Wages and collective bargaining: a new attempt to ensure fair wages and adequate minimum wages?

Introduction

Recently, a new narrative has been emerging at the European level in the field of wages and collective bargaining, emphasising the need for stronger wage growth and wage convergence within the EU as a prerequisite for more sustainable economic growth. The European Commission has stated that ‘for the upswing to be sustained investment and wages need to rise more strongly’ (European Commission 2017a: 1). A similar argument has been made by Mario Draghi, President of the ECB, who declared that ‘the case for higher wages is unquestionable’ (Draghi 2016). This new, more demand-side view of the issue of wages also found its way into the initiative to establish a European Pillar of Social Rights, which contains a clear commitment to fair wages and adequate minimum wages in the EU. Even though the Social Pillar has often been criticised for its non-binding character, it does offer the potential for a reversal of the previously dominant approach to wages and collective bargaining, and an opportunity to fulfil the objectives of fair wages and wage convergence.

Against this background, the main objective of this chapter is to review the extent to which recent developments in the field of wages and collective bargaining contribute to achieving these objectives. The issues addressed in this chapter will be the country-specific recommendations as regards wages and collective bargaining, and the development of real and minimum wages in the EU28. Going beyond the issue of wage developments, the chapter will also analyse recent trends in collective bargaining systems, strike activities and judicial developments.

Topics

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The 2017 country-specific recommendations (CSRs) were elaborated roughly at the same time as the European Pillar of Social Rights (EPSR), which the European Commission launched in April 2017 in order to encourage further convergence within the EU (European Commission 2017b). In the field of wages and collective bargaining, the CSRs should therefore reflect the EPSR’s commitment to the right of workers ‘to fair wages that provide for a decent living standard’ and to ensuring ‘adequate minimum wages ... in a way that provides for the satisfaction of the needs of the worker and his/her family’ (European Commission 2017c: 26).

However, when measured against these commitments, the 2017 CSRs in this field are yet another disappointment. As Figure 4.1 illustrates, the CSRs can be divided into formal recommendations and ‘implicit’ recommendations. The latter are contained in the explanatory part that precedes the actual recommendations (Clauwaert 2017). As regards content, the CSRs – both formal and implicit – can be divided into four standard recommendations, concerning: (1) the reform of wage-setting systems, (2) the changing of wage policies, (3) the reform of minimum-wage setting and policies, and (4) the reduction of the gender wage gap. The last point was dealt with exclusively in ‘implicit’ recommendations addressed to Austria, Germany and Estonia on increasing female labour market participation and realizing women’s full labour market potential. While these implicit recommendations are quite progressive in fostering wage convergence between men and women, the formal recommendations in the other three areas follow the usual supply-side-oriented approach which has dominated the Commission’s crisis management all along.

The only exceptions are the recommendations addressed to Germany and the Netherlands, who were requested to create more favourable conditions for stronger real wage growth in order to boost internal demand. The rest of the CSRs concerning wage policy and wage-setting systems were just business as usual, with the primary objective of improving cost competitiveness. To this end, Finland, for instance, was asked to align wages with productivity; Italy received the recommendation to ensure more decentralised bargaining so that local conditions could more effectively be taken into consideration; and Romania and Croatia were asked to control wage growth in the public sector in order to avoid spill-overs to the private sector which would negatively affect cost competitiveness.

However, the CSRs’ treatment of minimum wages shows a stark contrast to the commitments made in the EPSR. In particular, those countries which meet or come close to the widely acknowledged threshold for adequate minimum wages, at a level of 60% of the national median wage (such as France and Portugal), were urged to ensure that minimum wages are consistent with the objectives of job creation and competitiveness and do not hamper employment opportunities for low-skilled workers. By the same token, Bulgaria and Romania – both countries with very low absolute minimum wage levels – were viewed highly critically because recent wage increases in these countries were seen to threaten the balance between the objectives of supporting employment and competitiveness and those of safeguarding labour income. Both countries therefore received the recommendation to establish more transparent mechanisms for setting the minimum wage – a criteria which in ‘Commission-speak’ is often a euphemism for ensuring more modest minimum wage increases (Müller and Schulten 2017).
Wage developments

Divergent real wage developments

In contrast to the overall very dynamic development of real wages in 2016, the picture in 2017 is more diverse. Figure 4.2 compares the development of real compensation per employee (the development of nominal compensation per employee, which includes social contributions, deflated by the harmonised consumer price index) with the development of productivity (defined as changes in gross domestic product per person employed), and illustrates the great diversity in real wage developments in 2017. According to the calculations made based on data from the AMECO database, three different groups of countries can be distinguished.

