Collective bargaining and unions – still an effective tool for determining wages, hours and working provisions?

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There's a mine in north Queensland, out Cloncurry way, called Cannington, run by South 32. It mostly mines silver and lead. There's another company called Compass Group, that provides catering services to it. South 32 told Compass that, unless it got a new agreement with staff, an agreement that cut pay for new employees, it would lose the catering contact.

Compass put a proposed collective agreement to the staff along those lines. It told employees that if they didn't approve the agreement, it would lose the contract. Not surprisingly, the employees voted yes to the contract. The Australian Workers Union appealed to the Fair Work Commission, saying the employees were coerced and therefore the agreement should not be approved. Last month, the Commission said there was no coercion, the contractor was just laying out the facts.

That little vignette tells us a lot about the modern world of unions, collective bargaining, corporate strategy, and power. I'll come back to it later. But first, in discusisng whether collective bargaining and unions are still an effective tool for determining wages, hours and working provisions, I'll start by looking at these issues in the context of new understandings about the concept of monopsony. I'll then look at Insecurity and power, some macro manifestations of the patterns I'll explain, the concept of agentic monopsony and unionism, alternatives to collective bargaining and the implications of the platform economy.

First, at the simplest level, unions and collective bargaining exist as a counter to power.

Monopsony

In the framework of economics, they exist as a counter to monopsony.

Of course, two important factors in determination of wages, hours and working provisions are supply and demand. In many product markets, if the supply of a good — like bananas — goes down, or demand goes up, the price goes up. And vice versa.

Likewise, it's often the case that if the supply of labour goes down, or demand goes up, the wage goes up. And vice versa. Well, these are tendencies. But there's a lot more that happens. Imperfections and institutions make a big difference.

We hear voices from the agricultural sectors screaming that they are facing labour shortages. But these aren't labour shortages caused by some lack of skills. All employers would need to do, according to the theory of perfectly competitive labour markets, is raise the wage, to attract more labour to do the rather unappealing work and clear the market. But they won't do that.

In Australia, a few years ago, employers in the retail and hospitality sector demanded that minimum penal rates in wages be *cut*, so that more jobs could be *created*. The tribunal granted the reduction, but there was *no* observable increase in employment in the sector. And since then, employers there have also complained about labour *shortages* in the sector. But they won't raise the wages to clear the market.

That lack of an employment impact from cutting minimum wages might surprise those trained in neoclassical economics, but it is consistent with the evidence from a number of studies over the past two decades, which tend to show that the relationship between wages and employment is inconsistent, generally small, and often not in the direction that old notions of supply and demand would imply.

Why is this so?

It's partly a misconception about what happens in a freely operating labour market arising frm the supply and demand model. In the world of perfectly competitive labour markets, full employment is always achieved because labour supply equilibrates with labour demand.

In less ideal but more realistic economic worlds: the number of jobs is determined by the level of consumption, not wages; people in jobs don't drop their wages when unemployment rises; and employers don't ask them to. People aren't bananas. The price of bananas might fall when there's a surplus of bananas. Wages aren't like that, regardless of unions or collective bargaining.

Indeed, there are lots of factors that affect wages that don't influence the price of bananas – institutions and imperfections, if you like. Banana vendors readily change the price of bananas daily. Wages don't change daily.

Bananas won't taste bitter if you threaten or pay too little for them . Bananas don't define themselves in terms of where they are located in the fruit market or how they're labelled. Bananas don't know how to organise.

Bananas don't starve if they don't get bought. And even if they did starve nobody would care. Because bananas don't vote.

And banana markets are essentially absent of monopsony.

What does 'monopsony' mean? It's about a single buyer. Just as 'monopoly' refers to a single seller of a product, so monopsony refers to a single buyer. Here, a single buyer of labour.

When you have a monopsony, that single buyer, or single employer, can buy labour at a lower wage, and employ less labour, than would occur under perfect competition.

In practice there aren't many labour markets where there is literally only one buyer. But restrictions on competition in labour markets enable firms to buy labour at lower wages than otherwise. Technically, it's 'monopsonistic competition'.

The key idea here is that employers have a choice as to what wages they pay.

There is not a single wage that employers must pay for a certain type of labour, as in the perfect competition model.

Rather, employers choose, within bounds, what wage they pay. If they pay a lower wage, they'll have more vacancies and probably lower quality labour. If they pay a higher wage, they'll have fewer vacancies, higher quality labour with fewer defects and higher labour costs.

