

Chapter 2

Coming apart or joining hands? The crisis and current dilemmas of the Romanian trade union movement

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1. Introduction

Romania stands out in the landscape of the Eastern European countries where crisis-driven austerity has in recent years resulted in a loss of trade union rights at local, sectoral and national levels (Varga 2015). From a country with a centralized industrial relations system where unions enjoyed extensive powers to negotiate collective bargaining agreements, Romania has shifted to a highly decentralized system of industrial relations that prioritizes company-level agreements and at the same time imposes considerable limitations on the powers that company-level trade unions used to enjoy. This decentralization of labour relations was particularly sudden, as the legislative changes were enforced unilaterally, without consulting the social partners and leaving virtually no temporal and organizational leeway for trade unions to adapt to the new institutional framework (Guga and Constantin 2015).¹

In this chapter we analyse the impact the decentralization of industrial relations had on Romanian trade unions from a multilevel perspective. We show that their loss of power experienced as a result of the 2011 legislative changes hit all levels of collective bargaining simultaneously.² Furthermore, we argue that enterprise-level collective bargaining has now officially become the most important source of protection for workers. To analyse the effects of the decentralization at the local level we discuss two cases of union organizing in two automotive plants: Dacia and Ford. These two cases exemplify the dynamics of industrial relations in one of the major new 'leading sectors' (Greskovits 2008) in Romania

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1. Our research for this chapter included in-depth interviews with trade union representatives from all organizational levels conducted in 2015 and early 2016.
 2. The Romanian trade union movement has a three-tier structure: company-level unions, sectoral-level federations whose affiliates are company-level unions from the same economic sector, and national-level confederations to which federations can be affiliated.

and in the entire Central and Eastern European region. By selecting two car assemblers with significantly different trajectories, our aim is to nuance the relatively well-known story of improving employee welfare following investments in such leading sectors (Jürgens and Krzywdzinski 2009). We show that, in the absence of national or sectoral institutional resources, local unions have to rely solely on their own organizing and mobilizing capabilities. In this context, although the two plants are similar in terms of both institutional context and production activity, union power in the two companies varies substantially. Whereas in the case of Dacia the local trade union has remained powerful in spite of the decentralization of labour relations, at Ford the union is in a significantly weaker position and lacks the capacity to influence management policies. We argue that this variation in union power between the two plants is explained by the associational and structural resources available to each of them.³

2. The economic crisis and the crisis of the Romanian trade union movement

Until relatively recently, the Romanian trade union movement was commonly described in ambivalent and sometimes in even unusually positive terms for a country from Central and Eastern Europe, a region where, with the remarkable exception of Slovenia, post-socialist 'labour weakness' (Crowley 2004) otherwise seemed to reign supreme. Indeed, some observers of the Romanian trade union movement (e.g. Varga 2014) were prepared to reject this hypothesis altogether, highlighting the comparatively high level of militancy among Romanian unions. Though far from setting the tone of policy (see Kideckel 2001), the unions' capacity to muster the rank and file for threats and street protests, together with the comparatively high union density and collective bargaining coverage (Bernaciak 2015: 375), seemed convincing enough to set Romania apart from countries like Hungary or Poland (Bohle and Greskovits 2006: 184ff). Other analyses (e.g. Trif and Koch 2005)

3. We use Wright's (2000: 962) distinction between workers' 'associational power' — understood as 'the various forms of power that result from the formation of collective organizations of workers' — and their 'structural power' — understood as 'power that results simply from the location of workers within the economic system'; power 'that results directly from tight labour markets or from the strategic location of a particular group of workers within a key industrial sector would constitute an instance of structural power.'

stressed that, despite the heavy-handedness of the state at the national level and the weakness of employer associations at the sectoral level, things were heading in the right direction, with ‘partnerships’ becoming increasingly attractive (and available) for all sides involved in bipartite and tripartite bargaining. Still others pointed to the growing influence of Romanian trade unions, describing the overall impact of EU accession on Romanian collective labour relations as decidedly positive, though here as well the positive aspects were nuanced by highlighting the possibility of declining labour standards and the abuse of and disrespect for existing labour laws with which employees were more or less commonly confronted (Trif 2007). The adoption of a new Labour Code in 2003 was widely regarded as a major victory for the Romanian trade union movement as a whole, with the national confederations flexing their muscles in backdoor political deals and managing to quickly push the law through Parliament despite consistent outcries on the side of employers.

