

Building an Enlarged Europe – Challenges for Industrial Relations



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Issues addressed

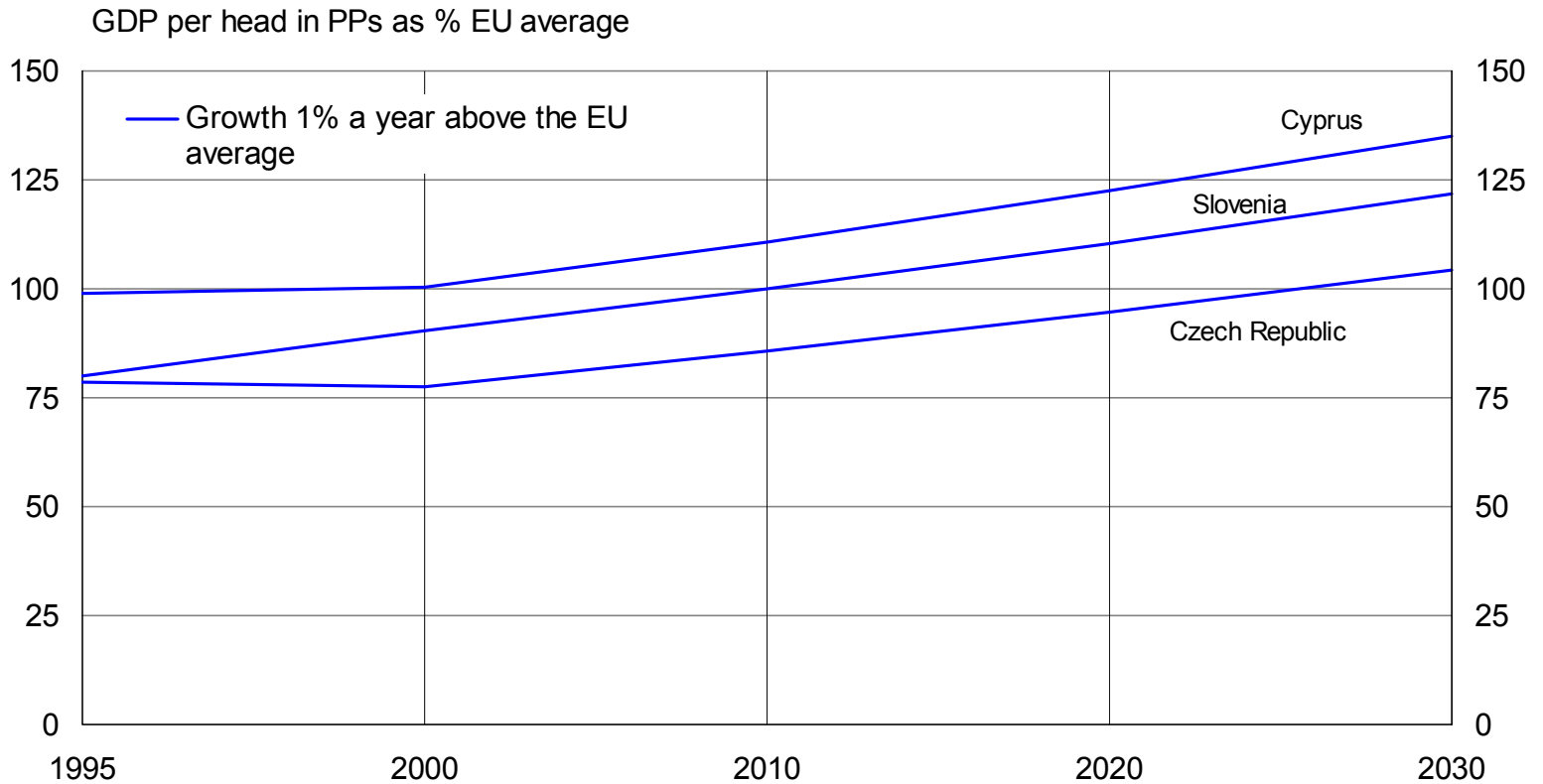
- Industrial relations – a concern for the EU?
- Industrial relations future MSs bring into the EU
 - actors
 - structures and procedures
- Impact of accession on industrial relations in future MSs
- Possible implications of enlargement