It depends on what market niche they're aiming for with their products — what combination of price and quality they are after — their tolerance for vacancies and indeed their personal preferences and beliefs as to where they pitch their wages.

I saw this sort of thing up close when was in Thailand a couple of decades ago, studying their minimum wage fixing system. In one factory I visited, the employer there was paying below the minimum wage (not something he was alone in doing). He complained about difficulties in attracting workers and about the laziness and poor productivity of the workers in the area.

Another employer, just down the road, paid his workers better: at or above the minimum wage. This one had no complaints about labour shortages or worker indolence.

It was as if there were an invisible barrier preventing the first employer (and many like him) from making the response you would expect: increase wages to attract more workers and increase their commitment and retention. They were unwilling to raise wages to attract more workers because they didn't want to raise the wages of their existing workers.

Yet if they were forced to pay the minimum wage, they would have attracted labour and filled vacancies more quickly.

There are lots of causes of monopsony.

Employers connive to prevent competition between them, through non-poaching agreements, or by forcing employees to sign non-compete clauses (which about 18% of US workers are presently bound by). It's something even Adam Smith wrote about.

And in most labour markets, some firms are just larger than others. Some firms dominate. Moreover, workers cannot move jobs seamlessly. Some vacancies aren't seen. [Peter Cranney mentioned barriers to information about wages.] Even if the alternatives would be better paid, there are opportunity costs to job search, and to actually moving jobs. Childcare might be difficult. And so on.

All these barriers increase employer opportunities to lower wages further below a perfect-competition market-clearing level.

Insecurity and power

Collective bargaining exists as a counter to monopsony — to employers' tendency to offer wages lower than marginal productivity. Collective bargaining is a way by which workers bunch into a collective to bargain with a collective of capital called a corporation — individual shareholders know pretty quickly that they can make more money by being in a collective called a corporation than just trying to do something on their own with their money.

And collective bargaining is a counter to the scourge of growing worker insecurity.

I refer to this scourge of insecurity, even though labour market statistics suggest that some of the things that get a mention in discussion of insecurity and flexibility, like casual employment, have actually been pretty stable recently.

The key way to think about this is like this:

Insecurity is a lack of control over what happens to you.

Lack of control is another way of saying lack of power.

The clearest ways of observing a shift in power away from workers (that is, an increase in worker insecurity) are the very low rates of wages growth and industrial disputes. We see those in both Australia, and New Zealand.

Workers don't have the bargaining strength to raise wages, a reflection of their lack of power. They don't have the confidence to go on strike, arising again from their lack of power.

Some manifestations of insecurity have built-in limits to them, because it is against the interests of individual employers to go further.

The rise in casualisation reaches a limit because casualisation makes for low commitment by employees and it limits employers' ability to get workers to do what they want. That is, it limits control. If employers cut job duration too short, employees become too focused on external labour markets and not enough focused on employers' internal labour markets. Employers simply don't want everyone to be a casual or to be in a job for only a few months, it goes against employers' individual interests.

Moves to (pseudo) independent contracting or labour hire reach limits because, after these things reach a certain point, it becomes too hard for management to exercise control.

To put it in the language of transaction cost economics, the transaction costs to capital of moving from the firm to the market become too high. Loss of control, imprecise governance, is a critical transaction cost, and these issues arise not just over whether to move into and out of the employment relationship, but also what type of employment relationship to manage.

But not all aspects of insecurity have these limits. Low wages growth and few industrial disputes unambiguously and always favour individual employers, and so they're the easiest way to see this shift in power and insecurity. Sure, low wages growth may not be in the interests of employers *as a whole*, due to the impact on aggregate demand which will in turn affect sales revenue and profits. But for an *individual* employer, low wages growth is unambiguously good.

A lot of the things that people nominate as the source of insecurity (casualisation, labour hire, the shift to independent contracting, the gig economy, etc) are also a *symptom* of that insecurity, indeed probably more so.

And for the causes of that decline in worker power, you need to look at declining union density, financialisation and what are sometimes called 'neoliberal' policy approaches that prioritise markets and corporations over individuals and workers.

Meanwhile, the choices made by firms as to where to pitch their wages are changing. Previously it was much easier for firms to choose to pay higher wages. Now the environment is so competitive on price that many feel that they have to offer the lowest wages possible in order to survive. Unions find that difficult to resist.