The first group comprises the countries in which real wages declined in 2017. While in 2016 Belgium was the only country with declining real wages, this group now comprises six countries, ranging from Greece, with -0.4%, to Finland, with -2%. Other countries that reported decreasing real wages in 2017 include Spain (-1.5%), Italy (-0.9%), Belgium (-0.8%) and the UK (-0.4%).

The second group comprises those 10 EU countries with stagnating or very modestly rising real wages by between 0% and 1%. At the bottom of this group is Portugal with 0.1%, while the two Nordic countries Sweden and Denmark are to be found at the top, both with 0.9% real wage growth. The third and largest group comprises those 12 countries in which real wages in 2017 grew by more than 1%. As Figure 4.2 shows, this is a very diverse group ranging from Croatia and Slovenia, both with a comparatively modest 1.2% real wage growth, to Latvia (6.7%) and Bulgaria (6.8%). The outlier in this group is Romania, with an increase of 12.2%. With the exception of Ireland (2.3%) this group consists exclusively of central and eastern European (CEE) countries. This shows that after a period of stagnation, the CEE countries are now showing signs of ‘catching up’, even though, as Figure 4.4 will illustrate, overall wage convergence since the start of the crisis in 2008 has still been slower than it was prior to the crisis. An important factor explaining the impressive-looking growth rates of this group are statistical base effects, because the overall wage levels are significantly lower than in the western European countries. The overall fairly modest real wage growth in 2017 can be partly explained by macroeconomic developments and in particular by the fact that inflation was higher than in 2016, mainly driven by higher prices for energy and food (Lübker and Schulten 2017).

Figure 4.2 also illustrates that last year’s trend of real wage growth exceeding productivity growth has been broken. Whereas in 2016 real wage growth lagged behind productivity in only three countries, this year the number of countries grew to 15. However, in general the gap between the development of real wages and that of productivity remains modest. Only in four countries did real wage developments outstrip productivity growth by more than 2%: Latvia and Hungary (2.7%), Bulgaria (3.7%), Finland (4.8%) and Romania (7.3%). From a redistribution perspective, this means that the trend of 2016, when at least part of the wealth in a majority of EU countries was redistributed from capital to labour, was reversed in 2017.

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It has already been mentioned in the introduction that the European Commission and the ECB are calling for stronger wage growth. Figure 4.3, which compares the growth of real wages in the pre-crisis period (2000-2009) with that in the following period (2010-2017), illustrates the need for a more expansive wage development.

While the 2000-2009 period was characterised by a substantive increase in real wages in the majority of EU countries, the pattern of real wage development subsequently changed completely. Between 2010 and 2017, real wages stagnated or even decreased, despite the more recent recovery of real wage growth. The most striking feature of Figure 4.3 is that in nine countries real wages are still below the level of the crisis year of 2010. Between 2010 and 2017, real wages dropped most dramatically in Greece (-19.1%), followed by Cyprus (-10.2%), Portugal (-8.3%) and Croatia (-7.9%). Only in three countries – Bulgaria, Poland and Germany – did real wage growth between 2010 and 2017 exceed that in the 2000-2009 period. In the case of Germany this was not difficult seeing as it was the only country where real wages decreased between 2000 and 2009.

In the light of relatively favourable framework conditions of returning economic growth after a long period of stagnation and expanding employment, many observers have been questioning why wages are not growing accordingly. As Schulten and Luebker (2017) point out, the Commission even speaks of a ‘wage-poor recovery’.