Fast-forward to the early 2010s and the picture looks radically different, with recent analyses (e.g. Trif 2016) overwhelmingly highlighting the disastrous state of Romanian industrial relations in the wake of the onset of the crisis and the adoption of an extremely harsh austerity package by the Romanian government, which included the revamping of laws on both individual and collective labour relations. At the national level, the most severe and immediate impact of the new legislation was the elimination of the possibility of signing a collective agreement applying to all companies and employees in the country. Negotiating such an agreement previously constituted the main task of trade union and employer confederations and the agreement was considered crucial, especially for setting a national minimum wage. The negotiation process was, however, fraught with tension, as trade union confederations whose membership came mostly from the public sector negotiated with employer associations representing the private sector. This disequilibrium produced constant tensions between private and public sector trade unions, since the latter dominated national-level strategies; it also produced tensions between trade union confederations and employer associations, as the latter contested the *de facto* representativeness of the former (Guga and Constantin 2015). For this second reason, in 2010 the disequilibrium decisively contributed to the failure to sign a new agreement. In the absence of a national-level agreement, trade union confederations were left with few effective instruments of interest representation, as the functioning of Romania’s various tripartite bodies was and still is typically ‘illusory’ (Ost 2000).

These changes led to problems of legitimacy for trade union confederations, who have had to face increasing hostility from union federations and shop-floor membership. According to the ICTWSS database, the number of trade union members decreased from approximately 2.24 million in 2008 to around 1.23 million in 2012. As a result, union density fell from 35.6% to 19.8% during the same period and has most likely decreased further since 2012 (see Guga and Constantin 2015). Repeated pushes by confederations to change the labour legislation in order to regain at least part of their previous prerogatives met with resistance from both government and employers, as a result of which they all failed. It is not just that confederations' legitimacy vis-à-vis federations and company-level unions has been dwindling, but confederation leaders themselves have been openly criticizing the activity of lower-level organizations, blaming union leaders for self-interest and lack of solidarity (e.g. Trif 2016: 429).

Multi-employer collective bargaining has also practically disappeared as a result of the legislative change. The extent of this is obvious from the number of agreements signed from 2011 onwards (see Table 1). Only 4 sectoral contracts were signed between 2011 and 2015, all in public sectors or in sectors such as healthcare where public companies constitute the vast majority of employers; this compared to the 47 agreements signed between 2007 and 2010 — a number in which the private sector was more or less on a par with the public sector. The major reason for this sudden drop was the new obligation for employer associations signing a sectoral agreement to cover at least 50% + 1 of total employment in the respective sector. Given the well-known weakness of employer associations in Romania, in many economic sectors this effectively rendered the signing of an agreement impossible. In the few sectors where the existing employer associations were able to meet this stringent criterion, it was common practice for employers to voluntarily withdraw from them precisely in order to prevent the signing of an agreement (Guga and Constantin 2015; Trif 2016).

Table 1 Multi-employer collective bargaining agreements for sectors of the national economy and for groups of companies, 2005-2015

	Sector	Group of companies
2005–2010	47	44
2011–2015	4	31

Data source: Romanian Ministry of Labour, Family, and Social Protection.

Compounding the problems faced by union confederations at the national level, federations have also had to cope with the disappearance of their primary focus of activity. Despite being representative, the majority of trade union federations find themselves objectively unable to engage in collective bargaining. Even though some federations have managed to maintain a good relationship with the company-level unions that make up their membership through becoming increasingly involved in securing company-level agreements, many have faced acute problems maintaining their membership. While finding it increasingly difficult to keep up with their own membership requirements in national confederations — e.g. payment of confederation membership dues becomes quite difficult once a federation starts losing members and in turn has trouble collecting dues from the remaining ones —, federation leaders have been particularly frustrated by confederations' failure to change the legal provisions blocking multi-employer collective bargaining.

According to the ICTWSS database, as of 2011 just 2% of Romanian employees were covered by multi-employer agreements, down from 63% in 2010. Correspondingly, the total post-2011 collective bargaining coverage dropped from 98% to just 35% of the total number of employees entitled to coverage. At the same time, the percentage of employees covered by single employer bargaining increased from 25% in 2010 to 33% as of 2011. Overall, an extremely rapid shift has taken place from a relatively coordinated and centralized system of wage setting, in which national and industry-level bargaining had considerable weight, to a system in which wage setting is uncoordinated and takes place mostly at the level of individual companies. No matter how excessive the decentralization, it has not been accompanied by a relaxation of the conditions under which company-level bargaining can take place. On the contrary, the new legislation introduced, among other things, stricter criteria for bargaining eligibility and a severe curtailment of collective action, which can now only legally take place during the bargaining period and only if the two sides are not bound by an already-existing agreement.