Macro-manifestations

And so it is that now, despite very low rates of inflation, unemployment is stubbornly high. When I first started learning about inflation and unemployment, in the early to mid 1970s, a 4% unemployment rate was considered catastrophically high. In Australia, where I went to high school and university, the more than doubling of unemployment to 4.6% was considered by many to be the main reason for the defeat of the Whitlam government in 1975.

A bit more than a year ago in Australia, before the pandemic hit, unemployment was just over 5 per cent, and this is seen as good. Yet in 1968-69, unemployment was only 1½ per cent, and earlier in that decade closer to 1 per cent.

In New Zealand, before the pandemic, unemployment was above 4 per cent, whereas through most of the 1960s it was near or below 1 per cent.

It’s not as if Australia choose a different point on some Phillips curve tradeoff between inflation and unemployment. Inflation in Australia was about 2 per cent a year ago, about 2 ½ per cent in 1968-69, about 1 per cent in 1963-64.

For comparable rates of inflation, unemployment is much higher now, double or triple.

In New Zealand, at least inflation is lower now — around 1 to 2 per cent through the 2010s, between 2 and 5 per cent through most of the 1960s, but unemployment of course is higher, even pre-pandemic.

Yet why is it so? It could hardly be said that there are more labour-induced rigities in the labour market. Union density was over 50 per cent in the 1960s and 1970s in both countries, it's more like 15 per cent now. Meanwhile, governments in both countries have introduced all sorts of market-based reforms aimed at removing government-induced obstacles ot the operation of free markets.

As rigidities are an implausible explanation, people focus on the supply side of the labour market. Unemployed people these days lack the skills and the motivations to work, it is said. Their skills, for example, decay after being unemployed for long period, making them unemployable. It's something that supposedly has affected the labour market for the last half century. Economists like to call his hysteresis.

But hold on. Did we *always* have low unemployment *before* the last 40 years? Weren't there recessions in the 1890s, the 1930s, and many other periods? So how did we ever get down to unemployment rates of 1 to 2 per cent in the post war period?

And aren't the highest rates of unemployment amongst young people? Yet new entrants to the labour market could not have been affected by the skills decays that drive hysteresis. Shouldn't their relative rates of unemployment, compared to their older peers, be lower now than in decades past? I see no evidence of that in labour market statistics.

The explanation appears to lie in how monopsonistic competition affects the labour market.

Employers, it appears, are offering jobs at lower wages, and fewer of them. They're tolerating more unfilled vacancies than they used to. Indeed, in Australia, despite unemployment, job vacancies as a proportion of employees are at their highest rate since the data series started in 1979. There's been a structural increase in vacancies.

Employers are also offering fewer jobs because demand is weaker than it otherwise would be, because wages are lower than they otherwise would be.

They're offering jobs at lower wages because they can, and because they have to. They can, because employers have the discretion, within constraints, to choose the wage they pay. They are not helpless agents. That's what theories of monopsony tell us. And they *can* choose to pay *lower* wages than in the past, because unions are less powerful and collective bargaining power less effective than in the past.

And employers have to offer low wages, or at least many of them have to, because they are now competing against each other on price terms in the face of financialisation and government market reforms of the past, and in the environment of new product market strategies by large corporations.

But how can we be seeing both increased competition, and increased tendencies to monopsony?

Agentic monopsony

One important reason is that the character of monopsony is changing — from what I'd call simple monopsony, in which large firms do the hiring, to agentic monopsony, in which agents, or peripheral firms, are responsible for labour.

And this has big implications for unions and bargaining.

Centres of capital (you might call these 'lead firms' or 'core capital') fragment what would otherwise be corporate structures in ways that maintain high control, minimise labour costs, maximise centralised profits and minimise accountability for externalities.

I call the economic structure 'not there' employment and its key methods are:

- control is held by a central capitalist entity (for example, the 'lead firms' in supply chains);
- production is undertaken within smaller entities (the 'dependent firms', you might call them 'peripheral capital') which are formally separated from the lead firms;
- core and dependent firms are linked by contract;
- and labour is ostensibly and directly controlled by the peripheral capital in dependent firms

That labour may be classed as 'employees' or as 'contractors', depending on the context. But for the lead firms: 'Workers being underpaid? No, we're not there!'

The manifestations of this phenomenon vary between sectors and industries. You might get franchises, spinoffs, contractor firms, owner drivers, homeworkers, subcontractors and so on. Atkinson called it the flexible firm. David Weil calls it the fissured workplace.

