

Chapter 1

Setting the scene: collective bargaining under neoliberalism

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Low inflation, the domination of neoliberal market-based policies, untrammelled opportunities for capital to pursue profit in an increasingly ‘open market’ and low levels of trade union density and industrial action are now characteristic features of many European economies. Only forty years ago, as the ‘Golden Age’ was drawing to a close, inflation was rising, Social Democratic and Labour parties actively discussed a more pronounced role for the state in economic management, profits were squeezed and trade unionists secured improvements in workers’ living standards (Armstrong *et al.* 1991; Glyn *et al.* 1990; Shonfield 1965). The transformation between these two periods was underpinned by marked shifts in policies within the economic, social and political spheres, the particular form taken by globalisation and the intensity of regime competition. These shifts have had far-reaching implications for the role, processes and impact of collective bargaining in Europe. This publication traces the development of collective bargaining over the period since 2000 in the 28 Member States of the European Union (EU). Throughout, emphasis is placed on how the transformation has impinged on collective bargaining.

The period since 2000 is the timeframe of the analysis. Several economic and political developments during this period have had a marked impact on the trajectory of change in collective bargaining. Prominent among these developments is the overt pursuit of a neoliberal policy agenda in which trade unions and collective bargaining are viewed as sources of rigidity within the labour market at a time when flexibility is seen as key to sustaining economic growth. At the European level the asymmetry between market-enforcing and market-correcting policies (Scharpf 2009), an increasing reliance on ‘soft’ law solutions (Sapir 2014), the ‘social deficit’ apparent in economic and monetary union (Hinarejos 2016) and the absence of a social dimension from the EU Pillar of Social Rights (Lörcher and Schömann 2016) characterise the predominance of the neoliberal policy agenda, albeit couched in the language of ‘modernisation’. Furthermore, the Court of Justice of the European Communities (ECJ) found that trade unions were unable to take action against undertakings that exercise the economic freedoms guaranteed by the Treaty on the European Union (TEU) to lower collectively agreed wages or working conditions (Blanke 2006; Ghailani 2008), setting a precedent to the effect that the pursuit of flexibility has a downward trajectory. Within Member States many Social Democratic and Labour parties have jettisoned, in practice if not rhetorically, commitments to full employment, supply-side interventions to promote economic growth and the pursuit of economic equality through redistribution (Glyn 2001; Sassoon 1996: 443–644). The development of certain human resource management practices has led some to argue that collective bargaining is no longer an appropriate means to set terms and

conditions of employment, as such matters can be handled ‘flexibly’ at company level by human resource managers (Emmott 2006). In brief, allies for a union agenda based on collective bargaining in general, and industry-level bargaining in particular, are in increasingly short supply.

Pursuit of the neoliberal agenda has been compounded by the impact of EU enlargement and the terms within which economic and monetary union was undertaken. In 2004 and 2007 no fewer than 12 states joined the EU, followed in 2013 by Croatia.¹ Economic inequality, differences in rates of productivity growth and the scale of surpluses and deficits in the balance of payments between countries within the EU increased markedly as a consequence of enlargement. Furthermore, throughout much of central and eastern Europe (CEE) collective bargaining arrangements were, at best, rudimentary, thus highlighting an institutional disparity between CEE/EU11 and the EU17 that is central to the concerns of this publication.

The terms of economic and monetary union associated with the adoption of the euro in 1999 further impacted on national economic management regimes. The priority assigned to reducing public deficits and restrictive convergence criteria, the omission of any social convergence criteria, the absence of mechanisms to coordinate monetary and fiscal policy and, above all, the lack of appropriate institutions to coordinate a European economic policy constituted fundamental weaknesses within the model of economic integration and have been linked to European growth rates that are systematically lower than those recorded during the 1970s and 1980s (Avdagic *et al.* 2011; Crouch 2000; Hein 2012) and concurrent wage moderation, insofar as real wage increases no longer follow productivity growth (Erne 2008). The presupposition of similarity in economic conditions implicit in the terms of economic and monetary integration was brutally exposed as a fallacy following the sub-prime and banking crisis of 2008 when the European sovereign debt crisis affected several Member States. Most prominently affected were Cyprus, Greece, Ireland, Portugal and Spain, which were subject to austerity programmes based on neoliberal assumptions imposed by the Troika comprising the International Monetary Fund (IMF), the European Central Bank (ECB) and the European Commission. One of the outcomes of these programmes was a ‘frontal assault’ on the institution of collective bargaining (Marginson 2015). This approach contrasts markedly with the views of the Organization for Economic Cooperation and Development (OECD) and the International Labour Organization (ILO), which emphasise the benefits of collective bargaining in the context of globalisation (OECD 2017: 125–73; ILO 2015).

Collective bargaining, then, does not rest easy with the terms of the dominant political and economic discourse. The purpose of this publication is to establish how the parties to collective bargaining within the twenty-eight Member States of the EU have adjusted the institution to meet new circumstances. To introduce the analysis this chapter comprises three further sections. The first of these identifies the features of collective bargaining and the approaches to collective bargaining adopted by the parties involved prior to

1. The states joining the EU in 2004 were Czechia, Cyprus, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovakia and Slovenia, while Bulgaria and Romania joined in 2007.

2000. The second section maps recent developments in the structure and outcomes of collective bargaining, while the third section outlines how national developments in collective bargaining are analysed in the country chapters that comprise the main body of the publication. This chapter thus charts aggregate developments; no attempt is made to identify industry-specific developments. National variations in aggregate development and variations between industries are examined in the country chapters.

Charting the pre-2000 trajectory of change

This section charts the trajectory of change in collective bargaining institutions prior to 2000.² Developments within western Europe and central and eastern Europe are introduced separately as fundamentally different processes and outcomes characterise the two groups of countries. Of course, this is not to argue that the two groups of countries are monolithic blocks, but rather to highlight some historical similarities within each group. Attention is also directed towards the political objectives of the parties to collective bargaining: employers, trade unions and the state. The section demonstrates a movement after the mid-1970s away from industrial bargaining arrangements that characterised western Europe throughout the ‘Golden Age’ and a subsequent failure to establish industrial bargaining in most of central and eastern Europe. In western Europe the decentralisation of bargaining and in central and eastern Europe the failure to centralise bargaining resulted primarily from the actions of employers and the limited capacity of trade unions to sustain or establish industrial bargaining. In several countries neoliberal policies adopted by the state facilitated the efforts of employers to decentralise bargaining.

Western Europe

In most western European EU Member States employers’ organisations and trade unions reached an accommodation early in the industrialisation process, integral to which was the establishment of industrial collective bargaining (Crouch 1993). In the United Kingdom, for example, collective bargaining in the engineering industry was initially established in 1898, while similar arrangements were made in other industries between 1917 and 1919. In Denmark the ‘September Compromise’ of 1899 underpinned the initial institutions of collective bargaining (Scheuer 1992). In Sweden collective bargaining institutions were established in 1905 and 1906, while in Austria, Belgium, France, Germany and Italy the period immediately following the First World War was critical to the development of industrial collective bargaining arrangements (Sisson 1987: 11; Traxler 1992; Vilroxx and Van Leemput 1992). In Finland and the Netherlands industrial collective bargaining arrangements were formalised on a broad scale after the Second World War, although Finnish typographers had signed a nationwide collective agreement in 1900 (Knoellinger 1960: 5–9) and the Dutch printing and tobacco industries were covered by industrial agreements by 1918 (Windmuller 1969:

2. No attempt is made to examine in detail the development of social pacts, other than when they affect collective bargaining.

44–45). In Greece, Portugal and Spain industrial collective bargaining institutions were established following the demise of totalitarian regimes in 1974 and 1975 as part of ‘democratisation’ processes (Fishman 1990; Pridham 1995; Schmitter 1995).

The circumstances of these accommodations between employers’ associations and trade unions varied markedly. In Sweden and the United Kingdom, employers and trade unions in engineering initially concluded agreements due to industry-specific unrest, while in France, Germany and Italy unrest was more wide-ranging and impinged upon the polity, with the consequence that governments underwrote the accommodations reached between employers and trade unions (Sisson 1987: 11). Denmark is an exception insofar as employers viewed the September Compromise of 1899 as a first step towards a comprehensive all-industry settlement without government underpinning (Due *et al.* 1994: 64–94). The establishment of industrial collective bargaining in Greece, Portugal and Spain was integral to regime change. Compared with elsewhere in western Europe the role of the state in these circumstances was relatively pronounced, albeit supported by trade unions and, to a lesser extent, employers (Barreto 1992; Martínez Lucio 1992; Kritsantonis 1992).

