

Collective rights to address labour market monopsonies

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Séverine Picard, *Progressive Policies*

spicard@progressivepolicies.eu

Overview

1. Labour market monopsony: definition and causes
2. The limitations of competition policies
3. Time for a reset - proposals to enhance protection against monopsonies

1. Labour market monopsony: definition and causes



Monopsony



Monopoly



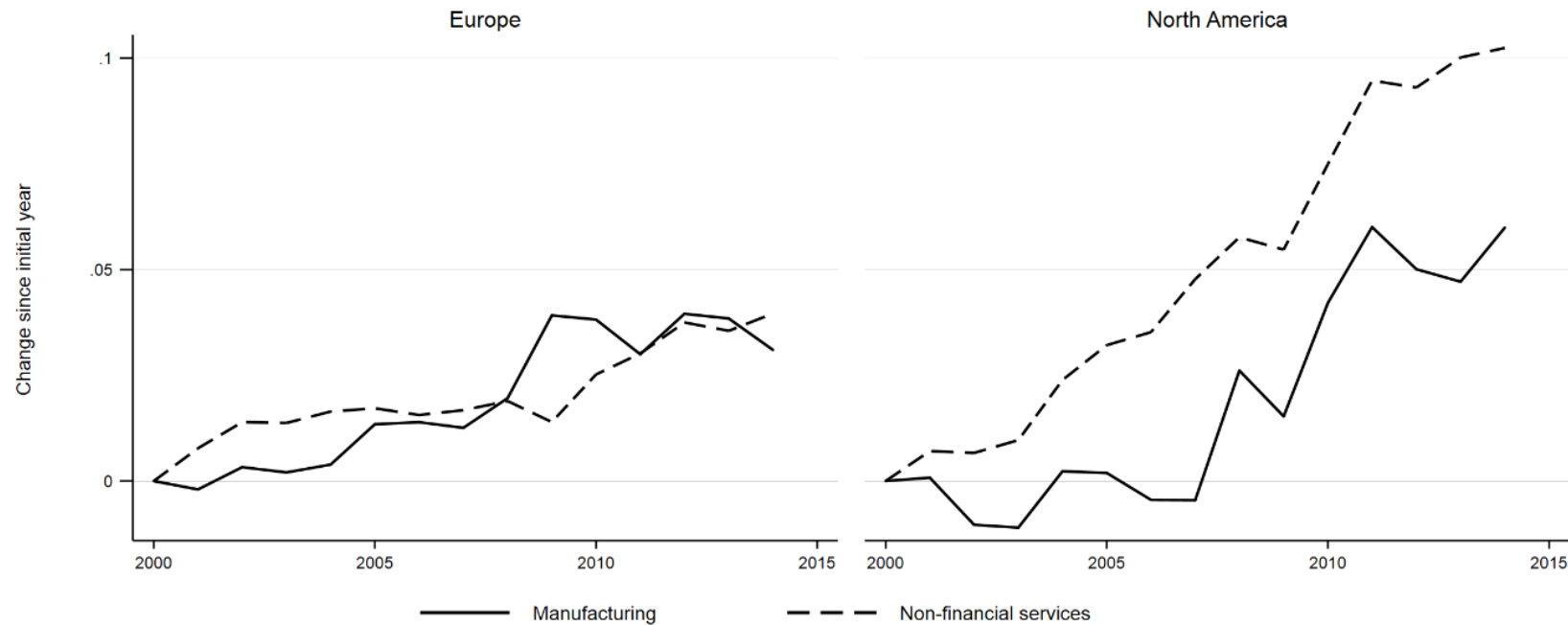
What is a labour market monopsony?

A labour market monopsony is a situation where there is a single or few dominant buyers of labour.

A monopsonist employer can cut down wages and degrade working conditions without losing its workforce.

What causes labour market monopsonies?

Whilst corporate power is on the rise ...