Decentralization and the more stringent regulation of collective bargaining took their toll on already hard-hit company-level industrial relations. The onset of the crisis and the adoption of extremely harsh austerity measures had a severe impact on collective bargaining at this level even before the change of legislation in the spring of 2011. The number of collective agreements signed annually dropped from a peak of over 12 000 in 2007 to under 8 000 in 2010 (see Table 2). And while the

Table 2 Enterprise-level collective bargaining agreements, 2005-2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total	10936	11602	12206	11729	10569	7718	7473	8783	8726	9477
Private sector	9400	9341	-	8789	-	6290	6281	7540	7336	8329
Public sector	1298	2066	-	2668	-	1256	1025	1092	1219	1006

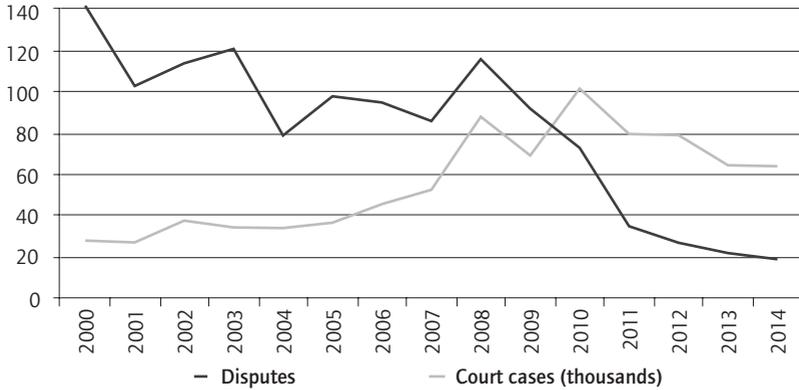
Data source: Romanian Ministry of Labour, Family, and Social Protection.

new regulatory framework seemed to have impacted the relatively highly unionized public sector most severely, the upward trend witnessed in recent years in the private sector is rather deceptive. The new collective bargaining legislation introduced an alternative mechanism of employee interest representation to union organization: the so-called ‘employee representatives’ – individuals elected in the employees’ general assembly and tasked solely with negotiating a collective agreement with management. These representatives have become an alternative to union representation in companies without trade unions or where none of the existing trade unions can reach the membership threshold of 50% + 1 of the company’s total workforce. Among trade union leaders, this representation mechanism is widely seen as an instrument for undermining the strength and even the purpose of collective organization at the level of individual companies. Considering that it was only introduced in 2011, the impact of this change has been as massive as it has been rapid: between 2012 and the first half of 2015 over 80% of company-level agreements were signed by such representatives and only 15 - 18% by trade unions, with the latter faring particularly badly in the private sector (Guga and Constantin 2015: 130).

Therefore, in a quite similar fashion to federations and confederations, company-level unions have also been under considerable pressure since the onset of the crisis and the change in legislation. Largely deprived of the protection of upper-level organizational structures, many company-level unions have also had to deal with new existential threats coming from their immediate organizational surroundings. To make things even worse, trade unions have not been able to respond in force, as the strict conditions for initiating labour disputes and the legitimacy problems faced by union organizations have led to an unprecedented drop in the number of labour disputes (see Figure 1). With this avenue of action closed, going to court has become an increasingly important channel for

expressing employee discontent, though union representatives also speak of growing court hostility toward employees and unions over the past five years.

Figure 1 Labour disputes and court cases on labour issues, 2000–2014



Data source: Romanian National Institute of Statistics.