The ECB names three reasons for this wage-poor recovery: significant slack in the labour market, weak productivity growth and the ongoing impact of labour market reforms implemented in some countries during the crisis (European Central Bank 2017: 16). The first point refers to the fact that official unemployment statistics systematically underestimate the degree of underemployment by not sufficiently taking into account the number of job seekers and the extent of involuntary part-time work of those people who would like to work more hours, (European Central Bank 2017: 33). Another important factor is that many of the newly created jobs are precarious in nature (see Chapter 2 of this report for more on this topic) so that, in contrast to what figures showing decreasing unemployment would suggest, the bargaining power of trade unions remains limited (Schulten and Luebker 2017: 429).

However, the most obvious reason for the subdued real wage growth between 2010 and 2017 are the labour market reforms implemented in the context of the crisis. In many countries a key objective of reform policies was to increase the downward flexibility of wages by weakening employee and trade union rights and by decentralising wage setting to the company level (Schulten and Müller 2014). The result was a systematic weakening or even dismantling of multi-employer bargaining structures which could now help to support stronger wage growth. Many countries simply lack the political and institutional prerequisites for negotiating higher wage increases and for initiating a U-turn towards a more expansive wage policy (Schulten and Müller 2017: 48). Against this background, it is fairly surprising that it is the very institutions, such as the European Commission and the ECB, which as part of the Troika were directly responsible for these structural reforms, who are now puzzled about the lack of wage growth.

**Why there has been no long-term real wage growth**

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**Figure 4.3 Development of real wages (2000-2009 and 2010-2017)**

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Source: Author’s calculation based on AMECO (version February 2018).
It was not only real wage developments that lagged behind pre-crisis developments between 2010 and 2017. Figure 4.4 illustrates that the crisis also put an end to upwards convergence in nominal wages between the levels in most CEE new Member States and southern European countries and those in Europe’s core. The graph shows the CEE countries’ share of nominal compensation in euro terms as a percentage of the EU15 average over two decades. Wage convergence in both the east and the south was dynamic until 2008. Between 1995 and 2008 wages in the three Baltic states grew from a range of 6–9.6% of the EU15 average to 30–37%. For central Europe (Czechia, Hungary, Poland and Slovakia), relative wage levels in 1995 were 11–18% of the EU15 and rose to 32–38% by 2008. Spain, Portugal and especially Greece also saw significant wage convergence towards EU15 levels in that period. A clear break in this trend, however, came in 2008, and this was largely due to flawed one-size-fits-all EU crisis management practices. In certain countries (Croatia, Hungary, Romania, Slovenia, Greece, Portugal and Spain), wage convergence went into reverse mode, while in others dynamic wage convergence between 1995 and 2008 gave way to wage stagnation or to a slower catch-up process. Only in Bulgaria, Slovakia and Estonia did wage convergence continue in spite of a temporary slowdown in the wake of the crisis. The data also show that wage developments were lagging behind productivity for most of the countries, and relative wage levels remained lower than relative productivity when compared (using the same measure) to the EU15. For CEE new Member States, productivity, expressed as GDP per employee (also in nominal euro terms) as a percentage of the EU15 average, shows a more dynamic convergence than has been the case for wages. In these countries productivity grew more than wages over the whole period and, relative to the EU15, productivity levels were significantly higher than relative wage levels in most years. In 2017, relative productivity as a share of the EU15 was 38% in Poland, while this country’s wage level stood at 31%. For Czechia the corresponding relative shares were 49 and 40%, and for Slovakia, 49 and 38%. For Spain and Portugal relative productivity levels were more in accordance with relative wage levels up to the crisis (for Spain, wages were slightly ahead of productivity), but then both wages and productivity levels fell. The case of Greece, meanwhile, merits special attention. After initial convergence up to 2008, in 2017 wage levels in Greece, relative to the EU15, were almost back at what they were in 1995. It is also noteworthy that Greece’s relative productivity levels were ahead of its relative wage levels throughout these years (1995: 56/46%; 2008: 76/68%; and 2017: 57/49%). ‘Internal devaluation’ did not bring about any gains in competitiveness, and wages were brutally cut, but productivity also fell significantly.

