

What Do Labor Laws Do?

CRIMT International Conference

HEC Montréal, October, 2012

What do pronoun labor laws do?

- Do they raise union **density**?

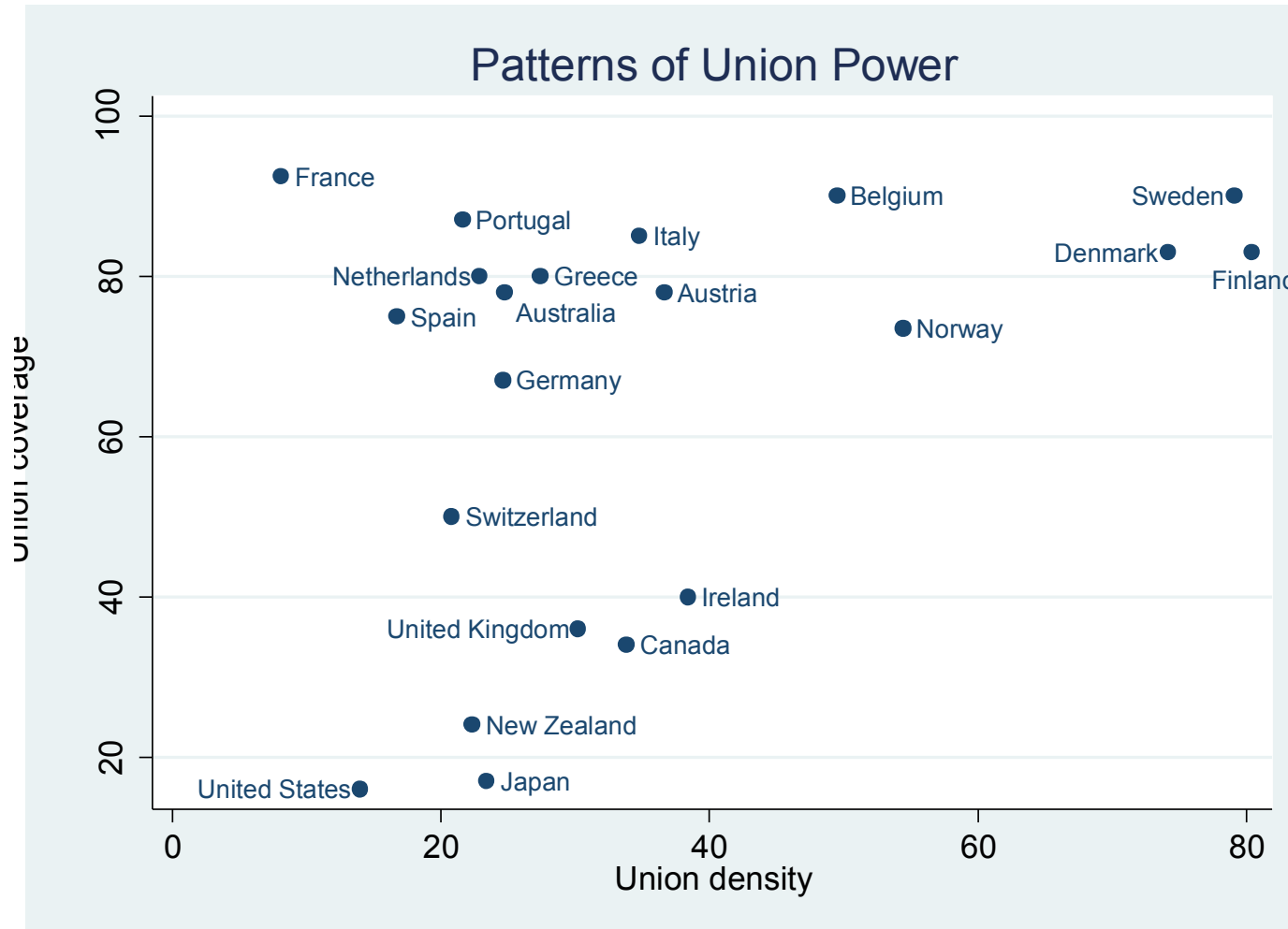
What do pronoun labor laws do?

- Do they raise union **density**?
- Or union **coverage**?

What do pronunion labor laws do?

- Do they raise union **density**?
- Or union **coverage**?
- Does it matter?