In short, the ‘frontal assault’ on collective labour relations in Romania after the onset of the crisis comprised both an attack on individual organizational levels and the dismantling of the institutional infrastructure regulating relations between levels. While problems with maintaining vertical relations were undoubtedly exacerbated by the new legislation, they were far from new. And while the trade union movement as a whole had been repeatedly attacked by the political establishment during the 2000s (see Varga and Freyberg-Inan 2014), several other major weaknesses led to the 2011 debacle. At the sectoral level, low union density and absent or weak employer associations were known problems during the 2000s, leading to the signing of agreements that were regarded as largely useless and illegitimate not just by individual employers, but also by increasingly powerful business associations and even by national employer confederations whose declared object of activity was multiemployer and tripartite collective bargaining. These weaknesses were topped by accumulating tensions between organizing levels, which became obvious as the repeated calls to protest made by confederation leaders during 2010 and 2011 met with an at best lukewarm response even from the public sector strongholds. Though massive in size (Varga 2015: 320-1), the protests were short-lived and failed to inflict any visible harm on the government, which was able to

push through draconian cuts in wages and benefits without flinching and subsequently adopt new labour laws that were overwhelmingly unfavourable to both employees and trade unions.

Therefore, explanations stressing the violent manner in which the Romanian government adopted a series of vicious austerity and labour market reforms are misleading, since the question remains as to how it was possible for the government to pursue this avenue of action without fear of trade union reprisal. And even if the threats voiced by the union confederations proved to be a bluff, the question of why this was so cannot be swept aside simply by once again pointing to the insidiousness of those in government. To be sure, attacking confederation leaders with corruption charges was obviously a tactic employed by government in order to weaken the position of the unions during those critical months, as were the less overt — and admittedly rather few — divide-and-conquer attempts (Varga 2015). But why was it so easy to dissuade the lower ranks of the confederations' bureaucracies, the leaders of federations, those of individual unions, as well as the rank and file from mobilizing against policies that were predictably going to inflict unprecedented harm? Surely, these two tactics belonged to a long series of anti-union struggles waged by government (Varga and Freyberg-Inan 2014), but even this cannot explain how quickly, how quietly, and how unqualifiedly the Romanian trade union movement lost a battle whose stakes clearly resembled those of a war. Adding to the hostility of government and to the growing preference of employers' representatives for backdoor lobbying instead of bipartite or tripartite bargaining came the fragility of vertical and horizontal relationships within the union movement.

3. From solitary resistance to pressures for reaching out: the Automobile Dacia trade union in the post-2008 era

Profiting from the immense success of its low-cost range of cars during the crisis, Dacia–Renault has risen to the status of Romania's largest company in terms of both turnover and exports; in the process, it has also become one of the most remarkable cases of post-1989 industrial upgrading accompanying the wave of automotive foreign direct investment in the former socialist countries in Central and Eastern Europe (see Jürgens and Krzywdzinski 2009). At the national level, it is common knowledge that Dacia also boasts the strongest trade union in

the country, not just when it comes to the number of members — approximately 11,000 just at Dacia, and around half that in several of Dacia's first-tier suppliers located in direct proximity to the plant — but also when it comes to militancy, as the union has been regularly organizing protests against either the employer or the government (see Adăscăliței and Guga 2015: 13).

Undoubtedly, the Dacia union — 'Sindicatul Automobile Dacia' (SAD) — has been able to stage serial protests because of its large membership base and vice versa. It has achieved both, however, on a particularly favourable terrain: a plant operating at full capacity and a somewhat ambiguous position of Dacia workers on the local labour market. The union has been able to capitalize on this and has obtained significant wage and benefits increases over the years, at the price of heightening the pace of production. Although this has led to a weakening of workers' labour market position (Adăscăliței and Guga 2015), thus forcing the union to be increasingly concerned with defending job security, there is no question that the employer has also been keen on not implementing labour flexibility policies that might eventually inflict more harm than good on the fulfilment of output targets.

The other source of SAD's success has been its own capacity to maintain its organizational strength over time and grab whatever opportunities became available once Dacia's trajectory on the automobile market shifted and once labour market conditions became favourable for taking action. Even though more than one-and-a-half decades have passed since its privatization, the company has maintained a stable union density of around 75-80% — very high in comparison to industry standards in the region (see Drahekoupil *et al.* 2015: 227; Jürgens and Krzywdzinski 2009: 484) and quickly becoming extreme in a national landscape witnessing an accelerated decline in unionization (see above). While at the time of privatization there were five different trade unions at Dacia, the smaller unions were eventually either absorbed or disappeared as they became irrelevant. As noted by Renault officials at the time of privatization (Debrosse 2007: 288, 320), SAD was particularly strong in controlling the shop-floor, had a considerable capacity to mobilize the rank and file, and had an explicit policy of co-administering the labour force together with company management; all this while maintaining a high degree of autonomy from national union structures, which were at the time also quite strong (Varga and Freyberg-Inan 2014).