Stalled wage convergence in poorer MS towards the EU average undermines social cohesion in the EU, but it is also detrimental to sustained growth and poses a threat to the future of Europe. With the free flow of capital, services and people, the persistently high wage gap creates adverse effects both in Europe’s centre and periphery. Ill-fated crisis management practices based on austerity and wage moderation should be phased out entirely. Instead of being further undermined, collective bargaining needs to be strengthened. Minimum wage policies should play an essential role in pushing the wage floor upwards.
In the EU, the dynamic growth of statutory national minimum wages continued in 2017. Only in Germany, Greece and Luxembourg did they remain at the same level as the year before. In all the other 19 EU Member States with a statutory minimum wage there were increases of different degrees.

As Figure 4.5 illustrates, the countries can be divided into three groups as regards their minimum wage increases in 2017. The first group with a growth rate of 5% or more is exclusively comprised of ten central and eastern European (CEE) countries. The outlier in this group with an exceptionally large increase of 52% is Romania, where the minimum wage was increased in two stages on 1 February 2017 and 1 January 2018 (Lübker and Schulten 2018). The increases in the remaining nine countries in this group range from 5% in Poland and Croatia to more than 13% in Latvia.

The large increases in this country group can partly be explained by statistical base effects because all these countries belong to the group with the lowest absolute minimum wages. However, they are also an indicator of a double convergence process taking place. Since minimum wages in this group of countries grew much more strongly than in the rest of Europe, the minimum wage gap (in particular in relation to the southern European countries) is narrowing. The second convergence process within the countries is due to the fact that minimum wage growth exceeded the overall development of wages, meaning that the relative position of low-paid workers improved.

The second group with increases between 3% and 5% comprises five countries: Ireland (3.2%), Spain (4%), Portugal (4.1%), the UK (4.2%) and Slovenia (4.7%). In the first three countries the increase follows a long period of crisis-induced stagnation. In the UK, the increase is a consequence of an increase in the National Living Wage, which was newly introduced in April 2016 for all employees above the age of 25 years. The third group with a very modest growth rate of 2% or less consists of Germany, Greece and Luxembourg, where there was no increase at all, plus France (1.2%), Malta (1.6%), the Netherlands (1.7%) and Belgium (2%).

However, despite this convergence of minimum wage levels of CEE countries and southern European countries, the EU still remains divided into three distinct groups of countries as regards the absolute level of (statutory) minimum wages. As Figure 4.5 illustrates, the first group of countries with relatively high minimum wages is comprised exclusively of western European countries. Luxembourg is leading the table with €11.55, followed by France (€9.88), the Netherlands (€9.68), Ireland (€9.55) and Belgium (€9.47). The laggards of this group are Germany (€8.84) and the UK with a national living wage of €8.56. However, the figure for the UK is heavily distorted by the devaluation of the British pound vis-à-vis the euro since the Brexit vote in June 2016. Without this currency effect the hourly minimum wage in the UK would be €10.79 and therefore the second highest in Europe (Lübker and Schulten 2018).

The second country group with minimum wages between €3 and €5 contains Slovenia (€4.84) and the southern European countries Spain, Malta, Portugal and Greece (€4.46–€3.35). The third group of countries with minimum wages below €3 comprises ten exclusively CEE countries ranging from Estonia (€2.97) to Romania (€2.50). Bulgaria is at the very bottom of this group with a minimum wage of only €1.57.

Progress in minimum wage convergence

In the EU, the dynamic growth of statutory national minimum wages continued in 2017. Only in Germany, Greece and Luxembourg did they remain at the same level as the year before. In all the other 19 EU Member States with a statutory minimum wage there were increases of different degrees.

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Minimum wage developments

On the way to a European minimum wage policy?

In light of the still large differences in absolute minimum wage levels, a more telling way to compare the level of minimum wages is the so-called ‘Kaitz index’ which measures the minimum wage as a percentage of the national full-time median or average wage. The strength of the Kaitz index is therefore that it puts the minimum wage in relation to the overall wage structure. Over time, this relationship between the minimum wage and the median wage became the more common measure for the Kaitz index. The median wage is defined as the wage that divides the overall wage structure into two equal segments, i.e. it marks the boundary between the highest-paid 50% and the lowest-paid 50% of the employees. Figure 4.6, which is based on the OECD Incomes Database, shows minimum wages as percentages of both national median and average wages.