Irrespective of this variation in origin, the outcomes of these initiatives had a range of regular features. First, industrial agreements were composed of ‘common rules’, which were aimed at taking wages out of competition within the nation state (Chamberlain and Kuhn 1951: 109–13). Second, most national accommodations included understandings designed to protect managerial prerogative, the so-called ‘right’ of managers to manage. Third, collective agreements on terms and conditions of employment were subsequently supplemented by procedural agreements covering issues such as discipline and grievances.³ Fourth, mechanisms were developed to articulate bargaining across levels within industries (Crouch 1993: 54–55) and to coordinate bargaining between bargaining units (Traxler *et al.* 2001). While the mechanisms chosen to articulate and coordinate bargaining varied markedly between countries, the effectiveness of industrial bargaining is dependent on the coherence of these mechanisms (Marginson 2015).

The motivations of the parties to industrial collective agreements illustrate the tension inherent in their relations. In addition to taking wages out of competition and ensuring a degree of predictability and social peace employers benefit from industrial bargaining in terms of economies of scale: a single agreement may cover many employers, each of which would have to put in place bargaining arrangements if single-employer bargaining prevailed. More central to employers’ motivation, however, is that industrial bargaining restricts the role of trade unions at the workplace, thus enhancing the discretion of the employers and protecting the exercise of managerial prerogative (Sisson 1987: 13). This development is most apparent in dual systems, in which works councils are the formal representative institutions of labour at the workplace, but is present throughout, with the emphasis on the protection of managerial prerogative.

3. This publication focuses primarily on the changing role of collective bargaining in setting substantive terms and conditions of employment. Reference is occasionally made to procedural agreements. The substantive emphasis is justified on the grounds of space.

In contrast to the employers, for trade unions industrial collective bargaining defines the character and extent of trade union involvement in the rule-making processes that regulate industrial relations (Clegg 1976: 8–10). While the presence of industrial collective bargaining has implications for power relations within trade unions, strengthening the position of national officers, it also has a protective function for workers, a distributive function and a voice function (Visser 2013). In combination, these features enabled trade unions to develop solidaristic wage policies that counteracted the centrifugal force of the market towards wage differentiation and inequality throughout the thirty years of economic growth after 1945 (Meidner 1993; Schulten 2002).

What the state sought in collective bargaining was the institutionalisation of industrial conflict (Sisson 1987: 12). The state viewed the ‘stability’ achieved in the absence of industrial conflict as providing a platform for economic growth. Furthermore, when industrial conflict arose collective bargaining constituted a transparent procedural mechanism for resolving the issues at stake, which, in the main, allowed the state to remain apart from settlement processes. The manner in which the state acted to support collective bargaining and to define the relations between the parties involved varied markedly. In Sweden the state ensured that the social partners settle collective agreements largely independent of any state intervention. In France and Germany collective agreements are legally enforceable contracts, whereas in the United Kingdom collective agreements have no legal status and are sustained only by the actions of the signatories. The extent to which the state defines minimum standards of terms and conditions also varies markedly between Member States, most notably regarding the presence/absence of a legal minimum wage.

From the mid-1970s the assumptions underpinning the utility of industrial collective bargaining were increasingly being called into question. The oil shock crisis prompted a gradual shift away from so-called ‘Keynesian’ approaches to economic management. The strike waves of the late 1960s and early 1970s also led to a realisation among right-of-centre policymakers that industrial relations institutionalisation no longer functioned. In the place of Keynesian approaches, monetary policy was implemented on the assumption that monetary control would contain inflation; that new forms of labour market regulation, regressive tax and benefit reform would lead to full employment; and that economic performance would improve as a result of a more unequal distribution of income and the ‘freeing’ of markets (Kitson *et al.* 2000). In addition, corporate governance was financialised, production processes were globalised, regime competition intensified and labour markets shifted towards private sector services and away from manufacturing. Consequences of the shift toward monetary policy included persistently high levels of employment, a focus on containing inflation rather than unemployment, privatisation coupled to a diminished role for the state in economic management and the reintroduction of wages as an element of competition (Lehndorff 2012; Blyth 2013).

In these circumstances trade unions and long-standing institutions of industrial collective bargaining were challenged. Although trade union density (Ebbinghaus and Visser 2000) and industrial action (Dribbusch and Vandaele 2007) declined, collective bargaining institutions in continental western Europe and Cyprus remained largely in place (Traxler *et al.* 2001). Over time, however, an ever wider range of mechanisms

were implemented to relieve some employers of the obligation of meeting the terms and conditions agreed at industry level. As the parties to industrial collective agreements often agreed to the removal of this obligation, this tendency is referred to as ‘organised decentralisation’ (Traxler 1995). Accompanying the emergence of mechanisms allowing derogations from industrial collective agreements was the narrowing of the content of many such agreements (Keune 2011; Marginson and Sisson 2004). In contrast to developments in continental western Europe a ‘disorganised decentralisation’ took place in the United Kingdom in the course of which employers, supported by a ‘combative’ neoliberal government in the United Kingdom (Davies 2016), jettisoned the institutions of industrial collective bargaining in favour of single-employer bargaining or no bargaining at all (Murray 2002).⁴

Central and eastern Europe

While necessitating some form of accommodation between capital and labour, the situation in central and eastern Europe regarding the emergence of collective bargaining institutions was fundamentally different from that in western Europe after 1990. There are some parallels, however, with the regime changes implemented in Greece, Portugal and Spain. In particular, in central and eastern Europe the state was prominent in the promotion of collective bargaining as integral to a movement towards liberal market economies coupled to EU membership and away from pre-1990 command economies. Although accompanied by policy commitments and political rhetoric supporting the establishment of industrial collective bargaining in the medium term, these politically-led initiatives resulted in a wide range of collective bargaining arrangements, which operated primarily at more decentralised levels (Myant and Drahekoupil 2011). Collective bargaining, however, was viewed as integral to the shift towards market economies in central and eastern Europe (Bohle and Greskovits 2012; Cazes and Nesporova 2003). In addition, the desire for EU membership created a political imperative towards the creation of institutions of collective bargaining. The *acquis communautaire*, for example, supports social dialogue in general, while Article 28 of the Charter of Fundamental Rights of the EU upholds the right to collective bargaining and action in particular.

The contrast between western Europe and central and eastern Europe in the final decade of the twentieth century was nowhere more marked than in the pattern of economic development. In particular, low wages, low unit labour costs and low productivity characterised central and eastern Europe (Bohle and Greskovits 2012). Similar to western Europe, however, the rate of productivity growth outstripped real wage growth in central and eastern Europe throughout the 1990s (Janssen and Galgóczi 2004). While relatively high rates of economic growth were recorded, particularly after 1995 (Eichengreen 2007: 310–34), per capita GDP in central and eastern Europe remained at about 50 per cent of the EU15 average in 2003 (Janssen and Galgóczi 2004). In short, economic disparities within the EU were accentuated on enlargement in 2004 and 2007. Furthermore, the capacity of trade unions to bring influence to bear was limited by the

4. The situation in Ireland was mitigated by the presence of peak-level agreements concluded between 1986 and 2009.

sharp declines in membership after the late 1980s, the absence of industrial unrest and, in several countries, the fragmentation of union movements.

To manage the transformation to liberal market economies tripartite institutions were established throughout much of central and eastern Europe. Although ostensibly inclusive, such institutions generated no more than an ‘illusory corporatism’ (Ost 2000) in which the state operated *primus inter pares* in the creation of Labour Codes. While a wide range of functions was assigned to tripartite institutions after 1990, five features of the Labour Codes created are central to the purpose of this publication. First, Labour Codes initially tended to regard collective bargaining as a basic trade union right. In several countries, including Hungary, this right was subsequently diluted insofar as collective bargaining by works councils was promoted within establishments in which trade unions had not established a presence. Second, as a minimum, rhetorical commitments to the establishment of industrial collective bargaining were included in most Labour Codes. Third, the ‘favourability principle’ was acknowledged, whereby terms and conditions set at industry level could only be improved on at company or plant level, not undercut. Implicit in this acknowledgement is the recognition that collective bargaining may take place at more than one level. Fourth, tripartite institutions were responsible for setting the level of the minimum wage, albeit with a possibility that the state may act unilaterally in several countries in certain circumstances, such as in Czechia, Hungary and Slovakia.⁵ Fifth, the objective of many collective agreements is merely to establish minimum standards, such as the minimum wage for the industry or company, rather than a range of wage levels that recognise differences in skills, tasks and grades.

The transformation of central and eastern Europe towards liberal market economies resulted in considerable disparity in both the coverage and the level of bargaining by the turn of the century. At one pole of the continuum regarding bargaining coverage by 2000 were Slovenia and Romania, with coverage rates in excess of 80 per cent (see Table A1.A). In contrast, coverage rates in the Baltic states did not exceed 20 per cent, although the extension of collective agreements was introduced in 2000 in Estonia and in 2002 in Latvia with the intention of increasing coverage (Kohl and Platzer 2004: 218). Elsewhere in central and eastern Europe the coverage rate ranged from 25 per cent in Poland to 51 per cent in Slovakia.⁶

While there is no apparent direct relationship between the coverage and the level of bargaining, it is noteworthy that industrial bargaining was the principal level of bargaining in 2000 in Slovenia and Romania, where bargaining coverage was most pronounced. Furthermore, in the Baltic states, where coverage is low, bargaining at company level is dominant (Kallaste and Woolfson 2013). In Bulgaria, Czechia, Hungary, Poland and Slovakia company-level bargaining prevails, although in specific industries, industry-level bargaining was present in 2000 (Bohle and Greskovits 2012). A range of factors explain the low coverage of bargaining and the failure to establish industry-level bargaining throughout most of central and eastern Europe. Principal

5. Prominent among these circumstances are occasions when the social partners cannot reach an agreement or when right-of-centre governments are in office.