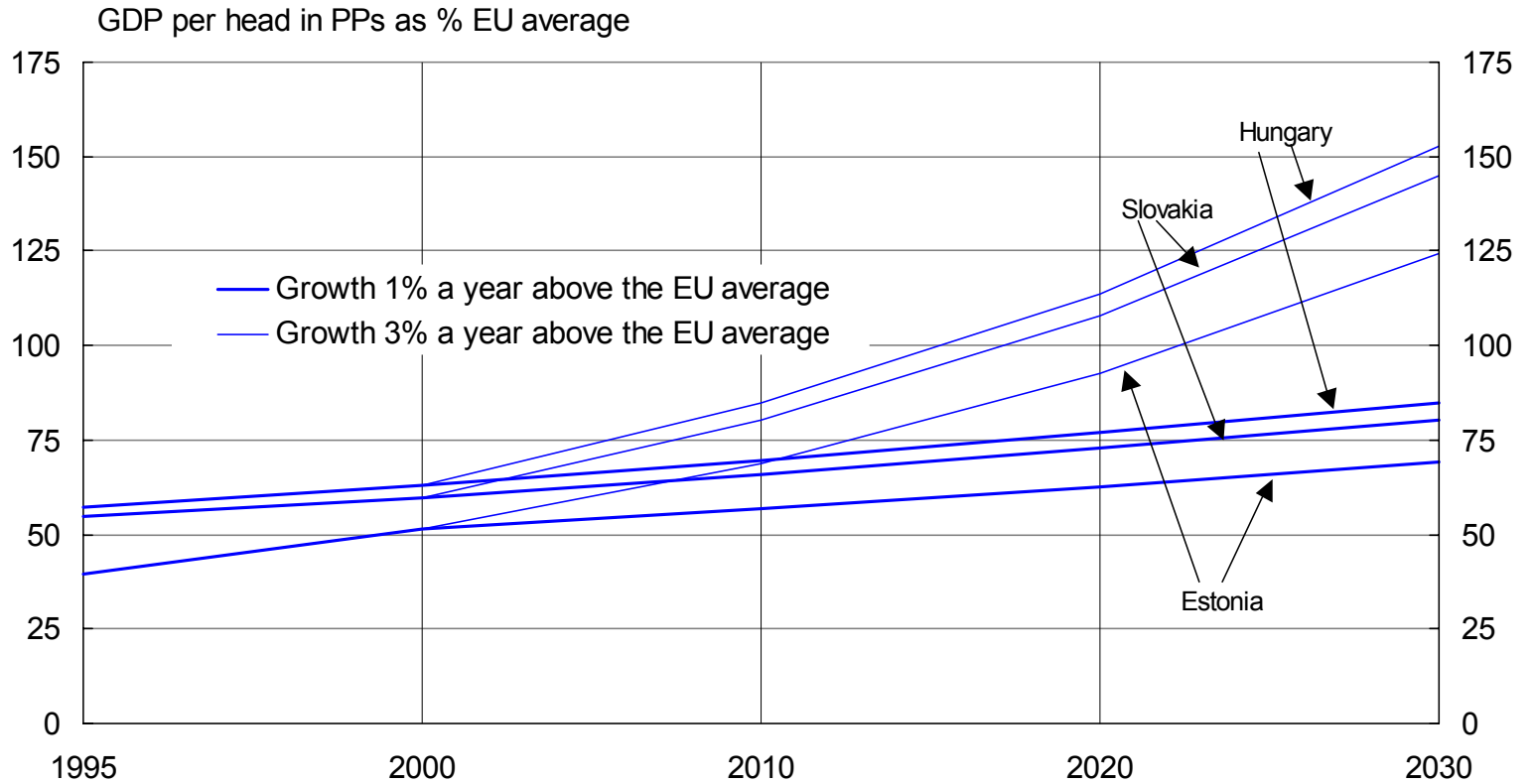
May 1st 2004 – not „just another” enlargement