The Kaitz index is an important measure because it was repeatedly used by international and European institutions to call for fair and adequate minimum wages. In 2008, for instance, the European Parliament (EP), in a resolution to promote social inclusion and combat poverty, called on the European Council to agree a common EU target for minimum wages that should ensure a remuneration of at least 60% of the national average wage (European Parliament 2008). In its 2016 report on social dumping in the EU, the EP repeated this demand calling for a minimum wage target of ‘at least 60% of the respective national average wage …to avoid excessive wage disparities, to support aggregate demand and economic recovery and to underpin upward social convergence’ (European Parliament 2016: 17).

In a similar vein, the commitment made in the EPSR to promoting ‘adequate minimum wages … that provide for the satisfaction of the needs of the worker and his/her family’ (European Commission 2017b: 27) can be seen as an implicit acknowledgement that minimum wages should be living wages, i.e. wages that provide ‘more than mere subsistence enabling participation in society and some scope for workers and their families to insure against unforeseen shocks’ (Parker et al. 2016: 1).

Even though the EPSR does not refer to any concrete threshold for adequate minimum wages, the implicit reference to the concept of living wages and the explicit commitment to the objective of preventing in-work poverty suggests that in order to achieve these objectives minimum wages should be at least 60% of the national full-time median wage. This can be seen as the ‘at-risk-of-poverty’ wage threshold, following from the goal of ensuring that workers should not be dependent on the state (through tax credits or in-work benefits) to ensure relief from poverty.

Figure 4.6 illustrates that despite recent minimum wage increases, only France is above this ‘at-risk-of-poverty’ threshold. In 10 out of the 19 countries for which the OECD provides data, the relative level of the minimum wage is even below 50% of the national median wage. This is a clear sign that a lot still needs to be done to fulfil the commitments made in the EPSR as regards ensuring adequate minimum wages.

However, it is very important to not only focus on the Kaitz Index as such. The pursuit of a common European minimum wage target of, for example, 60% of the national median wage always needs to be linked with measures to stabilise the overall wage structure, for instance through the support of multi-employer sectoral bargaining structures, because 60% of a very low median wage is ultimately still a wage that does not provide for the satisfaction of the needs of the worker and his/her family, as stated in the EPSR.
The coverage of collective bargaining is an indicator of the extent to which terms and conditions for workers are set by collective negotiations between trade unions and employers. It therefore measures the regulatory capacity of collective bargaining. Figure 4.7, which is based on OECD data, shows the long-term trend from 2000 to 2016. The percentages indicate the share of employees per country who are covered by a collective agreement.

Collective bargaining coverage is influenced by a multitude of factors, a crucial one being the level at which bargaining takes place. Figure 4.7 illustrates that collective bargaining coverage is high and fairly stable in countries with multi-employer bargaining structures, where collective bargaining mainly takes place at sectoral or, in some cases such as Belgium and until recently Finland, even at cross-sectoral level. By contrast, the lowest coverage and the deepest drop in coverage can be found in countries with single-employer bargaining arrangements. This applies in particular to some central and eastern European countries where coverage decreased even though it was at a fairly low level already in 2000.

In addition to the level of bargaining an important factor is the existence of legal extension mechanisms or functional equivalents that ensure that collective agreements also apply to companies which did not sign the agreement or which are not members of the employers’ federation that signed the agreement. As Schulten et al. (2015) illustrate, all the countries with a stable bargaining coverage of 80% or more are countries that make frequent use of the administrative extension of collective agreements or functional equivalents. The only exceptions are Denmark and Sweden, where no legal extension mechanism exists and where high coverage purely rests on the organisational strength of the two bargaining parties. An example of a functional equivalent ensuring high coverage is Italy where there is no legal procedure for the extension of agreements but where high coverage is based on established practice of labour court judgements. According to Treu (2014), this can be seen as a more indirect form of or functional equivalent to extensions.