6. These data are drawn from Table 1.1.

among these factors are the activities of employers, including multinationals engaged in foreign direct investment. In some industries employers have been reluctant to establish industrial employers' associations. Where employers' associations exist, coverage is often far from complete and there is no political will to engage in bargaining beyond the company (Meardi 2012). In short, employers in central and eastern Europe are neither institutionally nor politically prepared to engage in industrial collective bargaining. Compounding the employers' opposition to industrial collective bargaining are fragmented union movements (notably in Bulgaria, Hungary, Poland and Lithuania), almost universally falling membership levels, a weakening of trade unions by political parties in government pursuing neoliberal economic and social policies, privatisation and deteriorating economic circumstances marked by rising unemployment and pressures for wage moderation (Bohle and Greskovits 2012; Meardi 2012). As the country chapters in this publication demonstrate, coverage and the extent of industrial bargaining tended to diminish after 2000 as a result of these and other factors.

To summarise, in western Europe by 2000 industrial collective bargaining institutions were under pressure as many employers' associations limited their support for them and the coverage of some employers' associations declined. This 'incremental erosion' (Marginson 2015) of industrial collective bargaining was rarely accompanied by state- or EU-led initiatives to strengthen collective bargaining. To the contrary, the neoliberal policy agenda pursued by many governments sought to increase flexibility by limiting the coverage and scope of collective bargaining. A notable exception to this situation is the United Kingdom, where employers, encouraged by Thatcher-led Conservative governments, effectively eliminated industrial bargaining from the private sector. In central and eastern Europe there was much rhetorical support for the establishment of industrial collective bargaining after 1990 as an element of the shift towards market economies. With the exceptions of Romania and Slovenia, however, the rhetorical support for industrial bargaining did not result in the establishment of such institutions. Instead, where bargaining existed it remained primarily at company level, often with a very restricted scope. Employers in particular were reluctant to establish institutions and procedures appropriate to industrial collective bargaining.

Mapping developments since 2000

This section maps movements in some of the aggregate trends in collective bargaining, key economic measures and indicators of union mobilisation. In so doing the section 'sets up' the country chapters, which among other things explain variation within these aggregate trends. The majority of the data are presented graphically, with plots commencing in 2000 and covering separately an EU17 and an EU11.⁷ The data for these plots are available in Appendix 1: Indicators relevant to collective bargaining (Tables A1.A–A1.I), which is found in Volume IV of this publication. This Appendix includes data from the 1980s and 1990s to allow examination of the longer-term impact of

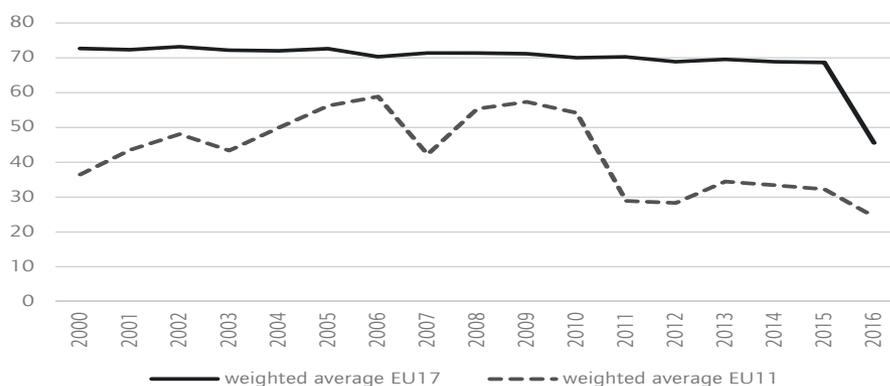
7. The EU17 comprises Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Spain, Sweden and the United Kingdom. The EU11 includes Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

neoliberal policies.⁸ Throughout this section reference is made to aggregate data, as plotted on the graphs, and country specific data available in the Data Appendix. Unless otherwise stated, all country specific data mentioned in this section are drawn from the Data Appendix.

Collective bargaining: coverage and level

Figure 1.1 shows movements in the weighted coverage of collective bargaining, defined as the number of employees whose terms and conditions are set by collective bargaining as a proportion of the labour force. The plot for the EU17 illustrates an overall slight decline in coverage from 73 per cent in 2000 to 69 per cent in 2015. The plot, however, shows no marked upward or downward shifts. Only after 2009 is there a consistent downward trend in collective bargaining coverage due principally to declines in the countries subject to intervention from the Troika: coverage in Cyprus declined from 54 per cent to 45 per cent between 2009 and 2013, in Greece from 83 per cent to 40 per cent, and in Portugal from 84 per cent to 75 per cent. Furthermore, as the country chapters demonstrate, coverage rates where the Troika has intervened are exaggerated insofar as the terms and conditions of some employees are set by collective agreements that employers have declined to periodically update as required by the terms of the collective agreements. Elsewhere within the EU17 collective bargaining coverage remained relatively stable; only in Finland did collective bargaining coverage increase between 2000 and 2015, from 85 per cent to 89 per cent. There is considerable variation in collective bargaining coverage between Member States within the EU17, ranging from 26 per cent in the United Kingdom in 2016 to more than 80 per cent in the Nordic

Figure 1.1 Weighted average of collective bargaining coverage, 2000–2013



Note: It is assumed that bargaining coverage remains the same in Austria (2001–2004, 2006–2007, 2009, and 2011–2012) and Belgium (2001, 2003–2007, 2009–2012 and 2014) for the missing years. Weighted by employees in employment. Source: Table A1.1 and Eurostat.

8. In most cases the data presented for 1980 and 1990 refer to the situation in these years. For the data on productivity growth and unemployment average data for the decades of the 1980s and 1990s are presented.

countries Denmark, Finland and Sweden, as well as those other countries in which some corporatist policy approaches and institutions are still in place, Austria, Belgium and the Netherlands. Table A1.A also demonstrates that, with the exception of the United Kingdom, the coverage of collective bargaining in the EU17 has remained relatively numerically stable since 1980. In the United Kingdom, in contrast, reflecting the impact of neoliberal economic policies and the actions of employers, collective bargaining coverage declined by 40 percentage points between 1980 and 2016 as private sector employers, supported by successive governments, sought to increase flexibility. Even where the decline in coverage has not been as pronounced, a lowering of coverage has led to profound changes in policies towards collective bargaining. In Germany, for example, the coverage of collective bargaining fell from 68 per cent in 2000 to 56 per cent by 2016. This reduction was perceived as dramatic by the trade unions, with the consequence that they campaigned for the introduction of a statutory minimum wage.

Compared with the plot for the EU17, the one for the EU11 shows considerable variation between 2000 and 2016. The irregular plot is indicative of the relative immaturity of collective bargaining systems in these Member States and the marked impact of policy shifts associated with changes in government and/or the actions of employers.⁹ Until around 2008, however, the coverage of collective bargaining within the EU11 tended to converge with that of the EU17, only to diverge thereafter. The sub-prime and banking crisis of 2008 thus coincided with the high-water mark in the coverage of collective bargaining within the EU11. Thereafter in almost every EU11 Member State collective bargaining coverage declined, with particularly steep falls between 2008 and 2013 in Romania (from 98 to 35 per cent), Slovenia (from 92 to 65 per cent) and Slovakia (from 40 to 30 per cent). The declines in Romania and Slovenia are noteworthy insofar as the collective bargaining coverage in these two countries was comparable with the highest rates of coverage recorded within the EU17 in the period before 2008. Furthermore, in the Baltic states, where neoliberal economic policies have been implemented to wide-ranging effect (Kallaste and Woolfson 2013), collective bargaining coverage rates failed to reach 20 per cent after 2008.

Table 1.1 shows developments in the level of bargaining since 1980. Following discussion of the coverage of collective bargaining, the data are examined by reference to the EU17 and EU11. It is noteworthy from the outset that the data presented in Table 1.1 indicate the principal level or levels at which bargaining is conducted, not the only level. It is, furthermore, noteworthy that the data drawn from Visser (2016) only cover developments until 2014.