- inspired by political and security considerations
- wide variety of countries
- ex-communist countries for the first time
 - command economies:
 - transition to a market economy + accession to the EU
 - communist political regime:
 - transition to democracy: multi-party system, autonomous social partners, civil society, etc
- economic disparities/converge

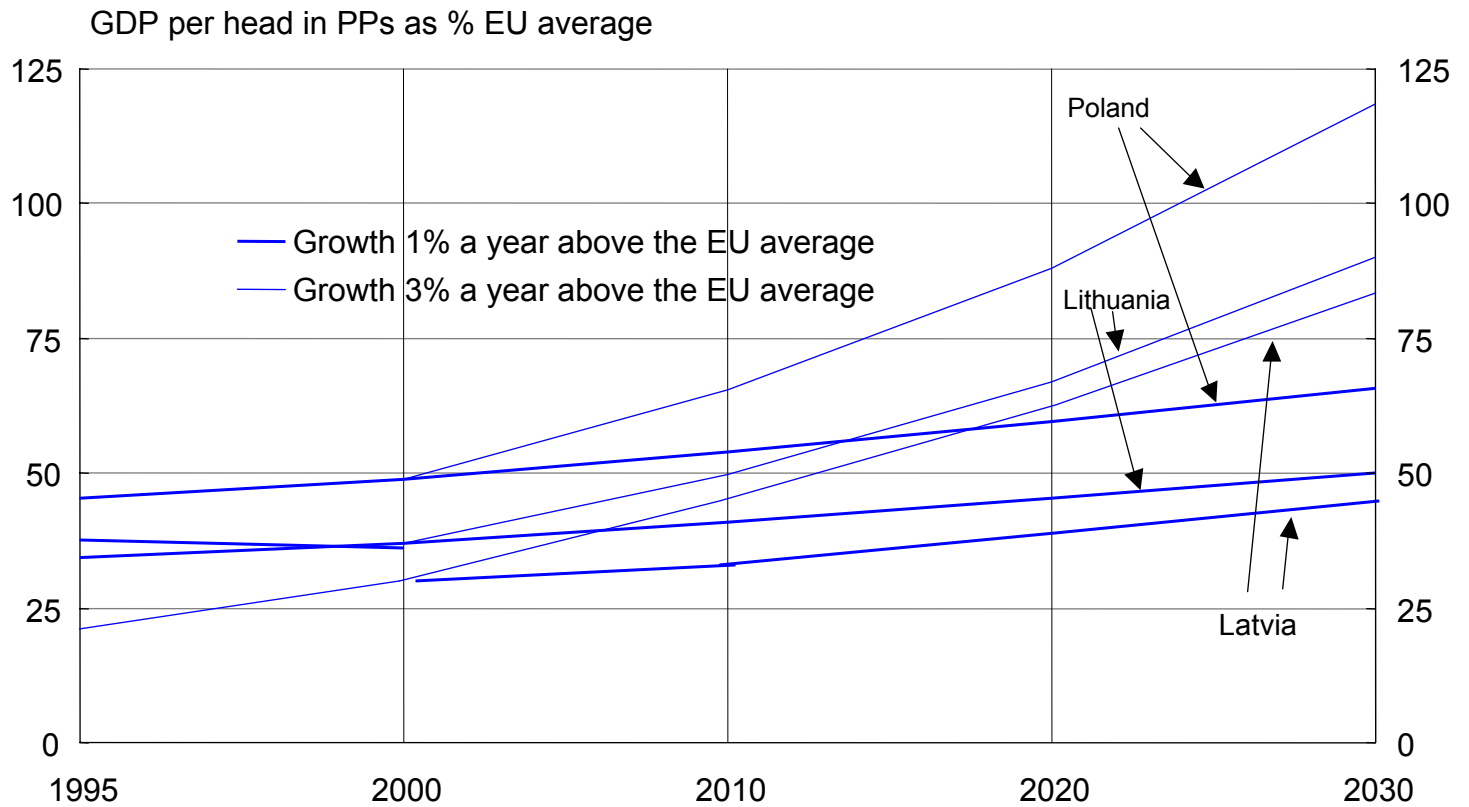
Convergence of GDP relative to EU average Cyprus, Czech Republic and Slovenia