In terms of strategy, SAD has tried to use both institutionalized collective bargaining and regular strike threats to its advantage. The union was directly involved in the pre-privatization discussions between the Romanian government and Renault, though bargaining relations with Dacia's management had by then long become standard practice. Since privatization, the union has negotiated and signed annual agreements with management regulating wages, working conditions and all other major aspects concerning the welfare of the labour force on and off the job; in exchange, SAD has contributed to the fulfilment of specific management goals – personnel restructuring, productivity gains, quality targets etc. When bargaining proved ineffective – which, especially in the first half of the 2000s, was openly admitted to be the case – the union shifted to a more confrontational strategy. Since strikes were unheard of before privatization, when SAD secured its objectives peacefully, this required substantial strategic and tactical changes, as proved by a failed attempt to organize a general strike in early 2003. Having learned such a painful lesson, in 2008 SAD staged a general strike that lasted no less than three weeks, proving the tremendous force of the union not just to the management, but to national and international publics alike (Delteil and Dieuaide 2008; Descolonges 2011: chapter 4). Since then, union leaders have routinely resorted to strike threats during the annual negotiations and have managed to consistently and largely peacefully improve the welfare of their constituency.

Although SAD has not had to resort to strike action since 2008 (as strike threats alone proved effective enough), the successful general strike was a watershed for union militancy, and SAD has since then staged several protests against the government and promised to continue to do so if its demands are not met. The first threats of protests against the government came in 2009, when the collapse of the domestic car market resulted in declining sales for Dacia; as the spectre of downscaling production and cutting jobs became more and more menacing, the union threatened to strike if the government did not keep to its promises of stimulating sales of new cars and hampering sales of imported second-hand ones. The company's virtually total reorientation toward exports turned things around and, with the sales crisis averted, the union backed down on its threats. A major protest was nonetheless organized at the beginning of 2011 against the adoption of a new Labour Code meant to provide a more 'flexible' legal framework for individual labour relations. Since the trade union movement as a whole had been defeated just a few months earlier (see above), SAD was one of the few unions that actually

backed up its threats with a large-scale protest against the changing of labour laws.

Neither the austerity measures nor the new law on collective labour relations adopted in May 2011 took any direct major toll on SAD or Dacia employees. The disappearance of the national collective agreement and the failure to sign a new sectoral agreement after employers' voluntary exit from the employer federation with which unions had signed previous agreements (Trif 2016: 418-9) did not mean much for SAD, as the importance of the company-level agreement and of its company-level bargaining power vastly outweighed that of sectoral or national agreements. At the time, it was the new Labour Code that brought the most immediate danger, as it facilitated the signing of fixed-term contracts and relaxed conditions for hiring and firing employees.

The union continued to organize street protests demanding the change of the Labour Code in 2014, 2015 and 2016. However, this demand now became secondary, as the situation at both the plant and the union had changed in the meantime. In 2012, Renault opened a new plant in Morocco, meant to produce the same range of low-cost models as the Romanian one, with which it allegedly entered into direct competition. Attempting to tone down the wage demands of Dacia workers, the management began to threaten relocating part of production to Morocco, where labour costs were said to be several times lower than in Romania. The union's response to management's aggressive push for maintaining or even increasing 'competitiveness' was twofold: on the one hand, making more significant concessions in the annual wage negotiations; on the other hand, championing the company's cause in front of the country's government. Indeed, the protests of 2014-2016 were primarily concerned with this latter task, as the union was calling for the government to build a highway between the cities of Pitești and Sibiu and thus significantly reduce transportation costs for assembled vehicles.

While it is too early to tell if it will pay off, the union's strategy has apparently shifted again: while the demands made during the protest organized in March 2016 focused only on the highway, on the need for a revamped system of vocational education, and on the Labour Code, they now also focus on the need to sign a sectoral-level collective agreement. Openly denouncing the 'betrayal' of trade union confederations for having allowed the government to impose collective bargaining restrictions that were practically impossible to circumvent, SAD representatives called for

a bottom-up reconstruction of multi-employer collective bargaining. It was only at this late point in time that the legal framework of collective bargaining gained a place among SAD's main demands, with explicit reference made to the dire situation at Ford's Romanian plant. Just as importantly, the Piteşti–Sibiu highway was singled out as another common point of interest, and reason enough for trade unions to immediately join hands, since it would serve both companies through reducing transportation costs and increasing competitiveness. Even though SAD's leaders are thus seeking much-needed allies in dealing with pressure from management, it remains to be seen whether these allies are strong enough to be able to contribute to a joint effort of the kind envisioned by the Dacia trade unionists.