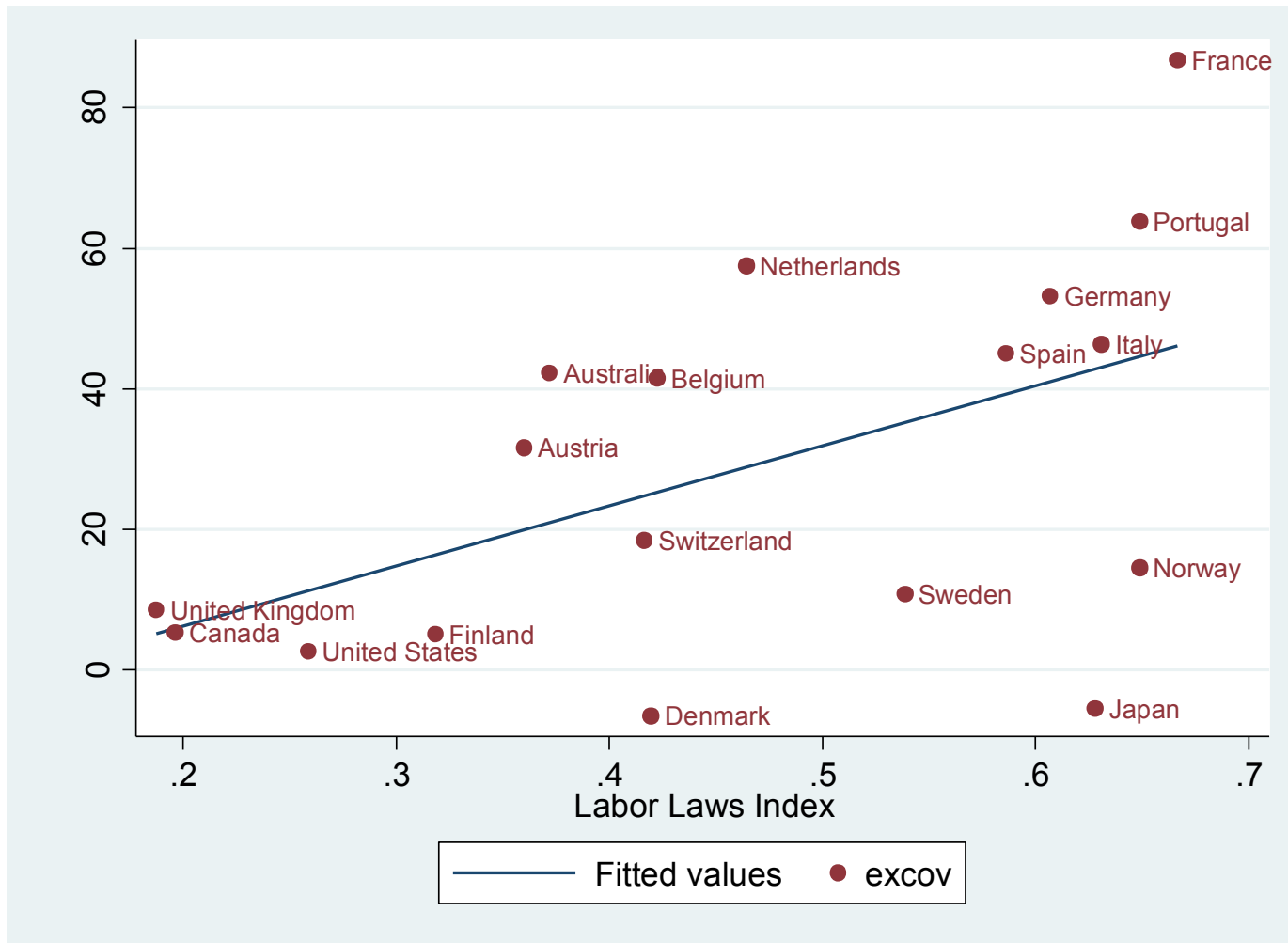
Density and coverage



Labor law and union strength

	Works Council (Substitution)	Union Power	Strike Freedom (Hold up)
High density, high coverage (Nordic)	0.2	0.35	0.3
Low density, high coverage (Europe)	0.78	0.5	0.56
Low density, low coverage (Anglophone)	0	0.32	0.64