Convergence of GDP relative to EU average Hungary, Slovakia and Estonia



Convergence of GDP relative to EU average Poland, Latvia and Lithuania



Industrial relations future MSs bring into the EU

	Mediterranean countries	CEE countries
Actors	experienced; accepted by society	brand new or fundamentally reformed old ones; not all accepted
Structures and procedures	considerable past; established practices and rules of the game	newly established; fragile and instable; not embedded into the wider context
Major feature	continuity	paradigm shift



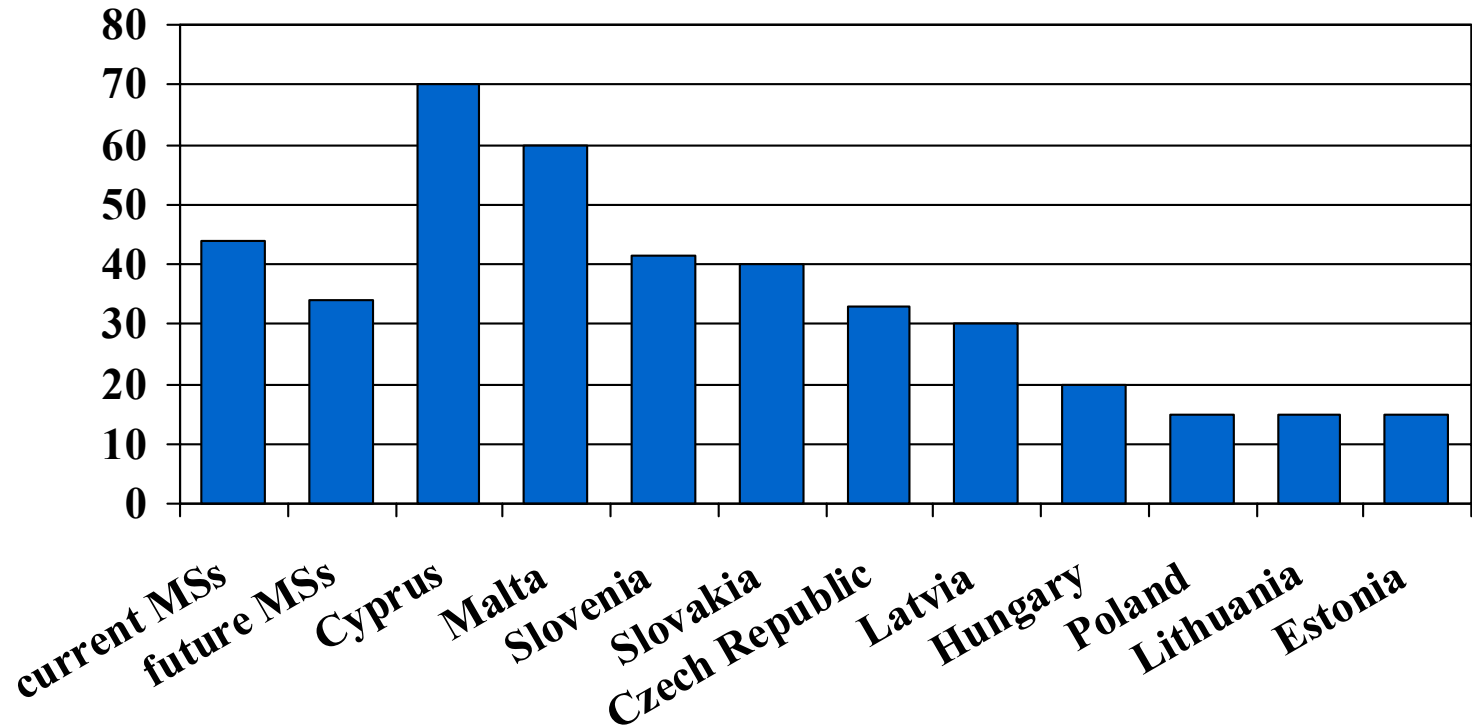
Evolution of industrial relations in CEE future MSs