This confirms that there are two principle ways to establish high collective bargaining coverage: first, the ‘Nordic way’ through a high organising density, particularly on the union side, and second, through the comprehensive use of extensions (Schulten et al. 2015). This is further confirmed when looking at those countries, such as Greece and Portugal, where in the context of the crisis more restrictive criteria for the extension of agreements have been introduced, leading to a dramatic drop in bargaining coverage. In the case of Portugal, Figure 4.7 still shows a high coverage of more than 70%. This, however, refers to the agreements that still exist but may not have been renewed for years and have essentially lost their regulatory capacity. The more telling figure in Portugal therefore is the amount of newly concluded or renewed agreements whose coverage dropped to 10% in 2014 (OECD 2017: 140; Schulten et al. 2015).

This has important political implications. In order to achieve the political objectives of fair wages, wage convergence between CEE countries and western European countries, and a more equal distribution of income, European and national policymakers need to ensure that a majority of workers will be covered by collective agreements. Therefore, instead of supporting its abolition, the European Union should actively promote administrative extension in order to strengthen multi-employer collective bargaining all over Europe.
**Trends in collective bargaining and strike activities**

Figure 4.8 confirms the already mentioned variation in unionisation rates. It provides an overview of trade union density in 21 European countries (masking sectoral differences) and the unionisation levels among different groups of workers; the latter is the weighted average of 14 countries for which data is available for all years considered. Relying on European Social Survey data, union density here concerns employees aged between 15 and 64 years. The data might overestimate density as it includes unions and similar organisations (as stated in the questionnaire), but it is generally a bit lower than the assessment of density based on administrative data (Visser 2016); Denmark and Norway are exceptions. Overall, the comparison shows that the validity of the measurement of union density here is convincing: Ireland is a remarkable outlier, with density considerably lower than indicated in administrative data, although it stands virtually at the same level as in the Irish Central Statistics Office data (2017). At least three conclusions can be made from an analysis of Figure 4.8.

First, considerable divergence in country unionisation rates remains, with the Nordic countries still at the top of the ‘unionisation league’ due to a relatively benevolent institutional setting. While unions’ involvement in voluntary unemployment insurance (the ‘Ghent system’) is an important explanation for this (except for Norway) (Ebbinghaus et al. 2011), strong union access to the workplace is also essential (Ibsen et al. 2017). Furthermore, centralised collective bargaining is associated with a higher unionisation level (Rasmussen 2017). At the other end of the league are most central and eastern European countries, ‘supporting the notion that to some degree European integration has served as a neoliberal project to advance the interest of capitalists’ (Vachon et al. 2016: 13). Slovenia is an exception, but density is falling. France, with its low but stable density, illustrates that workers’ power can also be based on their mobilisation capacity (Sullivan 2010). Indeed, in addition to workers’ associational power, other power resources and their capabilities to use them (Lévesque and Murray 2010) should be considered for assessing workers’ power vis-à-vis employers’ power.

Second, in most countries considered here, density is either stagnating at a median or low level or declining. However, unions can still rely upon a growing (at least until 2009) and relatively high level of social legitimacy, especially among social groups exposed to economic vulnerability like young people and migrant workers (Frangi et al. 2017). Third, the gender gap in unionisation has been generally diminishing (mainly due to a rise in women’s unionisation), but the gaps in unionisation between the age categories and contract types considered here seem to be persisting (although they hide considerable country differences). Regarding age, there is a strong association between youth and adult unionisation; both point to distinctive patterns in the school-to-work-transition and the different degrees of union integration in that transition (Vandaele 2008). Also, workers on temporary contracts (as an indicator of precariousness) tend to be less unionised in countries where collective bargaining coverage is low (Shin and Ylä-Anttila 2017).