How industries do it varies according to a number of factors.

The peripheral firms in this model frequently compete with each other on cost. The cheapest bidder wins the contract. So at that end, competition is more severe, and focused on cost reduction. The firm who chooses to offer the lowest wages wins the tournament, and their competitors aim to replicate that strategy for the next tournament.

But at the top, a small number of firms get to dominate more and more. They move closer to monopolies in their own product markets, but require increased product market competition from their suppliers. The competition between suppliers is a way for the core firm to get access to labour at the lowest price. In effect, the peripheral firms are agents for core firm, they are a way by the which the core firm can offer a very low wage for labour — and it does not even have to take on the HR res[onsibilities, or liability if the work is offered at an illegally low rate. Monopsony power for the core firm exists even when there is the appearance of many competitors attempting to purchase labour.

Trade unions and collective bargaining have been an attempt to circumvent this, to force employers to offer higher wages. Less than a century ago, potential workers would go to the docks each morning and hope to be chosen by some agent of the boss to do a day's work at the rate the boss specified. Trade unions organised those potential workers, so that they

could negotiate collectively with the boss over how much they would be paid and over their length of tenure in the job, not just for a day.

Unions remain the most useful tool by which workers raise their wages, negoatiate their standard working hours and shape their working conditions.

But with the decline in union density, and the associated decline in collective bargaining, it no longer is the tool accessed by the majority of workers.

And it isn't as effective as it once was, even for those workers who have access to it, because the loss of union power has also translated into a loss of effectiveness for collective bargaining where it has been used.

But now, one of the biggest weaknesses of collective bargaining is that, if it's done at the enterprise level, labour is often negotiating with people who themselves have no power. Labour negotiates with the monkeys, not the organ grinder. The peripheral capitalists with whom it may be negotiating cannot afford to pay higher wages because they will lose their contract to the core capital in whose supply chain they are participating.

A food service contractor cannot offer higher wages as they would be out the door the next time their contract with the venue was up for negotiation. Nor can a cleaning contractor. Nor can a franchisee in fast food, or coffee, or petrol retailing, or clothing. Nor can a labour hire firm. Nor can a manufacturer providing shirts for a big name brand.

The core capital firm chooses that it wants low wages paid, and so these are the wages that are paid. Though not always: maybe, in an area like aircraft production, it decides that a higher rate of pay is appropriate so that the workers take due care with quality and the planes don't fall out of the sky.

Core capital may not even bother sitting down with a spreadsheet to work out what the rate of pay should be. It just knows the outcome it wants in terms of price and quality. It chooses that outcome, and the wage rate and other conditions of employment flow from that choice.

It is as if the peripheral capitalist were a middle manager in the core capital firm, and the middle manager chooses the wage rate to offer. Instead of the middle manager's performance being managed through the employment relationship inside the firm, that person's performance is managed through the contractual relationship between the core capital and the peripheral capital.

Take the instance of South32 and the food contractor that I began with.

In this case, core capital — South 32 — was directly choosing the pay rate paid by the contractor. In most cases, though, core capital indirectly chooses the pay rate. They set the terms of supply, so on wages it then becomes Hobson's choice for peripheral capital.

This is agentic monopsony. The peripheral firm is acting as the agent of core capital, and so it offers a wage that may appear to be the result of a competitive market but is actually a result of choices by core capital.

Wages end up at a level that is too low to clear the market.

Agentic monopsony is the bottom line explaining how we appear to be simultaneously seeing both increased competition, and increased tendencies towards greater monopsony.

Australia and, to a lesser extent, New Zealand are unlike the rest of the OECD in their legal treatment of multi-employer bargaining. A major distinction between the legal treatment of single-employer and multi-employer bargaining is not common in industrialised countries.

Amongst others, the OECD in recent years has shifted from its fairly predictable support for decentralisation in industrial relations to a much more nuanced approach, that recognises that, empirically, co-ordinated or sectoral bargaining on average produces better outcomes that fully decentralised bargaining.

There are a number of reasons for saying that industry bargaining is a good thing.It gives both labour and capital more options on how best to collectively organise themselves, given that both will do it anyway. It reduces transaction costs. It reduces inequality. It provides for more appropriate pay rates for those with otherwise little power. It facilitates co-ordination in response to changing circumstances (probably the biggest plus the OECD sees in it). It puts a brake on the race to the bottom.

