Collective Bargaining in Europe
Collective bargaining and social dialogue in Europe

• Trade union strength and collective bargaining at national level
• Recent trends and particular situation in public sector
• Nature of collective bargaining in the public sector – some national examples
• Threats to collective bargaining – privatisation, outsourcing
• Impact of the economic crisis on collective bargaining and pay and conditions
• EU view of collective bargaining and social dialogue
Trade union strength

- EU countries – all workers - trade union density tends to be higher in the public sector – sometimes significantly – eg of UK with private sector density at 15-20% compared to 55-60% in the public sector
Collective bargaining coverage

• Very high in some countries – not necessarily linked to trade union density

Generally higher collective bargaining coverage in the public sector
Collective bargaining and social dialogue

• No single model across Europe – broadly comparable in five clusters

**Northern Europe:** Denmark, Finland, Sweden

**Central-West Europe:** Austria, Belgium, Germany, Luxembourg, Netherlands, Slovenia

**Southern Europe:** France, Greece, Italy, Portugal, Spain

**Liberal West Europe:** Cyprus, Ireland, Malta, UK

**Central and Eastern Europe:** Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia
# Industrial relations systems

<table>
<thead>
<tr>
<th>Dimension</th>
<th>North European</th>
<th>Central-West European</th>
<th>South European (Mediterranean model)</th>
<th>Liberal-West European (Anglo-Saxon model)</th>
<th>Central-East European</th>
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</thead>
<tbody>
<tr>
<td>Trade union density (2000-2009)</td>
<td>73.1</td>
<td>33.9</td>
<td>23.5</td>
<td>33.2*</td>
<td>19.8</td>
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<tr>
<td>Collective bargaining coverage (2000-2009)</td>
<td>88.4</td>
<td>83.3</td>
<td>74.7</td>
<td>42.1*</td>
<td>36.3</td>
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<td>Predominant level of collective bargaining</td>
<td>sector</td>
<td>sector</td>
<td>sector (FR : company)</td>
<td>company</td>
<td>company</td>
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<tr>
<td>Predominance of MEB(^p) or SEB(^p)</td>
<td>MEB</td>
<td>MEB</td>
<td>MEB</td>
<td>UK, MT: SEB 1E, CY: MEB</td>
<td>SEB</td>
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<tr>
<td>Practice to extend collective agreements</td>
<td>no (except FI)</td>
<td>yes**</td>
<td>yes**</td>
<td>no</td>
<td>limited</td>
</tr>
<tr>
<td>Statutory minimum wage</td>
<td>no</td>
<td>yes (DE partly)</td>
<td>yes (except IT)</td>
<td>yes</td>
<td>yes</td>
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<tr>
<td>Role of social partners in policy making</td>
<td>institutionalised</td>
<td>institutionalised</td>
<td>Varying; politicised</td>
<td>ad hoc; issue-specific</td>
<td>politicised; social partners weak</td>
</tr>
<tr>
<td>Role of state in collective bargaining</td>
<td>limited</td>
<td>limited; strong legalism</td>
<td>state active; clientelistic relations</td>
<td>state strong but its interventions rare</td>
<td>state dominant; strong legalism</td>
</tr>
</tbody>
</table>

Source: Benchmarking Working Europe, ETUI, 2012, page 57
Collective bargaining and social dialogue

• No single model across Europe – many variations
• Collective bargaining structures, processes, coverage and content vary considerably
• **Germany** – two main public sector agreements – one covering workers in regional government, the other covering those in the federal government and municipalities (civil servants are covered by regulations but pay and conditions tend to follow negotiated agreements)
• **France**: very centralised (covers 5 million workers) but limited in scope (mainly about pay increases) and not very structured or regular negotiations – civil servants still covered by statutory regulations and not collective agreements
Collective bargaining and social dialogue

• No single model across Europe – many variations
• Collective bargaining structures, processes, coverage and content vary considerably
• Italy – public sector divided into eight main sectors and unions negotiate with a special agency (ARAN)
• UK – some sectoral negotiations but also Pay Review Bodies that propose changes to pay and conditions on the basis of evidence from the employers and trade unions
Collective bargaining in the public services

• Other examples

• Finland – cross-sectoral negotiations provide framework for both private and public sectors – two main public sector agreements for central government and municipalities – cover pay and wide range of other conditions