4. Surviving privatization in silence: the case of the Ford trade union

Ford took over the Craiova automotive factory in 2008 following a prolonged period of uncertainty about its future. Although after the takeover Ford promised to restore the plant's production capacity, it soon became clear that the company could not deliver on its promises. The plant was temporarily assigned the assembly of Ford Transit models, a utility vehicle manufactured in very small numbers that could not turn the factory into a profit-making unit. Hence, Ford operated with significant losses, assembling just a few thousand vehicles a year – well below its productive capacity. During this period, the local representative trade union (Sindicatul Automobile Ford) maintained a low profile and avoided entering into conflict with management.

The only exception to this soft-footed approach was a claim to 5% of the company profits for 2007 based on the collective labour agreement signed for that year at the sectoral level. The agreement required companies in the engineering sector to pay their employees a share of annual profits ranging from 5 to 10 percent, dependent on the decision of the general assembly of the shareholders. However, since ownership of the factory remained unclear in 2007 and 2008, the sectoral collective agreement was not applied. As negotiations with the Romanian state and the former owners of the factory over the payment of the minimum 5 percent of company profits for 2007 led to no result (Gazeta de Sud 2008a), the trade union sued Ford over the enforcement of the sectoral collective labour agreement. The lawsuit lasted two years and was lost by the trade

union. In its ruling, the court argued that since the general assembly of shareholders had not decided to share company profits with workers and the local collective labour agreement did not include the profit-sharing clause from the sectoral agreement, there were no grounds for workers' claims to a share of profits.

Unlike in the case of Dacia, where the trade union had maintained a strong position ever since the plant's privatization, at Ford, privatization was a two-way deal between the Romanian state and the new employer. The local representative trade union played no role in the privatization negotiations. Furthermore, after privatization the labour force remained relatively fragmented, with two trade unions merging, while the other two smaller unions continuing to contest the new representative trade union and perceiving it as an ally of management. The lack of cooperation between the three local trade unions became evident in 2014 when the leaders of the two smaller unions were suddenly fired by the company on the grounds that their jobs had been eliminated as part of the company restructuring (Gazeta de Sud 2014b). While the representative trade union remained silent over the issue, the two leaders were reinstated a year later, after they sued the company and won in court. The consequence of fragmentation was that even though the representative trade union continued to negotiate annual collective agreements that included moderate pay rises, its legitimacy remained contested among a substantial part of the labour force.⁴

The structural weakness of the local union also resulted from the production shortfalls which persisted even after Ford announced that a new car model was to be produced in Craiova. Compared with the Dacia factory, where the success of its low-cost model allowed the union to obtain important concessions in terms of pay and working conditions, at Ford the situation of the labour force remained dire, in spite of the company's attempt to match the success of Dacia by opting for a low-cost approach. Although the B-Max model, for which production began in 2012, was relatively successful on export markets, it never even came close to matching the success of the Logan. As a result, the plant continued to operate far below capacity while remaining dependent on highly volatile export markets.

4. Although there are no official data available regarding membership levels in each of the unions in the plant, interviews revealed that the two smaller unions organized between 25 and 35 per cent of the labour force.

This lack of sustained demand left the union with little room to bargain for higher pay or better working conditions. The factory's poor performance and its continued failure to meet the targets set down in the privatization contract in terms of production and employment ultimately resulted in a renegotiation of the initial contract, giving management much greater flexibility to adapt production levels and abolishing the requirement to maintain employment levels. Concomitantly, at the sectoral level, Ford succeeded in pushing through a very vague collective agreement that gave management more power to negotiate local working conditions including pay and overtime work (Trif 2016). These changes were reflected in the policies promoted by management at the local level. In 2012, the company began its first program of 'voluntary dismissals' by announcing that it aimed to eliminate 250 factory jobs by offering employees approaching retirement age up to 24 months' wages, depending on their seniority level. The program continued in the following years, with around 1000 workers of all ages leaving the factory between 2012 and 2015. The result of the voluntary dismissal program was that by the end of 2015 the factory employed just 2500 workers, down from 4000 in 2008 when Ford took over the factory.

