Collective bargaining is a source of solving the problems of employees in the work situation collectively. It provides a good climate for discussing the problems of workers with their employers. The process of collective bargaining is bipartite in nature, i.e. the negotiations are between the employers and employees without a third party’s intervention. Thus collective bargaining serves to bridge the emotional and physiological gulf between the workers and employers through direct discussions. Collective bargaining has also lost some of its margin for manoeuvre as a result of the successive economic crises and the subjection of national economic policy to processes of economic integration and agreements with the Bretton Woods institutions. From another point of view, the increasingly harsh competition brought about by technological innovation and globalization has led to a reduction in the influence exercised in many countries by sectoral agreements and has given added importance to collective bargaining at the enterprise level (and at lower levels, such as the work unit, the factor View Collective Bargaining Research Papers on Academia.edu for free. This paper investigates causes of the dramatic increase in the wage-productivity gap—the divergence between the growth rates of aggregate productivity and real wages—in the post-1981 period. Using a two-step estimation procedure which more. These countervailing views of public sector collective bargaining find representation, not only in legal doctrine and opinions, but also in the public policy and economic arguments surrounding this debate. The detractors argue that unions are merely “labor cartels” that are both inefficient and inequitable. raising wages and benefits at the expense of consumers and taxpayers and imposing inefficient and inflexible work rules. Comparing collective bargaining systems across countries, co-ordinated systems including those characterised by organised decentralisation are linked with higher employment and lower unemployment (also for young people, women and low-skilled workers) than fully decentralised systems. Predominantly centralised systems with no co-ordination are somewhat in between. Collective bargaining also tends to affect wage dispersion, with greater dispersion in systems with no collective bargaining or where firms set wages independently. By contrast, wage dispersion is on average smallest among workers.