Table 1.1 shows that between 2000 and 2014 the level of bargaining has remained constant in 13 of the EU17 countries.¹⁰ The level at which this constancy was achieved varies. In nine countries industry bargaining remains predominant; in Cyprus and Luxembourg both industry and company bargaining take place; while in Malta and the United Kingdom bargaining takes place principally at local and company levels. In two

9. The irregularity of the plot could also be exacerbated by missing data.

10. The 13 countries in which the level of bargaining remained constant are: Austria, Cyprus, Denmark, France, Germany, Italy, Luxembourg, the Netherlands, Malta, Portugal, Spain, Sweden and the United Kingdom.

Table 1.1 Level of bargaining, 1980–2014

	1980	1990	2000	2005	2010	2014
AT	5	3	3	3	3	3
BE	3	5	4	5	4	5
BG			3	2	2	2
HR			2	2	2	2
CY	2	2	2	2	2	2
CZ			1	1	1	1
DK	3	3	3	3	3	3
EE			1	1	1	1
FI	3	5	3	5	3	4
FR	3	3	3	3	3	3
DE	3	3	3	3	3	3
GR	5	5	5	4	5	2
HU			1	1	1	1
IE	5	5	5	5	1	1
IT	3	2	3	3	3	3
LV			1	1	1	1
LT			1	1	1	1
LU	2	2	2	2	2	2
MT	1	1	1	1	1	1
NL	3	3	3	3	3	3
PL		1	1	1	1	1
PT	3	5	3	3	3	3
RO					5	1
SK			2	2	2	2
SI		3	3	3	3	3
ES	5	3	3	3	3	3
SE	5	3	3	3	3	3
UK	3	2	1	1	1	1

Notes:

1: bargaining takes place predominantly at local or company level;

2: intermediate or alternating between industry and company bargaining;

3: bargaining predominantly takes place at sector or industry level;

4: intermediate or alternating between central and industry bargaining;

5: bargaining predominantly takes place at central or cross-industry level with binding norms for lower level agreements.

Source: Visser (2016).

of the remaining four countries, Belgium and Finland, bargaining remains centralised but varies between industry and cross-industry level. In Greece and Ireland, two of the countries adversely affected by sovereign debt crises and subsequent intervention by the Troika, bargaining has been decentralised, particularly since 2010. With these four exceptions the principal level of bargaining since 2000 thus appears relatively constant.

As becomes apparent in the country chapters, this quantitative indicator masks the extent of decentralisation.

Comparing recent levels of bargaining with those prevalent in 1980, however, reveals a wider pattern of decentralisation. In addition to Greece and Ireland, compared with 1980 decentralisation has also been a feature of bargaining in Austria, Spain, Sweden and the United Kingdom, and compared with 1990 in Portugal. In Austria, Portugal, Spain and Sweden decentralisation was from cross-industry to industry level, whereas in the neoliberal United Kingdom decentralisation was from industry to company level. In each case, however, employers lobbied for decentralisation, albeit for different rhetorical reasons. In Sweden, for example, the issue cited by employers for decentralisation was the compression of wage rates (Swenson and Pontusson 2000), whereas the effects of wage drift were paramount to employers in the United Kingdom (Brown 1981; Sisson 1987). The challenges of coordination and articulation are more prominent in countries in which decentralisation is under way, as more agreements have to be concluded and attempts made to ensure some similarity in the outcome of negotiations. Furthermore, in some countries in southern Europe, notably Spain, the system of industrial negotiations is still formally in place, but has been hollowed out by increased possibilities to conclude agreements at company level (Schulten and Müller 2015).

Reference to the EU11 data demonstrates that since 2000 local or company level bargaining has been dominant in Czechia, Estonia, Hungary, Latvia, Lithuania and Poland. In Bulgaria, Croatia and Slovakia bargaining tends to vary between industry and company bargaining, with the latter being increasingly influential (Bernaciak 2013; Kahancová 2013). In short, the much publicised initiatives to establish industry-level bargaining as the basic mechanism for settling terms and conditions of employment in these countries have yet to be realised (Vaughan-Whitehead 2003; Bernaciak 2015). Only in Romania and Slovenia were bargaining arrangements at central and industry level established on a wide-ranging basis. The relatively high coverage of collective bargaining in these two countries noted in Table A1.A is thus directly associated with the level of bargaining. In Slovenia the level of bargaining remained constant after 2000. In contrast, the central and cross-industry bargaining arrangements that were underpinned by legislation in Romania were dismantled in 2011 by a centre-right government and measures introduced that precluded the social partners from negotiating any further cross-industry agreements. Furthermore, these actions were taken without parliamentary debate (Trif 2013). As a consequence, the coverage of bargaining fell sharply from 98 per cent in 2010 to 35 per cent in 2011. Among the EU11 only in Slovenia has wide-ranging and relatively long-standing industrial bargaining been established.

It is apposite to raise two caveats regarding the commentary on collective bargaining at this juncture. First, neither the coverage nor the level of bargaining is an indicator of the scope of issues that are negotiated during a bargaining round. As becomes apparent from the country chapters, when bargaining takes place at the same level in any two countries, the range of the collective agreements that are settled may vary markedly. Similarly, although the level of bargaining may remain constant the scope

of issues that are negotiated may change over time within a Member State. Second, the presence of a collective agreement is no guarantee that the terms specified therein will be implemented. If the signatories to a collective agreement have neither the will nor the capacity to enforce the terms of the agreement, it is possible that its terms are not implemented in practice. In these circumstances the coverage rate of collective bargaining is likely to exaggerate the actual rate.

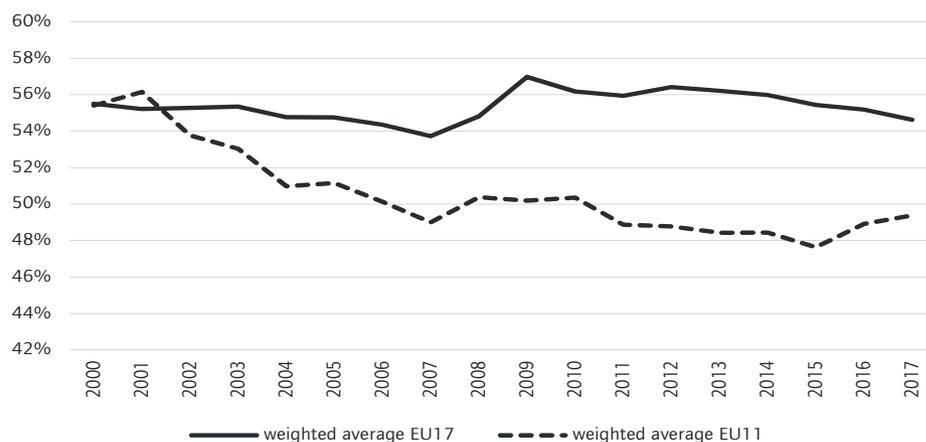
Economic indicators

The institutions of collective bargaining in Europe are under pressure from four wide-ranging developments. First, the adoption of monetarist and neoliberal policies in preference to any form of Keynesian policy agenda during the 1980s led to a ‘competitive corporatism’ (Rhodes 2001) or ‘supply-side corporatism’ (Traxler *et al.* 2001), characterised by increased global competition, the recommodification of labour and pressures to reduce labour costs. Second, the dominant strand of ‘negative integration’ (Scharpf 1996) within European integration comprising deregulation and measures to facilitate the ‘four freedoms’ within Member States generated pressures for wage moderation as competition between Member States intensified (Keune 2008). Third, further pressures for wage moderation arose from the terms of economic and monetary union. In particular, euro zone Member States’ loss of mechanisms for adjusting to economic imbalances and shocks effectively raises the importance of wage moderation as a national policy instrument whereby adjustment may be implemented. In addition, the strict requirements regarding public expenditure and public debt that are integral to economic and monetary union exert, through limits on government expenditure, pressures to limit public sector wage increases. The interventionist approach from the European actors also considerably limited the capacity of national collective bargaining agents, particularly trade unions, to act independently (Schulten and Müller 2015; Erne 2015). These pressures for wage moderation are exacerbated by the policy of the European Central Bank in assigning primacy to maintaining low inflation, consistent with the neoliberal agenda (Gamble 2014; Streeck 2015). Fourth, the sub-prime and financial crisis of 2008, followed by the sovereign debt crisis generated a series of shorter-term demands on policy that exacerbated the longer-term pressures arising from the three points mentioned above. A review of key economic indicators serves to establish how these developments have impinged on labour’s economic circumstances. To this end, movements in the wage share, inequality, the relationship between real wages and productivity and unemployment rates are examined. The country chapters illustrate the inter-relationships between collective bargaining and movements in these economic indicators within Member States.

Wage share

Figure 1.2 illustrates an almost unchanged wage share accruing to labour in the EU17 between 2000 and 2017. Although there appears to have been a short-term rise in the wage share after 2007, this is due primarily to the result of GDP declines in the EU17 following the sub-prime and financial crisis. The trend suggests that the economic and

Figure 1.2 Weighted average of wage share, 2000–2017



Note: Weighted by GDP.