The loss in workers’ associational power has led to some convergence in union responses, with the promotion of variants of the US-style ‘organising model’ (Ibsen and Tapia 2017). Union agency (and coalitional support from, for instance, community-based organisations) can make a difference, even in very adverse circumstances. Apart from a broad strategic vision on the future of unions, a vast shift in resource allocation is needed to overcome representation gaps and to turn small-scale, local initiatives into large-scale revitalisation efforts, whereby those occupations and industries where unions are needed the most are preferably prioritised.
Trends in collective bargaining and strike activities

The line graph (left-hand scale) in Figure 4.9 depicts the weighted average of the strike volume in most European countries since 2000. It displays a relative peak in the volume in 2010, mainly resulting from ‘national days of action’ against pension reforms in France (Ancelovici 2011). Thereafter, the volume falls to a level below 40 days not worked due to industrial action per 1,000 employees. However, post-2008 strike developments are underestimated, as data for some countries are lacking and the data here ignore several general strikes linked to anti-austerity protests (Vandaele 2016).

The strike picture at the country level is far more differentiated than the line graph suggests, as the structural crisis of the finance-dominated accumulation regime has affected economies differently. Yet the economic hardship has only provided a context for grievances and feelings of relative deprivation: a connection should be made between the protest cycle and austerity programs, as they made it more likely that blame could be attributed to political authorities (Bermeo and Bertels 2014). Besides the austerity drive’s timing and severity, the organisational cohesion between unions and their institutional access to negotiations with political authorities have also varied, all of which has generated country-specific dynamics of resistance (Ancelovici 2015). Moreover, nationally embedded action repertoires explain the sustained cross-national variation in the strike volume and its uneven development (Andretta et al. 2016).

Political mass strikes like large-scale strikes in the public sector and general strikes help to explain differences in the country’s volume, as shown in the bar graphs (right-hand scale), which compare its average in the 2008-2016 period (i.e. since the financial crisis and its aftermath) with a preceding period of almost equal length. Country differences in the volume are generally persistent over time: there is a positive relationship between the country rankings in both periods, with those differences tending to increase during upswings in industrial action (Brandl and Traxler 2010).

Changes in the deployment of the strike weapon over time and across countries (and industries) reflects its context-dependent character and the variation in the legally institutionalised recognition of labour rights (Gentile and Tarrow 2009).

However, from a long-term perspective, there seems to have been a prevailing convergence in strike trends. In most countries for which data are available for the two periods, the volume declined or has been relatively stable. The drop in the volume is naturally most prominent in those countries that had a relatively high level in the first period, such as Spain, Finland and Austria (the latter can be explained by an exceptional general strike against pension reforms in 2003). But there are exceptions, of which Cyprus and Denmark are the most prominent cases. Cyprus skyrockets to the top of the ‘strike league’ due to an open-ended conflict that erupted in the construction industry in 2013. The Danish data, meanwhile, are dominated by three large-scale strikes in the public sector in 2008 (Scheuer et al. 2016) and a general lock-out in the public sector in 2013.

Finally, industrial action across Europe in the so-called ‘gig economy’ (Cant 2017) demonstrates once again that the use of the strike weapon is not restricted to middle-aged men in the manufacturing industry. While these small, short-term strikes of precarious (young) workers are not captured by the official strike data (either because they do not pass the threshold for inclusion or because the right to strike of these ‘gig workers’ is in a legal ‘grey zone’), their ‘disruptive form of agency’ (Bailey et al. 2018:4), together with other forms and expressions of workers’ creativity in collective action, will undoubtedly influence future employment relations in platform capitalism.
Another institutional power resource of trade unions is the legal system. The judgments of European courts in particular often influence policy developments beyond individual cases, not least in the area of workers’ rights. Pan-European litigation strategies are therefore a potentially important area for trade unions and workers’ representatives in pursuing their interests.

In practice, however, pan-European courts and quasi-judicial bodies are only rarely used by trade unions. The available data from 2017 show that trade unions have been direct participants in only 25 cases before European courts and quasi-judicial bodies. Out of these 25 cases, 8 dealt with trade union rights (e.g. workers’ representation rights, the right to association, and the right to have enterprise-level trade union representation). The rest of the cases concerned a diverse set of topics (working time, protection of workers during transfer of undertakings, atypical work, access to training, forced labour, health and safety at work, and the right to privacy at work).