Labor Law and Excess Coverage



Why labor law might lower density

Why labor law might lower density

- Substitution effect

Why labor law might lower density

- Substitution effect
- Union power → greater employer opposition

Why labor law might lower density

- Substitution effect
- Union power → greater employer opposition
- Strike freedom → Hold-ups → greater employer opposition

Why labor law might raise coverage

Hold-ups x works councils

→ employer associations

→ increased coverage

Labor Law and Density

Table 3: Labor Law and Union Density

Dependent variable: union density					
	(1)	(2)	(3)	(4)	(5)
Ghent system	2.142*** (0.184)		1.698*** (0.359)	1.994*** (0.225)	1.883*** (0.259)
Wage coordination	0.843 (0.560)		1.335* (0.730)	1.293* (0.718)	1.300* (0.707)
Union Power		-1.851*** (0.644)	-0.784** (0.368)	-0.486 (0.337)	-0.671** (0.275)
Hold up		-2.362*** (0.530)	-0.477 (0.436)		
Works council		-0.636*** (0.195)	-0.281 (0.214)		-0.454* (0.249)
Extension		-0.005 (0.330)	-0.289 (0.270)	-0.454* (0.262)	
Observations	21	21	21	21	21
AIC	1.079	1.318	1.445	1.257	1.258

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Robust standard errors in parentheses. GLM analyses. See Data Appendix for sources and details.

Labor Law and Coverage

Table 4: Labor Law and Union Coverage

Dependent variable: union coverage						
	(1)	(2)	(3)	(4)	(5)	(6)
Ghent system	1.240*** (0.447)		3.059*** (0.580)	2.483*** (0.497)	3.232*** (0.483)	2.186*** (0.258)
Wage coordination	1.737 (1.376)		0.277 (1.126)			
Union Power		0.8839 (0.906)	2.642*** (0.714)	1.942** (0.891)	2.902*** (0.752)	2.692*** (0.639)
Hold up		-0.673 (0.972)	2.070*** (0.780)	1.475 (1.034)	2.119*** (0.692)	
Works council		0.739 (0.422)	1.498*** (0.400)		1.798*** (0.309)	
Extension		0.636 (0.545)	0.310 (0.477)	1.419*** (0.402)		
WC x Hold Up						2.670*** (0.652)
Observations	21	21	21	21	21	21
AIC	1.185	1.344	1.428	1.273	1.240	1.159

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Robust standard errors in parentheses. GLM analyses. See Data Appendix for sources and details.

Labor Law and E/r Density

Table 5: Labor Law and Employer Association Density

Dependent variable: employer association density						
	(1)	(2)	(3)	(4)	(5)	(6)
Ghent system	-0.503 (0.394)		0.448 (0.511)			
Wage coordination	1.982 (1.485)		1.547 (1.069)	1.637 (1.202)	1.214 (1.211)	1.355 (1.257)
Union Power		-1.168 (0.826)	-1.014 (0.936)			
Hold up		0.855 (0.663)	1.618** (0.739)	1.516** (0.696)		
Works council		0.727 (0.591)	0.795 (0.715)		1.159*** (0.398)	
Extension		0.850 (0.623)	0.716 (0.666)	1.066*** (0.375)		
WC x Hold Up						2.483*** (0.592)
Observations	20	20	20	20	20	20
AIC	1.293	1.413	1.587	1.284	1.234	1.212

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Robust standard errors in parentheses. GLM analyses. Employer association data for Greece are unavailable. See Data Appendix for sources and details.

Politics and Labor Law

Table 2: Politics and Labor Law

Dependent variable: collective labor laws index	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Left 1928-1995	-0.175 (0.113)								
Left 1975-1995		-0.504 (0.115)							
Left cabinet			0.002 (0.003)						
Right cabinet				-0.001 (0.003)					
Proportional representation					0.268*** (0.047)			0.332* (0.176)	0.212*** (0.075)
Wage coordination						0.383*** (0.138)		-0.123 (0.344)	
Corporatism							0.256** (0.096)		0.073 (0.121)
Observations	21	21	18	18	21	21	18	21	18
R-squared	0.093	0.008	0.025	0.015	0.412	0.289	0.297	0.418	0.433

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Robust standard errors in parentheses. OLS regressions. See Data Appendix for sources and details.