• Baltic states and Poland – very low levels of trade union density, no major collective agreements or collective bargaining coverage in the public sector – some ministries are covered, otherwise changes in pay decided unilaterally by government
Collective bargaining in the public services

• Other examples

Austria – very high levels of collective bargaining coverage – one main public sector agreement, although now some workers covered by specific agreements eg university employees

• Romania – previously cross-sectoral negotiations and then sectoral negotiations in public sector, relatively high trade union density but undermined by government attacks since crisis – no longer any cross-sectoral negotiations, weakening of sectoral agreements, pay cuts and freezes
Recent trends

• Long- and short-term decline in trade union density and collective bargaining coverage across Europe

• Trend is less pronounced in the public sector but still of concern for trade unions.

• Long-term decline in major countries like UK and Germany although bottomed out in recent years

• Short, sharp declines in Central and Eastern Europe as members left trade unions associated with old regimes and struggle for new independent trade unions to win members

• Does not necessarily have an impact on collective bargaining but does leave trade unions vulnerable to attacks on their representativity by employers

• Collective bargaining in the public services eroded or fragmented by privatisation and outsourcing
Privatisation and outsourcing

• Privatisation and outsourcing can undermine what are well established social dialogue and collective bargaining structures in the public services by reducing the numbers of workers covered by the main sectoral agreements.
• In many cases workers lose their jobs or are transferred to other employers where they are not covered by a collective agreement or an agreement with worse pay and conditions.
• Outsourcing also has this affect even when services have already been privatised, again the outcome is often that workers are left with the protection of a collective agreement – energy sector is an example – widespread liberalisation followed by privatisation and outsourcing.
• There may be some protection against this where collective bargaining coverage is high in the private sector and collective agreements provide comparable levels of pay and conditions.
Impact of the crisis

• Austerity measures in many countries

• Although a crisis created by the financial sector, many national governments, with the support of the European Commission, are imposing austerity measures including job cuts, pay cuts or freezes of pay and recruitment

• Pay cuts imposed in Ireland, Spain, Portugal, Czech Republic, Romania, Latvia, Lithuania, Estonia, Greece and Hungary

• Pay freezes in Bulgaria, France, Italy, UK and Poland

• European Commission’s proposals for economic governance and statements by European Central Bank show how European institutions are trying to influence national industrial relations

• Commission and Bank want more labour market flexibility, decentralisation of collective bargaining, end to wage indexation and pay moderation in public sector as example to private sector
Current controversies

• The impact of the economic and financial crisis continues to have a major impact on collective bargaining and social dialogue across Europe.
• It is not on the pay cuts and freezes that have had an impact in the public sector in particular but actions by national governments that have bypassed or undermined collective bargaining processes.
• The controversy is heightened in countries like Portugal, Ireland and Greece because of the role played by the European Commission, the European Central Bank alongside the International Monetary Fund.
• The new system of economic governance is also seen by trade unions as a process that may lead to an increase in influence of European institutions over wage determination at national level.
• While the Treaty in theory protects the independence of national industrial relations, the European institutions have increasingly been calling for a range of reforms at national level including changes to wage indexation systems and decentralisation of collective bargaining.
### European interventionism in the area of wage policy 2011-2012

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<th>Recommendations/agreements:</th>
<th>Addressed countries:</th>
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<tr>
<td>Country-specific recommendations in the framework of the European Semester:</td>
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<tr>
<td>Decentralisation of collective bargaining</td>
<td>Belgium, Italy, Spain</td>
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<tr>
<td>Reform/abolition of automatic wage indexation</td>
<td>Belgium, Cyprus, Luxembourg, Malta</td>
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<tr>
<td>Moderation of minimum wages developments</td>
<td>France, Slovenia</td>
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<tr>
<td>Moderation of general wage developments</td>
<td>Bulgaria, Finland, Italy, Slovenia</td>
</tr>
<tr>
<td>Wage developments in line with productivity growth</td>
<td>Germany</td>
</tr>
<tr>
<td>Addressing high wages at the lower end of the wage scale</td>
<td>Sweden</td>
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</tbody>
</table>

_A new European Interventionism? The impact of the New European Economic Governance on Wages and Collective Bargaining_, Thorsten Schulten & Torsten Müller
### Recommendations/agreements:

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<tr>
<td>Decentralisation of collective bargaining</td>
<td>Greece, Portugal, Romania</td>
</tr>
<tr>
<td>More restrictive criteria for extension of collective agreements</td>
<td>Greece, Portugal, Romania</td>
</tr>
<tr>
<td>Reduction/Freeze of minimum wages</td>
<td>Greece, Ireland, Latvia, Portugal, Romania</td>
</tr>
<tr>
<td>Reduction/Freeze of public sector wages</td>
<td>Greece, Hungary, Ireland, Latvia, Portugal, Romania</td>
</tr>
<tr>
<td>Wage freezes in private sector</td>
<td>Greece</td>
</tr>
</tbody>
</table>

**European interventionism in the area of wage policy 2011-2012**

A new European Interventionism? The impact of the New European Economic Governance on Wages and Collective Bargaining, Thorsten Schulten & Torsten Müller
Troika – undermining collective bargaining

- the abolition or termination of national collective agreements;
- facilitating the derogation of firm-level agreements from sectoral agreements or legislative provisions, for instance through opening or hardship clauses or by generally giving firm-level agreements priority over (cross-)sectoral agreements;
- Suspension of the favourability principle affecting the relation between sectoral and company agreements;
- the introduction of more restrictive criteria for the extension of collective agreements;
- the reduction of the ‘after-effect’ of expired collective agreements;
- and finally
- the extension of the possibility for non-union employee representatives to conclude collective agreements at company level.

A new European Interventionism? The impact of the New European Economic Governance on Wages and Collective Bargaining, Thorsten Schulten & Torsten Müller
### Public sector pay cuts and freezes in EU countries under EU, ECB and/or IMF surveillance (2008-2012) – all unilateral decisions

<table>
<thead>
<tr>
<th>Country</th>
<th>Wage cut / freeze</th>
</tr>
</thead>
</table>
| Greece   | • Pay freeze for all earnings >€2000 per month (2009)  
• Cuts of 12-20% in public sector (2010)  
• Further cut of up to 17% (2011-2013)                                                                                                          |
| Hungary  | • Pay cut of 7% (2008-2010)  
• Abolition of 13th month salary (2009)  
• Pay freeze (2010-2012 or longer)                                                                                                             |
| Ireland  | • Pay freeze for civil servants (2008-10)  
• General pay freeze (2010-2014)  
• 5-7% cut in net pay as a result of pensions levy (2009)  
• 5-8% cuts progressively related to level of income (2010)                                                                                   |
| Italy    | • Pay cut of 5-10% for high earners (2010)  
• Pay freeze and reduced productivity bonuses (2010-2014)                                                                                   |
|          | • Suspension of automatic pay increases for employees such as magistrates, police force, state lawyers, military personnel etc. (2010-2013) |
| Latvia   | • Unspecified pay cuts (2008)  
• 15-30% pay cuts (2009)  
• Pay freeze (2010-2012)                                                                                                                       |
| Portugal | • Pay freeze for civil servants and employees in public companies (2010-2013)  
• 5% pay cut for higher paid civil servants (2010)  
• 3,5-10% pay cut for salaries >€ 1500 per month (2011)  
• 13th and 14th monthly pay abolished or reduced (2012-2013)                                                                                   |
| Romania  | • 25% basic pay cut + cut in additional payments = cuts up to 50% (2010)  
• Abolition of a wide range of bonuses and 13th monthly pay (2011)                                                                                 |
| Spain    | • 5% pay cut for civil servants (2010)  
• Pay freeze for civil servants (2011-12)                                                                                                      |
Broader push for deregulation

Main categories of measures to deregulate:

• Working time
• More flexible working conditions/atypical work
• Redundancy rules
• Changes to industrial relations/collective bargaining
• Lack of respect for democratic processes and weakening of enforcement and monitoring systems

Greece, Italy, Portugal, Romania, Spain, Lithuania, Hungary....