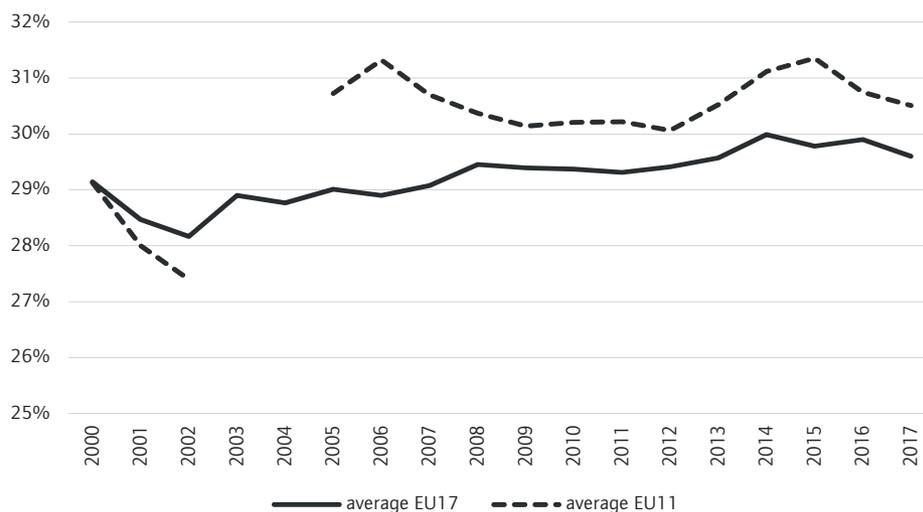
Source: Table A1.B and European Commission, AMECO Database, Gross Domestic Product at current prices (UVGD).

political pressures mentioned above have acted to promote wage moderation. Table A1.B shows that declines in the wage share between 2000 and 2017 among the EU17 are not concentrated in countries with a specific arrangement of collective bargaining institutions. In coordinated Austria, Belgium, the Netherlands and Sweden, for example, the wage share declined, while in similarly coordinated Denmark and Finland it increased. In Ireland, Greece, Portugal and Spain there were marked declines in the wage share, particularly after 2010, indicating the extent to which labour bore the weight of the economic reforms introduced by the Troika, but no declines are recorded for Cyprus, where the Troika also intervened.

Table A1.B also allows comparisons of the wage share in 1980 and 1990 with developments in the twenty-first century among the EU17. In every Member State among the EU17 for which data are available the average annual wage share for the period 2000 to 2017 was less than that recorded in 1980 and only in Greece, Luxembourg, Portugal and Sweden was the twenty-first century average annual wage share greater than the 1990s figure. Furthermore, the extent of the decline between the 1980s and the twenty-first century annual average in several countries was marked: Ireland, 15.5 percentage points; Italy, 8.6 percentage points; and Finland, 8.1 percentage points. A long-term effect of the implementation of neoliberal policies is thus the diminution of the wage share accruing to labour among the EU17.

Turning to the plot for the average wage share among the EU11 shows that the shift towards equality with the EU17 peaked in 2001. Between 2001 and 2017 the wage share in the EU11 fell by 7 percentage points. Labour was thus unable to maintain its wage share after 2001 in the EU11 and compared with labour in the EU17 sustained marked losses. Table A1.B illustrates that only in Slovenia has the wage share remained fairly constant throughout the twenty-first century. In Romania, where centralised collective

Figure 1.3 Gini coefficient of weighted average of inequality in disposable income, 2000–2017



Note: Gini coefficient of equivalised disposable income in EU17 and EU11, 2000–2017 (%).
Source: Table A1.E.

bargaining arrangements were dismantled in 2011, the wage share fell away sharply as the coverage of bargaining declined. Elsewhere among the EU11 there is no apparent relationship between movements in the wage share and the coverage and level of collective bargaining.

Income inequality

Figure 1.3 shows the development of inequality of disposable income in the EU17 and EU11 between 2000 and 2017 by reference to the Gini coefficient, which takes a value between zero and one represented here as percentage data. Two points are apparent from Figure 1.3. First the extent of income inequality in the EU11 is greater than in the EU17 throughout the period since 2005. Second, inequality has tended to rise within the EU17 since about 2002. Trade union activity has thus failed to reduce inequality markedly since the turn of the century. Furthermore, there is evidence demonstrating that current levels of inequality, particularly in those countries in which neoliberal policies have prevailed beyond the short-term, are generating macroeconomic inefficiencies, as well as driving up rates of poverty (Piketty 2014; Ostry *et al.* 2016).

Variations in income inequality by Member State are illustrated in Table A1.E. Among the EU11 particularly high rates of income inequality are reported in Bulgaria, Estonia, Latvia, Lithuania and Romania, with Bulgaria at the peak of European income inequality at 40.2 per cent. The Visegrad nations, Croatia and Slovenia have income inequality rates comparable with those of western Europe. It is noteworthy, however, that there is no single tendency of either increasing or decreasing income inequality among the EU11

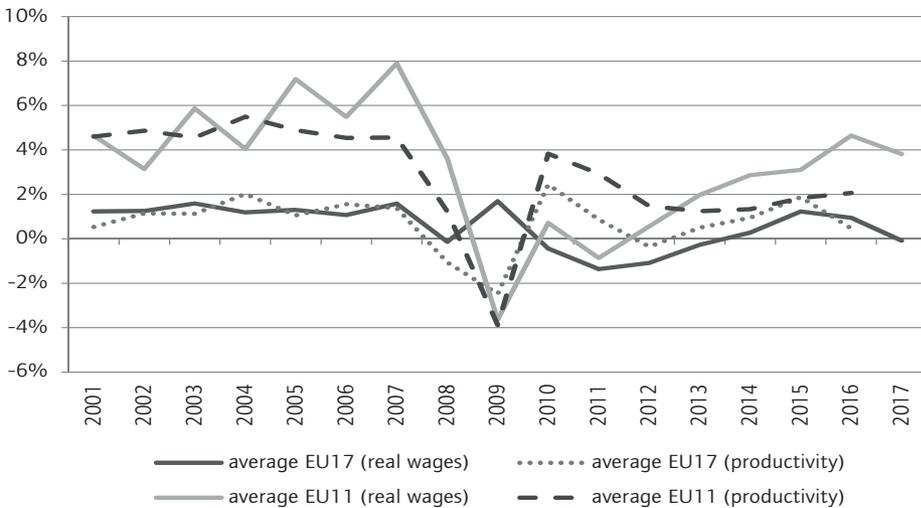
following the financial crisis. Similarly, among the countries within the EU17 where the Troika intervened there is no single pattern of development, although in Greece, Portugal and Spain inequality in disposable income in 2017 was the highest among the EU17.

Real wage and productivity development

The relationship between the growth of real wages and productivity growth is a further indicator of labour’s situation. A lower rate of increase in real wages compared with that of productivity suggests limitations to the capacity of labour to benefit from productivity growth. Raising the rate of productivity growth by increasing flexibility through bargaining decentralisation is also a key policy objective of neoliberal strategy. Following the approach adopted above Figure 1.4 plots the rates of real wage and productivity growth for the EU17 and EU11.

Up until the sub-prime and financial crisis, real wage and productivity growth in the EU17 were broadly comparable, suggesting that both labour and capital benefitted from any improvements. The rate of productivity growth dipped sharply in 2008–2009 as the effects of the crisis became wide-ranging. The impact of the crisis was that real wages lagged behind productivity growth, with the consequence that after 2009 the rate of real wage growth in the EU17 fell behind that of productivity growth, where it remained until 2015. Capital thus benefitted more than labour from the impact of the sub-prime and financial crisis. Austerity measures introduced as a response to the financial crisis accentuated these adverse effects on public sector workers.

Figure 1.4 Average real wage development and productivity growth, 2001–2017



Source: Tables A1.C and A1.D.

Table A1.D allows examination of the longer-term trajectory in productivity growth. In every EU17 Member State the average annual rate of productivity growth in the twenty-first century is lower than that recorded during the 1980s and only in Germany is the recent average annual rate of productivity growth higher than that recorded during the 1990s. The improvements in productivity growth that the neoliberals suggested would accrue from the flexibility generated by abolishing or decentralising collective bargaining have not been forthcoming. Indeed, the slowing rate of productivity growth after 2000 raises the question: what are the benefits of bargaining decentralisation? In the United Kingdom, for example, where neoliberal policies intended to generate greater flexibility were implemented relatively early, rates of productivity growth after 2000 were a third of those attained in the previous two decades.¹¹

The growth in real wages in the EU11 surpassed productivity growth for much of the period before 2009 and was markedly higher than that achieved in the EU17. As the effects of the sub-prime and financial crisis hit home, however, real wage growth fell sharply and by 2009 reached almost minus 4 per cent. Although initially slower than the recovery in the rate of productivity growth, the rate of real wage growth in the EU11 was greater than that of productivity growth after 2012. The precipitous decline in real wage growth and its rapid recovery after the crisis suggest a more direct effect of economic circumstances in the EU11 compared with the EU17 and an absence of institutions to act as ‘automatic stabilisers’ that might mitigate the impact of adverse economic change.

