

# **Collective Bargaining, Poverty and Welfare State Among Developed Countries: A Reassessment**

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## **Abstract**

The link between collective bargaining and earnings inequality across developed countries has been widely documented in the existing literature. Most of this suggests that robust collective bargaining systems are associated with lower-wage dispersion. Nonetheless, as far as we know, the cross-country relationship between collective bargaining and poverty has been seldomly investigated and available papers remains outdated. In addition, notice that there is not a straightforward connection between earnings inequality and working-age poverty since this latter includes people out of work and other incomes than earnings. Based on these facts, we aim to contribute to industrial relations literature with an up-to-date study on the role of collective bargaining in shaping working-age poverty among 24 OECD countries over the period 1990-2015. We find that countries with coordinated and centralised (or organised) collective bargaining systems solely display lower working-age poverty levels in a post-tax benefit scenario. Our results suggest that this poverty alleviation after taxes and transfers could be explained by the decisive role of trade unions as driving political forces in encouraging public social spending and participating in social security institutions.

**Keywords:** Labour market institutions, industrial relations systems, collective bargaining, trade unions, poverty, public social spending, working-age population.

**JEL classification:** C23, C26, D31, I32, I38, J51, J52.