But also: Czech Republic, Poland, Slovenia, Slovakia, Belgium, France

• ETUI Mapping Exercise 2012
National and international responses

National level
• demonstrations and strikes
• Use of national systems – National Human Rights Commission (Greece), constitutional rights (Portugal and Spain), labour courts (Portugal), mediation (Portugal)

International responses
• Council of Europe – seven complaints from Greece, supported by ADEDY – five about pensions – one referring to collective bargaining but not supported
International responses

• Complaints to the International Labour Organisation (ILO) – Greece and Spain
• ILO Committee of Freedom of Association Report on Greece and infringement of conventions 87 and 98
• ILO technical assistance and high-level missions – Hungary, Romania and Greece

• European Court of Justice – Portuguese banking trade union case over
ILO Convention 151
Labour Relations (Public Service) Convention

- Introduced in 1978 30 years after the main collective bargaining resolution (98) to address the “exclusion” of state administration workers to:
- “promote the full development and utilisation of machinery for negotiation of terms and conditions of employment between the public authorities concerned and public employees’ organisations...”
ILO – Collective Bargaining in the Public Services

“The Convention [151] applies to “all persons employed by public authorities, to the extent that more favourable provisions in other international labour Conventions are not applicable to them” (Article 1). The only categories of public employees that can be excluded from the scope of the Convention by national laws and regulations (other than the armed forces and the police, as was the case with previous Conventions) are: “high level employees whose functions are normally considered as policy making or managerial” or “employees whose duties are of a highly confidential nature”.”

Collective Bargaining in the Public Services – A Way Forward, ILO 2013
“With regard to collective bargaining in the public administration worldwide, the adoption and ratification of Conventions Nos 151 and 154 by a significant number of States have in recent decades made the international community aware that employment conditions in the public sector cannot be established on a unilateral basis and that trade union organizations of public employees must participate fully in the process. In the context of this evolution, as well as widespread recourse to bipartite consultation, a clear expansion can be observed globally in the right to collective bargaining on employment conditions in the public administration sector in Europe, Oceania and Latin America, in a considerable number of African countries and in a number of Asian countries.”

Collective Bargaining in the Public Services – A Way Forward, ILO 2013
ILO – collective bargaining in the crisis

ILO says that collective agreements should be respected and any limitations should be on basis that there is prior consultation with workers’ and employer organisations and meet key criteria:

• Exceptional measure
• Limited to extent necessary
• Don’t exceed reasonable period
• Accompanied by safeguards to protect standard of living, particularly of those likely to be most affected

“The Committee emphasises that when national economies return to normality, intensive tripartite dialogue must be undertaken to ensure that the exceptional measures adopted are not consolidated…”

Collective Bargaining in the Public Services – A Way Forward, ILO 2013
ILO Committee of Experts argues that a regional structure such as the EU whose regulations, “in practice, indirectly restrict the level of wage increases through collective bargaining in public administration” are not incompatible with collective bargaining conventions 151 and 154 “provided that these regulations are adopted after intensive discussions and consultations with parties concerned”

Collective Bargaining in the Public Services – A Way Forward, ILO 2013
ILO – Collective Bargaining in the Public Services

Some conclusions

• the slowness of procedures in cases of anti-union discrimination or interference in trade union matters and lack of sufficiently dissuasive sanctions

• denial of the right to collective bargaining to all public servants and, in particular, the requirement for trade unions to represent an excessively high proportion of workers in order to be recognized or to engage in collective bargaining

• some countries exclude certain subjects from collective bargaining, restrict the right of the parties to determine the level of bargaining or prohibit collective bargaining for specific categories of workers

• *Collective Bargaining in the Public Services – A Way Forward*, ILO 2013
### Ratification of 151

#### Countries that have ratified:

<table>
<thead>
<tr>
<th>Country</th>
<th>Country</th>
<th>Country</th>
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<tbody>
<tr>
<td>Albania</td>
<td>Armenia</td>
<td>Azerbaijan</td>
<td>Belarus</td>
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<tr>
<td>Belgium</td>
<td>Cyprus</td>
<td>Denmark</td>
<td>Finland</td>
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<td>Georgia</td>
<td>Greece</td>
<td>Hungary</td>
<td>Italy</td>
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<tr>
<td>Latvia</td>
<td>Luxembourg</td>
<td>Moldova</td>
<td>Netherlands</td>
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<td>Spain</td>
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<tr>
<td>Turkey</td>
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#### Countries that have not ratified:

<table>
<thead>
<tr>
<th>Country</th>
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<tbody>
<tr>
<td>Austria</td>
<td>Bosnia &amp; Herzegovina</td>
<td>Bulgaria</td>
</tr>
<tr>
<td>Croatia</td>
<td>Czech Rep</td>
<td>Estonia</td>
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<tr>
<td>Germany</td>
<td>Iceland</td>
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<td>Romania</td>
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<td>Tajikistan</td>
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