So, a very important thing about multi-employer bargaining, especially when it's called industry or sectoral bargaining, is that the definition, if there is one, of what coverage is permitted is not too narrowly restrictive. There's little point in bargaining with all the firms in the catering industry or in the labour services industry if the pay rates are set by decisions in the mining industry.

Australia made very tentative steps with support for a low-paid industry bargaining stream with arbitration in the Fair Work Act, but it has gone nowhere. The award system might be thought of by some across the ditch as a form of industry bargaining but it is really no more than a means of setting industry-level minimum wages and conditions, with no requirement for bargaining at all.

New Zealand already has quite a few multi-employer collective agreements in the public sector. Fair Pay Agreements are a much more concrete step towards industry bargaining with private sector potential as well.

Looking at the speakers to follow me, I don't feel the need to add anything more that couldn't be said better and more accurately by someone else, other than to say that the absence of industry bargaining really is a bit of a lacuna in both countries.

Agentic monopsony has also led to some innovative responses by unions. The Cleaning Accountability Framework, for example, is an attempt to get building owners to own accountability for the conditions of the contract cleaners on their premises.

The Bangladesh Accord was an attempt to get the major clothing brands and stores in Europe and North America to own accountability for the safety of the factory workers in Bangladesh making their apparel.

To get these things to work, unions are making use of other sources of power, not just associational power, such as the ability to disrupt a corporation's reputation with consumers.

But that works a lot better in some industries than others. South 32 doesn't really care about what consumers think of it.

So, unions have to think innovatively about how to obtain and exercise power, and not just rely on collective bargaining for power.

Alternatives to collective bargaining

What of the alternatives to collective bargaining? One is individual bargaining — though here the word bargaining is somewhat misleading, as often there is no bargaining, it is done on a 'take it or leave it' basis. To economists this is the "free market", and I've explained earlier why the idea that this produces optimal outcomes is a myth.

For workers with skills in short supply, which they uniquely have, the process of individual negotiation may lead to suitably high wages.

For those without such unique skills, individual bargaining, or unilateral determination of wages by management, may lead to substantially inferior outcomes compared to those that would be achieved through collective bargaining. The wage is determined by what the employer chooses, and if they choose to pay low wages, that's what happens.

So collective bargaining is more important for lower wage earners than for higher wage earners, for women than for men (so it tends to reduce the gender pay gap), it's more important for migrants, Maori and Pacific Island people than for pakeha, in general it's more important for those with lower levels of labour market power.

For those at the high end of the labour market, collective bargaining rarely sets a ceiling to pay in the *private* sector, it mostly sets a floor on which further individual bargaining, or whatever you want to call it, is built. Where collective agreements in the *public* sector set actual rates of pay, employes may offer bonuses in various guises to suit their own agendas.

In Australian universities, for example, where men and women receive equal pay if they are doing the same job at the same level, research I did showed that market or "performance" "loadings" are a means by which a gender pay gap, in favour of men, is introduced amongst workers at the same level.

So one thing you really have to look out for in any individualised pay system is the gendered potential it has. It wasn't always the case, of course, that unions were a force for equal pay. The battles many women fought to overcome sexism within unions, and the ways unions championed unequal pay rates in the past, is testimony to that.

But unions' interest in taking wages out of competition and standardising pay rates , and in the context of high female involvement in modern unions, acts to ensure that collective bargaining is more equalising across genders than individual contracting.

The main other alternative to collective bargaining is direct regulation by the state. Most countries have minimum wage laws. Some set minimum wages through Parliament, but most establish some sort of independent body that does it.

The problems most recently faced by the proposed minimum wage increase in the US Congress tell you both why most countries don't leave it to Parliaments, and why in most that do you don't have a mechanism like the filibuster to subvert the wishes of a majority.

In Australia, the state regulates not just the national minimum wage but also minimum wages for workers on a range of skill-related award classifications. That's pretty unusual, though, with most countries having either a single national minimum wage, or a minimum wage that varies by geographic region or, less commonly, by industry (or, in the US, by whether or not you're in an occupation where tips are paid).

Not all countries even have minimum wage laws. In some cases, they were opposed by unions who wanted minimum wages set trhough collective agreements. As union density and collective agreement coverage have declined, some of those have now instituted minimum wage laws.

Regulation of wages and conditions is being undermined, however, by changes in the nature of work which seek to redefine workers out of the employment relationship and hence out of regulation of minimum wages, hours and conditions. I'll come back to that later.

Responding to the platform economy

Finally, what does the rise of the platform or gig economy mean for collective bargaining?

