

**Austria's wage bargaining system:
Large wage differentials in a corporatist economy**

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Austria's wage setting system has been classified as highly centralised or co-ordinated. This paper argues that the prevailing view focuses on formal institutional structures, but underestimates the autonomy of Austria's bargaining units in collective bargaining and neglects to take account of the importance of plant-level bargaining by works councils. Austria's wage bargaining system is only moderately centralised or co-ordinated; thus, international comparative studies relating characteristics of labour market institutions with economic performance, that include Austria, will obtain biased results.