- Original goals:
 - to support the economic transition process
 - to introduce democratic institutions in the world of work
- Implications:
 - driven by political considerations
 - initiated mainly by governments
 - influenced by international organs
 - not much connected to the prime interests of workers and employers

Trade union presence

- substantial differences

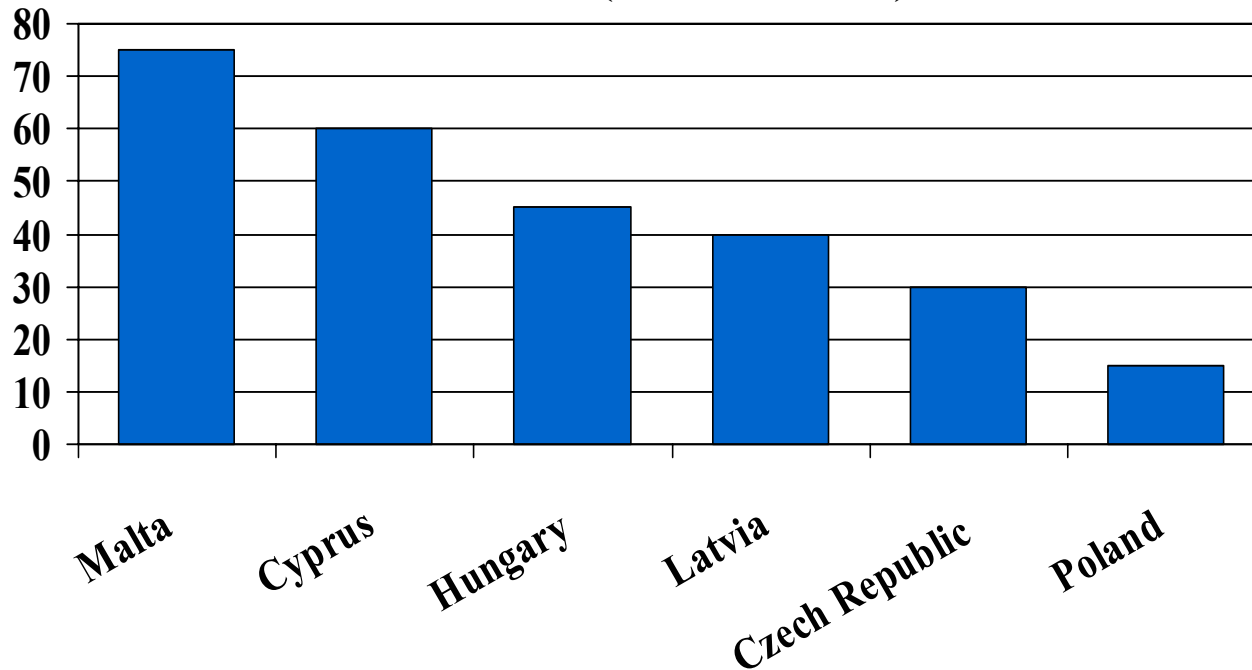
Unionisation rates in future MSs (1999-2001, %)



Employer organisations

- significant differences

Affiliation to employer organisations, selected future MSs (1999-2001, %)





Controversial legacy of CEE future MSs

trade unions:

- all have their roots in the socialist past - denial or reform
- unable to regain or establish credibility
- still searching for the true mission (legacy of the „transmission belt“)

employer organisations:

- less strong path dependency
- unable to gain strong economic role and political weight
- searching for the role of an employer organisation



Structural and institutional weaknesses in CEE future MSs

- extreme fragmentation in most countries (national, sectoral levels)
- internal organisational shortcomings
 - representation of members
 - democratic decision-making and feed-back
- lack of human resources
- lack of financial sources
 - dependence mainly on other sources than membership fees/contributions