Unemployment

Integral to the shift away from Keynesian policies was the political downgrading of the pursuit of low unemployment and the priority assigned to controlling inflation. The move away from controlling unemployment served an additional political purpose of weakening the bargaining position of trade unions when unemployment rates rose. Figure 1.5 shows the movements in the weighted averages of the unemployment rate from 2000.

Among the EU17 collectively the rate of unemployment varied within a relatively narrow range between 2000 and 2017. Unemployment increased following the sub-prime and financial crisis and has yet to return to previous rates. Although unemployment tended to rise throughout the EU17 after 2008, Table A1.F demonstrates that particularly sharp increases were recorded in the countries in which the Troika imposed neoliberal austerity measures. Post-2008 unemployment peaks in these countries were much higher than elsewhere in the EU17: Cyprus, 16.1 per cent; Greece, 27.5 per cent; Ireland, 15.5 per cent; Portugal, 16.4 per cent; and Spain, 26.1 per cent. In each of these Member States unemployment rates among young workers were higher than the national average.

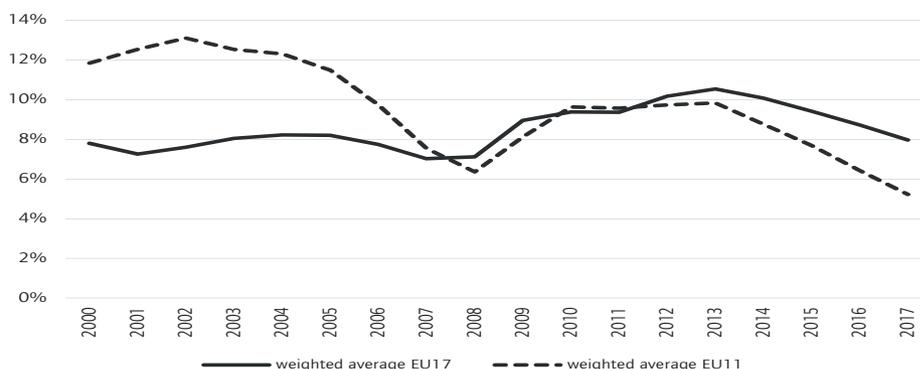
Compared with the 1980s, unemployment rates in the EU17 during the twenty-first century vary. In nine Member States the average annual rate of unemployment after

11. Productivity growth has also been depressed by the shift in employment from manufacturing to private sector services that accompanied the adoption of neoliberal policies in the United Kingdom.

2000 was higher than that recorded during the 1980s, whereas in six Member States recent rates are lower than during the 1980s.¹² This varied pattern suggests that considerable temporal variation remains within Member States regarding movements in the business cycle and the policies implemented to limit unemployment. It is noteworthy that Ireland and the Netherlands, two of the countries with high rates of unemployment during the 1980s, implemented the Programme for National Recovery in 1988 and the Wassenaar Agreement in 1982, respectively, as coordinated responses involving the state and social partners. These measures led to marked reductions in unemployment (Eichengreen 2007: 388–93). Such initiatives have not been replicated during the twenty-first century among the EU17. Indeed the Irish Programme for National Recovery persisted in the form of social partnership agreements until 2009 when it was disbanded as a result of the programme of reforms demanded by the Troika. In the few countries in which tripartite ‘crisis corporatist’ responses to the sub-prime and financial crisis were sought, it was not possible to conclude tripartite agreements at national level because of the marked divisions among the parties, although some bilateral company level arrangements were concluded when the workers’ side made concessions to safeguard employment (Urban 2012).

Figure 1.5 shows that the unemployment rate in the EU11 was relatively high during the early years of the twenty-first century, suggesting a long-term impact of the transition towards market economies and the struggle for competitiveness (Bohle and Greskovits 2012). The sub-prime and financial crisis acted to reverse the decline in the EU11 unemployment rate experienced between 2002 and 2008. The post-2008 unemployment rate, however, has yet to reach pre-2005 levels, unlike in the EU17, reflecting the relatively limited direct exposure of the EU11 to the sub-prime and financial crisis (Bohle and Greskovits 2012). In contrast, compared with the unemployment rate

Figure 1.5 Weighted average of unemployment, 2000–2017



Note: Weighted by labour force.
Source: Table A1.F and Eurostat.

12. The nine Member States with higher rates of unemployment after 2000 than during the 1980s are: Austria, Finland, France, Germany, Greece, Italy, Luxembourg, Portugal and Sweden. The six Member States with lower recent rates are: Belgium, Denmark, Ireland, the Netherlands, Spain and the United Kingdom. No data are available for Cyprus and Malta for the 1980s, hence these two countries are excluded.

during the 1990s twenty-first century average annual unemployment rates are higher in six of the EU11 Member States and lower in three,¹³ confirming the range of political approaches intended to lower unemployment in these countries (Bohle and Greskovits 2012). It should also be acknowledged that large-scale emigration from several of the EU11 to the EU17 Member States has mitigated unemployment rates.

Union mobilisation

For present purposes union density and strike volumes are deployed as indicators of union mobilisation.¹⁴ Classic analyses of trade unionism assess the purpose of union mobilisation by reference to, among other things, improving the terms and conditions of employment and reducing inequality through collective bargaining (Webb and Webb 1894; Perlman 1928), although it is acknowledged that trade unions can influence distribution only under certain economic circumstances (Phelps Brown and Hart 1952). Trade unions are also viewed as acting within the political sphere to promote measures to reduce unemployment (Touraine *et al.* 1987; Markovits 1986). Evidence on the association between indicators of union mobilisation and economic circumstances suggest a nuanced relationship that does not ‘sit easily’ with union rhetoric. Three points illustrate the complexity of these relationships. First, long-standing research demonstrates an inverse relationship between wage growth and the rate of unemployment, on the one hand, with union density on the other (Bain and Elsheim 1976; Visser 1994). Only countries that operate a variant of the Ghent system are exceptions to this general point. Similarly, wage growth and the rate of unemployment are inversely related to strike activity (Pencavel 1970; Ashenfelter and Johnson 1969). Second, large declines in union density between 1975 and the early 1990s are linked to increases in earnings inequality and governments less likely to implement wealth redistribution policies. After the early 1990s, however, these relationships are not as strong, as union members became relatively better off and less supportive of wage solidarity and redistributive policies (Pontusson 2013). A further variant of this argument suggests that workers towards the top of the earnings distribution do not join, or alternatively leave, trade unions because they feel they no longer need the protection offered by unions, while workers in the lower reaches of the earnings distribution view unions as ineffective and unable to improve their relative position (Checchi *et al.* 2010). From this perspective, wage inequality becomes one of many factors that may promote membership decline, although analysis of survey data demonstrates that ‘confidence’ in trade unions has not been adversely affected (Frangi *et al.* 2017). Third, a positive association between union density and wage share has remained in place for fifty years (Bengtsson 2014). This relationship was stronger between 1960 and 1979 than between 1980 and 2007, suggesting that trade unions

13. The six Member States in which twenty-first century unemployment rates are higher than during the 1990s are: Bulgaria, Czechia, Estonia, Latvia, Lithuania and Slovakia. The three Member States in which the reverse is the case are: Hungary, Poland and Romania. In Slovenia the unemployment rates in the two periods were the same, while no data are available for the 1990s for Croatia.

14. It is acknowledged that, at best, these indicators are partial measures of union mobilisation. A range of alternative measures could be deployed. The point at this juncture, however, is to emphasise the challenges faced by trade unionists in the current economic and political climate, which these indicators facilitate.

have been less influential when neoliberal economic policies have prevailed, confirming earlier findings (Kristal 2010).

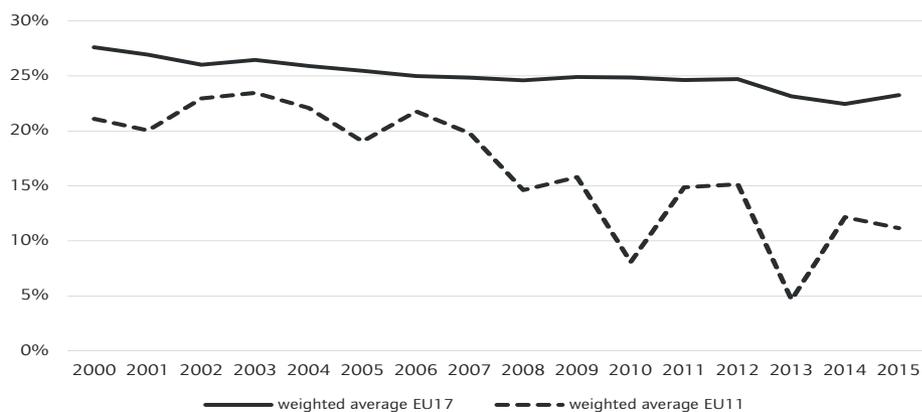
Two notes of caution should be entered regarding these findings. First, the countries assessed are advanced capitalist countries. Countries from central and eastern Europe are excluded. Second, the authors cited above acknowledge the complex interplay between union mobilisation, economic indicators and institutional variation. As the country chapters in this publication demonstrate, there is a marked variation in this interplay within Europe.

