

Trade union and government responses to the economic crisis in Europe: Collective bargaining as an instrument to tackle the economic downturn?

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The economic crisis had a severe impact on European labour markets in the course of 2009, the annual unemployment rate having risen to 9.1 % in the EU27. Governments responded quite swiftly in the early phase of the crisis by adopting large-scale fiscal and recovery pacts, including industry policy measures and the safeguarding of banks. This paper focuses, however, on government and social partner responses aimed at tackling the labour market effects of the crisis by maintaining and promoting employment. The function of the state, whether in providing a supportive framework for collective bargaining or in directly participating in social partner negotiations, is decisive. Arrangements for short-time working and partial unemployment, with provision of public subsidies to compensate for income losses resulting from a reduction of working time, are of particular importance for the maintenance of employment. Such schemes already existed before the crisis in countries such as Austria, Belgium, France, Italy and Germany. In others (i.e. Bulgaria, Hungary, Poland, and Slovenia) they have been newly introduced. Overall, the role of bargaining actors has increased, as statutory provisions for short-term working have to be implemented at the sectoral and – in particular – at the company level.

Innovative and solution-oriented collective agreements have been concluded on the national, sectoral and company levels, aimed at maintaining employment via the flexible reduction of working time or work-sharing, increasing skills and the job mobility of workers within the firm, and enhancing the innovativeness of companies. However, provisions on short-time working, partial unemployment and work-sharing have been implemented mainly in the manufacturing sectors, in particular the metal and chemical sectors.

Industrial relations systems have proved quite stable and sufficiently flexible to respond to the current economic conditions in those countries where bargaining coordination is rather centralized and provisions agreed within the company are in line with national and/or sectoral agreements. In countries where collective bargaining is widely decentralized with the enterprise as the predominant level – as in the majority of the central and eastern European countries, as well as the United Kingdom – the conditions for enabling social partners to arrive at negotiated responses have been less favourable.

Negotiated responses are predominantly the result of a rather balanced exchange of interests, albeit with wage restraint as a central feature. The downside of the social partners' priority of safeguarding jobs is a further deceleration of wage dynamics that is already in evidence in Europe. For the unions it is thus vital to ensure that deviations from collectively set standards are in line with higher-level agreements and that they are temporary in nature. Equally important are the fight against wage restraint, the re-enforcement of a productivity-oriented wage policy, and the cross-border coordination of collective bargaining policies in order to counter pressures on wages and working conditions that are expected to continue even once the output crisis has been overcome.