public sector wage setting during the crisis

1. Revival of unilateralism: measures have often been adopted by governments without trade union involvement.
2. Re-centralization of wage-setting: centrally defined measures have been applied to all services and employees.

Thank you very much for your attention!!!

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