Union density

Figure 1.6 charts the weighted average of union density between 2000 and 2015 for the EU17 and the EU11. There is a downward trend in both plots, with that for the EU17 showing a consistent decline, while the EU11 plot exhibits considerable relative variation. Throughout, density among the EU17 is higher than that among the EU11. In combination the density levels of 23 per cent in the EU17 and 11 per cent in the EU11 in 2015 represent the lowest levels of union density recorded since 1945, leading some to suggest that trade unions are no longer representative of working men and women (Minford 1990; Ebbinghaus 2006).

Three further points arise from Table A1.H. First, the decline shown in Figure 1.6 is a continuation of a longer-term decline. Only in Belgium, Finland and Spain is the level of density in 2015 comparable with that of the 1980s. The Ghent system has enabled trade unions in Belgium and, to a lesser extent, in Finland to maintain density levels. Similar systems in Denmark and Sweden have not prevented declines in union density of 10 or more percentage points, in no small part because governments have taken

Figure 1.6 Weighted average of union density, 2000–2015



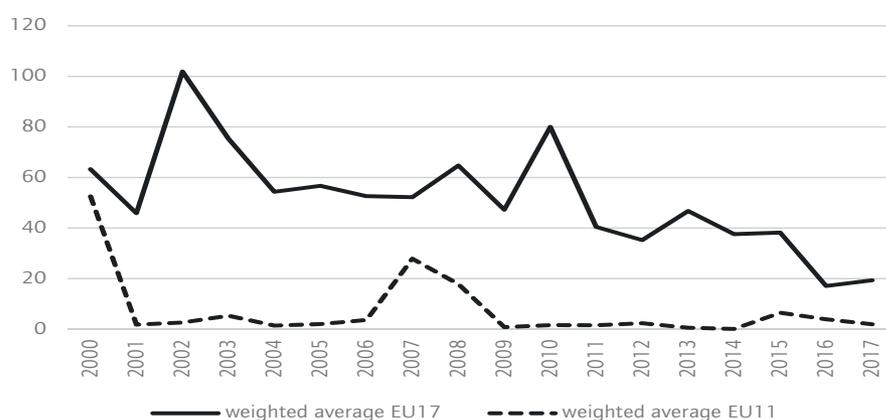
Note: Weighted by employees in employment.
Source: Table A1.H and Eurostat.

measures to weaken these systems (Høgedahl and Kongshøj 2017). Second, declines in trade union density among the EU11 have been particularly steep, suggesting that trade unions, which were an integral institutional feature of the pre-1990 command economies, have been hard hit by the transition to market economies and have yet to adjust to the prevailing circumstances. Third, national differences between union density and collective bargaining coverage demonstrate that ‘free riding’ is widespread. France is the extreme case in this instance with 8 per cent union density and 98 per cent coverage of collective bargaining, resulting in a free rider rate of 90 per cent.¹⁵

Strike activity

Figure 1.7 plots a weighted average of strike volume (days not worked due to industrial action per 1,000 employees) between 2000 and 2017 for the EU17 and EU11. Both the EU17 and EU11 plots exhibit steep rises and falls in strike volume, indicating the impact of specific and large-scale strikes. Strike volume in the EU17, however, tends to decline, while that in the EU11 remained low throughout with the exception of 2007 and 2008. At no point does the strike volume in the EU11 surpass that recorded for the EU17. The downward trend in strike volume in the EU17 since 2000 and the persistently low levels of strike volume in the EU11 have been explained principally by three factors: structural change in the composition of the labour force; a downsizing of the remaining manufacturing workforce through subcontracting and outsourcing; and the impact of more intense competition resulting from the development of national and transnational production networks (Dribbusch and Vandaele 2007). As these authors acknowledge, these factors are integrally linked to globalisation and the neoliberal policy agenda.

Figure 1.7 Weighted average of strike volume, 2000–2017



Note: Weighted by employees in employment.
Source: Table A1.1 and Eurostat.

15. In France only active members tend to join trade unions. The extent of free-riding in France is accentuated by this characteristic. French unions, for example, are able to mobilise more people than members when many strike actions are initiated.

Reference to Table A1.I illustrates the effects of specific national bargaining rounds on strike volume. In Sweden in 2003 and Denmark in 2008 and 2013, for example, public sector settlements to industrial bargaining were achieved only after industrial action; hence the sharp increases in strike volume for these years. Annual peaks in strike volume recorded for some countries are also indicative of the recent development of general strikes called as a means to resist neoliberal policy initiatives (Hamman *et al.* 2016) and resistance to austerity measures in the public sector (Vandaele 2016). It is also apparent that some countries are not as strike prone as others: Germany and the Netherlands among the EU17, for example, consistently have relatively low annual strike volumes compared with Finland and France.

This section has shown that industrial collective bargaining in western Europe is coming under increasing pressure. While industrial collective bargaining remains in place among most EU17 Member States, coverage has declined since 2000 and an ever wider range of derogations are available. Issues of articulation and coordination are thus becoming more pressing. Within the EU11, in contrast, rhetorical commitments to industrial bargaining generally failed to produce their intended outcomes as employer resistance and the election of right-of-centre governments committed to neoliberal policy agendas undermined rhetorical commitments. Concurrent with these shifts were a decline in the wage share accruing to labour; increasing inequality; wage moderation reflected in increases in real wages lagging behind those in productivity growth; and persistently high levels of unemployment. In short, the economic position of labour deteriorated, although rising inequality benefitted some segments of the labour force. It is clear that the increase in prosperity of the order of 5 per cent of the GDP of the EU promised in the Cecchini Report (Cecchini *et al.* 1988) on completion of the internal market was absurdly overoptimistic. In terms of union density and strike volume, labour was unable to mobilise against the deterioration in its economic position. As illustrated by the country chapters, other forms of labour mobilisation and resistance were widespread, although they have yet to reverse the declines sustained since 2000.

Structure of the publication

The main body of the publication comprises country chapters, which trace aggregate developments in collective bargaining since the year 2000 and incorporate analysis of industrial variations. In practice, these chapters associate the developments mapped in the preceding section with changes in the structure and processes of collective bargaining. As a means of ensuring a degree of consistency between chapters reference is made throughout to the six dimensions of collective bargaining identified by Clegg (1976: 8–11). Furthermore, each chapter commences with a section entitled ‘industrial relations context and principal actors’ as a way of introducing the reader to the country-specific situations. Authors were encouraged to present the six dimensions of collective bargaining in an order that best facilitated the development of the argument they wished to advance. Hence the order of presentation of the six dimensions varies in the country chapters.

In adopting the approach based on Clegg's six dimensions four points are immediately noteworthy. First, Clegg aimed to explain national variations in union 'structure and behaviour' by reference to variation in the six dimensions of collective bargaining. In contrast, the concern of this publication is to chart and explain changes in the structure and processes of collective bargaining since 2000. Technically, Clegg treats collective bargaining as the independent variable, whereas in this publication it is the dependent variable. The six dimensions are employed here as a means of assessing how collective bargaining has changed rather than in an attempt to explain their impact on trade unions or some other aspect of industrial relations. Second, Clegg treats national collective bargaining institutions and processes as fixed entities that act upon unionism. The point of departure for the present publication is that collective bargaining is by no means a fixed entity, but is subject to regular, if not continual change. Among the factors that influence change in collective bargaining are the activities of trade unions, employers and the state. Clegg's assumption of a single direction of effect; namely, that collective bargaining influences trade unionism; is rejected here. Instead, it is assumed that a wide range of factors influence collective bargaining changes which, in turn, influence the activities of trade unions, employers and the state. Third, Clegg does not address the issue of power and its distribution among the parties to collective bargaining. In contrast, this publication puts power at the centre of the analysis insofar as its underlying assumption is that the distribution of power is unequal and has changed markedly since 1976, when Clegg introduced readers to the six dimensions. Clegg's analysis is based on the dominant neo-pluralist perspective of UK industrial relations of the period and reflects the institutional stability of the previous 30 years. This publication examines institutional change and the impact of the shift away from a Keynesian policy agenda. Fourth, while Clegg's analysis is comparative, its focus is national systems of collective bargaining and trade unionism.¹⁶ This approach is entirely understandable in light of the period in which Clegg was working (Ackers 2007). Similarly, the approach taken here reflects the time of writing insofar as it is explicitly comparative while also examining the impact of supranational European institutions, policies and practice on the development of national systems of collective bargaining, and vice versa.

The six dimensions of collective bargaining are as follows. From the outset, it should be noted that these dimensions are interrelated and that changes promoted in one dimension may result in changes in other dimensions.