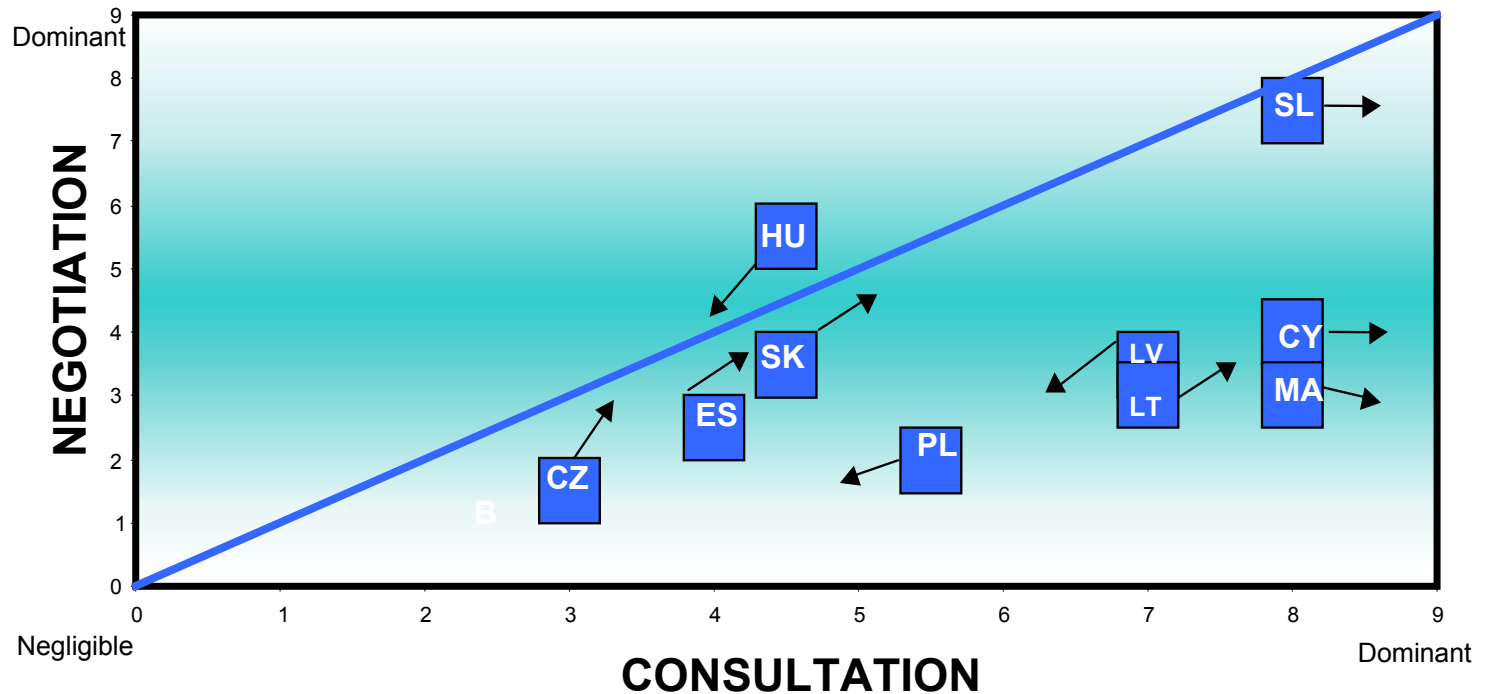


Structures and procedures

- tripartite co-operation:
 - in all future MSs - but with considerably differing roles
- collective bargaining:
 - majority of workers not covered
- worker participation:
 - fairly limited