One of the key reasons behind the lack of use of judicial avenues by the trade unions seems to be the limited access to some of the European courts.

For example, in 2017 only five cases were brought before the Court of Justice of the European Union (CJEU) that involved the direct participation of a trade union. Access to the CJEU is limited for collective actors and entirely dependent on national law, since EU-level rules do not allow intervention (e.g. as ‘amicus curiae’) and the admissibility rules in direct actions for collective entities are very restrictive. Therefore, and despite the existence of many cases concerned with workers’ rights and the potential interest to trade unions, the lack of use of this court is to be expected.

By contrast, the European Court of Human Rights (ECtHR) deals far more rarely with social and workers’ rights. Nevertheless, during 2017 the ETUC intervened in three cases and the ITUC in one, and in two more cases a trade union has been the applicant. Even though the focus of this court is on civil and political rather than social rights, the possibility to intervene in the proceedings creates a favourable environment for trade unions to assert their positions before this judicial body.

The European Committee of Social Rights (ECSR), which allows direct access for trade unions (from Member States that have accepted the collective complaints procedure) has also been used more actively. In 2017 the ECSR made decisions in 10 cases where a trade union was the complainant (eight on admissibility, and two on merits).

The ILO complaints procedures (the representation procedure and the freedom of association procedure), however, although accessible to trade unions, have rarely been used (in five instances).

As Figure 4.10 illustrates, by and large, trade unions rarely use pan-European courts to pursue their interests. Key problems seem to be the often limited access to some of the European courts. Nevertheless, during 2017 the ETUC intervened in three cases and the ITUC in one, and in two more cases a trade union has been the applicant. Even though the focus of this court is on civil and political rather than social rights, the possibility to intervene in the proceedings creates a favourable environment for trade unions to assert their positions before this judicial body.

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Conclusions

— Concerning the commitments of the EPSR as regards fair wages and adequate minimum wages, the 2017/2018 CSRs contain mixed messages. On the one hand, there are recommendations to reduce the gender pay gap and to ensure stronger real wage growth; on the other hand, the majority of recommendations still aim at only moderate developments of (minimum) wages and the decentralisation of collective bargaining. A close eye should be kept on the upcoming CSRs as regards the EPSR’s commitments.

— In 2017, the dynamic development of real wages in 2016 slowed down and showed strongly divergent trends across the EU countries. CEE countries pursued their catching-up process with a stronger real wage growth than in the rest of the EU, although this progress has slowed down somewhat since the onset of the crisis. In addition, the 2016 trend of real wages outstripping productivity has been reversed in many countries.

— Longer-term wage convergence between the EU’s western European core countries and CEE and southern European countries has slowed down or even gone into reverse since the crisis, mainly due to the negative effect of the flawed ‘one-size-fits-all’ EU crisis management based on austerity and wage moderation.

— The long-term development of real wages in the post-crisis period (2010-2017) has lagged behind that of the pre-crisis period (2000-2009). As a matter of fact, in nine EU countries the level of real wages is below what it was in 2010.

— The dynamic growth of statutory minimum wages continued in 2017. Since this growth was much stronger in the CEE countries than in western and southern European countries, further progress was made in minimum wage convergence.

— Relative minimum wage levels as a percentage of the national full-time median wage are still below what is needed to fulfil the commitments made in the EPSR to promoting adequate minimum wages from which a worker and his/her family can make a living.

— Collective bargaining coverage has been continuously decreasing in most countries since 2010. In order to foster processes of convergence, active political support for multi-employer bargaining arrangements are needed, through the promotion of effective extension mechanisms in countries with low coverage.

— Trade union density remains highly diverse across the EU. The main trend in most countries is one of stagnation at medium or low levels, while in some cases membership numbers are even decreasing. However, the gender gap in unionisation rates is declining, mainly due to rising numbers in female union membership.

— Strike activity continues to be uneven across the EU. However, from a long-term perspective, there is also a continuing convergence of strike trends, with generally declining strike volumes.

— Pan-European courts such as the Court of Justice of the European Union are rarely used by trade unions in pursuit of their interests, mainly due to their often limited access to these courts.