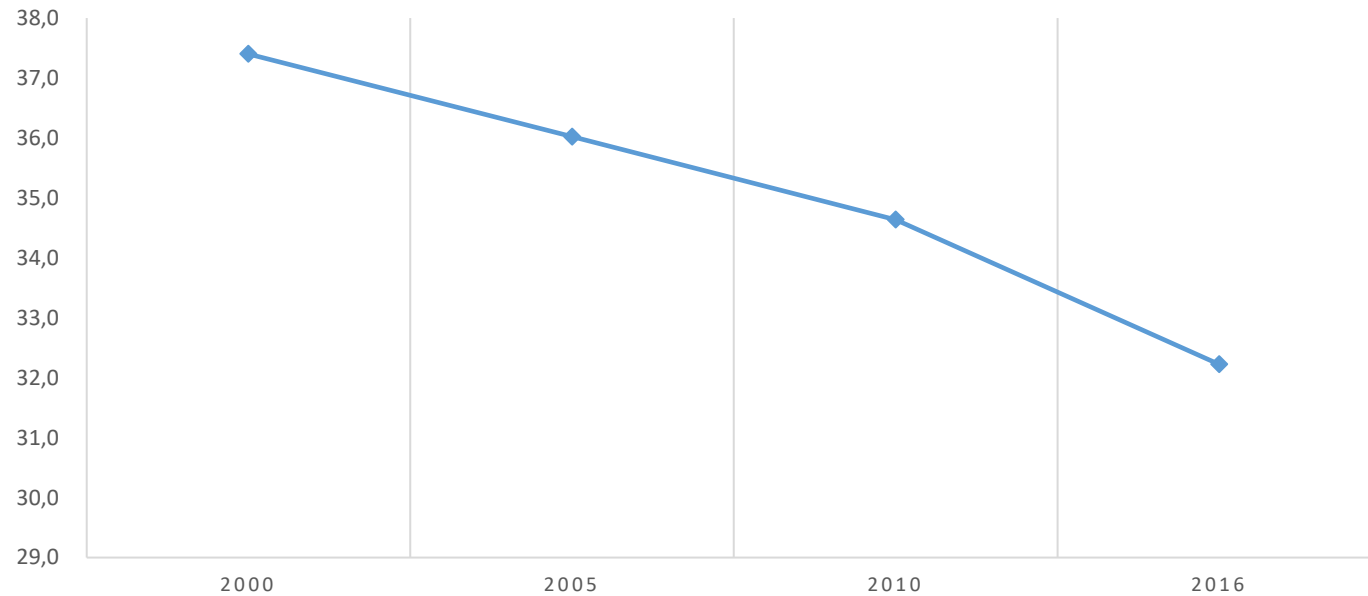


Industry concentration for Manufacturing and Services in Europe & North America

(Source: OECD 2019)

What causes labour market monopsonies?

... collective employment rights are on the decline



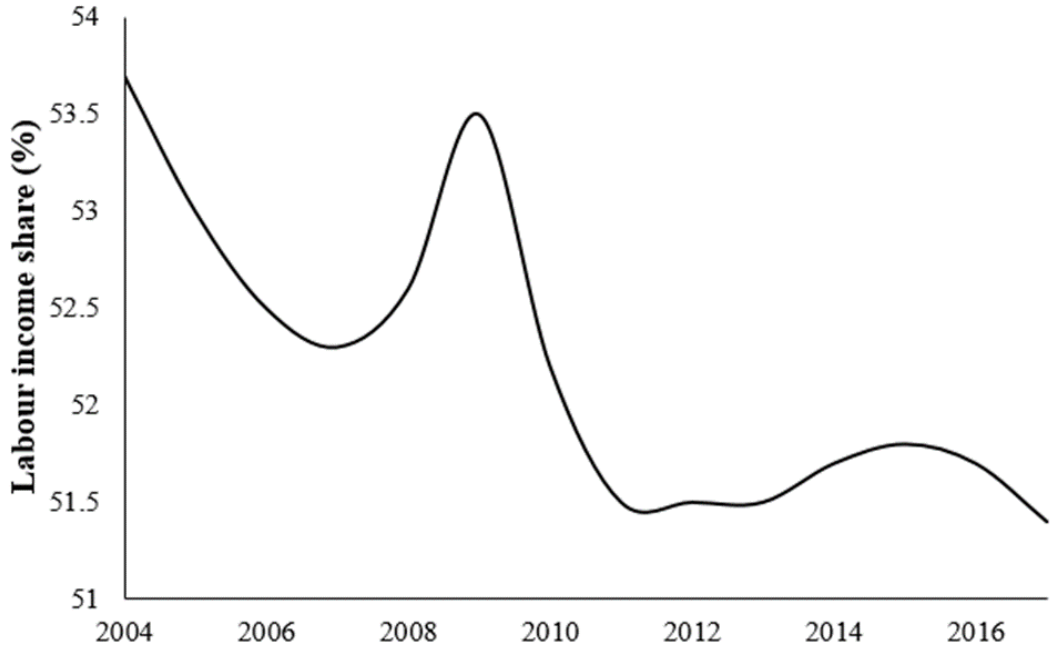
Annual percentage of employees with the right to bargain in the OECD
(Source: OECD Stats, 2019)

What causes labour market monopsonies?

Corporate practices that prevent workers from moving around:

- Non compete clauses
- No poaching agreements
- Algorithms and data capture
- Irregular working schedules

The fall of global labour income share



Source: ilo stat, 2019

2. The limitations of competition policies

A single goal for EU competition policies

Exclusive focus on consumer welfare:

- Price
- Innovation
- Choice

Insufficient analysis of sustainability impact of market power:

- Employment
- Environment
- Public policy concerns



An obsolete methodology to assess corporate power

Traditional test:

- Corporate power is measured against market shares of companies
 - A relevant market is the geographical area in which a particular product or service is sold
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- Ultimate ownership is overlooked
 - A multinational enterprise is not recognised as an autonomous entity with coherent business strategy across all market segments
 - A market definition ill-adapted to online platforms

3. Time for a reset – proposals to enhance protection against monopsonies

Modernise market definition:

- Adjust to the new realities of GVC
- Measure power asymmetry between employer and workforce: is the employer able to cut down on wages without losing workforce?

Address asymmetries:

- Seek behavioural remedies: company policies on freedom of association and collective bargaining, instances for workers' representation
- Treat unfair labour practices as competition offences (e.g.: non poaching, algorithms)
- Allow collective bargaining on behalf of self employed

Rethink the interaction between competition, industrial policies and international trade

➤ **Review the consumer welfare standard to include sustainability**

Thank you

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