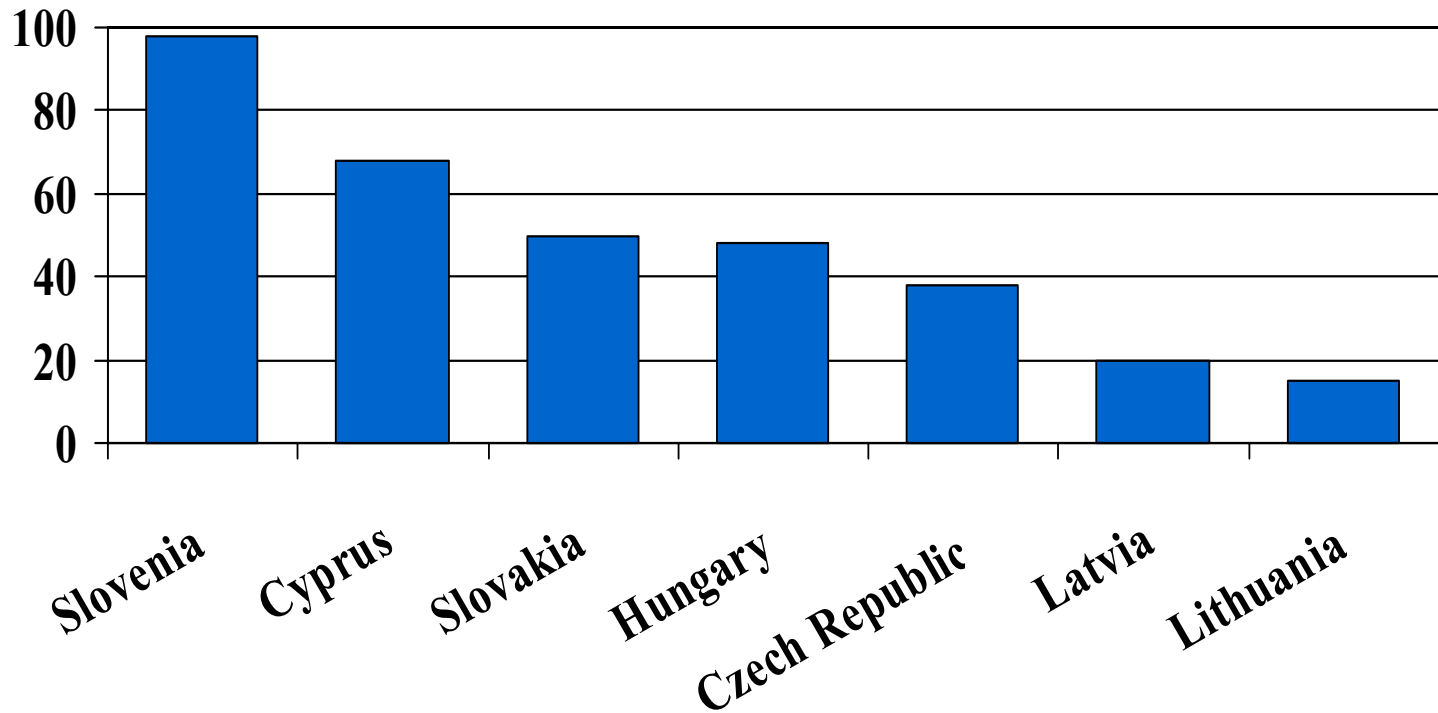
Tripartism – in all future MSs

Importance of tripartite negotiations and consultation



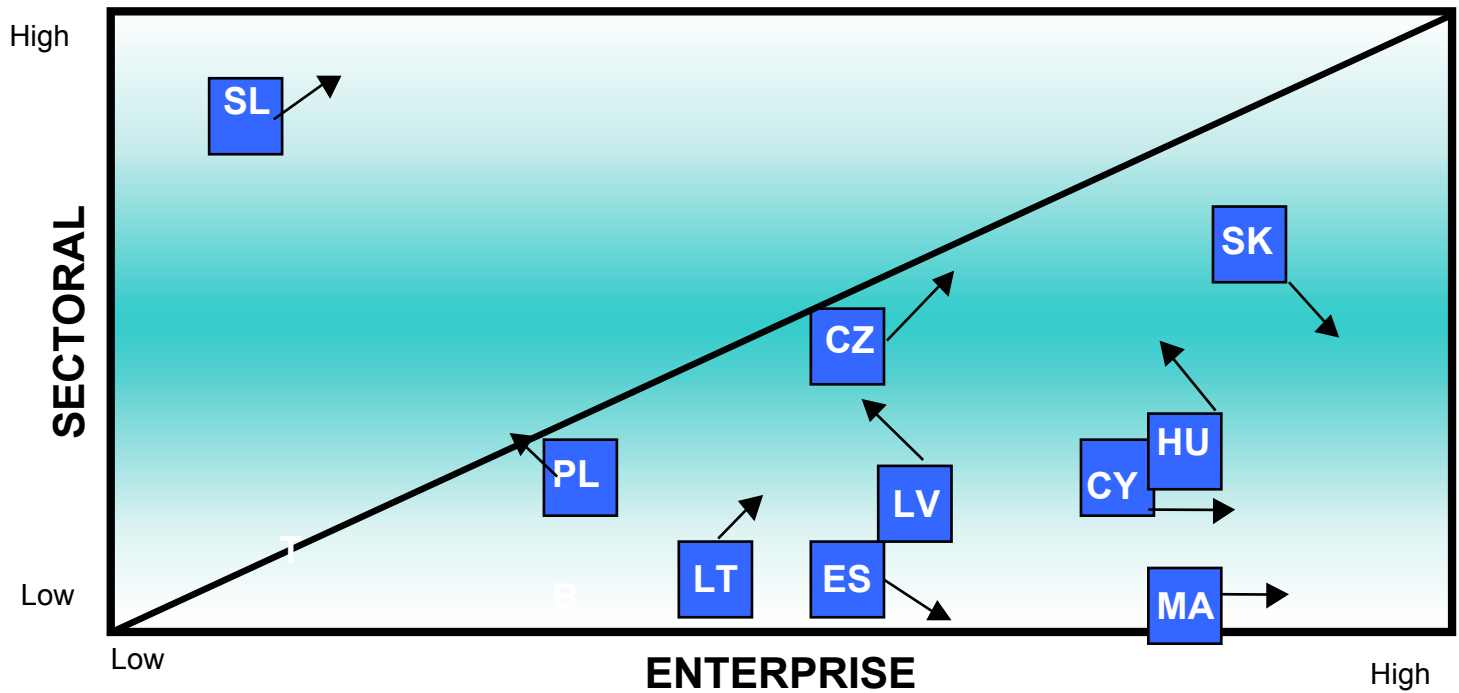
Collective bargaining – much less developed

**Bargaining coverage in selected future MSs
(1999-2001, %)**



Collective bargaining

Main levels of collective bargaining





Worker participation

- right to information and consultation
 - WCs only in Hungary and Slovenia
 - restricted to enterprises with TU presence
- other forms of participation
 - employee share-ownership as a privatisation form
 - ambivalent experience
 - progressively disappearing
- EWCs:
 - limited involvement



Preparation for EU membership

Ideal/expected industrial relations for future MSs

Social partners	less actors, centralised structures, well prepared, with European horizon
Social dialogue	joint (labour-management) actions, joint problem solving at all levels
Collective bargaining	German model: strong sectoral bargaining to supplement/replace workplace bargaining
National level	Irish-type general tripartite agreements, national pacts on strategic issues (like pacts on European Monetary Union)
Worker participation	right for information and consultation for all workers, preferably WCs, participation in EWCs



Outcome so far

- industrial relations on the agenda
- institution building started
 - sectoral dialogue committees: H, CZ, P
 - tripartite co-operation strengthened
- social partners strengthened ?
- fragile (not organic) and formal results in some areas
 - Brussels → future MSs; “top-down” approach



Dilemmas for future MSs

- which direction to move (when pressure to adjust diminishes) ?
 - individualisation and non-unionisation, or
 - IR as a regulatory instrument, form of governance
- national IR in European context
- participation in European social dialogue



Possible implications of enlargement

- current diversity of national industrial relations increases
- European social dialogue
 - at community level: might be seriously undermined, impeded
 - at sectoral level: could become unbalanced
- coordinated European policies:
 - limited or no contribution from social partners
- future MSs as Trojan horses?