Extent of bargaining

This refers to the proportion of employees covered by collective bargaining. The extent or coverage of bargaining can be expressed by reference to country, industry, company or plant. In this publication attention is directed primarily to the extent of bargaining at country and, on occasion, at industry level. In general, where extension mechanisms or their equivalent are in place the extent of bargaining tends to be higher than in their absence. Clegg does not mention the issue of time in the context of the extent of collective

16. Clegg focuses on the impact of collective bargaining on trade unionism in Australia, France, Sweden, the United Kingdom, the United States and West Germany.

bargaining. He assumes that collective agreements are updated periodically to ensure improvements in the terms and conditions of employment. The duration of collective agreements may vary, depending on the terms agreed by the signatories. As mentioned above, however, in recent years some collective agreements have not been renewed within the period stipulated by the parties to the agreements. In these circumstances, the extent of bargaining is an ambiguous measure insofar as employees are covered by the conditions laid down in a collective agreement, but the agreement has expired. As far as possible the country chapters identify the extent of this practice.

Level of bargaining

Bargaining may take place at plant, company, industry, region or national levels.¹⁷ Different signatories to agreements are associated with the level at which bargaining takes place. Local trade union representatives and plant managers often conduct plant-level bargaining, whereas industry bargaining usually involves senior union officers, who may act on behalf of an industrial trade union, a cartel of unions or a federation of unions, and representatives of an employers' association. Furthermore, bargaining may take place at several levels in a single bargaining round. A framework agreement concluded at industry level, for example, may be supplemented by company bargaining, plant-level bargaining or both to elaborate framework conditions. Similarly, industry-level settlements may be coupled to company- or plant-level bargaining whereby the terms agreed at industry level are supplemented by additional benefits bargained locally. The point here is that the level of bargaining is associated with power. Industry-level bargaining assigns power to senior representatives within trade unions and employers' associations, whereas plant bargaining is associated with power at the local level. In some industries in the United Kingdom during the 1960s and 1970s, for example, shop stewards wrested power from senior representatives of trade unions and employers' associations in bargaining increases to industrial agreements that were characterised as promoting 'wage drift'. In this context, the distribution of power was associated with high levels of trade union density and industrial action, weak management and product market circumstances (Brown 1981). As the country chapters demonstrate, the distribution of power is far from constant and the factors underlying the distribution of power vary between Member States. Examination of the level of bargaining within the country chapters also focuses on the articulation between and coordination across different levels of bargaining. The country chapters demonstrate there is a marked variation in the mechanisms utilised to articulate and coordinate bargaining.

Depth of bargaining

This refers to the involvement of local representatives of labour and capital in the formulation of demands and the administration of agreements. The depth of bargaining

¹⁷ In order to ensure consistency, the terms 'sector' and 'industry' are used specifically. There are three sectors: manufacturing, private sector services and the public sector. Within each of these sectors there are several industries. Within manufacturing, for example, there are the metal, chemical, food and textile industries.

is thus concerned with how the bargaining process reaches the workplace. In the context of industrial bargaining the involvement of local trade union representatives may take place before negotiations with employers commence, as demands are formulated; and after the negotiations are complete, when the agreed terms are implemented. Similarly, employers' associations take soundings from member companies regarding the stance to take during negotiations with trade union representatives and subsequently the agreement requires implementation within each member company. Implicit in an understanding of the depth of bargaining is that there may be variation depending on the content of bargaining at different levels. In an articulated industrial bargaining regime in which the industrial agreement sets framework conditions there may be a broad range of issues to settle elsewhere. A comprehensive industrial agreement, in contrast, leaves less to be decided locally.

The depth of bargaining is intrinsically linked to the internal organisation of trade unions and employers' associations. In his commentary on the dimensions of collective bargaining and trade unionism Clegg states that 'the greater the depth of bargaining in a given area of employment, the higher the union density there' (1976: 8). In the absence of trade union membership, unionised works councils or their equivalent at company or plant level, the capacity of labour to implement the terms of an industrial agreement is limited. The organisational rate of employers' associations may also influence the depth of bargaining. An employers' association with a low organisational rate, for example, is unable to ensure that the terms of an industrial agreement are applied universally.

Security of bargaining

Clegg employs the term 'union security' in referring to the support provided by employers to union organising (1976: 8). The present publication attaches a broader meaning and explanation to security of bargaining. Certainly, the support provided, or opposition expressed by employers to union organising is one aspect of security of bargaining. The state, however, might also act to secure bargaining in a similar manner to employers, as suggested by Clegg. In many countries state regulation defines the 'rules of the game' regarding collective bargaining procedures, and the rights and obligations of the parties to collective bargaining. More specifically, state support for Ghent systems, whereby trade unions have a role in the administration of unemployment and welfare benefits, acts to promote union density and thus the security of bargaining (Jokivuori 2006; Kjellberg 2006). The legislation governing union recognition procedures may also influence the security of bargaining. Demanding recognition legislation may limit unionisation and thus have adverse consequences for the security of bargaining. Given that meaningful bargaining is dependent on the capacity of trade unions to take industrial action (Hyman 1975: 189–90), the state may also influence security of bargaining through the terms of the legislation on industrial action. Unionised civil servants in Germany, for example, are prohibited by law from taking industrial action. In addition, the state may promote collective bargaining through tripartite institutions as were established in central and eastern Europe, Greece, Portugal and Spain to assist in the transformation to liberal market economies. Similarly, where the state acts to ensure that collective agreements are legally binding, the security of bargaining may be enhanced.

Scope of agreements

This concerns the number of features of the employment relationship included in collective agreements. In general terms, trade unionists wish to increase the scope of agreements in order to subject more features of the employment relationship to joint regulation. Conversely, employers tend to narrow the scope of agreements to retain unilateral control over a wider range of features of the employment relationship. The scope of an agreement is thus likely to vary over time, depending on the relative power of the parties to the agreement. The scope of agreements may also vary at different levels at the same point in time. A framework industrial agreement that covers relatively few substantive features, for example, may be accompanied by company or plant agreements with a broader scope. Similarly, over time ‘new’ bargaining issues may emerge. In recent years qualitative issues have appeared on the bargaining agenda to supplement more traditional quantitative issues, such as wages.

Degree of control of collective agreements

This refers to the extent to which a collective agreement defines the actual terms and conditions of the workers it covers. The degree of control is thus concerned with both the content of a collective agreement and the manner of its enforcement. Regarding the content: framework industrial agreements or company agreements that set only minimum standards do not exert a high degree of control compared with detailed industrial agreements that specify mandatory terms and conditions of employment and company agreements that stipulate terms and conditions for all grades of workers within the company. The enforcement of agreements may result from its terms, associated dispute or grievance procedures or internal procedures and rules of the relevant employers’ association or company. For the purposes of this publication reference is thus also made to the procedures that may be invoked to deal with disputes over the interpretation of an agreement, including mediation procedures, within the context of the degree of control of collective agreements.

The degree of control of collective agreements is closely associated with the scope of agreements and the depth of bargaining. Assuming appropriate enforcement mechanisms are in place, the more wide-ranging the scope of an agreement, the greater its degree of control. Similarly, the depth of bargaining concerns enforcement insofar as the absence of workplace representation for labour jeopardises the control of a collective agreement as there is no means to ‘police’ the agreement within the workplace.

Summary of the argument

The argument that resonates throughout this book is that collective bargaining systems are under pressure. The outcome of this pressure varies between and within Member States. In western Europe, for example, industrial bargaining systems are fragmenting almost everywhere, albeit to different degrees. Chapters in this publication illustrate that quantitative analyses tend to overstate the resilience of industrial bargaining

systems. Industrial bargaining, however, has long gone in the UK private sector, and, where it remains, is under direct threat in those Member States that were subject to intervention from the Troika. In contrast, despite the efforts of the ILO and the EU, attempts to establish industrial bargaining systems in central and eastern Europe were largely unsuccessful. This publication charts the various national approaches to bargaining decentralisation and uses the different dimensions identified by Clegg (1976) to highlight the impact of these approaches on the character of collective bargaining. Throughout Europe employer preferences for decentralised bargaining have tended to prevail. These preferences have been supported by governments committed to neoliberal economic policies, by Troika interventions and by the reluctance of the EU to lend its support to institutions that underpin the ‘European social model’. The consequences of the changes introduced to bargaining systems in Member States are a declining wage share accruing to labour, increasing inequality and real wage development that has tended to lag behind productivity growth, which itself has been lower since the 1980s compared with the 1960s and 1970s. In short, labour has paid a high price for the decentralisation of bargaining.

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Abbreviations

CEE	Central and Eastern Europe
ECB	European Central Bank
ECJ	Court of Justice of the European Communities
EU	European Union
ILO	International Labour Organization
IMF	International Monetary Fund
OECD	Organization for Economic Cooperation and Development
TEU	Treaty on the European Union