Importantly, the dismissal program was not put up for negotiation with employees' representatives and was unilaterally enforced by management with no substantial opposition from any of the local trade unions. In fact, in 2014, the announcement of the need to dismiss 680 workers took the representative union by surprise, and led for the first time to negotiations over the extent of the program (Gazeta de Sud 2014d). With negotiations taking place while the implementation of the dismissal program was already under way, the union had little power to oppose management. The outcome of the negotiations revealed the weak position of the union as well as its limited capacity to defend workers' interests: out of the initially planned 690 dismissals, a total of 520 were carried out. Furthermore, in order to keep on the 170 workers planned to be dismissed, all workers had to take an 8 percent wage cut.⁵

Apart from allowing management to make substantial cuts in the labour force over a very short period of time, the renegotiated privatization agreement gave managers full flexibility in deciding production targets.

5. As the leader of the representative union noted in an interview, the local union negotiates with the employer using only its own resources with no significant support from national confederations or from Ford's European Works Council (EWC).

In practice this meant that the factory could stop production and send workers home temporarily, depending on fluctuations in demand. The effect of this very flexible arrangement was that, between 2012 and 2016, on average the plant did not operate for around a month each year, with workers receiving only 80 percent of their net pay and no bonuses for the days lost. The loss in income for the days not worked varied between 20 and 40 percent of total wages since workers did not receive bonuses while production was stopped. While work stoppages had become an increasingly pressing issue ever since the plant had been taken over by Ford, the unions could do little to negotiate a more favourable situation. In fact, the collective labour agreement negotiated for 2015 resulted in a 2 percent cut in pay for days not worked as well as in bonuses accounting for up to 5 percent of wages which depended on meeting production targets as well as on individual employee appraisals. Moreover, the collective labour agreement negotiated for 2016 and 2017 includes wage increases of 1 and 1.5 percent respectively, amounts that will merely offset the expected inflation rates in the two years.

In short, the Ford trade union is in a much weaker position both structurally and with regard to its legitimacy resources amongst the rank and file. The use of protests instead of bargaining to underpin wage demands remains unavailable to the Ford workforce, since production levels do not even remotely reach target levels as it is the case at Dacia. In this case, strikes might have even harmed the interests of workers since management would not have been obliged to pay wages during the days lost and was anyway interested in reducing losses by cutting back on the number of days worked. Although it remains to be seen how plant-level industrial relations will unfold in the coming years, it is unlikely that they will be radically transformed in spite of the announcement of a new car model to be produced in Craiova from 2017 onwards (Barza and Mitrea 2016). Instead, the collective labour agreement signed for two years in 2015 suggests that workers will have to cope with increased employment flexibility in a context of low levels of employment protection at sectoral and national levels. In the absence of institutional support at these levels, the local union had little power to negotiate better pay and working conditions for the upcoming years.

5. Conclusions

In this chapter we have shown that the crisis-driven changes in Romanian industrial relations have led to a shift towards a highly decentralized industrial relations system, as the national and sectoral collective bargaining institutions have been practically eliminated. All this occurred in conjunction with cuts in the rights granted to plant-level unions. Unlike the existing literature, we explain these recent developments not in terms of a sudden change that weakened a still somewhat powerful union movement, but as the consequence of the pre-crisis deterioration of the strength of Romanian labour — a process that affected trade union organizations across the board well before the onset of the crisis in 2009.

Our two case studies show that the decentralization of national and sectoral labour relations has led to the polarization of local industrial relations. In the absence of institutional support from national or sectoral collective bargaining institutions, local trade unions have had to resolve conflicts by relying entirely on their own capacity to organize workers. As a result, while powerful local unions did not initially suffer much from the decentralization of collective bargaining, already weak ones have been further weakened by the institutional changes adopted during the recent economic crisis. The case of the local trade union at the Ford factory suggests that in the absence of supportive institutional resources and without the capacity to pose a significant threat, the union found itself at a considerable disadvantage when negotiating with management and had ultimately to accept policies that went against the interests of its constituents. This stands in stark contrast to the case of the Dacia factory, where the local union has used its strength to improve wages and working conditions. Even so, recent pressure to reduce production costs at Dacia have made the trade union more aware of the necessity of having a sectoral collective agreement and of the need to influence central government policies.

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