Workers in the platform economy are mostly classed as independent contractors, not employees. And so traditional collective bargaining is very hard. In some jurisdictions, it's considered anti-competitive behaviour and illegal to collectively organise independent contractors.

You'll recall I pointed earlier to how attempts to fissure the workplace reach limits because of employers' need to maintain control.

But the 'gig' (or 'platform') economy may ultimately change the *frontier of control*, as the new technology that enables the gig economy to operate allows employers (or rather,

corporations, as they may not be technically 'employing' people) to exercise control in ways that they couldn't under previous contracting arrangements.

Ratings and tracking systems previously weren't available to control workers to the same extent as the new apps now permit.

The transaction costs, of moving from the firm to the market, reduce.

But in the end, the platform economy will only shift people away from the employment relationship to the extent that corporations can still exercise control. And the employment relationship provides the best form of control over workers that is available to corporations.

Still, the disruption, created by it and other forms of not-there employment, provides some major challenges for the determination of wages and conditions.

There are really two types of potential regulatory response here, and both are needed.

One concerns the question of defining employees. As some beaks and many eyes have pointed out, our old notions of what an employee means is out of date. The form of control exercised by platform firms over workers looks awfully like that previously done through the employment relationship, in part because that frontier of control has shifted.

While some of the news about platform economy firms has been about various attempts to organise gig workers, other news has been about developments in courts and tribunals around the world. Some have said gig workers are employees, some have said they're not, and some have said that they're something in between.

But what about those workers who don't end up defined as employees. These issues are often in the hands of courts, for one thing, and they might or might not accept that this is the case.

And as Valerio de Stefano says, 'it is not time anymore to question "whether" employment regulation applies to platforms but "how" we ensure it is meaningfully applied to them'.

So, we need to consider ways of applying standards to all workers, whether they get classed as employees or not.

Some states and labour organisations engage in various forms of policy experiments, trying to work out ways to regulate in one way or another some aspect of the economy, often some part of the platform economy.

Some conduct what could be called "institutional experimentation," that is changing institutions and how they relate to organizations and the norms of work.

But how do we learn from those experiments? How do we disseminate the lessons?

So, I propose something called *directed devolution*.

You devolve responsibility to those in the best position to understand the circumstances, but you do so in a way that gives them very clear directions on what the objective is.

So, under directed devolution, the legal entitlements or obligations would be set at a higher level (say, a national jurisdiction, through a "lead agency"), and then a lower level ("an agency of detail") would be required to work out detailed implementation of those standards, with a view to protecting the affected workers' interests.

The agencies of detail might cover specific industries or groups of industries. They may need to be quite innovative. Results would be evaluated and ideas generated. Emphasizing flexibility and learning, directed devolution enables actors to learn from the experiments of other actors. Policy makers learn from other policy makers' experiences. Unions learn from other unions.

The agency of detail needn't just look at the minimum wages or conditions set by the higher body. They could also set standards that are unique to that sector, for example relating to uncertainty for food delivery riders.

One example of a local experiment was the regulation of the road passenger transport industry in New York in 2019, a highly innovative policy that converted a high-level time-based minimum standard into a practical, piece-based local solution. New York decided it wanted a minimum wage to apply in passenger transport, and a specialist commission worked out how that could be done.

But what works in the New York taxi industry may not be that useful for aged care in New Zealand.

So, to get back to the central question, are collective bargaining and unionism still effective tools for determining wages, hours and working provisions?

For those who still get coverage by union collective bargaining, the answer is yes, and it is also the best counter to rising insecurity. Meanwhile, modes of employment that intensify insecurity weaken unions and bargaining, but they have limits and do not exist independently of the decline in worker power. The biggest source of insecurity is the decline in workers' bargaining power.

So, unions and collective bargaining are delivering a lot fewer benefits for those employees covered, because unions are weaker, even where they still have members. The rise of monopsony, and especially agentic monopsony, increases employers' ability and need to hold down wages, while the lacuna in multi-employer bargaining makes it harder for workers to resist that.

Collective bargaining is not the only way to improve wages. We must see it as part of a broader approach to increasing power of labour, or, as some economists might say, reducing the effects of monopsony on workers. This might involve new approaches to regulation and how we learn from experiments in regulation. The issue is not so much 'how

do we find a new way of wage fixing?' as it is 'how do we find a way of increasing workers' power?'. Addressing the first question is just part of addressing the second.